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The Intergovernmental Grant System as Seen by Local, State, and Federal Officials



**ADVISORY
COMMISSION
ON
INTERGOVERNMENTAL
RELATIONS**

Washington, D.C. 20575
March 1977

A-54

**THE INTERGOVERNMENTAL GRANT SYSTEM:
AN ASSESSMENT AND PROPOSED POLICIES**



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Preface

Pursuant to its statutory responsibilities authorized in Section 2 of Public Law 380, passed during the first session of the 86th Congress and approved by President Eisenhower on September 24, 1959, the Commission singles out particular problems impeding the effectiveness of the federal system for study and recommendation.

The current intergovernmental grant system was identified as such a problem by the Commission in the spring of 1974. In order to evaluate the functioning of that system, it was deemed essential to obtain the perceptions of those who are responsible for its day-to-day operation — officials at the local, state, and Federal levels. To that end, four surveys were conducted. The results of those surveys are presented in this volume. Policy recommendations based on the survey findings and other research are found in other volumes in this series.

Robert E. Merriam
Chairman

Acknowledgment

This volume was prepared by the governmental structure and functions section of the Commission staff. Albert J. Richter, senior analyst, was responsible for the surveys and analyses in Chapters II, III, and V, and edited Chapter IV. Deil S. Wright directed the survey of state administrators described in Chapter IV, and he and Elaine Sharp, both of the Department of Political Science, University of North Carolina, prepared the analysis of the results. Evelyn M. Nolin provided secretarial-clerical support in the conduct of the surveys and tabulation of the returns, and typed the manuscript.

The cooperation of the staff of the Urban Data Services Center of the International City Management Association, led by Stanley Wolfson and Barbara Grouby, and of George A. Bell of the National Association of State Budget Officers was invaluable in the preparation and conduct of the local officials' and state budget officers' surveys. The participation of the hundreds of local, state, and Federal officials was, of course, essential to the success of the surveys and is greatly appreciated.

The Commission gratefully acknowledges financial assistance from the Department of Health, Education, and Welfare for support of the surveys and publication of the report.

This report would not have been possible without the cooperation and assistance of the persons and agencies identified above. Full responsibility for content and accuracy rests, of course, with the Commission and its staff.

Wayne F. Anderson
Executive Director

David B. Walker
Assistant Director

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Chapter I

INTRODUCTION

Local, state, and Federal officials operate the intergovernmental grant system. In conducting a study of that system, therefore, it was deemed essential to seek the perceptions of these officials on how the system is working. A primary source was the available literature, including most pertinently the reports and statements of the national associations of state and local officials, reports of Congressional hearings and the U.S. Comptroller General, and research studies of scholars and practitioners. To round out this picture with perceptions that are up-to-date, clearly focused on current issues in the intergovernmental grant system, and most directly reflect the working experience of local, state, and Federal officials, Commission staff relied on a series of surveys of city and county executives, state budget officers, a cross section of state administrators, and Federal aid administrators.

- City and county executives were canvassed by a mail questionnaire under a joint agreement between the ACIR and the Urban Data Service Center of the International City Management Association (ICMA).
- ACIR undertook a similar survey of state budget officers with the endorsement of the Systems, Data, and Techniques Committee of the National Association of State Budget Officers (NASBO). It was felt that the budget officials were the single group best able to provide fiscal data and knowledgeable appraisals of how Federal grants affect

state budgets and operations, how Federal money is passed through to local recipients, and the nature and effect of state grants-in-aid on state political subdivisions.

- Simultaneous with the survey of state budget officers, Commission staff obtained access to the results of a 1974 survey of a cross section of state administrators on a broad range of issues dealing with intergovernmental aid relationships. This survey was directed by Professor Deil Wright under a contract with the National Science Foundation. The scope of questions complemented that of the Commission's survey of state budget officials.
- Finally, ACIR staff prepared and circulated a questionnaire to the Federal administrators of grant-in-aid programs — those individuals who had programwide responsibility for day-to-day operations.

The surveys of local officials and state budget officers covered both Federal and state aid systems. The grant-in-aid aspects of the other two surveys were confined to the Federal aid system.

The three ACIR surveys directed to the Federal aid system focused primarily on categorical grants, although the surveys of local officials and Federal administrators touched on issues related to block grants and general revenue sharing as well. Categoricals were spotlighted because separate surveys were made of two block grants in other

parts of the overall study (see Volumes IV and V on the Safe Streets (LEAA) and Partnership for Health block grants, respectively).

In focusing on categorical grants in the three ACIR questionnaires, principal attention was directed to the administrative impact of such grants. The reason for this was twofold: so much of the criticism of categorical grants in the past decade has centered on the difficulties of administering these grants at all levels, in comparison with block grants or special or general revenue sharing; and the Federal administration has mounted concerted efforts to remedy those difficulties (these efforts are analyzed at length in Volume II of this study). A substantial portion of the three ACIR questionnaires, therefore, sought to probe local, state, and Federal officials' views on the nature and intensity of the administrative problems and their views on the degree of success that has been achieved by Federal reform efforts.

To help provide perspective in interpreting responses, similar earlier surveys were reviewed to see if questions they asked would be pertinent for current use. In the three ACIR surveys, a number of questions were used which repeated or paralleled those used in two surveys conducted by the Senate Subcommittee on Intergovernmental Relations.¹ The survey of state administrators likewise posed questions used in comparable surveys of agency heads for various years, including 1928, 1948, 1964, and 1968.

The two ACIR surveys directed to local executives and state budget officers also sought to elicit information on how state aid systems are operating. Unlike the approach to the Federal aid system, however, this was not in response to great waves of criticism of the administration of state aid systems. Indeed, finding no such reading from published

materials, ACIR staff was interested in obtaining some notion of the general level of administrative performance in those systems. The fact that responses, particularly from the ACIR-ICMA survey, indicated relatively mild dissatisfaction with the state systems seems to confirm the presumption that the administration of state aids causes local officials considerably less difficulty than the administration of Federal categorical grants.

The remaining chapters of this volume present the detailed results of the four surveys — one chapter per survey. The principal findings are summarized at the beginning of each chapter. The scope and technical details of each of the surveys are also described. Appendix A contains copies of three of the survey instruments and the pertinent parts of the questionnaire used in the survey of state administrators.

While the findings of the surveys are presented here, this volume does not explore their broad policy implications. This is done in Volumes I and VIII, which assess Federal categorical grants and intergovernmental aids at the state level, respectively. In those two volumes, the survey results are presented in conjunction with other information and all the data are subject to analysis and appraisal. The reader, therefore, is referred to those volumes for the policy "payoff" — applicable to contemporary issues in the intergovernmental grant system — which the Commission sees in these surveys.

Footnote

¹U.S. Senate, Subcommittee on Intergovernmental Relations, *The Federal System As Seen By State and Local Officials* (Washington, D.C.: U.S. Government Printing Office, 1963); *The Federal System As Seen By Federal Aid Officials* (Washington, D.C.: U.S. Government Printing Office, 1965).

Chapter II

ACIR-ICMA SURVEY OF CITY AND COUNTY EXECUTIVES

The ACIR-ICMA questionnaire survey of city and county executives used the standard mailing list of ICMA's Urban Data Service Center. Questionnaires were mailed in the fall of 1975 to the chief executives of all cities over 10,000 population and all counties over 50,000 population. Two questionnaires were used: the first dealt with Federal grants-in-aid and the second with state grants-in-aid.

The questions ranged over a variety of current issues in the design and operation of the Federal and state intergovernmental grant systems. The Federal aid questionnaire contained about twice as many questions but generally both questionnaires focused on the fiscal and administrative effects of the two intergovernmental grant systems. While a number of questions dealt partly or entirely with block grants, the principal emphasis was on the categorical grant system at both the Federal and state levels. Separate studies have been conducted by the Commission on the operations and effects of the four major block grants.

The questionnaire response rates were near 50 percent or better for the population groupings of cities of 50,000 and over, and for the population groupings of counties of 500,000 and over. The low response rating for the smaller localities is not unusual in questionnaires of this kind. It might lead one to question whether the problems dealt with in the questionnaire are really as troubling as is commonly thought, inasmuch as the questionnaire offered a reasonably convenient instrument by which dissatisfied local officials could express

their views. Yet, there was clear indication among those localities that did respond, including the smaller jurisdictions, that, despite reform efforts, many friction points continue to exist in the Federal and state aid systems. The responses have been analyzed and interpreted so as to distinguish, in most cases, those made by officials from cities over 50,000 and counties over 500,000 from those made by the respondents as a whole. The principal findings and conclusions summarized below are based on the responses from the total group. With rare exceptions, the responses from the officials of the larger cities and counties were in accord with these findings.

SUMMARY OF PRINCIPAL FINDINGS

I. The Federal Grant System

OVERALL IMPACT

— For 199 responding cities that received Federal grants in both FY 1969 and FY 1974, the average (*mean*) number of grants received in 1969 was 4.1 and 8.8 in 1974, or an increase of 114.6 percent in the five-year period. The comparable figures for 40 counties were 7.7 and 18.4 respectively, or an increase of 139.0 percent.

FISCAL IMPACT

— A substantial body of opinion exists among city and county officials, and particularly among

those in larger jurisdictions, that Federal categorical grants have a pervasive, stimulative, and lasting effect on local decision making. These officials have a similar perception of the impact of block grants, but there are differences in their appraisals of the effects of the two types of grants. Regarding the LEAA and Partnership for Health grants, the two on which special questions were asked, the local respondents felt that these grants tended to skew local budget priorities less than did the categorical grants. Local officials also indicated that in their view, block grants overall, and the LEAA grant in particular, had more of a lasting stimulative effect than the categoricals.

— About one-half of the responding localities that might have been expected to enjoy fiscal relief from Federal assumption of the cost of public assistance for the adult categories, felt that they had actually experienced such relief. Comments from some of the others, i.e., those reporting no fiscal relief, suggest that whether localities actually benefit fiscally from such shifting of fiscal or functional responsibility to the Federal government depends critically on what the state's response is in the way of adjusting state-local fiscal and administrative responsibilities.

ADMINISTRATIVE PROBLEMS ASSOCIATED WITH CATEGORICAL GRANTS

— The complexity and volume of paper work involved in the project grant process — what is usually called “red tape” — stands as the most frequently identified administrative problem in the Federal categorical grant system by city and county officials. This problem, plus the other most vexing issues identified by these local respondents, indicates that the difficulties which have been the focus of the Federal government's grant administration reform efforts of the past decade still are viewed as the key sore spots.

— Possible categorical grant problems listed in the questionnaire included matters of both grant design (a Congressional responsibility) and implementation (executive branch responsibility). The responses indicate that the most pressing problems are mainly matters of administrative implementation rather than Congressional design and responsibility.

— The relatively low, “problem” rating given “the narrowness of scope and the number of program categories” is surprising in the light of state

and local officials' clamor for more block grants. — Matters of fund allocation, performance standards, and centralized decision making are markedly less bothersome, in the eyes of these local officials, than problems caused by the volume of paper work, processing delay, and specific financial management requirements.

— Both city and county officials responding believe that the five worst grant administration problems that each group identified have become worse rather than better in the past five years.

— Overall, they also regard project grants as more serious generators of difficulties in the administration of categorical aids than formula-based grants.

— When queried on whether they thought that the most critical problems in the administration of categorical grants related to direct Federal grants or grants channeled through the states, the local officials said that channeled grants created fewer problems. This suggests that states play a facilitating rather than an obstructive or complicating role between the Federal agencies and local recipients, in the eyes of these local officials (however, see (5) under General Observations below).

FEDERAL EFFORTS TO IMPROVE ADMINISTRATION

— The key management circulars that aim to facilitate grant administration are viewed as having salutary effects by an overwhelming portion of both city and county officials. Yet, the continuing feeling among local officials that the grant system is beset with problems of administrative complexity and inefficiency indicates that these particular Federal efforts, while helpful, are but initial steps on the long, continuing road to improving the management of Federal grants-in-aid.

— Survey responses indicate that Federal officials need to expend more effort in informing the smaller suburban and non-metropolitan cities and the smaller non-metropolitan counties about the grants management circulars.

— Considering the volume and consistency of the complaints about the *Catalog of Federal Domestic Assistance* and generally about the Federal government's efforts to provide grant information to potential recipients, local officials' responses to the survey suggest that the Catalog is doing a better job than it is generally given credit for.

THE IMPACT ON LOCAL MANAGEMENT

—Federal grant requirements and the monitoring thereof by Federal officials help improve overall administrative capability of local recipients and the levels of service they provide, despite the many difficulties that local officials continue to attribute to these requirements. The positive effect is greater on performance levels than on administrative capability, although city officials see a greater difference than do the county officials.

— City chief executives tend to give more supervision to Federal grant-aided activities than to other activities, especially in the smaller jurisdictions. Counties, overall, report that their chief administrators give the same amount of supervision to both kinds of activities, but among the smaller counties, more supervision is given to the Federally aided functions.

— In accord with the conventional wisdom, these local officials report that Federal categorical grants are the most difficult revenue to estimate, considering the dollar amount involved as well as the degree of uncertainty. Federal block grants and state grants are next in order of difficulty.

— Thirty-nine percent of the cities and 69 percent of the counties reported that they had one or more full-time employees assigned the job of coordinating grants-in-aid. Both cities and counties tend to place the function in the office of the chief executive.

GENERAL OBSERVATIONS ON THE FEDERAL GRANT SYSTEM

In response to the invitation to make whatever comment they wished about the Federal grant system, over 130 city and 40 county officials submitted comments. The chief topics cited were the following, in general order of frequency:

- 1) General and specific expressions of dissatisfaction with the administration of categorical grants and the Federal grant system as a whole;
- 2) Preference for general revenue sharing over either block grants or categorical grants;
- 3) Mixed reactions to the block grant experience;
- 4) The problems of small cities: lack of administrative capacity, and unfair discrimination in funding;

5) Criticism of the state government as channeler of Federal grant funds;

6) The role of Congress: such issues as inadequate or irregular funding, and too much delegation of authority to administrators;

7) Rising local irritation with certain across-the-board grant requirements, such as environmental impact statements and equal opportunity requirements; and

8) Favorable, or generally favorable, remarks about the intergovernmental grant system.

II. State Grants to Local Governments

FISCAL IMPACT

— Local officials view state grants as having a strong impact on local decision making. About one-half of the city respondents and almost three-fourths of the county officials indicated that they would use state aids differently if they were at liberty to do so. Over one-half of both city and county groups thought that state grants were affecting the spending of local funds, and two-thirds of these saw the effect as stimulative, rather than substitutive.

ADMINISTRATIVE PROBLEMS OF STATE AIDS

— The most frequently cited problem in the administration of state aids in the view of both city and county officials is the uncertainty of flow of state grant funds as it affects localities' estimation of the coming year's revenues and expenditures. Next most frequent, but considerably less so, is the complexity of reporting, accounting, and auditing requirements; then the inequity of distribution formulas. Consistently low on the problems list of both city and county officials are the severity of performance standards attached to the grants and strictness of monitoring by state officials.

— Except for the fairly high problem rating given to complexity of reporting, accounting, and auditing requirements, and time required for issuance of regulations and guidelines, localities give high seriousness ratings to state aid problems which are not issues of day-to-day operating procedures, but rather such matters as the uncertainty of flow of state funds and the fairness of fund distribution formulas. This suggests that local officials need to look to state legislators as well as to

state administrators for relief from their grant administration problems in this sector.

— City officials thought that the identified problems under general support grants were the most serious, but in terms of broad trends that the problems with the formula grants had deteriorated the most over the past five years. County officials thought that the project grant problems were the most serious, and also that the formula grant problems had gone downhill the farthest.

STATE AID EFFECT ON LOCAL MANAGEMENT

— In the opinion of city officials, state grants had a moderate improvement effect on local administrative capability and a more substantial effect on the improvement of service levels. County officials' ratings overall were fairly comparable to city officials' on both counts, but slightly lower.

— The average city chief executive gave the same amount of supervision to state aided activities as he gave to other activities. There was a general tendency for the chief administrator in smaller cities to give more attention to state aided activities. In the counties, the supervision required for state aided programs by the average chief administrator was less than that required for other programs, and, again, a general tendency for more supervision over the aided activities was reported in the smaller counties.

GENERAL OBSERVATIONS ON THE STATE GRANT SYSTEM

About one-fourth of the local officials who answered the full questionnaire submitted general comments at the end. These fall under the following general headings, in order of frequency.

1. Familiar, but by no means unanimous, are expressions of dissatisfaction with the administration of state aids.

2. Project grants are particularly bothersome; conversely, general support grants are welcome.

3. Perhaps as great as the concern over administration is the frustration with the level of state funding and the uncertainty of the flow of funds.

4. Inevitably the state and Federal grant systems are compared, sometimes favorable to the states, sometimes not.

5. Local officials object to states' mandating of local expenditures without providing revenue sources; they see such mandating as inherent in the state grant system.

6. There is dissatisfaction among both smaller and larger jurisdictions over the inequity of state aid distributions.

PART I. FEDERAL GRANTS-IN-AID: 1975

The questionnaire on Federal grants-in-aid defined such grants for purposes of the survey as including: (1) those grants that come directly from the Federal government to localities, and (2) those that pass through state governments to localities, with or without state money added to the Federal money. General revenue sharing was specifically excluded from this definition.

Federal grants were defined to consist of two broad types: (1) block grants, consisting of grants under the *Safe Streets, Partnership for Health, Comprehensive Employment and Training (CETA), and Housing and Community Development Acts*, and (2) categorical grants, consisting of all the remaining grants. Categoricals in turn were defined as consisting of two general types: (a) formula-based grants, under which entitlement is according to a statutory or administratively developed formula, and (b) project or discretionary grants, which are given in response to specific applications for Federal program funds.

Table II-1 shows the degree of response by city and county executives to the Federal grant questionnaire, broken down by the standard Urban Data Service Center breakdown: size of jurisdiction, region, metropolitan or non-metropolitan location, and form of government.

Overall, 32.3 percent of the cities and 22.6 percent of the counties responded. Among the cities, the population groupings above 50,000 responded at a rate near or above 50 percent. The smaller places were clearly less responsive, tailing off to 28 percent for cities of 10,000–24,999 population. On a regional basis, cities in the northeast were least represented (19.1%) and those in the west most (50.1%). The response received from central cities was well above average (43.8%) and from independent (outside SMSAs) jurisdictions somewhat below average (26.3%). Finally, as could be predicted considering the survey's auspices, council-

manager cities responded at the highest rate (43.6%) and town meeting and representative town meetings at the lowest (7.6 and 16.7%, respectively). Hence, in general, the answers to the questionnaire are most representative of the middle-sized and larger central cities, the western region, and the council-manager form of government, and least representative of small jurisdictions outside metropolitan areas, the town form of government, and the northeast part of the country.

Counties responded at a one-third lower overall rate than cities. Again, the smaller population units responded least frequently. Counties of the western region responded at a rate 65 percent higher than the average, while those in the north central states replied at about 25 percent below the nationwide average. Metropolitan counties were represented at about twice the rate of non-metropolitan counties, and counties with administrators likewise responded at about double the rate of those without administrators. In general, the survey responses most adequately represent the larger counties, the western region, metropolitan areas, and governments with administrators. They least represent the smaller population units, north central states, non-metropolitan areas, and counties without a chief administrative officer.

Since cities over 50,000 population and counties over 500,000 responded at about a 50 percent rate, there is greater certainty about the representativeness of their responses than those of the lower population jurisdictions, which responded at lower rates. The analysis of answers to the survey questions will, therefore, when feasible, differentiate between the responses of these larger cities and counties and those of the smaller jurisdictions. The terms "larger cities" and "larger counties" will be used to identify these two groups.

Respondents were asked at the outset of the questionnaire to indicate whether their locality had received Federal grants in the fiscal years that included July 1, 1969 and/or July 1, 1974. The five-year period was chosen as representing a span during which there had been substantial Federal effort to improve grant administration. If respondents answered "No" to the question, they did not have to answer the rest of the questionnaire. The purpose was twofold: to establish some facts on the extent to which Federal grants are received by local jurisdictions, and to assure that perception questions reflected recent experience. The right hand columns in *Table II-1* show the results.

Overall, 73.3 percent of the cities responding and 80.6 percent of the counties said they received grants in one or both years. Examination of the returns indicated that for these "Yes" respondents, in all but a few cases grants were received in both the years specified or only in the fiscal year which included July 1, 1974.

The survey consisted of an original mailing to all the cities and counties in the fall of 1975; a second mailing of the same material about six weeks later to those who had not responded; and a final mailing after another six weeks to those who had not responded among cities over 50,000 population and counties over 100,000. The relatively light return, especially from the smaller jurisdictions, may be subject to several interpretations. The questionnaire may have been too complex or lengthy. There were some indications, for example, that the request for fiscal data discouraged some officials, even though, on the basis of a pre-test run by ICMA, these questions were considerably simplified from their initial form. Another possible cause of the light response may be that the problems of grants-in-aid — and particularly categorical grants, which are the principal focus of the questionnaire — are not as acute as is commonly supposed. To the extent that this is true, it constitutes a significant finding from this survey. Officials who are bothered by a problem could be expected to use a reasonably convenient opportunity, such as this questionnaire, to communicate their perceptions and express their concerns. Finally, the non-respondents may reflect a resistance to questionnaires. A number returned the questionnaires without completing it, saying they were over-burdened by such inquiries.

The 15 questions in the Federal portion of the questionnaire addressed three general areas: fiscal impact, including information with respect to the magnitude of Federal aids received and the numbers of grants as well as the effect on local decision making; the effects of various Federal efforts to help state and local administration; and the administrative impact of the grants, whether or not they were intended. The following analysis of these questionnaire returns is divided under these three general headings, with the replies from the cities separated from those of the counties. A summary of responses to two final questions on the use of grant-in-aid coordinators and general comments about the Federal grant system as a whole concludes this section.

Table II-1
**Number of Cities and Counties Responding to ACIR-ICMA Questionnaire
on Federal Grants-in-Aid; and Number Receiving Federal Grants
in FY 1969 and/or FY 1974,
Winter 1975-76**

A. Cities

	Surveyed	Responding		Number of Respondents that Received Federal Grants in FY 1969 and/or FY 1974			
		Number	Percent	Yes		No	
				Number	Percent	Number	Percent
Total	2,309	746	32.3%	547	73.3%	199	26.7%
Population							
1,000,000 and over	6	4	66.7	4	100.0	0	0.0
500,000-999,999	21	11	52.4	11	100.0	0	0.0
250,000-499,999	30	15	50.0	15	100.0	0	0.0
100,000-249,999	97	49	50.5	47	95.9	2	4.1
50,000- 99,999	257	120	46.7	111	92.5	9	7.5
25,000- 49,999	539	166	30.8	134	80.7	32	19.3
10,000- 24,999	1,359	381	28.0	225	59.1	156	40.9
Geographic Region							
Northeast	717	137	19.1	79	57.7	58	42.3
North Central	675	219	32.4	136	62.1	83	37.9
South	544	203	37.3	162	79.8	41	20.2
West	373	187	50.1	170	90.9	17	9.1
Metro Status							
Central	363	159	43.8	156	98.1	3	1.9
Suburban	1,318	422	32.0	265	62.8	157	37.2
Independent	628	165	26.3	126	76.4	39	23.6

Form of Government

Mayor-Council	929	209	22.5%	115	55.0%	94	45.0%
Council-Manager	1,140	497	43.6	402	80.9	95	19.1
Commission	119	27	22.7	23	85.2	4	14.8
Town Meeting	79	6	7.6	3	50.0	3	50.0
Representative Town Meeting	42	7	16.7	4	57.1	3	42.9

B. Counties

Total	637	144	22.6	116	80.6	28	19.4
Population Group							
1,000,000 and over	18	10	55.6	9	90.0	1	10.0
500,000-999,999	41	17	41.5	17	100.0	0	0.0
250,000-499,999	69	25	36.2	22	88.0	3	12.0
100,000-249,999	182	48	26.4	41	85.4	7	14.6
50,000- 99,999	327	44	13.5	27	61.4	17	38.6
Geographic Region							
Northeast	127	28	22.0	22	78.6	6	21.4
North Central	183	30	16.4	24	80.0	6	20.0
South	236	52	22.0	39	75.0	13	25.0
West	91	34	37.4	31	91.2	3	8.8
Metro Status							
Metro	403	112	27.8	94	83.9	17	16.1
Non-Metro	234	32	13.7	22	68.8	11	31.2
Form of Government							
Without Administrator	410	67	16.3	46	68.7	21	31.3
With Administrator	227	77	33.9	70	90.9	7	9.1

Fiscal Impact

AMOUNTS AND TYPES OF GRANTS RECEIVED

The survey sought to obtain a general picture of the composition of Federal grants received by localities, according to types of grants. A questionnaire pre-test indicated little likelihood of garnering much of a detailed fiscal breakdown, so the final questionnaire simply asked cities and counties to report the dollar amounts of grants received by block and categorical grants, with the latter subdivided further according to Model Cities,¹ Economic Opportunity, and all other categorical grants. Model Cities and Economic Opportunity grants were singled out because of their fiscal importance among direct Federal-local grants, at least in the earlier year, 1969. The figures were requested for the localities' two fiscal years that included July 1, 1969 and July 1, 1974. The five-year spread was chosen as representing a period during which the Federal government had expended considerable effort to consolidate, simplify, and standardize grant design and administration. Unfortunately, fewer than half of the responding cities and counties provided fiscal data for 1969, so no trend data are presented here. Table II-2 summarizes the data report for 1974 by 490 cities and 100 counties, which constituted 89.6 percent and 86.2 percent, respectively, of the responding jurisdictions that reported receiving grants in that year.

Overall, for the cities, 31.4 percent of the grant dollars were for block grants (Partnership for Health, Safe Streets (LEAA), CETA, Community Development) and 68.6 percent for categoricals. Of the latter 10.3 percent was for Model Cities, 5.1 percent for Economic Opportunity, and 53.2 percent for all other formula-based and discretionary grants. This breakdown by type of grant seemed to bear no discernible relationship to size of city.

Overall, counties relied less than cities on block, Model Cities, and Economic Opportunity grants (22.7, 2.4, and 1.9% respectively). Conversely, a much larger portion of their grant dollars consisted of "all other" categorical grants — 73.0 percent compared to 53.2 percent for the cities. There appeared to be some clear differences between the larger and smaller counties. The larger drew a much bigger share of their grant moneys in the form of categorical grants, particularly other than Model Cities and Economic Opportunity grants. Probably

this reflected heavy county involvement in public assistance administration.

Table II-3 gives a picture of how many individual Federal grants were received by cities and counties in the fiscal year that included July 1, 1974. The mean number of grants received by 437 responding cities was 9.3, and by 94 responding counties was 20.6, more than twice as many. The "larger" cities received an average of 15.3 grants; the "larger" counties 35.0. The higher county figures undoubtedly reflect the exclusion of counties below 50,000 population. They may also mirror the lower, county response rate (many of the respondents did not answer this question because they did not receive any grants for FY 1974-75).

As expected, the average number of grants received by both types of jurisdictions varied directly with population size group. Regionally, cities in the northeast and south received the same average number (7.6), which was substantially lower than the average received by their counterparts of the north central and western regions. Counties of the west and south were clearly the most active, with those of the traditionally weak-county northeast at the other end of the scale. With regard to metropolitan status, almost twice as many grants on the average went to the central cities as to the suburbs, which in turn received more than twice as many as "independent" cities. The difference between metropolitan and non-metropolitan counties was not nearly as great: 21.5 for metropolitan and 16.9 for non-metropolitan. This narrower gap may indicate that counties as a group are the recipients of more formula-type grants, via the state, than are the cities. As the local units that blanket the entire state, counties frequently share in such grants. This fact may also account for the larger average number of grants received by counties than cities, in addition to the factors already mentioned.

To get some notion of the trend in average number of grants received, respondents were asked to indicate the number of grants received for the fiscal year including 1969 as well as 1974. Far fewer provided the information for 1969 than provided it for 1974, and in many cases it was not certain whether those who did not submit a figure for 1969 had not received any grants that year or just failed to respond. Some idea of the trend can be obtained from comparing, for those who received at least one grant in both years, the numbers of grants received for both years. This comparison

Table II-2

**Percentage Distribution of Dollar Amount of Federal Grants Received
by Cities and Counties: by Type of Grant and Size of Jurisdiction,
Fiscal Year that Included July 1, 1974**

490 Cities								
Population	1,000,000 and over	500,000- 999,999	250,000- 499,999	100,000- 249,999	50,000- 99,999	25,000- 49,999	10,000- 24,999	Total
Number Responding	3	8	13	41	97	121	207	490
Block	42.7%	18.2%	36.5%	31.8%	27.3%	25.0%	32.9%	31.4%
Categorical								
Model Cities	11.4	12.6	5.3	13.5	8.1	6.8	9.5	10.3
Economic								
Opportunities	8.6	14.9	5.7	1.0	0.8	1.8	3.3	5.1
All Other	37.3	54.3	52.6	53.8	63.8	66.4	54.3	53.2
Subtotal	57.3	81.8	63.6	68.3	72.7	75.0	67.1	68.6
Total Grants	100.0%	100.0%	100.1%	100.1%	100.0%	100.0%	100.0%	100.0%
100 Counties								
Population	1,000,000 and over	500,000- 999,999	250,000- 499,999	100,000- 249,999	50,000- 99,999	Total		
Number Responding	8	13	17	39	23	100		
Block	15.0%	18.5%	41.4%	36.8%	42.4%	22.7%		
Categorical								
Model Cities	1.9	4.8	0.4	0.1	1.1	2.4		
Economic								
Opportunities	0.9	1.0	2.1	6.3	4.1	1.9		
All Other	82.2	75.7	56.1	56.8	52.4	73.0		
Subtotal	85.0	81.5	58.6	63.2	57.6	77.3		
Total Grants	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%		

Table II-3

**Number of Separate Federal Grants Received by Cities and Counties:
Fiscal Year that Included July 1, 1974**

	Cities		Counties	
	Number Responding	Mean Number of Grants	Number Responding	Mean Number of Grants
Total	437	9.3	94	20.6
Population Group				
1,000,000 and over	4	53.0	9	35.2
500,000-999,999	6	35.2	14	34.9
250,000-499,999	14	19.7	18	25.7
100,000-249,999	44	18.5	35	13.3
50,000- 99,999	100	10.6	18	11.4
25,000- 49,999	106	6.3	--	--
10,000- 24,999	163	5.2	--	--
Geographic Region				
Northeast	58	7.6	15	7.2
North Central	109	10.5	21	11.6
South	131	7.6	29	24.3
West	139	10.7	29	29.2
Metro Status				
Central	140	14.6	--	--
Suburban	195	8.5	--	--
Independent	102	3.4	--	--
Metro	--	--	76	21.5
Non-Metro	--	--	18	16.9

shows that, for the 199 cities in this group, the average (mean) number received in 1969 was 4.1, and in 1974 it was 8.8, or an increase of 114.6 percent. For the 40 counties in this group, the averages were 7.7 and 18.4, respectively, or an increase of 139.0 percent. Considering that many of the cities and counties receiving grants in 1974 did not receive any in 1969, and are therefore excluded from this comparison, these percentage increases probably are an understatement of what actually happened to the average city and county in terms of the change in volume of separate grants received. The increase in grants to counties is particularly worth noting, underscoring the growing involvement of that unit of local government in the Federal grant system.

EFFECT ON LOCAL DECISION MAKING

A series of questions addressed the issues of whether, and to what extent, categorical grants affected local determination of budget priorities, and whether such grants stimulated local expenditures or were substituted for local moneys. Similar questions were posed about block grants.

Categorical Grants. Table II-4 summarizes the responses to the question: "If you were permitted to allocate the Federal categorical grant funds freely among programs, would you allocate them differently from the way they are now allocated?" It also shows the degree to which the localities answering "Yes" would have made different allo-

Table II-4

**City and County Officials' Attitudes Toward Federal Categorical Programs' Budget Priorities,
Winter 1975-76**

Question: (A) "If you were permitted to allocate Federal *categorical grant* funds freely among programs, would you allocate them differently from the way they are now allocated? (B) If Yes, how different?"

Cities

	Number Responding	(A) Number	"Yes" Percent	(B) Percent of (A) who said their reallocations would be:				
				Slight	Moderate	Sub- stantial	Complete	NA
Total	502	332	66.1%	11.4%	50.9%	30.4%	2.1%	5.1%
Population Group								
1,000,000 and over	4	4	100.0	0.0	50.0	50.0	0.0	0.0
500,000-999,999	11	10	90.0	10.0	50.0	30.0	0.0	10.0
250,000-499,999	14	13	92.9	0.0	69.2	30.8	0.0	0.0
100,000-249,999	46	39	84.8	7.7	53.8	25.6	0.0	12.8
50,000- 99,999	104	73	70.2	12.3	47.9	34.2	0.0	5.5
25,000- 49,999	122	72	59.0	18.1	45.8	28.8	2.8	4.2
10,000- 24,999	201	121	60.2	9.9	52.1	29.8	4.1	4.1
Metro Status								
Central	149	118	79.2	11.0	49.2	31.4	0.0	8.5
Suburban	236	138	58.5	16.7	54.3	23.9	3.6	1.4
Independent	117	76	65.0	6.6	47.4	36.8	2.6	6.6
Form of Government								
Mayor-Council	106	63	59.4	7.9	49.2	36.5	1.6	4.8
Council-Manager	370	251	67.8	12.7	51.0	28.7	2.4	5.2
Commission	19	13	68.4	0.0	61.5	30.8	0.0	7.7
Town Meeting	3	2	66.7	0.0	50.0	50.0	0.0	0.0
Representative Town Meeting	4	3	75.0	33.3	33.3	33.3	0.0	0.0

		Counties							
Total		108	87	80.6%	9.2%	41.4%	34.5%	2.3%	12.6%
Population Group									
1,000,000 and over	8	8	100.0	0.0	62.5	37.5	0.0	0.0	0.0
500,000-999,999	16	15	93.8	13.3	40.0	33.3	0.0	0.0	13.3
250,000-499,999	21	20	95.2	5.0	35.0	40.0	0.0	0.0	20.0
100,000-249,999	39	30	76.9	13.3	43.3	30.0	3.3	3.3	10.0
50,000-99,999	24	14	58.3	7.1	35.7	35.7	7.1	7.1	14.2
Metro Status									
Metro	88	75	85.2	9.3	42.7	34.7	1.3	1.3	12.0
Non-Metro	20	12	60.0	8.3	33.3	33.3	8.3	8.3	16.7
Form of Government									
Without Administrator	41	31	75.6	9.7	35.5	29.0	6.5	6.5	19.4
With Administrator	67	56	83.6	8.9	44.5	37.5	0.0	0.0	8.9

eral categorical grants to substitute for local moneys that otherwise would have been spent for those recreation services.

A tabulation of all the responses — not just those related to the five most frequently named programs — reveals that city officials marked “increases” 397 times and “decreases” 99 times, or a ratio of four to one. County officials marked “increases” 95 times and “decreases” 35 times, or a ratio of almost three to one. Clearly, considering all the program areas in which local officials saw Federal categorical programs affecting the spending of local funds, that effect was seen as overwhelmingly stimulative, and more so by the city than the county officials.

The next question in the survey sought to approach the issues of local priorities and stimulation-substitution from a somewhat different angle. It asked: “If the Federal government suddenly cut off *categorical grants*, for which you now provide local matching funds, (a) Would your municipality/county shift some of those local matching funds to other programs? (b) Would you fund with 100 percent local funds any of the programs formerly receiving Federal money?” The responses are summarized in Table II-7.

Among the cities, over two-thirds of the officials (69.5%) would have used some of their local matching funds for purposes other than those specified in the discontinued grants. Over three-fourths of the “larger” cities (over 50,000) were of this view. Central cities officials were much more strongly inclined this way (83.6%) than their suburban counterparts (57.9%).

Less than one half the city officials (43.3%) thought that their cities would have used all local moneys to replace suddenly terminated Federal categorical grant funds. However, 50.5 percent of the officials in the “larger” cities group believed that their cities would have reacted in that way.

Among county officials there were higher overall “Yes” answers on both questions. On the first question, 77.2 percent of the officials thought that their governments would have shifted local funds to other efforts if they were suddenly faced with a termination of Federal categoricals; on the second, 50.5 percent thought that their counties would have funded the terminated programs with 100 percent local funds. Among the “larger” counties (over 500,000) the positive views were even stronger: 83.3 and 76.0 percent, respectively.

Table II-5

The Influence of Federal Categorical Grants on Spending of Local Money, as Seen by City and County Officials: Part I, Winter 1975-76

Question: "Do you think your receipt of Federal *categorical grants* has had any effect on the amount of local money (not counting any required matching funds) spent in your municipality on the programs affected?"

	Cities		Counties	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	491	60.1%	105	64.8%
Population Group				
1,000,000 and over	4	100.0	7	100.0
500,000-999,999	11	72.7	17	94.1
250,000-499,999	14	78.6	21	66.7
100,000-249,999	47	74.5	38	52.6
50,000- 99,999	103	66.3	22	50.0
25,000- 49,999	118	58.5	--	--
10,000- 24,999	194	51.0	--	--
Metro Status				
Central	150	74.7	--	--
Suburban	230	51.7	--	--
Independent	111	57.7	--	--
Metro	--	--	87	66.7
Non-Metro	--	--	18	55.6

One would interpret a positive answer to the first question to mean that the Federal grant involved was geared to changing local priorities, hence the locality would have preferred to use the local matching funds for some other purpose. Consistent with that position, the same locality would tend to answer "No" to the second question, since its own priorities are different from those imposed by the Federal grant, and would not lead to a supplanting of the terminated Federal grant with 100 percent of its own funds. Hence, one would expect that a high percentage "Yes" on the first question would be accompanied by a low percentage "Yes" on the second for the answers to be consistent. These general expectations must be modified, however, because of the language used: the question spoke in terms of shifting "some" and not necessarily all

of the local matching funds; and providing 100 percent local funding of "any" rather than all of the programs formerly receiving Federal money. Thus one would not expect that a reply of, say, 75 percent on the first question would be exactly complemented by a reply of 25 percent on the second. The most one would expect, without getting more information about the magnitudes involved in "some" and "any" modifiers in each respondent's case, is two percentages that add up to somewhere near 100. The city officials' responses, for both the group as a whole and the "larger" cities, came out more nearly this way than did the responses of the county officials, indicating a greater degree of consistency among city officials on the issue of Federal grant impact on local priorities as revealed by these questions.

Yet, this view must also be modified, because the replies to the question on use of 100 percent local funds are susceptible to an additional interpretation. It can be argued that localities which would provide such funding are demonstrating that the terminated Federal program had had a sustained stimulative effect. Thus, localities responding "Yes" to the second question may not necessarily be indicating that the Federal grant had little skewing effect on their budget. On the contrary, they may be suggesting a lasting stimulative or distorting effect.

The Fiscal Impact of Categorical Grants: A Summary. Looking at these local officials' responses to the total cluster of questions on the fiscal impact of Federal categorical programs, there is little question that they see a powerful effect. Two-thirds of the city officials and four-fifths of the county respondents believe they would allocate Federal grant funds differently if they had the chance. More than three-fourths of both groups think the reallocation would be moderate or substantial. In addition, over two-thirds of the city respondents and over three-fourths of their county counterparts

Table II-6

Five Federal Categorical Grant Program Areas that Most Affected Spending of Local Funds, as Seen by City and County Officials, Winter 1975-76

Program Area	Cities	
	Number of Respondents Who Listed Program Area	Respondents Who Said Use of Local Funds Was Increased: Number Percent
Urban community development — construction, renewal, operations (other than transportation)	140	118 84.3%
Water pollution control	65	49 75.4
Recreation — acquisition, development and planning	38	33 86.8
Employment, labor, manpower	29	18 62.1
Community development — planning, research, training	26	19 73.1
	Counties	
Income security and social services	17	11 64.7
Mental health	15	9 60.0
Water pollution control	10	7 70.0
Recreation — acquisition, development, and planning	11	4 36.4
General health services	9	7 77.8

Table II-7

The Influence of Federal Categorical Grants on Spending of Local Money, as Seen by City and County Officials: Part II, Winter 1975-76

Question: "If the Federal government suddenly cut off *categorical grants*, for which you now provide local matching funds, (a) Would your municipality/county shift some of these local matching funds to other programs? (b) Would you fund with 100 percent local funds any of the programs formerly receiving Federal money?"

Cities

	(a) Would Shift Local Funds		(b) Would Fund With Local Funds	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	478	69.5%	480	43.3%
Population Group				
1,000,000 and over	4	100.0	4	50.0
500,000-999,999	10	100.0	10	40.0
250,000-499,999	14	71.4	14	71.4
100,000-249,999	45	82.2	47	48.9
50,000- 99,999	102	78.4	104	44.2
25,000- 49,999	113	63.7	111	44.1
10,000- 24,999	190	62.6	190	38.9
Metro Status				
Central	146	83.6	148	46.6
Suburban	221	57.9	221	39.4
Independent	111	73.9	111	46.8
Form of Government				
Mayor-Council	93	77.4	99	37.4
Council-Manager	361	68.1	357	43.7
Commission	17	64.7	17	70.6
Town meeting	3	0.0	3	0.0
Representative				
Town Meeting	4	75.0	4	75.0

	Counties			
	101	77.2%	105	50.5%
Total	8	100.0	9	100.0
Population Group				
1,000,000 and over	16	75.0	16	62.5
500,000-999,999	19	73.7	20	55.0
250,000-499,999	37	73.0	37	43.2
100,000-249,999	21	81.0	23	30.4
50,000- 99,999				
Metro Status				
Metro	83	77.1	85	56.5
Non-Metro	18	77.8	20	25.0
Form of Government				
Without Administrator	35	74.3	38	42.1
With Administrator	66	78.8	67	55.2

say that they would shift some of the local matching funds to other programs if the Federal grants were suddenly terminated. In all cases, officials of the "larger" cities and counties indicated that they felt more inclined than their colleagues in smaller places to reallocate Federal grants and shift local matching funds. Clearly, as seen by the officials surveyed, Federal grants tend to skew local decision making, both in the use of the Federal funds and the local match.

Well over a majority of these local officials also believe that these Federal grant programs have an effect on the spending of non-matching local money; four-fifths of the city officials and three-fourths of their county counterparts believe it is a stimulative effect. The stimulation is seen to occur in program areas that one would expect: community development, sewage treatment, recreation and manpower for the cities and income security and social services, mental and general health and sewage treatment for the counties. Only in the case of recreation did either of the groups of officials believe that Federal categorical funds tended more to decrease the spending of local money than increase it, thus indicating that Federal recreation grants were substituting for local money.

Answers to the final two questions, as explained above, lend themselves to a mixed interpretation. The answers to the first question indicate rather clearly that, again, local officials see Federal grants as causing a distortion of local priorities. The answers to the second question, particularly for the counties, are more ambiguous on the distorting effect by indicating a lasting stimulative impact. In any case, the replies to these two final questions support the general conclusion that local officials view Federal grants as tending to have a pervasive, stimulative impact on local fiscal and program decision making.

Block Grants. The questionnaire also probed local officials with regard to the impact of Federal block grants on their decision-making process. Except for the question on reallocation of Federal moneys, the questions were essentially the same as those covering the influence of categorical grants.

The officials first were asked whether any of the Federal block grants had any effect on the amount of non-matching local money that their government spent on the programs affected. The results are shown in Table II-8.

Over three-fourths of both the city and county groups thought that spending of non-matching

Table II-8

The Influence of Federal Block Grants on Spending of Local Money, as Seen by City and County Officials: Part I, Winter 1975-76

Question: "Do you think any of the Federal *block grants* have had any effect on the amount of local money (not counting any required matching funds) spent in your municipality/county on the programs affected?"

	Cities		Counties	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	506	77.3%	108	78.7%
Population Group				
1,000,000 and over	3	100.0	9	100.0
500,000-999,999	11	72.7	15	93.3
250,000-499,999	15	86.7	21	66.7
100,000-249,999	44	86.4	39	69.2
50,000- 99,999	107	79.4	24	87.5
25,000- 49,999	125	78.4	--	--
10,000- 24,999	201	72.6	--	--
Metro Status				
Central	149	85.2	--	--
Suburban	241	75.1	--	--
Independent	116	71.6	--	--
Metro	--	--	89	78.7
Non-Metro	--	--	19	78.9

local funds had been influenced by Federal block grants. Among the "larger" cities and counties the percentages were higher than the average: 81.8 and 95.4 percent, respectively. Metropolitan or non-metropolitan location makes no difference for "Yes" answers among counties; among the cities, proportionately more central cities saw the impact of block grants than suburban and independent cities.

The questionnaire then asked the respondents to focus on each of three block grants and indicate what effects, if any, each of them had had on the spending of local non-matching funds. They were asked to indicate the effect only if they had actually received that particular kind of grant. Table II-9 presents the results.

The number of city officials reporting that the block grants had affected local non-matching funds varied from 304 for CETA to 218 for Com-

munity Development (CD). The noticeably smaller number who reported receiving CD grants compared to LEAA and CETA grants may reflect the relative newness of the program as well, perhaps, as its limited reach in the first year of operation. A fairly uniformly high percentage of these officials (85 plus) felt the LEAA, CETA, and CD block grants had affected local funding.

About two-thirds of the responding city officials thought that all three of the block grants had tended to increase the amount of local spending of non-matching funds. The CETA program has the lowest stimulative effect, in the opinion of these officials.

The pattern of responses from the county officials is somewhat similar to that of the city respondents, although proportionately fewer had experience with the CD grant. The reasons seem self-evident. The percentage reporting that CD had an

effect was about 20 points lower than that of the city officials. With the county officials as with their city counterparts, around two-thirds or more of those reporting an impact on local non-matching funds said it tended to increase spending of those funds.

Paralleling the questions on categorical grants, the questionnaire then asked: "If the Federal government suddenly cut off LEAA and Partnership for Health block grants for which you now provide local matching funds, (a) would your municipality/county shift some of those local matching funds to other programs; (b) would you fund with 100 percent local funds any of the programs formerly receiving Federal money?" The question was confined to the LEAA and health grants because at that point in the ACIR's grant study, those two grants were being analyzed in greater detail. The responses to the question are summarized in *Table II-10*.

Among the cities, slightly over one-half the respondents (56.2%) said that they would shift local

matching funds to other purposes should LEAA grants be terminated; less than one-half (44.6%) said they would make such a shift with a cut off of Partnership for Health funds. Respondents from suburban cities were substantially less inclined to make the shift (25.0%) than those from central (66.7%) or independent (50.0%) cities. A bare majority of the city respondents (51.4%) would fund with 100 percent local funds the terminated LEAA programs, whereas only a little more than a third (38.7%) would so fund a terminated health program. In this case there was no essential difference among the cities on the basis of metro status as far as the LEAA grant was concerned, but with respect to the Partnership for Health grant, the independent cities would do far less than the central and suburban cities to replace the terminated Federal grant with 100 percent local funds.

County officials were more inclined than their city counterparts to believe that their governments would shift local matching funds to other programs in case either the Federal LEAA or health

Table II-9

The Influence of Federal Block Grants on Spending of Local Money, as Seen by City and County Officials: Part II, Winter 1975-76

Question: "If you received the specified block grant, (a) did it have an effect, (b) and if so, did it increase or decrease local non-matching funds?"

Cities

Block Grant	A. Had an Effect?		B. Local Money Increased or Decreased	
	Number Responding	Percent "Yes"	Number Responding	Percent Increased
LEAA	283	86.6%	247	70.4%
CETA	304	85.5	262	61.1
Community Development	218	89.0	203	70.9

Counties

LEAA	75	100.0	76	82.9
CETA	73	83.6	61	67.2
Community Development	33	69.7	25	68.0

Table II-10

The Influence of Federal Block Grants on Spending of Local Money, as Seen by City and County Officials: Part III, Winter 1975-76

Question: "If the Federal government suddenly cut off LEAA and Partnership for Health block grants for which you now provide local matching funds, (a) would your municipality/county shift some of those local matching funds to other programs; (b) would you fund with 100 percent local funds any of the programs formerly receiving Federal money?"

Cities

	(a) Would Shift Local Funds		(b) Would Fund With Local Funds	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
LEAA				
Total	381	56.2%	381	51.4%
Population Group				
1,000,000 and over	3	100.0	3	66.7
500,000-999,999	10	50.0	10	70.0
250,000-499,999	14	64.3	14	50.0
100,000-249,999	42	76.2	41	46.3
50,000- 99,999	83	66.3	84	54.8
25,000- 49,999	89	44.9	88	46.6
10,000- 24,999	140	50.0	141	52.5
Metro Status				
Central	136	64.7	134	50.7
Suburban	155	47.7	156	51.3
Independent	90	57.8	91	52.7
Partnership for Health				
Total	65	44.6%	62	38.7%
Population Group				
1,000,000 and over	2	100.0	2	100.0
500,000-999,999	2	50.0	2	50.0
250,000-499,999	2	50.0	2	0.0
100,000-249,999	7	71.4	6	50.0

Table II-10 Con't.

	(a) Would Shift Local Funds		(b) Would Fund With Local Funds	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
50,000- 99,999	15	53.3%	14	57.1%
25,000- 49,999	8	37.5	8	25.0
10,000- 24,999	29	31.0	28	28.6
Metro Status				
Central	21	66.7	19	52.6
Suburban	28	25.0	27	37.0
Independent	16	50.0	16	25.0
Counties				
LEAA				
Total	98	67.3	97	61.9
Population Group				
1,000,000 and over	9	88.9	9	88.9
500,000-999,999	13	61.5	14	71.4
250,000-499,999	21	71.4	20	60.0
100,000-249,999	35	65.7	32	56.3
50,000- 99,999	20	60.0	22	54.5
Metro Status				
Metro	83	67.5	80	63.8
Non-Metro	15	66.7	17	52.9
Partnership for Health				
Total	28	53.6%	31	35.5%
Population Group				
1,000,000 and over	2	100.0	2	50.0
500,000-999,999	3	66.7	3	33.3
250,000-499,999	9	55.6	11	27.3
100,000-249,999	8	25.0	8	50.0
50,000- 99,999	6	66.7	7	28.6
Metro Status				
Metro	25	52.0	27	37.0
Non-Metro	3	66.7	4	25.0

block grants terminated. They also were more inclined to think that counties would use local funds for programs formerly funded by LEAA grants, but less inclined than the city respondents to think that their jurisdictions would make such a shift if the health block grant program were suddenly ended. As with the categorical grants, the county respondents tended to show more inconsistency than city officials in their responses to these two complementary questions on reallocation of priorities and supplanting of Federal funds.

In all cases, the percentage of respondents from the "larger" cities and counties answering "Yes" on the questions of shifting matching funds or replacing with all local moneys were clearly greater than the percentages registered by the totality of respondents.

The Fiscal Impact of Block Grants: A Summary.

Taken together, the responses to the questions on block grants indicate that local officials see these grants as having a significant impact on local decisions. Over three-fourths of both city and county officials responding thought these grants as a group affected the spending of non-matching local moneys. About two-thirds of these thought the effect was to increase local spending.

The respondents had differing views on the duration of the stimulative effect of the LEAA and health block grants. About one half the city officials and over 60 percent of the county officials thought that their localities would continue to use local funds to replace terminated LEAA funds, but only a little over one-third of both groups thought that they would do that in case the health block grant suddenly came to an end.

Finally, there was also some variation in the officials' views on the impact of the two block grants on local priority-setting. Over 50 percent of the city respondents and two-thirds of those from the counties said that termination of the LEAA block grant would result in a shift of local matching funds to other purposes, suggesting a fairly high impact on local priority setting. A substantially smaller percentage of each group (44.6 and 53.6%, respectively) thought such a shift would occur with termination of the health block grant.

Categorical and Block Grants: Differences in Impact? The responses to the slightly different but essentially similar sets of questions indicates that

while local officials regard both categorical and block grants of the Federal government as having significant impacts on local decision making, there are differences.

The city officials responding to the survey seemed to feel that categoricals tend to skew local priorities more than the LEAA and health block grants do. This conclusion is drawn from the differential "Yes" percentages they registered on the question about shifting local matching funds if the programs were discontinued. The response on the issue of reallocation of Federal categorical money confirmed this conclusion. County officials also saw a difference in the skewing effect of categorical and the two block grants, but the difference was as great as that seen by city officials only with reference to the health block grant.

Both city and county officials also seemed to say that block grants overall, and the LEAA grant in particular, had more of a lasting stimulative effect than the categoricals. This conclusion is drawn from the responses to the questions on the effects of the Federal grants on funding with local moneys.

FEDERAL ASSUMPTION OF THE "ADULT CATEGORIES"

Another kind of fiscal impact probed in the survey was the impact of a major policy change — Federal assumption of the cost of the adult categories of public assistance (the aged, blind, and disabled) through enactment in 1972 of the supplemental security income (SSI) program. The act, which was intended to provide fiscal relief to states and localities and constitute a significant step toward federalization of public assistance funding, went into effect on January 1, 1974.

With a view to finding out whether any fiscal relief had permeated to the local level, and if not, why not, the survey asked: "Does your municipality/county share in the non-Federal cost of AFDC (Aid to Families with Dependent Children)?" Since responsibility for the adult categories before their federalization generally rested with the same local jurisdiction as the responsibility for AFDC, this question sought to establish which responding localities formerly were responsible for the adult categories. If the answer was "Yes," respondents were asked to indicate whether Federal assumption of the adult categories had led to any discernible fiscal relief for their governments. If they then answered "No,"

they were requested to explain. The results from the two questions were as follows:

Does locality share in AFDC cost?

	Number Responding	Percent "Yes"
Cities	467	8.4%
Counties	102	50.0

If "Yes," has SSI brought fiscal relief?

	Number Responding	Percent "Yes"
Cities	39	56.4%
Counties	51	59.6

From the answer to the first question, it can be assumed that about one-twelfth of the cities responding and one-half of the counties had shared in the non-Federal portion of the cost of the former adult categories programs. The disparity between the two types of jurisdiction reflects the fact that public assistance by and large is administered at the local level by counties rather than cities. That not more than 50 percent of the counties answered "Yes" probably is because in some states public assistance is state administered and in still others, where county administered, it is totally state-financed.

Approximately the same proportion — about one-half — of both cities and counties that reported sharing in the non-Federal part of the AFDC said that they had experienced fiscal relief from the initiation of the SSI program. Such relief was to be expected, and indeed is the reason such transfers of fiscal burdens to other governmental levels is sought. The question is: Why did the other jurisdictions not enjoy some fiscal relief?

Few of them provided explanations in this survey. Those that did stated that:

- The state requires a property tax contribution greater than the tax required if the program had continued under local administration.
- Pending Federal assumption of SSI cases, the city provides assistance to individuals. Once a case is accepted, the city must seek reimbursement from the client, if assistance is provided in

the interim period. Previous to Federal assumption the city was able to bill the state directly for costs incurred pending a client's acceptance for assistance.

- Growth in other welfare program costs offset the reduction.
- State supplements to the SSI programs are funded 50-50 with the state and have increased both staff and costs.
- County has had to create a general assistance fund to aid those not eligible under SSI.
- Decreases consumed by increases in other mandated social services areas (food stamps, etc.).
- AFDC caseload and average payment increases have outstripped any anticipated savings.

The lack of fiscal relief is in some cases ascribed to expanding costs of other programs, which might have happened whether or not the SSI enactment had occurred. In other cases, however, relief was short-lived or non-existent because of provisions of the SSI program and failure of the state to fully meet the expense of coping with those provisions (e.g., failure of SSI to pay assistance pending eligibility certification which the local government rather than the state had to fill, or state supplements to SSI payments which the state requires localities to help fund). These latter cases underscore the fact that whether localities actually enjoy fiscal relief in such shifting of responsibility to the Federal government depends critically on what the state's response is in the way of adjusting state-local fiscal and administrative responsibilities.

Federal Efforts to Improve Grants Management

In the past decade the Federal government has moved along a number of fronts to simplify and improve the administration of its grant-in-aid programs. To a great extent this effort was a response to mounting complaints from state and local governments about the complexity and profusion of administrative requirements. The ACIR-ICMA survey sought to ascertain to what degree local officials were aware of some of the major efforts at improvement, and, if so, whether they thought these initiatives had done any good.

Table II-11

**City and County Officials' Awareness of Four Federal Management Circulars (FMCs),
Winter 1975-76**

- Key:** (1) FMC 74-7 — uniform administrative requirements for grants-in-aid to state and local governments.
 (2) FMC 74-4 — cost principles applicable to grants and contracts with state and local governments.
 (3) FMC 73-2 — audit of Federal operations and programs by executive branch agencies.
 (4) OMB A-95 — evaluation, review, and coordination of Federal and Federally assisted programs and projects.

	Cities							
	(1)		(2)		(3)		(4)	
	Number Responding	Percent Aware	Number Responding	Percent Aware	Number Responding	Percent Aware	Number Responding	Percent Aware
Total	471	64.3%	420	56.2%	410	45.1%	403	63.5%
Population Group								
1,000,000 and over	4	100.0	4	100.0	4	50.0	4	100.0
500,000-999,999	10	100.0	10	100.0	9	66.7	9	100.0
250,000-499,999	15	100.0	13	100.0	13	86.4	13	92.3
100,000-249,999	45	86.7	42	90.5	41	65.9	39	89.7
50,000- 99,999	96	80.2	86	70.0	80	48.8	76	73.7
25,000- 49,999	117	55.6	102	46.7	102	35.3	102	48.0
10,000- 24,999	184	50.5	163	41.7	161	39.8	160	56.9
Geographic Region								
Northeast	71	56.3	63	49.2	64	36.0	61	59.0
North Central	107	59.8	95	48.4	94	46.8	93	57.0
South	143	72.0	127	66.9	124	49.2	121	73.6
West	150	64.0	135	54.8	128	44.5	128	60.9
Metro Status								
Central	141	86.5%	130	84.6%	126	60.3%	118	81.4
Suburban	223	54.7	197	42.6	192	35.9	194	52.6
Independent	107	55.1	93	43.3	92	43.5	91	63.7

Form of Government

Mayor-Council	94	61.7%	88	55.7%	85	38.8%	86	60.5%
Council-Manager	353	66.3	310	56.8	303	47.9	294	65.3
Commission	18	55.6	16	62.5	16	31.3	16	68.8
Town Meeting	2	0.0	2	0.0	2	0.0	3	33.3
Representative Town Meeting	4	25.0	4	25.0	4	0.0	4	0.0

Counties

Total	101	82.2	94	79.8	89	60.7	91	79.1
Population Group								
1,000,000 and over	9	100.0	8	100.0	8	87.5	8	100.0
500,000-999,999	15	93.3	16	93.8	14	71.4	14	100.0
250,000-499,999	21	81.0	18	83.3	18	61.1	20	85.0
100,000-249,999	38	86.8	35	88.6	33	60.6	33	78.8
50,000- 99,999	18	55.6	17	35.3	16	37.5	16	43.8
Geographic Region								
Northeast	18	77.8	17	70.6	17	58.8	17	64.7
North Central	22	81.8	20	85.0	17	82.4	19	84.2
South	32	84.4	27	77.8	25	60.0	26	84.6
West	29	82.8	30	83.3	30	50.0	29	79.3
Metro Status								
Metro	86	84.9%	79	84.8	74	64.9	76	82.9
Non-Metro	15	66.7	15	53.5	15	40.0	15	60.0
Form of Government								
Without Administrator	36	69.4	34	58.8	32	43.8	33	60.6
With Administrator	65	89.2	60	91.7	57	70.2	58	89.7

MANAGEMENT CIRCULARS

The principal question in this part of the survey focused on Federal management circulars issued by the Office of Management and Budget (OMB) and the General Services Administration (GSA) to standardize, simplify, and improve Federal grant administration. The questionnaire identified each of the circulars and the basic change or changes they were designed to achieve. It then asked the respondents to indicate whether they were aware of each circular, whether they thought that the listed changes had actually occurred, and if so, whether the changes had improved grant administration.

Table II-11 recapitulates the responses relating to respondents' awareness of the four circulars. Clearly, both the city and county officials were most aware of FMC 74-7, the circular requiring standardization and simplification of 15 types of administrative requirements, and OMB A-95, prescribing procedures for review and comment on applications for certain kinds of grants. The least familiar to both groups was the circular prescribing audit procedures (FMC 73-2). The county officials' awareness of the cost principles circular (FMC 74-4) was noticeably high, relative to their awareness of the other circulars as well as to the awareness mark on this circular registered by the city officials.

With both groups of officials, there is a clear tendency for awareness to decline with the size of jurisdiction. This is understandable in light of the smaller places' lesser involvement in grant programs. On a regional basis the one point that stands out is the noticeably higher degree of awareness among officials from southern cities. The audit circular is the exception to that generalization; yet, even here, southern city officials register the highest percentage of familiarity. Why the cities in the south should be more conscious of these administrative circulars is not immediately apparent. Perhaps it has something to do with the efforts of Federal regional and area offices that serve that part of the country.

The level of familiarity with all four circulars is patently higher among central city officials and metropolitan county officials than among their colleagues from suburban or rural areas. In the degree of awareness registered by city officials representing the two major forms of city government — mayor-council and council-manager — the latter

has a slight edge. Officials from counties with administrators indicated a substantially greater familiarity with the circulars than their colleagues from counties without administrators.

These figures suggest overall that Federal officials need to target more of their communications efforts on management circulars toward cities under 50,000 population and those in suburban and non-metropolitan areas, and toward counties under 100,000 population and those in non-metropolitan areas.

The survey next sought to determine how the city and county officials viewed the effects of the circulars or certain parts of them. Under FMC 74-7, which purported to standardize and simplify a range of administrative procedures and requirements, the questionnaire focused on the five general provisions or groups of provisions that:

- Relieved recipients of the requirement of keeping separate bank accounts for individual grants;
- Minimized the time between Federal disbursement and grantee use of funds;
- Standardized pre-application procedures for project grants;
- Standardized forms for application, review, and approval of project grants; and
- Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, and record retention.

On FMC 74-4 (cost principles) and FMC 73-2 (auditing), the questionnaire asked simply for reactions to the overall circulars. On OMB A-95, it requested opinions on the provision for referring to general purpose local governments of grant applications from special districts. This part of the circular was singled out, because it is one part that requires involvement of cities and counties, a condition that does not necessarily apply to other parts of the project notification and review system under Title I of the circular.

On each of the eight above items the survey asked local officials' views on whether they thought a change had occurred in the administration of the subject area covered by the circular or the specified part of the circular. Respondents to this question were not limited to those who had

indicated earlier that they were aware of the circular. They could be familiar with a particular grants management subject without being aware that it was covered by a Federal management circular. If the official said that a change had occurred, he was then asked to indicate whether it did or did not constitute an improvement in administration. Table II-12 summarizes the responses for all eight items.

Among city officials responding, about two-thirds saw change in all the items except the standardization of procedures for payments, etc., under FMC 74-7 and the two circulars on cost principles and audits. Here the recognition of change was somewhat less. Over 85 percent indicated that improved administration resulted from these circulars, except for the referral procedure under A-95 (65.2%) and to a lesser extent (76.0%) for the minimizing of the idle time in use of Federal grant funds. The breakdown of responses by population (not shown here) reveals that the 250,000-999,999 group was noticeably less certain than the other groups that standardization of the pre-application process caused change; and the 250,000-499,999 group was likewise less certain of changes having come from the standardization of forms, etc. There is no ready explanation for these deviations.

The participating county officials saw generally less change issuing from FMC 74-7 than the city officials, but a higher percentage of them saw change resulting from the cost principles than did the city respondents.³ County officials' ranking of improvements was generally high, as was city officials'. The one possible exception was the clearly lower percentage of county officials who saw improvement from the specific A-95 process listed. But on that item, both city and county officials saw less improvement produced than they perceived in the other seven items.

Overall, it seems fair to conclude that there are some problems regarding city and county officials' awareness of these key Federal efforts to improve grants management, particularly among the smaller jurisdictions. Yet, the circulars are viewed as having salutary effects by an overwhelming portion of both groups of local officials. In light of the continuing feeling among local officials that the grant system is beset with problems of administrative complexity and inefficiency (see section below on "Problems"), one still must conclude that these particular Federal efforts while helpful,

are but initial small steps on the long road to improving the management of Federal grants-in-aid.

Catalog of Federal Domestic Assistance

The multiplicity and diversity of Federal grants and the complexities and variations in procedures required to obtain them has created a communications gap between Federal grantor and state and local grantee. This gap has been a key source of dissatisfaction with the way the grant system is working. One of the principal Federal efforts to close the gap has been the development and refinement of the *Catalog of Federal Domestic Assistance*, now prepared and published annually (with semi-annual updates) by OMB. The questionnaire survey sought to ascertain how useful the Catalog is, in the opinion of city and county officials.

The questionnaire first asked whether the officials were aware of the Catalog. If so, they were asked whether they found it an adequate aid in identifying and obtaining Federal assistance. If their answer was "No," their suggestions for improvement were sought. Table II-13 summarizes the responses to the first two questions.

Clearly a high degree of awareness of the Catalog exists among both city and county officials. In the various cross-classifications displayed in the table, the percentage expressing awareness drops substantially below 90 percent only among cities with the commission (71.4%) and representative town meeting forms of government (33.3%) and among counties under 50,000 population (76.9%), in non-metropolitan areas (81.0%), or without an administrator (81.8%). This pattern of awareness of the Catalog parallels that found earlier with regard to the management circulars, with the smaller, non-metropolitan places having the greatest difficulties.

On the question of the Catalog's usefulness as an information aid, 72.1 percent of the responding city officials and 68.9 percent of their county counterparts rated it adequate. Considering the volume and consistency of the complaints about the Catalog and generally about the Federal government's efforts to provide grant information to potential recipients, this seems to be a remarkably high rating. It suggests that the Catalog is doing a better job than it is generally given credit for.

Among the respondents who thought the Catalog is inadequate, the most frequent complaint voiced was that it needs more frequent updating

Table II-12

City and County Officials' Views on Effects of Four Federal Management Circulars or Selected Provisions Thereof, Winter 1975-76

Circular and/or Provisions	Cities		Improved Grant Administration?	
	Change Occurred?		Number Responding	Percent "Yes"
	Number Responding	Percent "Yes"		
FMC 74-7				
a. Recipients no longer required to have separate bank accounts for grant funds	335	63.9%	208	93.3%
b. Minimizing of time between Federal disbursement and grantee use of funds	324	68.5	222	76.6
c. Standardization of pre-application procedures	315	65.4	203	87.7
d. Standardized forms for project grant application, review, and approval	312	67.6	206	87.4
e. Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention	303	60.4	172	90.1
FMC 74-4				
Uniform cost principles	264	56.8	148	87.8
FMC 73-2				
Improved audit practices	232	58.6	132	86.4
OMB A-95				
Referral to general purpose local governments of grant applications from special districts	307	66.4	198	65.2

Table II-12 Cont'd.

**City and County Officials' Views on Effects of Four Federal Management Circulars
or Selected Provisions Thereof,
Winter 1975—76**

	Change Occurred?		Improved Grant Administration?	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Counties				
FMC 74-7				
a. Recipients no longer required to have separate bank accounts for grant funds	80	65.0%	50	92.0%
b. Minimizing of time between Federal disbursement and grantee use of funds	79	62.0	48	81.3
c. Standardization of pre-application procedures	78	57.7	45	88.9
d. Standardized forms for project grant application, review, and approval	79	59.5	46	84.8
e. Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention	79	59.5	44	86.4
FMC 74-4				
Uniform cost principles	81	63.0	49	83.7
FMC 73-2				
Improved audit practices	64	59.4	38	92.1
OMB A-95				
Referral to general purpose local governments of grant applications from special districts	75	82.7	60	73.3

Table II-13

**City and County Officials' Views on the Catalog of
Federal Domestic Assistance,
Winter 1975-76**

Cities

	Are you aware of Catalog?		If "Yes," is it an adequate aid?	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	528	89.2%	459	72.1%
Population Group				
1,000,000 and over	4	100.0	4	75.0
500,000-999,999	11	100.0	11	54.5
250,000-499,999	15	93.3	14	71.4
100,000-249,999	47	97.9	46	76.1
50,000- 99,999	109	88.1	93	68.8
25,000- 49,999	130	87.7	113	62.3
10,000- 24,999	212	87.7	178	74.2
Geographic Region				
Northeast	78	87.2	66	74.2
North Central	127	92.9	117	66.1
South	159	86.8	135	74.8
West	164	89.6	141	68.8
Metro Status				
Central	156	92.3	142	78.2
Suburban	253	88.1	219	67.1
Independent	119	87.4	98	74.5
Form of Government				
Mayor-Council	110	88.2	93	75.3
Council-Manager	391	90.8	348	70.7
Commission	21	71.4	14	78.6
Town Meeting	3	100.0	3	100.0
Representative Town Meeting	3	33.3	1	100.0

Counties

Total	113	91.2%	103	68.9%
Population Group				
1,000,000 and over	9	100.0	9	77.8
500,000-999,999	16	100.0	16	62.5
250,000-499,999	22	100.0	22	68.2
100,000-249,999	40	90.1	36	63.9
50,000- 99,999	26	76.9	20	80.0

Table II-13 Cont'd.

	Are You aware of Catalog?		If "Yes," is it an adequate aid?	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Geographic Region				
Northeast	22	86.4%	19	78.9%
North Central	22	86.4	19	68.4
South	38	97.4	37	62.2
West	31	90.3	28	71.4
Metro Status				
Metro	92	93.5	86	67.4
Non-Metro	21	81.0	17	76.5
Form of Government				
Without Administrator	44	81.8	36	75.0
With Administrator	69	97.1	67	65.7

(36). Other common complaints were that it should give information on the status of funds actually available (26), provide more detail (11), and should be less cumbersome (9). Other criticisms that were made by more than one person were that the Catalog is fine for identifying but not for obtaining assistance (8); it lists many programs that are not funded (6); it should provide more information about the timing of applications (2); and, contrary to the complaints of others, contains too much detail (2).

The Administrative Impact of Federal Grants

Having determined from the replies to the questions summarized in the preceding section the degree of success that local officials ascribed to Federal efforts at improvement, the survey sought to establish how those officials currently viewed the administrative effects of Federal categorical grant programs.

PROBLEM AREAS

The questionnaire contained a list of what are "frequently identified as problem areas in the design and administration of Federal categorical grants (not block grants)." The list contained 24

"problem areas." Respondents were asked to identify the five most serious problems for their localities. Then, on a scale of 1 to 5, they were to indicate the problem's degree of seriousness (5 = most serious). Next, they were to note whether the problem had improved or become worse in the past five years. Five years was chosen as approximating the period during which the Federal government has made a concerted effort to improve grant administration. Then, respondents were requested to indicate whether each problem pertains more to formula grants, project grants, or equally to both. Finally, they were asked whether each of the problems applies more to grants received directly from the Federal government, more to those that can come through the state, or equally to those that come through either route.

Table II-14 ranks the problems by the number of times they were checked by the 459 city and 104 county officials who responded to this question.

The complexity and volume of paper work involved in the project grant process stands as the most frequently identified problem by both city and county officials, marked by 71.5 percent of the former and 64.4 percent of the latter. This problem probably approximates what many people would identify as "red tape." The top eight items were the same for both groups of respondents, and in only one case among these eight did one group's rating

Table II-14

**Most Serious Problem Areas in Design and Administration of
Federal Categorical Grants, as Seen by City and County Officials,
Winter 1975-76**

Cities

Problem Area	Number of Cities Checked	Percent of Total Responding
1. The complexity and volume of paper work involved in application, review and approval process for project grants.	328	71.5%
2. The time involved in application, review and approval process for project grants.	283	61.7
3. Getting clear and prompt policy interpretations from Federal grant administrators.	226	49.2
4. The complexity of reporting, accounting and auditing requirements.	167	36.4
5. Inadequate provision for consultation with state and local officials in development of regulations and guidelines.	113	24.6
6. Frequency and timing of changes in program priorities.	102	22.2
7. Variations in reporting, accounting and auditing requirements.	96	20.9
8. The narrowness of scope and the number of program categories.	94	20.5
9. Time required for issuance of implementing regulations and guidelines.	88	19.2
10. Limitations on eligible grant recipients.	88	19.2
11. Number of conditional grants to local units that must channel through the states.	83	18.1
12. Cost and procedure for obtaining information on grants available and requirements for eligibility and performance.	71	15.5
13. Bypassing of general purpose local governments in funding public and private nonprofit organizations, special districts, and public authorities operating in areas similar to local government.	59	12.9
14. Inadequate provision for consultation with state and local officials in development of legislative proposals.	59	12.9

Table II-14 Cont'd.

Problem Area	Number of Cities Checked	Percent of Total Responding
15. Centralization in Washington of decisions regarding application, review and approval of project grants.	53	11.5%
16. Cost and procedure for obtaining information on how much and what kinds of Federal money is flowing into local communities.	42	9.2
17. Consistency of planning requirements among programs.	35	7.6
18. Centralization in Washington of policy interpretations.	34	7.4
19. Other.	32	7.0
20. The detail of performance standards.	31	6.8
21. Variations in fund distribution formulas.	31	6.8
22. Variations in fund allocation formulas (i.e., allocation among projects within states).	30	6.5
23. Variations in matching fund provisions.	28	6.3
24. Strictness of performance standards.	20	4.4
25. Strictness of Federal officials in monitoring performance.	16	3.5

Counties

1. The complexity and volume of paper work involved in application, review and approval process for project grants.	67	64.4
2. Getting clear and prompt policy interpretations from Federal grant administrators.	56	53.8
3. Time involved in application, review and approval process for project grants.	52	50.0
4. Complexity of reporting, accounting and auditing requirements.	40	38.5
5. Inadequate provision for consultation with state and local officials in development of regulations and guidelines.	37	35.6
6. Variations in reporting, accounting and auditing requirements.	25	24.0
7. Narrowness of scope and number of program categories.	22	21.2

Table II-14 Cont'd.

Problem Area	Number of Cities Checked	Percent of Total Responding
8. Frequency and timing of changes in program priorities.	21	20.2%
9. Number of conditional grants to local units that must channel through the states.	20	19.2
10. Bypassing of general purpose local governments in funding public and private non-profit organizations, special districts, and public authorities operating in areas similar to local government.	17	16.3
11. Time required for issuance of implementing regulations and guidelines.	17	16.3
12. Limitations on eligible grant recipients.	15	14.4
13. Centralization in Washington of decisions regarding application, review and approval of project grants.	15	14.4
14. Inadequate provision for consultation with state and local officials in development of legislative proposals.	15	14.4
15. Cost and procedure for obtaining information on grants available and requirements for eligibility and performance.	13	12.5
16. Consistency of planning requirements among programs.	10	9.6
17. Other.	9	8.7
18. Cost and procedure for obtaining information on how much and what kinds of Federal money is flowing into local communities.	8	7.7
19. Centralization in Washington of policy interpretations.	7	6.7
20. Strictness of performance standards.	6	5.8
21. The detail of performance standards.	6	5.8
22. The strictness of Federal officials in monitoring performance.	5	4.8
23. Variations in matching fund provisions.	5	4.8
24. Variations in fund allocation formulas (i.e., allocation among projects within states).	3	2.9
25. Variation in fund distribution formulas.	2	1.9

of a particular problem differ as much as two positions from the rating given by the other group ("frequency and timing of changes in program priorities" — rated sixth by city officials and eighth by county officials). This similarity seems noteworthy in light of the usual picture of cities as heavy recipients of direct Federal project grants for urban development, and counties as basically more the recipients of health and welfare formula type grants, frequently channeled through the state. Perhaps this may be explained by the fact that the more populous counties, which tended to be overrepresented in the responding group, are urban counties, and these tend increasingly to take on the characteristics of cities.

Two points stand out in looking at the top eight problem areas. First, problems which have been the focus of grant administration reform efforts of the past decade still are viewed as the key sore spots. The complexity and volume of paper work, the time involved in processing project grants, the complexity of reporting, accounting, and auditing requirements, variations in reporting, accounting, and auditing requirements — these read like a litany of the problems that the Federal Assistance Review (FAR) program and the related management circulars were designed to cure.

The second generalization is that the top problems are mainly problems of administrative implementation rather than Congressional design and responsibility. Of the top eight items on the city side, the two that could be fairly regarded as basically requiring Congressional action are "frequency and timing of changes in program priorities" — rated sixth, and "the narrowness of scope and the number of program categories" — ranked eighth. On the county side, these rated eighth and seventh, respectively. This conclusion should be modified to some extent by the observation that the top-rated paper work and delay problems are identified with project grants, and the decision to use project rather than formula-based categorical grants or block grants is a Congressional choice. In other words, if there were no or fewer project grants, these major irritants would be smaller or non-existent. The fact is, however, that many project grants do exist and it is an administrative responsibility to see that they are managed efficiently and with a minimum of grantor-grantee friction. That they are not so managed is clear from these responses and is basically a reflection on the quality of administration.

The relatively lower rating given "the narrowness of scope and the number of program categories" is surprising in the light of state and local officials' clamor for more block grants. This may reflect a failure to appreciate fully the relationship between the administrative problems surrounding narrow categorical grants and the greater flexibility available in block grants. On the other hand, it may mirror a real ambivalence on the part of city and county officials: a general disposition in favor of grant consolidation but an appreciation in some of the traits of the categoricals — specificity of purpose, for example, and their popularity with the Congress which, after all, has the ultimate word on what grant money will be available, and in what form.

The lowest ranking problems are also revealing. For both cities and counties, the question of fund allocation formulas, the severity of performance standards and the strictness with which they are applied, and the centralization of decision making in Washington are the least offensive in this inventory of 25 problem areas. To be sure, in some cases the ranking assigned the problem by the city officials is several positions removed from that assigned by their county counterparts. For example, county officials listed "the strictness of performance standards" 20th, whereas the city respondents had it 24th. Yet the fact remains that matters of fund allocation, performance standards, and centralized decision making are markedly less bothersome in the view of these local officials than problems caused by the volume of paper work, delay, and specific financial management requirements.

The remainder of the analysis of the responses to this question was confined to the five top problem areas. The results were capsuled in Table II-15. Column (1) in this table further probes the impact of the five by indicating how serious each of them is viewed in the respondents' respective communities. The officials were asked to rate "seriousness" on a scale of 1 to 5, with 5 being "most serious." For both city and county officials, all five problems are rated well over 3, the midpoint of the scale.

For the cities, the top three most frequently listed problems were ranked in the same order of seriousness. This supports the earlier conclusion from Table II-14 regarding their relative degree of seriousness in the minds of these responding officials. This rating also shows that while more city offi-

Table II-15

**The Five Most Common Categorical Grant Problems
As Seen by City and County Officials:
Their Views on Selected Aspects of Those Problems,
Winter 1975-76**

Key: (1) Order of seriousness of the problem (5 = most serious).
 (2) Problem has improved or worsened (1 = improved, 2 = same, 3 = worse) in past five years.
 (3) Problem pertains more to formula (F), project (P), both kinds of grants (B).
 (4) Problem pertains more to grants that come direct from Federal government (F),
 through the state (S), or equally to those that come through either route (E).

Cities

	(1) Mean	(2) Mean	(3) (F)	(3) (P)	(3) (B)	(4) (F)	(4) (S)	(4) (E)
1. Complexity and volume of paper work in project grant process.	3.50	2.28	NA	NA	NA	36.2%	6.4%	57.4%
2. Time involved in project grant process.	3.41	2.19	NA	NA	NA	36.0	6.8	57.1
3. Getting clear and prompt policy interpretations from Federal grant administrators.	3.38	2.27	8.4%	25.7%	65.8%	48.8	4.9	46.3
4. Complexity of reporting, accounting and auditing requirements.	3.12	2.23	5.8	30.5	63.6	32.7	7.7	59.6
5. Inadequate provision for consultation with state and local officials in developing regulations, guidelines.	3.35	2.01	6.7	16.2	77.1	31.7	4.8	63.5

Counties

1. Complexity and volume of paper work in project grant process.	3.48	2.39	NA	NA	NA	33.3	9.5	57.1
2. Getting clear and prompt policy interpretations from Federal grant administrators.	3.60	2.19	8.7	32.6	58.7	43.8	4.2	52.1
3. Time involved in project grant process.	3.27	2.21	NA	NA	NA	28.6	6.1	65.3
4. Complexity of reporting, accounting and auditing requirements.	3.48	2.45	13.8	24.1	62.1	36.7	6.7	56.7
5. Inadequate provision for consultation with state and local officials in developing regulations, guidelines.	3.27	2.06	9.1	12.1	78.8	29.4	8.8	61.8

Officials had difficulty with the complexity of various financial management requirements those who criticized inadequate consultation with recipient officials on rules and guideline preparation, viewed it as a more serious administrative deficiency.

In the case of county officials, those who saw shortcomings in the policy interpretation process on the average felt that this was more serious than those who found fault with the complexity and volume of paper work in the project grant process. In contrast with the city officials, the county officials' "index of seriousness" for the complexity of reporting, accounting, and auditing requirements was tied with the related volume-of-paper-work problem for the second highest rating that they accorded to the top five problem areas.

Column (2) in Table II-15 casts further light on the seriousness of the five top problems, indicating the views of the responding officials on whether the problems had improved, remained the same, or deteriorated in the past five years. Again, for both city and county officials the mean figures indicate a general belief that all the five problems had become worse in the past five years, albeit in varying degrees. For the cities, the conspicuous item is "inadequate provision for consultation," which shows practically no change. For the counties, the fact that "complexity of reporting, accounting, auditing requirements" has the highest average reinforces the previous conclusion that this is viewed as a more serious problem than was indicated by its relative standing among all the problems rated by this group. Not to be overlooked is their view that the consultation problem has pretty much remained the same in the past five years.

The next follow-up question sought to ascertain whether these most common problems were more characteristic of formula or project grants, or applicable equally to both. Only three problems are rated in the table, since two concern project grants only. A sizeable majority of both city and county officials clearly thought that all three problems were applicable to both formula and project grants. Where there was a distinction between the two kinds of grants, there was a clear tendency to think that the problems were much more likely to be associated with project than formula grants. The one exception was among county officials in regard to consultation on regulations and guidelines. Here there was little difference between the two kinds of grants.

The final question on categorical grant problems had to do with channeling of Federal grants through the states on their way to the localities. With one exception, a clear majority of both city and county officials thought that the problems pertained whether the money came direct or through the state. The exception occurred in the case of the clarity and promptness of policy interpretations, where the number of city officials who felt that this was a problem with direct Federal programs exceeded those who thought it applied equally to direct Federal as well as channeled grants. This should be of concern to HUD, as the principal agency administering direct Federal programs to cities.

Overall, among officials who did not think that the problems applied equally to both kinds of grants, those who felt that they applied more to direct Federal grants far outnumbered those who thought that they occurred more in relation to the channeled grants. On this last point, there is little to choose between the city officials and county officials — both thought channeled grants created fewer problems, despite the fact that counties as a group are the more subject to channeled grants. On the face of it, these returns suggest that the states play a facilitating rather than an obstructive or complicating role between the Federal agencies and local recipients. This runs counter to the views local officials expressed on the state role in the *Safe Streets Act*⁴ and the reactions given by questionnaire respondents in their open-ended comments on this survey. Some of the latter are quoted later in this section.

OTHER ASPECTS OF THE IMPACT OF GRANT PROGRAMS ON LOCAL GOVERNMENTS

The questionnaire sought to probe local officials' opinions on three other aspects of the impact of grant funds on local administration: the effect on administrative capacity and performance; the degree to which grant-aided activities came under the local chief executive's supervision; and the problem of estimating the annual yield from Federal grant funds.

Effect on Administrative Capability and Service Levels. The questionnaire asked: "How have the Federal government's requirements for administration of grant funds, and its monitoring of those requirements, affected (a) overall administrative

capability (e.g., personnel standards, organization) and (b) service levels of the programs receiving Federal aids?" They were asked to give a numerical rating for each of the two factors, as follows: 1 — worsened, 2 — no effect, 3 — improved.

The city officials indicated that the Federal grant requirements had a moderate improvement effect on local administrative capacity — 2.19; and a distinctly more positive effect on the levels of pro-

gram service — 2.50. Looked at another way, they registered a net positive effect of 19.1 percent (improved — 33.8% minus worsened — 14.7% for capacity and 50.3 percent (55.5% minus 5.2% for service levels.

County officials gave a higher score than the city officials to the effect on capacity — 2.33; and slightly less favorable rating to the effect on service levels — 2.47. The comparable net figures were

Table II-16

Chief Administrative Officer's Supervision Over Federal Grant-Aided Activities, as Seen by City and County Officials, Winter 1975-76

Key: Supervision over federally aided activities is (1) less than, (2) the same as, or (3) more than that over locally funded activities.

	Cities		Counties	
	Number Responding	Average Rating	Number Responding	Average Rating
Total	524	2.13	115	2.00
Population Group				
1,000,000 and over	4	2.00	8	1.87
500,000-999,999	11	2.00	17	1.94
250,000-499,999	15	1.87	22	1.95
100,000-249,999	45	1.93	41	1.88
50,000- 99,999	107	2.11	27	2.30
25,000- 49,999	127	2.07	--	--
10,000- 24,999	215	2.23	--	--
Region				
Northeast	79	2.20	22	2.00
North Central	126	2.12	24	1.96
South	160	2.18	39	1.95
West	159	2.02	30	2.10
Metro Status				
Central	142	2.17	--	--
Suburban	248	2.10	--	--
Independent	124	2.31	--	--
Metro	--	--	93	1.94
Non-Metro	--	--	22	2.27
Form of Government				
Mayor-Council	112	2.22	--	--
Council-Manager	385	2.08	--	--
Without Administrator	--	--	46	1.96
With Administrator	--	--	69	2.03

32.7 percent (46.0 minus 13.3%) and 48.7 percent (58.4% minus 9.7%).

Officials from the "larger" cities (50,000 and over) gave slightly higher than average ratings; those from the "larger" counties (500,000 and over) gave slightly lower ratings.

These findings indicate these responding local officials generally feel that Federal grant requirements and the monitoring thereof on a nationwide basis do help improve the overall administrative capability of their local governments, and the levels of service they provide, despite the many difficulties that these same officials continue to attribute to these requirements (see *Table II-14* and accompanying discussion). For both sets of officials, moreover, the positive effect is greater on performance than on administrative capability, although city officials see a greater difference here than do the county officials. It may be that the greater positive impact of Federal requirements on the administrative capability of counties reflects their generally lower level of administrative sophistication. While the counties as a group did not feel that Federal grant requirements had benefited service levels as much as the cities suggested, the smallest population group of counties (50,000 to 99,999) gave higher improvement marks on this score (2.60) than any other jurisdictional population group, for either cities or counties. It seems reasonable to assume that administrative requirements would tend to have greater beneficial effects on the smaller jurisdictions, although there is not such a perceived direct relationship between "improvement" and population size in the case of the responding cities.

Influence on Administrative Supervision. The control by the chief executive over the administration of Federal grants provides further insight into the management impact of those grants. The survey asked the local officials to indicate whether their chief administrative officer gave more, less, or about the same amount of personal supervision to federally aided activities as he gave to activities financed solely by his locality. The answers are summarized in *Table II-16*.

The city officials reported that their chief executives gave more supervision to Federal grant-aided activities than they gave to other activities (2.13). As the breakdown of these replies shows, this overall "more" rating reflected the influence of the smallest jurisdictions, and the central cities more

than suburban units. More mayors of mayor-council cities found that the Federal programs required extra attention than managers in council-manager cities (2.22 compared to 2.08).

With the counties, the supervision required for Federal programs by the chief administrator was exactly the same as that required for other programs (2.00), according to the 115 responding county officials. Again, in the smallest jurisdictions (50,000-99,999) supervision required for the Federal programs was notably greater (2.30) than for the "larger" counties (2.00). Moreover, it was greater for non-metropolitan counties (2.27) than for metropolitan counties (1.94).

Estimating Federal Grant Revenues. Among the frequent criticisms of the Federal grant system leveled by local recipients is that there is great uncertainty in estimating the amount and timing of grant funds. That uncertainty creates serious problems in local budget making and planning. As local dependence on grants increases over the years, the problem becomes more acute.

To gain some perspective on the seriousness of this fiscal planning problem, the survey sought to compare Federal grants with other major sources of local revenue. It listed 12 such sources, including Federal categorical grants and Federal block grants as separate items, and asked the local officials to rank 1 and 2 the two revenue sources which create the most difficulty for their locality to estimate for budget planning purposes, considering the dollar amount involved as well as the degree of certainty. The responses are summarized in *Table II-17*.

The results bear out the common impression: local officials definitely believe that Federal categorical grants are the most difficult to estimate for budget planning purposes. Also, the three grant sources — Federal categoricals, Federal blocks, and state grants — rank one, two, three. Clearly, uncertainty is a characteristic of grants, whatever their source or type.

Federal block grants rank second, with far fewer "votes" than categoricals. The entitlement features of the Community Development and CETA block grants probably inject more predictability in estimating these revenues. In addition, the relatively small number of block grants compared to categorical grants makes the estimating problem one of an entirely different magnitude. On the other hand, state distribution of Safe Streets (LEAA) moneys to localities entirely on a discretionary basis adds an

Table II-17

**Relative Difficulty in Estimating
Various Local Revenues,
As Seen by City and County Officials,
Winter 1975-76**

Key: (a) Rated most difficult to estimate.
(b) Rated next most difficult to estimate.
(c) Sum of (a) and (b), where (a) has weight of 2 and (b) a weight of 1.

Revenue Sources	524 Cities		Weighted Total Rating (c)
	Number Rating (a)	(b)	
1. Federal categorical grants	145	83	373
2. Federal block grants	50	80	180
3. State grants	49	73	171
4. Sales taxes	55	50	160
5. Charges and miscellaneous	47	64	158
6. Property taxes	41	42	124
7. State-shared taxes	39	31	109
8. Utility revenues	40	24	104
9. Income taxes	23	15	61
10. Other taxes	16	20	52
11. Liquor store revenue	4	8	16
12. Insurance trust revenue	0	1	1
106 Counties			
1. Federal categorical grants	42	20	104
2. Federal block grants	15	30	60
3. State grants	17	23	57
4. Charges and miscellaneous	12	6	30
5. Property taxes	9	6	24
6. State-shared taxes	3	7	13
7. Other taxes	3	6	12
8. Sales taxes	3	3	9
9. Utility revenues	2	2	6
10. Income taxes	0	2	2
11. Liquor store revenue	0	0	0
12. Insurance trust revenue	0	0	0

element of uncertainty to budgeting of block grants.

The rankings given by cities and counties are quite similar, with such differences as there are mainly reflecting their different revenue systems. For example, cities rank the sales tax as the fourth most difficult to estimate while counties rate it eighth, undoubtedly reflecting that there are about seven times as many cities as counties that impose a local sales tax. Perhaps one surprise in the rankings by both groups is the relatively high rating given to property taxes (cities — sixth, counties — fifth), considering the relative stability and inelasticity of this revenue source. Some of the respondents, however, explained why they found property tax yields difficult to estimate (see below).

To find out whether size of jurisdiction affects experience in revenue estimating, the responses were analyzed by population group. The results are presented in Table II-18. For both cities and counties, one would expect that the rankings by the smaller jurisdictions would conform very closely to the rankings by all the cities and counties, since the smaller jurisdictions constitute such a large portion of the total sample. This is generally the case here, although there are some exceptions. Thus, the two smallest city sizes ranked charges and miscellaneous third, two positions higher than cities as a whole, probably mirroring greater reliance on such revenues by cities of that size. An exception among the somewhat smaller counties is the top rating given to Federal block grants by counties of 100,000 to 249,999 population.

But the greatest departures from the overall city and county rating patterns are among the larger jurisdictions. Respondents from the four cities over 1,000,000 population rated income taxes as the greatest source of budgeting difficulty; those from cities of 500,000-999,999 rated property taxes third; those from cities of 250,000-499,999 scored utility revenues second and Federal block grants fourth; and the respondents from cities of 100,000-249,999 rated state-shared taxes as fourth and Federal block grants as sixth most difficult to predict. On the county side, respondents from counties of 500,000-999,999 found sales taxes and utility revenues fifth most difficult to estimate, compared to the eighth and ninth rating given them by all counties together.

As a second part of this question, local officials were asked to indicate the single most important

Table II-18

**Relative Difficulty in Estimating Various Local Revenues,
As Seen by City and County Officials: by Population Group,
Winter 1975-76**

Cities

Ranking by Cities of Population of:

Revenue Source	Ranking by all cities (524)	Ranking by Cities of Population of:						
		1,000,000 and over	500,000 to 999,999	250,000 to 499,999	100,000 to 249,999	50,000 to 99,999	25,000 to 49,999	10,000 to 24,999
Federal categorical grants	1	2	1	1	1	1	1	1
Federal block grants	2	3	2	4	6	3	2	2
State grants	3	*	5	2	2	2	5	5
Sales taxes	4	*	4	6	2	3	4	4
Charges and miscellaneous	5	4	7	4	5	5	3	3
Property taxes	6	4	3	6	7	6	8	6
State-shared taxes	7	*	5	8	4	7	7	7
Utility revenues	8	4	7	2	9	8	7	7
Income taxes	9	1	7	*	7	9	9	10
Other taxes	10	*	*	*	10	10	11	9
Liquor store revenue	11	*	*	*	11	11	11	11
Insurance trust revenue	12	*	*	*	*	*	*	12

Counties

Ranking by Counties of Population of:

Revenue Source	Ranking by all counties (106)	Ranking by Counties of Population of:				
		1,000,000 and over	500,000 to 999,999	250,000 to 499,999	100,000 to 249,999	50,000 to 99,999
Federal categorical grants	1	1	1	1	2	1
Federal block grants	2	3	3	2	1	2
State grants	3	2	2	2	3	2
Charge and miscellaneous	4	*	7	4	5	4
Property taxes	5	4	4	5	6	5
State-shared taxes	6	4	7	*	4	*
Other taxes	7	*	9	6	7	6
Sales taxes	8	*	5	8	7	7
Utility revenues	9	*	5	7	*	8
Income taxes	10	*	*	*	9	9
Liquor store revenue	11	*	*	*	*	*
Insurance trust revenue	12	*	*	*	*	*

*Not ranked.

cause of the uncertainty in the two revenue sources that they identified. For Federal categorical grants, the replies ran heavily to:

- uncertainty of Congressional authorization and appropriation action;
- awkwardness of timing of receipt in relation to the recipient's fiscal year;
- applicant's doubt about eligibility;
- unpredictability of changes in Federal regulations, and uncertainty about interpretations of the regulations;
- "red tape" delays in process of grant applications;
- need to rely on the decision of middle-management administrators in dispensing discretionary grants;
- in formula grants, recipient's uncertainty about precise formula used; and
- within the local jurisdiction, the lack of a central mechanism for keeping track of all grants being applied for.

Comments on uncertainty surrounding estimates of Federal block grants were much fewer than for categorical grants. But generally, they duplicated the criticisms of categoricals: Congressional delays and unpredictability in funding, timing of grants in relation to recipient's fiscal year, uncertainty of eligibility status, and general uncertainty about the amounts available.

The reasons cited for the unpredictability of state grants and shared taxes were much the same as those relating to Federal grants. Leading the list was the uncertainty of legislative action concerning amounts to be made available, the timing of release of funds, and the distribution formulas used. Some local officials indicate that states sometimes direct localities to provide local matching funds at a level that presumes a certain state match and then the state fails to come forth with its anticipated share. Others acknowledged that the uncertainty of state policies sometimes stems from economic conditions and the state's own fiscal difficulties. On the latter point, several respondents

pointed out that when states are in a fiscal crunch, state aid appropriations are highly vulnerable.

Many city officials commenting on the difficulties in estimating property tax revenues noted that the assessment function is some other jurisdiction's responsibility — the state or the county. These units often or regularly report total valuations to cities late in the budget cycle, or even after budget adoption, making the property tax figure in the city budget a guesstimate rather than a reliable estimate. Other reasons given for difficulties in estimating property taxes are the fluctuating amounts of new construction, and the uncertainty of delinquencies.

LOCAL GRANTS COORDINATORS

A final area probed by the survey under the general heading of administrative impact of Federal grants was that of grants coordination by recipient units. Specifically, the questionnaire asked whether the locality had one or more full-time employees assigned the job of coordinating grants-in-aid. If they answered "Yes," they were requested to describe the organizational location of such an employee or employees.

The questionnaire did not contain a list of organizational options for respondents to check but asked for the respondents' own locational description. Consequently, the replies were grouped for tabulation purposes under eight fairly specific locational and one "all other" headings.

Table II-19 summarizes the responses by cities and counties without reference to the specific location of the coordination function. Of the 523 city officials responding to the question, 204 or 39.0 percent indicated that their cities had grants coordinators. Twice as large a proportion of the county officials said there was a full-time grants coordinator in their jurisdictions: 79 of 115, or 68.7 percent. The table clearly shows that the overall difference between the two groups of officials was traceable to inclusion of cities below 50,000. Only 28.7 percent of cities in the 25,000-49,999 group and 26.1 percent of those in the 10,000-24,999 class reported coordinators.

Among the cities, those in the southern region were much more inclined to have coordinators than those in the other regions and central cities were twice as likely to have coordinators as suburban or independent cities. Among the three most common forms of municipal government, there

Table II-19

**Grant-in-Aid Coordinators in Cities and Counties: Part I,
Winter 1975-76**

	Cities			Counties		
	Have Coordinator			Have Coordinator		
	Number Responding	Total Number	Percent of Total Responding	Number Responding	Total Number	Percent of Total Responding
Total	523	204	39.0%	115	79	68.7%
Population Group						
1,000,000 and over	4	3	75.0	9	9	100.0
500,000-999,999	11	10	90.9	17	13	76.5
250,000-499,999	15	14	93.3	21	17	81.0
100,000-249,999	45	31	68.9	41	27	56.9
50,000- 99,999	108	54	50.0	27	13	48.1
25,000- 49,999	129	37	28.7	--	--	--
10,000- 24,999	211	55	26.1	--	--	--
Region						
Northeast	75	26	34.7	22	13	59.1
North Central	129	42	32.6	24	18	75.0
South	156	79	50.6	28	26	68.4
West	163	57	35.0	31	22	71.0
Metro Status						
Central	151	95	62.9	--	--	--
Suburban	252	77	30.6	--	--	--
Independent	120	32	26.7	--	--	--
Metro	--	--	--	93	66	71.0
Non-Metro	--	--	--	22	13	59.1
Form of Government						
Mayor-Council	108	46	42.6	--	--	--
Council-Manager	385	147	38.2	--	--	--
Commission	23	10	43.5	--	--	--
Town meeting	3	1	33.3	--	--	--
Representative Town Meeting	4	0	0.0	--	--	--
Without Administrator	--	--	--	46	25	54.3
With Administrator	--	--	--	69	54	78.3

was little difference in respect to the tendency to employ coordinators.

On the county side, those in the northeast region were clearly less inclined to have grant coordinators, undoubtedly reflecting the less advanced stage of county development in that section of the nation. As with the cities, coordinators are more frequently found in metropolitan than non-metropolitan jurisdictions.

Table II-20 shows where the grant coordinators are located in their city and county governments. In the cities, 37.8 percent operate out of the chief executive's office, 28.4 percent are in the planning and development office, 9.3 percent are in the department of finance/administration, and the remaining 25 percent are located in various other offices. With the counties the executive's office also leads as the administrative location of the coordinators — 22.8 percent. That the percentage is lower than that of the cities undoubtedly is due to the lower frequency of manager/executives in county government. The second most common location for county coordinators is the department of finance/administration (15.2%) and the third, the planning and development office (11.4%).

The population breakdown indicates a fairly strong tendency among all size cities to place the grants coordinator's function in the office of the chief executive except for cities of 25,000-99,999, which favor the planning and development office. Among the larger cities (250,000 and up) the next most common location seems to be the department of finance/administration. Western cities have a strong preference for lodging the function in the chief executive's office, probably reflecting the dominance of council-manager cities responding to the survey from that area. The form of government breakdown also shows the strong tendency among council-manager cities to have the coordinator in the chief executive's office (41.5%).

Among the counties, there is a definite split between those above 500,000 population and those below with respect to the preferred location for the grants coordination function. The larger counties tend to favor the executive's office, while the smaller units (50,000-499,999) scatter their preferences, with some degree of concentration on departments of finance/administration or planning and development offices. No very clear pattern emerges in the regional breakdown of the county responses; although there is more of a tendency for

northeastern and southern counties to prefer the executive office, and for the western counties to lean toward the department of finance/administration.

Metropolitan counties tend to favor the office of the chief executive for location of the grants coordinator, but not nearly as strongly as the cities of whatever metropolitan status. Not surprisingly, counties with administrators prefer the executive office location much more definitely than do counties without administrators. Yet, that preference is not nearly as strong as one might expect. In general, counties show much less tendency than the cities to follow common patterns, let alone demonstrate consensus, in the way they locate the grants coordinator in their administrative structures.

LOCAL OFFICIALS' COMMENTS ON FEDERAL GRANT SYSTEM

At the conclusion of the questionnaire, respondents were invited to elaborate on any of the questions or on the overall functioning of the Federal grant system. Over 130 city officials and 41 county officials made comments. While these cannot be regarded as representing a consensus of local officials, they do reflect the perceptions of a relatively large segment of the total group of respondents. Hence, they add an impressionistic supplement to conclusions drawn from the earlier questions.

The comments fall into eight groups, summarized here in general order of their frequency of mention:

(1) General and specific expressions of dissatisfaction with the administration of categorical grants and the Federal grant system as a whole These range from sweeping condemnations of the administrative system to criticisms of very specific features. Among the most sweeping of the former are the following:

The non-system of Federal grants as it presently exists is economically dysfunctional. Grants have overlapping functions, contradictory regulations and confused policies. The Federal bureaucracy administering the grants, usually but not always well intentioned, is legalistic rather than performance oriented. Federal administrators usually are more con-

cerned with checking off a list of hypothetical requirements and processes than with seeing that a program meets reasonable performance objectives. One result is that they are swamped with paper; projects go on for years before approval and payment, with significant cost to the recipient. No one can identify the cost to the taxpayer of this emphasis on process at either end of the grant process. — County administrator, Virginia.

The Federal grant system, despite recent attempts to improve its functioning, remains a formidable structure. Program guidelines and requirements are constantly being revised, changed and/or terminated, leaving municipalities with no alternative but to comply with the latest set of requirements. The increased requirements and obligations which are being placed on municipalities come at a time when most municipalities cannot afford these additional administrative costs, and ironically, when the level of Federal funding and the number of relevant Federal programs is continually being diminished. — City manager, New York (state).

Other general indictments included the oft-repeated charge of "too much paperwork" (mentioned by ten officials); a California city manager's plaintive, "There's got to be a better way;" a Florida county administrator's comment that the "Federal grants system needs to incorporate local government input to the entire process;" a Georgia city manager's view that "for the most part, the bureaucrats have very little understanding of how local government works, and therefore are not even qualified to write regulations which govern local government;" and an Illinois county official's suspicion that "Washington offices deliberately complicate the regions' role in order that the problem must be corrected in Washington, thereby justifying the existence of the Washington decision process." Specific criticisms were more numerous:

Federal agencies don't publish regulations prior to a program's going into effect.—City manager, Arizona.

Time delay between application and grant release makes local budgeting impossible.—Mayor, Michigan.

Rules and regulations change without notice.—City manager, California.

Final decisions on grant applications are too often made on the format of the application, not the content.—City manager, California.

Someone should update the *Federal Register* system. Regulations promulgated under this system are difficult to read, seem to be all too "wordy," and then are codified by agency by numerical section. — City manager, Florida.

Grant management circulars, although well meaning and for the most part well written, are not being adhered to by Federal agencies.—County manager, New Jersey.

The new (A-95) procedure requires review from another imposed level of government and in many cases they are not responsive to the needs of local communities.—City manager, Ohio.

There is no similarity between the Federal and state accounting procedures, which necessitates maintaining two sets of financial data for any given project.—City manager, Ohio.

(2) Preference for general revenue sharing over either block grants or categorical grants. Typical comments:

I think categorical grants are needed in some instances but by and large, revenue sharing with flexibility is to be preferred.—County commission chairman, Alabama.

There is a human tendency by city councils to approve Federal grant programs because the money is tendered—regardless of the worth or need for the

Table II-20

**Grant-in-Aid Coordinators in Cities and Counties: Part II,
Organizational Location of Coordinators,
Winter 1975-76**

Key: (a) Office of chief executive (mayor, manager, executive, etc.)
(b) Administrative services office
(c) Special grant coordinator's office
(d) Department of finance and/or administration
(e) Planning and development office
(f) Budget and research office
(g) County commission
(h) Intergovernmental relations office
(i) Other

	Cities									
	Total Number	(a)	(b)	(c)	(d)	(e)	(f)	(h)	(i)	
Total — Number	204	77	16	8	19	58	5	7	14	
— Percent	100.0	37.8	7.8	3.9	9.3	28.4	2.5	3.4	6.9	
Population Group										
1,000,000 and over	3	66.6	0.0	0.0	33.3	0.0	0.0	0.0	0.0	
500,000-999,999	10	40.0	0.0	0.0	20.0	0.0	10.0	20.0	10.0	
250,000-499,999	14	57.1	0.0	0.0	14.3	21.4	0.0	7.1	0.0	
100,000-249,999	31	45.1	3.2	12.9	6.5	16.1	9.7	6.5	0.0	
50,000- 99,999	54	25.9	3.7	5.6	11.1	38.9	1.9	3.7	9.3	
25,000- 49,999	37	27.0	13.5	0.0	8.1	40.5	0.0	0.0	10.8	
10,000- 24,999	55	45.4	14.5	1.8	5.5	25.5	0.0	0.0	7.3	
Region										
Northeast	26	23.1	7.7	3.8	7.7	46.2	3.8	0.1	7.6	
North Central	42	42.9	4.8	2.4	2.4	33.3	2.4	2.4	9.5	
South	79	29.1	10.1	7.6	11.4	32.9	2.5	3.8	2.5	
West	57	52.7	7.0	0.0	12.3	10.5	1.8	5.3	10.6	

Metro Status										
Central	95	40.0	2.1	5.3	11.6	27.4	4.2	6.3	3.2	
Suburban	77	35.1	15.6	2.6	9.1	23.4	1.3	1.3	11.7	
Independent	32	37.5	6.3	3.1	3.1	43.8	0.0	0.0	6.3	
Form of Government										
Mayor-Council	46	28.3	6.5	4.3	10.9	37.0	2.2	6.5	4.4	
Council-Manager	147	41.5	8.8	3.4	9.5	25.9	2.7	2.0	6.1	
Commission	10	30.0	0.0	10.0	0.0	30.0	0.0	0.0	10.0	
Town Meeting	1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	100.0	
Representative Town Meeting	0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Counties										
	Total Number	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)
Total — Number	79	18	4	7	12	0	7	8	4	10
— Percent	100.0	22.8	5.1	8.9	15.2	11.4	8.9	10.1	5.1	12.7
Population Group										
1,000,000 and over	9	44.4	0.0	0.0	11.1	22.2	22.2	0.0	0.0	0.0
500,000-999,999	13	46.2	0.0	15.4	0.0	0.0	7.7	0.0	7.7	23.1
250,000-499,999	17	11.8	5.9	11.8	35.3	5.9	11.8	5.9	5.9	5.9
100,000-249,999	27	14.8	7.4	11.1	7.4	14.8	7.4	14.8	7.4	14.8
50,000- 99,999	13	15.4	7.7	0.0	23.1	15.4	0.0	23.1	0.0	15.4
Region										
Northeast	13	30.8	0.0	0.0	7.7	15.4	0.0	15.4	7.7	23.1
North Central	18	16.7	0.0	5.6	16.7	22.2	11.1	16.7	5.6	5.6
South	26	26.9	3.8	15.4	7.7	11.5	7.7	7.7	7.7	11.5
West	22	18.2	13.6	9.1	27.3	0.0	13.6	4.5	0.0	13.6
Metro Status										
Metro	66	24.2	3.0	10.6	15.2	10.6	9.1	9.1	6.1	12.1
Non-Metro	13	15.4	15.4	0.0	15.4	15.4	7.7	15.4	0.0	15.4
Form of Government										
Without Administrator	25	8.0	4.0	8.0	24.0	8.0	0.0	28.0	8.0	12.0
With Administrator	54	29.6	5.6	9.3	11.1	13.0	13.0	1.9	3.7	13.0

program. Federal revenue sharing, with minimum restrictions as to use or matching requirements, are the most efficient and effective vehicle of financial assistance to state or local government.—*City manager, Colorado.*

On the local level, with small municipalities we are unable to employ competent personnel to keep abreast of the complexity of Federal grant programs. Thereby small communities fail to receive many benefits they are entitled to under law. The fairest grant of the whole program would have to be Federal revenue sharing. — *Mayor, Louisiana.*

I believe that all block and categorical grant programs should be eliminated, and the money reappropriated to general revenue sharing. — *City manager, Minnesota.*

In my opinion the Federal grant system exists only to keep thousands of Federal employees employed. It is a complete waste. All funding should be done as is revenue sharing. — *Township manager, New Jersey.*

We need more programs designed for the growing cities under 50,000 population. Revenue sharing is the greatest thing to “come down the turnpike in ages.” — *City manager, Texas.*

The idea of revenue sharing is the best thing to ever come down the pike. In my opinion, most categorical grants are a pain . . . and are self-serving in relation to the continuance of a Federal bureaucracy which pledges to perpetuate itself. Give us the money and let us make our own mistakes. — *City administrator, West Virginia.*

(3) Mixed reactions to the block grant experience.

On the positive side:

Block grants are far superior to categorical — get the priorities and decisions back to the local level. — *City administrative assistant, Nebraska.*

One comment relating to the new block grant Community Development program. We find that red tape is no longer a problem in dealing with the Federal government under the new block grant program. As a matter of fact we have had a free hand in all matters relating to the programming of such funds. Almost to the point that the Feds no longer exist.—*City manager, Montana.*

On the uncertain or negative side of block grants were such remarks as:

The implementation of the new Community Development block grant program has placed a tremendous burden on local administration. The requirements, such as environment reviews for social service programs and the subsequent delay in the release of funds, have made implementation of the program most difficult . . . the amount of bureaucratic red tape has been increased in comparison to the requirements that were in effect to implement the categorical grant programs. — *City manager, Connecticut.*

The block grants have done much to reduce the past problems created by categorical. Even with block grants, however, some unnecessary Federal requirements are still being imposed. Example — we had to advertise in the newspapers and hold public hearings on the environmental impact of a day care center, a legal aid project, and “project contingencies.” These absurd guidelines need review. — *City manager, Illinois.*

If the total amount of funds available under block grants would remain the same as under categorical grants, other arguments against block grants would diminish. But as long as the potential for consolidation and diminution of funds remains, block grants will probably be viewed with suspicion. — *Town mayor, Massachusetts.*

The questionnaire properly distinguished between block and categorical

grants. However, as presently implemented there are relatively few administrative differences. Most of the administrative requirements of categorical programs have been maintained, so that while fewer applications need be made, management of the block grant is much the same as before. — *City manager, Missouri.*

(4) The problems of small cities. These are of two kinds, according to the comments: small cities' inability to afford the staff needed to compete for grants with larger cities and to administer programs once grants are received, and alleged discrimination against small cities in funding. Typical of the first kind of complaint are:

Local governments are subjected to many demands in areas previously either ignored or thought to be in the province of others. These demands have created a need for greater expertise and financial capability — both of which are in short supply — especially in cities with less than 50,000 population. — *City manager, California.*

I hate to iterate the obvious but in grantsmanship, them that has gets. If I could afford a full-time planner or assistant to read the menu and keep us feeding from the Federal trough, we would receive much more Federal and state help than the trickle we now receive. Large municipalities and districts with attorneys for just that purpose, manage to grab the lion's share. — *Village manager, Illinois.*

The basic weakness of the Federal grant system is that the small cities don't seem to be able to obtain any moneys under the present system. Without a full-time employee assigned to coordinate grant-in-aid programs — which small cities cannot afford — these programs are hard to find out about, much less obtain. It is time the small cities stop financing the large urban centers. — *Mayor, Tennessee.*

Small cities' complaints of funding discrimination seem directed mainly against the Community

Development block grant, according to such comments as these:

Another problem is the arbitrary figure of 50,000 population which is used as the minimum for eligibility for certain formula grants. Such grants should be distributed to all cities requesting funding, on a formula basis, as is revenue sharing, or to none at all. Congress should be more mindful of the needs of the smaller cities, instead of succumbing so readily to the heavy lobbying of the larger cities, through the U.S. Conference of Mayors. — *City manager, California.*

Cities under 50,000 were "short-changed" in the recently passed Housing and Community Development Block Grant Program. Cities over 50,000 were given revenues on a formula basis, whereas the smaller cities fought over the crumbs. The smaller cities should have a formula program in all block grant programs. — *City manager, Oregon.*

Community Development block grant approach is not the answer. The trend to eliminate cities below 50,000 is disastrous. We are a nation of small cities. The problems in the city of 25,000 are the same as a city of 500,000 on a relative basis. Save the small city as well as the metropolitan areas. — *City manager, Tennessee.*

(5) Criticism of the state government as channeler of Federal grant funds. Among these are:

The necessity to deal with state agencies as pass-through agents for the Federal government is cumbersome, complex, and counterproductive. The state and generally the first layer of Federal bureaucracy knows less about the grant program than my staff. They must receive their information through proper channels; however, with a little initiative the county talks directly to Washington and we know more than either the state or region. — *Chairman, county board of supervisors, Illinois.*

Our biggest problem in receiving Federal grants results from the fact that prior to our receiving funding, the state sets up rules and regulations and has the priority in requesting such funding from the Federal programs as they see fit. We find that with changes in state officials and thereby changes in the administration of such programs, the local units of government do not receive the assistance intended by the federally funded programs. —Chairman, county commissioners, Kansas.

Federal grants indirectly received through the state cause a reduction in program funds available because the state charges overhead to perform tasks which we must duplicate in reporting. — Mayor, Maryland.

In most cases the state should be bypassed entirely since funds which could be used for the delivery of services are siphoned off by state administration. Counties generally are large enough and sophisticated enough to deal directly with the Federal government without an expensive middleman. — County manager, New Jersey.

Many of the city's grant programs are administered by state agencies. Although the Federal agency requirements may be simpler, the state agency requirements are frequently more cumbersome. In addition, New York frequently designates the county as the grantee making it necessary for the city to apply to the county for Federal funds and adding still another layer of government and thereby duplicating administrative costs. — City manager, New York.

Much of the problem exists between the state and local governments. Often the locals will learn of a Federal program, but the state fails to react until the time limit is nearly expired. I've found this true in many states. Federal-local or Federal-metropolitan programs are more efficient. — City manager, Ohio.

(6) The role of Congress. Some of the problems complained about by the local officials are traceable at least in part to Congress. These include a number of those which focused mainly on administration, identified under group (1) above. Others include the following:

... the on-again, off-again funding of the programs (for example, the 312 local programs)⁵ and the ruinous effect of the *Uniform Relocation Act* have made the categorical aid programs a disaster in our city. — Mayor, Arkansas.

There have been instances where regular Federal grant administration employees have been given too much authority to interpret legislative intent and determine grant eligibility. This is particularly true of the Economic Development Administration. Another problem is the arbitrary figure of 50,000 population which is used as the minimum for eligibility for certain formula grants. Such grants should be distributed to all cities requesting funding, on a formula basis, as is revenue sharing, or to none at all. — City manager, California.

It is noted that in FY 75, 17 percent of the Federal revenue was allocated in the form of grants to states and localities — approximately \$52 billion. This has caused a psychology to develop in which local officials measure and pride themselves on the amount of money they are able to wheedle out of the Federal government. This is not a healthy trend for the nation. It is suggested that before this trend becomes stronger, that serious consideration be given to more grants of the formula type. — County administrator, California.

The crime of the system is the amount of dollars in research type programs when operational ones are going dry. — County administrator, Maryland.

On the whole, Federal grants-in-aid appear to be geared toward specialized interests and program development whereas the major concern of many

municipalities is funding for basic operation. Federal grant dollars are not available for general operations and administration and without enough support for the basics, it is difficult for municipalities to look toward these new specialized programs for which Federal grant dollars are available. This is a constant source of frustration. — *City manager, Oregon.*

We are bewildered by the thought that the Federal government is distributing funds it does not have. Is any thought ever given to paying the ever increasing national debt? . . . We would prefer that all Federal grants, gifts, loans and what-have-you be stopped. For any purpose. They cause cities to over spend in favored areas to the detriment of total city program. — *City manager, Tennessee.*

(7) Indications that certain across-the-board requirements, as well as those specific to individual programs, were beginning to cause considerable local irritation. These included uniform relocation assistance requirements, environmental impact statements, and Davis-Bacon provisions.

The requirements such as environmental reviews for social service programs and the subsequent delay in the release of funds, have made implementation of the program most difficult. — *City manager, Connecticut.*

Even with block grants, however, some unnecessary requirements are still being imposed. Example — we had to advertise in the newspapers and hold public hearings on the environmental impact of a day care center, a legal aid project, and "project contingencies." — *City manager, Illinois.*

Environmental statement requirements will almost make Community Development block grants inoperational for cities whose normal staff reflects operation of over 100,000 population. — *City manager, Iowa.*

I am very disappointed to see that red tape is beginning to erode the interest of

block grant funding, Federal revenue sharing and Community Development. I am specifically speaking of equal opportunity regulations as they are proposed to apply to revenue sharing and also the ridiculous procedures of environmental assessment as it applies to Community Development funding. We expect this type of red tape with categorical grants, but not with block grants. — *City manager, Minnesota.*

Smaller cities can comply with the provisions and requirements of the funding act, only to find difficulty in compliance with other regulations indirectly involved, primarily in wage requirements and limitations on use of contractors because of the wage differentials. — *City manager, Oklahoma.*

(8) Finally, a few local officials took the opportunity to make favorable, or generally favorable, remarks about the intergovernmental grant system.

In our case, Federal money has helped, has forced increased staff capability (and numbers) to administer the programs and, like a motherhood issue, block grants are preferable to categorical grants to preserve local option. — *City manager, Alaska.*

It should be noted that there are a great deal of disgruntled local jurisdictions throughout the country who perpetually damn Federal grant and aid programs. If closely scrutinized, in most cases I do believe you will find that as unwieldy as the paperwork may seem, that the local jurisdiction does not usually have the expertise to comply with Federal regulations. We here have not found these regulations difficult to comply with and have received every grant that we have applied for, from mass transportation to special summer food program, etc. A great deal of the so-called red-tape has been instituted due to non-compliance by the local jurisdiction in addition to (the need for) meeting Congressional intent. We feel

Table II-21

Number of Cities and Counties Responding to ACIR-ICMA Questionnaire on State Grants-in-Aid; and Number Receiving State Grants in FY 1969 or FY 1974, Winter 1975-76

A. Cities

	Surveyed	Responding		Number of Respondents that Received State Grants in FY 1969 or FY 1974			
		Number	Percent	Yes		No	
				Number	Percent	Number	Percent
Total	2,309	741	32.1%	388	52.4%	353	47.6%
Population Group							
1,000,000 and over	6	3	50.0	3	100.0	0	0.0
500,000-999,999	21	9	42.9	8	88.9	1	11.1
250,000-499,999	30	14	46.7	11	78.6	3	21.4
100,000-249,999	97	50	51.5	40	80.0	10	20.0
50,000- 99,999	257	116	45.1	82	70.7	34	29.3
25,000- 49,999	539	171	31.7	96	56.1	75	43.9
10,000- 24,999	1,359	378	27.8	148	39.2	230	60.8
Geographic Region							
Northeast	717	143	19.9	75	52.4	68	47.6
North Central	675	217	32.1	104	47.9	113	52.1
South	544	199	36.6	93	46.7	106	53.3
West	373	182	48.8	116	63.7	66	36.3
Metro Status							
Central	363	149	41.0	108	72.5	41	27.5
Suburban	1,318	423	32.1	191	45.2	232	54.8
Independent	628	169	26.9	89	52.7	80	47.3

Form of Government

Mayor-Council	929	206	22.2	84	40.8	122	59.2
Council-Manager	1,140	493	43.2	290	58.8	203	41.2
Commission	119	27	22.7	10	37.0	17	63.0
Town Meeting	79	7	8.9	2	28.6	5	71.4
Representative Town Meeting	42	8	19.0	2	25.0	6	75.0

B. Counties

Total	637	160	25.1%	92	57.5%	68	42.5%
Population Group							
1,000,000 and over	18	10	55.6	8	80.0	2	20.0
500,000-999,999	41	16	39.0	12	75.0	4	25.0
250,000-499,999	69	26	37.7	15	57.7	11	42.3
100,000-249,999	182	54	29.7	36	66.7	18	33.3
50,000- 99,999	327	54	16.5	21	38.9	33	61.1
Geographic Region							
Northeast	127	30	23.6	21	70.0	9	30.0
North Central	183	34	18.6	14	41.2	20	58.8
South	236	62	26.3	31	50.0	31	50.0
West	91	34	37.4	26	76.5	8	23.5
Metro Status							
Metro	403	119	29.5	76	63.9	43	61.0
Non-Metro	234	41	17.5	16	39.0	25	36.1
Form of Government							
Without Administrator	410	77	18.8	32	41.6	45	58.4
With Administrator	227	83	36.6	60	72.3	23	27.7

that without Federal assistance, many of our functions would not have progressed to the point where we are today, nor would the people's needs have been totally served. — *City manager, Florida.*

The City of _____ has had few problems with the design and administration of Federal categorical grants. Generally, the only problem which affects the city is the uncertainty of the time involved in application, review, and approval process for project grants. — *City manager, North Carolina.*

Catalog (of Federal Domestic Assistance) has substantially improved over recent years. FMC 74-7 and FMC 74-4 will be excellent once they are true policy documents and are well administered and implemented equally for all. — *County executive, Tennessee.*

PART II. STATE GRANTS TO LOCAL GOVERNMENTS: 1975

The questionnaire on state grants-in-aid defined such grants as only those that are funded exclusively from state revenue sources. Grants that the states passed through to the localities from the Federal government were defined as Federal grants and covered under that part of the survey.

State grants included general support grants and categorical grants. The former were moneys given without specification as to permitted use. Categorical grants consisted of: (a) formula grants, under which entitlement is determined by a formula in a statute or regulation, and (b) project grants, which are given in response to specific applications for state program funds.

Table II-21 shows the degree of response by city and county executives to the state grant questionnaire, broken down by size of jurisdiction, region, metropolitan status, and form of government. Overall, 32.1 percent of the cities and 25.1 percent of the counties returned questionnaires. Cities of 50,000 population and above responded at or near 50 percent except those in the 500,000-999,999 bracket, which had a 42.9 percent response rate. The smaller cities were least responsive, register-

ing a rate of only 27.8 percent in the 10,000-24,999 population group. Regionally, western cities were most responsive (48.8%) and northeastern cities the least (19.9%). Suburban cities, by far the largest metropolitan group, had precisely the same response rate as all cities (32.1%). Central cities responded at a noticeably higher rate (41.0%), while independent cities came in well below the average (26.9%). Finally, the response rate for council manager cities was the highest, at 43.2 percent, while town meeting and representative town meeting cities returned questionnaires at the rate of 8.9 and 19.0 percent, respectively.

Considering the fact that the state aid questionnaire was mailed with the Federal aid questionnaire, it is no surprise that the pattern of returns of the two survey forms was about the same. As with its Federal counterpart, the answers to the state aid questionnaire are most representative of the middle- and larger-sized central cities, the western region, and the council-manager form of government, and least typical of small jurisdictions outside metropolitan areas, the town form of government, and the northeastern sector.

Counties replied at a higher rate than they had responded to the Federal aid survey, but even so it was lower than the cities' rate of response. The pattern of the counties' response when broken down by the various independent variables, is similar to that for the Federal survey. The larger counties, the western region, metropolitan areas, and counties with administrators were the most responsive, while the smaller counties, the north-central states, non-metropolitan areas, and those without chief administrative officers were least responsive.

As with the Federal questionnaire, respondents were asked at the outset whether their locality had received state grants in the fiscal years that included July 1, 1969 and/or July 1, 1974. Overall 52.4 percent of the cities and 57.5 percent of the counties said "Yes." This was a substantially lower percentage than for Federal aid received, which was 73.3 and 80.6 percent respectively. Clearly, Federal aid is more pervasive than state aid, at least among the localities responding.

The eight questions in the state aid questionnaire addressed the two general areas covered by the Federal aid survey: fiscal impact and administrative impact. Again respondents were invited to comment on any of the specific questions, or on the overall functioning of the state grant system.

Fiscal Impact

AMOUNTS AND TYPES OF GRANTS RECEIVED

To obtain a general view of the composition of state aids received by localities according to types of grants, city and county officials were asked to report the dollar amounts of general support and categorical grants received, with the latter further subclassified by formula and project grants. As in the Federal aid questionnaire, although data were requested for the localities' two fiscal years that included July 1, 1969, and July 1, 1974, data for the earlier year were fragmentary. Table II-22 sum-

marizes the data for the earlier 1974 by 344 cities and 75 counties which represented 88.7 percent and 81.5 percent, respectively, of the responding jurisdictions.

For the cities overall, 38.6 percent of the state aids were for general support grants and 61.4 percent for categoricals. Of the latter, 45.4 percent were for formula-type aids and 16.0 percent for project grants. There seemed to be no appreciable difference between the "larger" cities and the others in the distribution of kinds of grants.

Among the counties, 53.5 percent of the state aids were for general support, 39.9 percent for formula grants, and 6.6 percent for project grants. Again, there appeared to be no patterned relation-

Table II-22

Percentage Distribution of Dollar Amount of State Grants Received by Cities and Counties: by Type of Grant and Size of Jurisdiction, Fiscal Year that Included July 1, 1974

344 Cities

Population Group	1,000,000 & over	500,000-999,999	250,000-499,999	100,000-249,999	50,000-99,999	25,000-49,999	10,000-24,999	Total
Number Responding	3	6	10	34	68	87	136	344
General Support	49.5%	20.2%	73.7%	39.1%	47.7%	44.5%	32.9%	38.6%
Categoricals								
Formula	1.1	63.3	20.4	44.1	39.9	33.2	43.9	45.4
Project	49.5	16.5	6.0	16.8	12.5	22.4	23.2	16.0
Total	100.1%	100.0%	100.1%	100.0%	100.1%	100.1%	100.0%	100.0%

75 Counties

Population Group	1,000,000 & over	500,000-999,999	250,000-499,999	100,000-249,999	50,000-99,999	Total
Number Responding	7	10	11	32	15	75
General Support	67.7%	42.7%	35.0%	49.4%	13.6%	53.5%
Categoricals						
Formula	31.1	39.5	56.0	45.5	67.0	39.9
Project	1.2	17.8	9.0	5.1	19.4	6.6
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Table II-23

**City and County Officials' Attitudes Toward State Categorical
Programs' Budget Priorities,
Winter 1975-76**

Question: (A) "If you were permitted to allocate state categorical grant funds freely among programs, would you allocate them differently from the way they are now allocated?"
(B) If 'yes,' how different."

Cities

	Number Responding	(A) Number	"Yes" Percent	(B) Percent of (A) Who Said Their Reallocation Would Be:				
				Slight	Moderate	Substantial	Complete	No Answer
Total	368	186	50.5%	14.0%	56.6%	24.2%	0.5%	4.8%
Population Group								
1,000,000 and over	3	1	33.3	0.0	0.0	100.0	0.0	0.0
500,000-999,999	8	6	75.0	0.0	33.3	66.7	0.0	0.0
250,000-499,999	11	9	81.8	0.0	88.9	11.1	0.0	0.0
100,000-249,999	39	22	56.4	13.6	59.1	22.7	4.5	0.0
50,000- 99,999	79	46	58.2	23.9	52.2	17.4	0.0	6.5
25,000- 49,999	90	33	36.7	15.2	57.6	27.3	0.0	0.0
10,000- 24,999	138	69	50.0	10.1	56.5	24.6	0.0	8.7
Geographic Region								
Northeast	73	39	53.4	15.4	64.1	15.4	0.0	5.1
North Central	98	46	46.9	15.2	45.7	30.4	2.2	6.5
South	87	42	48.3	16.7	59.5	21.4	0.0	2.4
West	110	59	53.6	10.2	57.6	27.1	0.0	5.1
Metro Status								
Central	104	60	57.7	15.0	55.0	26.7	1.7	1.7
Suburban	180	83	46.1	10.8	60.2	21.7	0.0	7.2
Independent	84	43	51.2	18.6	51.2	25.6	0.0	4.7

Form of Government

Mayor-Council	80	35	43.8	8.6	48.6	34.3	2.9	5.7
Council-Manager	276	144	52.2	15.3	58.3	22.2	0.0	4.2
Commission	8	3	37.5	33.3	66.7	0.0	0.0	0.0
Town Meeting	2	2	100.0	0.0	100.0	0.0	0.0	0.0
Representative Town Meeting	2	2	100.0	0.0	0.0	50.0	0.0	50.0

Counties

Total	88	63	71.6%	17.5%	58.7%	23.8%	0.0%	0.0%
Population Group								
1,000,000 and over	8	8	100.0	0.0	100.0	0.0	0.0	0.0
500,000-999,999	12	10	83.3	20.0	50.0	30.0	0.0	0.0
250,000-499,999	14	13	92.9	23.1	53.8	23.1	0.0	0.0
100,000-249,999	33	20	60.6	15.0	65.0	20.0	0.0	0.0
50,000- 99,999	21	12	57.1	25.0	33.3	41.7	0.0	0.0
Geographic Region								
Northeast	20	13	65.0	7.7	69.2	23.1	0.0	0.0
North Central	14	9	64.3	11.1	55.6	33.3	0.0	0.0
South	28	19	67.9	26.3	52.6	21.1	0.0	0.0
West	26	22	84.6	18.2	59.1	22.7	0.0	0.0
Metro Status								
Metro	72	55	76.4	14.5	61.8	23.6	0.0	0.0
Non-Metro	16	8	50.0	37.5	37.5	25.0	0.0	0.0
Form of Government								
Without Administrator	28	17	60.7	17.6	41.2	41.2	0.0	0.0
With Administrator	60	46	76.7	17.4	65.2	17.4	0.0	0.0

ship between size of county and percentage of the three kinds of aid received. Compared to the cities, the counties drew more of their state aid in the form of general support grants, less in the form of categorical (formula and project) grants.⁶

IMPACT ON LOCAL DECISION MAKING

Three questions addressed the issues of whether, and to what extent, categorical state grants affected local budget priorities, and whether such grants stimulated local spending or replaced local moneys. *Table II-23* summarizes the responses to the question: "If you were permitted to allocate state categorical grant funds freely among programs, would you allocate them differently from the way they are now allocated?" In addition, it shows the degree to which the localities answering "Yes" would have made different allocations of the categorical funds, in the judgment of the responding officials.

About one-half of the city respondents and almost three-fourths of the county respondents said they would have made different allocations. The two groups would have made about equally extensive reallocations, a total of somewhat over 80 percent for moderate and substantial changes in both cases. The larger counties tended to want to make reallocations more than the smaller ones; among the cities, there was no clear relationship between preference for reallocating state funds and the size of the jurisdiction. Two other differences show up among the counties: the northeastern counties indicated an inclination to make far more extensive reallocations (92.3% for moderate and substantial) than southeastern counties (with a figure of 73.7%); and metro counties were similarly more strongly inclined to reallocating (moderate and substantial accounting for 85.4% of the total) than their non-metro counterparts (with 62.5%).

To probe the stimulative effect of state aid, the questionnaire then asked: "Do you think state categorical grants have had any effect on the amount of local money (not counting any required matching funds) spent in your municipality/county on the program affected?" *Table II-24* displays the results.

Over one-half of both the city and county groups thought that spending of local funds had been affected by the state grants, with a slightly heavier "Yes" indication among the county officials. There seems to be a tendency for the "larger" counties to

see more of an effect than the smaller counties; no such size relationship is evident among the responding cities. Among the counties, those in the south perceive markedly less effect than those from the other regions, particularly the northeast and west. Among the cities, on the other hand, the respondents from the southern states saw more influence from state aids than the officials from the other regions.

The next question sought to find out more about the nature of the effect attributed to state categorical grants: whether they caused an increase or decrease in local funding and which programs were most commonly affected. Respondents were asked to identify the three specific state categorical grant programs most affected and whether the local money was increased or decreased due to receipt of the state moneys. The results are presented in *Table II-25*.

Of the 191 city officials who earlier indicated that state aids had had an effect on the expenditure of local (non-matching) moneys, 76 said that the effect was felt most in the area of highways and roads. Interestingly, only 42.1 percent of these thought that the effect was to increase local spending. In other words, in a majority of these cases the state money was seen as being substitutive for local moneys that otherwise would have been spent in this program area. In the second and third most frequently mentioned program areas, the effect was clearly stimulative — an increase of local spending was perceived in the law, justice, and legal services and recreation areas by 77.5 percent and 71.9 percent of the city officials, respectively. It must be acknowledged, however, that the law, justice, and legal services response may be subject to question on the grounds that some of these presumably state aids may actually have been Federal LEAA money that was passed through by the state. Under the definition used in the questionnaire, pass-through grants were to be counted as Federal rather than state aids.

On the county side, the top three program areas affected by state aids were also among the top five affected by Federal grants (*Table II-6*). In fact, more county officials reported that state aids had an impact than reported that Federal aids had an impact in the case of mental health (23 state vs. 15 Federal) and general health (12 state vs. 9 Federal). In all three top program areas identified, the effect was strongly stimulative. That these should be the top three areas affected by state aids is not unex-

Table II-24

The Influence of State Categorical Grants on Spending of Local Money, as Seen by City and County Officials: Part I, Winter 1975-76

Question: "Do you think state categorical grants have had any effect on the amount of local money (not counting any required matching funds) spent in your municipality/county on the program affected?"

	Cities		Counties	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	362	52.8%	85	58.8%
Population Group				
1,000,000 and over	3	33.3	7	71.4
500,000-999,999	8	50.0	12	83.3
250,000-499,999	11	54.5	13	69.2
100,000-249,999	38	50.0	33	45.5
50,000- 99,999	74	56.8	20	55.0
25,000- 49,999	92	43.5	--	--
10,000- 24,999	136	58.1	--	--
Geographic Region				
Northeast	72	48.6	19	52.6
North Central	97	53.6	13	69.2
South	88	59.1	28	46.4
West	105	49.5	25	72.0
Metro Status				
Central	101	49.5	--	--
Suburban	177	54.2	--	--
Independent	84	53.6	--	--
Metro	--	--	70	60.0
Non-Metro	--	--	15	53.3
Form of Government				
Mayor-Council	79	46.8	--	--
Council-Manager	270	55.2	--	--
Commission	9	33.3	--	--
Town Meeting	2	50.0	--	--
Representative				
Town Meeting	2	50.0	--	--
Without Administrator	--	--	27	59.3
With Administrator	--	--	58	58.6

pected in light of heavy county involvement in these three program areas.

A tabulation of all the responses — not just those related to the three most frequently named programs — reveals that city officials checked “increases” 194 times and “decreases” 106 times — almost a two to one ratio. County officials marked “increases” 67 times and “decreases” 30 times. Overall, therefore, these local officials clearly saw state aids as having a more stimulative than substitutive effect on local spending. Yet, it was not nearly as pronounced a stimulative effect as in the case of the Federal aids, in the judgment of these officials. With the latter, city officials gave “increases” a four to one margin and county officials gave them almost a three to one edge.

The next question also probed the issues of local priorities and stimulative-substitutive effect of state grants, but from a slightly different perspective. It inquired: “If the state suddenly cut off state categorical grants, for which you now provide local matching funds, (a) Would your municipality/county shift some of those local matching funds to other programs? (b) Would you fund with 100 percent local funds the programs formerly receiving state money?” The replies are summarized in Table II-26.

Over one-half the city officials would have used their local matching funds for programs other than those covered by the discontinued grants. Except for the three largest cities, which would have unanimously used the released matching funds for other purposes, the various population groups were fairly uniform in their degree of likely use of the funds for other purposes. On a regional basis, there was the widest spread between the southern (62.4% would shift the funds) and the northeastern cities (only 47.8%).

Only one-third of the city officials thought that their cities would have used 100 percent local funds to replace suddenly terminated state categorical grants. Two population groups depart widely from the norm: cities over 1,000,000 (66.7%) and those in the 250,000–499,999 bracket (10.0%). The reaction of the officials from cities over 1,000,000 is puzzling. All three of them said, in answer to (a), that they would use released matching funds for other purposes, indicating the state aided programs were not of highest priority in these officials’ judgment. Yet, two of the same three officials said that they would fund the abandoned state program with local funds, which would seem to indicate that they did assign high priority to the activity funded by state aid.

Table II-25

Three State Categorical Grant Program Areas that Most Affected Spending of Local Funds, as Seen by City and County Officials, Winter 1975-76

Program Area	Cities		
	Number of Respondents Who Listed Program Area	Respondents Who Said Use of Local Funds Was Increased	
		Number	Percent
Highways and roads	76	32	42.1%
Law, justice, and legal services	40	31	77.5
Recreation — acquisition, development, and planning	32	23	71.9
	Counties		
Mental health	23	16	69.6
Income security and social services	17	13	76.5
General health	12	9	75.0

County officials showed a greater consistency in their answers to these two questions than did their city counterparts. Almost two-thirds said they would divert released matching funds to other uses and less than one-third said that they would use local funds to keep the formerly state-funded program going. Among the "larger" counties, the percentages were higher; 77.8 and 36.9, respectively. Consistency in the answers to the two questions was exhibited most strongly by the northeastern officials who recorded 83.3 percent and 10.5 percent "Yes" answers, respectively, to the two questions.

THE FISCAL IMPACT: A SUMMARY

As with Federal grants, local officials view state grants as having a strong impact on local decision making. About one-half the city official respondents and almost three-fourths of the county officials indicated that they would use state aids differently if they were at liberty to do so, and over four-fifths in both cases said that they would make moderate or substantial reallocations. State grants in their view were influencing local budget priorities. Also, over one-half of both city and county groups thought that state grants were affecting the spending of local funds, with two out of three of the officials claiming the effect was stimulative, rather than substitutive. The one exception among the programs identified as most affected was streets and highways; here city officials give the edge to substitution.

This general pattern of local officials' seeing state aids as influencing local budget priorities and stimulating spending of local funds was reinforced by their answers to the remaining cluster of questions. Over one-half the city officials thought that their cities would have used their local matching funds for other purposes if state grants were discontinued; and about two-thirds of the county respondents felt this way. Finally, only one-third of the city officials thought that their cities would have used 100 percent local funds to replace suddenly terminated state categorical grants; while the comparable county figure was less than one-third.

Yet, however definite the fiscal impact of state grants in the view of local officials, it is not as potent as the influence of Federal grants. For one thing, over 20 percent fewer city and county officials reported that their jurisdictions received state

grants in 1969 and 1974 than had reported receipt of Federal grants in these two years. Second, there are many more categorical grants from the Federal government than from states. Categoricals characteristically impose greater restrictions on local decision making than do Federal block grants or state general support grants. Finally, in the series of questions probing the perceived effect of grants on local priority-setting and on stimulation of or substitution for spending of local funds, in every case the local officials saw the Federal aid influence as stronger than that of state grants.

ADMINISTRATIVE IMPACT

As a follow-up to the survey on Federal grants, the state survey sought to find out how local officials viewed the administrative effects of state aid programs. Questions were asked about key problem areas, the influence of state grants on administrative capability and service levels, and the effect on administrative supervision.

Problem Areas in the Design and Administration of State Grants. The questionnaire listed what are sometimes defined as problem areas in the design and administration of state grants. Nine such areas were listed, with room for the respondents to specify others. Respondents were asked to identify separately for general support, categorical-formula, and categorical-project, the three problem areas that were the most serious for their locality. Next, they were asked to indicate the seriousness of each problem on a scale of 1 to 5 (5 = most serious). Finally, they were to note whether the problem had improved or worsened in the past five years.

Table II-27 ranks the problems in order by the number of times they were checked by the 323 city and 79 county officials who responded to this question.

The most frequently identified problem among all three types of grants for both city and county officials is the uncertain flow of state grant funds as it affects localities' estimation of the coming year's revenues and expenditures. Next most frequent, but considerably less so, is the complexity of reporting, accounting, and auditing requirements, and this generalization applies to both groups of officials and all three kinds of grants. For city officials, inequitable distribution formulas are the second and first most commonly cited problem for

Table II-26

**The Influence of State Categorical Grants on Spending of Local Money,
As Seen by City and County Officials: Part II
Winter 1975-76**

Question: "If the state suddenly cut off state categorical grants, for which you now provide local matching funds, (a) Would your municipality/county shift some of these local matching funds to other programs? (b) Would you fund with 100 percent local funds the programs formerly receiving state money?"

	Cities			
	(a) Would Shift Local Funds		(b) Would Fund With Local Funds	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	350	56.0%	342	33.0%
Population Group				
1,000,000 and over	3	100.0	3	66.7
500,000-999,999	8	62.5	8	37.5
250,000-499,999	11	63.6	10	10.0
100,000-249,999	37	54.1	37	32.4
50,000- 99,999	70	61.4	69	27.5
25,000- 49,999	85	54.1	82	34.1
10,000- 24,999	136	52.9	133	36.1
Geographic Region				
Northeast	69	47.8	68	45.6
North Central	89	56.2	90	26.7
South	85	62.4	80	36.3
West	107	56.1	104	27.9
Metro Status				
Central	96	62.5	94	25.5
Suburban	170	52.9	166	34.3
Independent	84	54.8	82	39.0
Form of Government				
Mayor-Council	79	55.7	77	36.4
Council-Manager	259	57.1	253	32.0
Commission	8	37.5	8	50.0
Town Meeting	2	0.0	2	0.0
Representative Town Meeting	2	50.0	2	0.0

Table II-26 Cont'd.

	Counties			
	(a) Would Shift Local Funds		(b) Would Fund With Local Funds	
	Number Responding	Percent "Yes"	Number Responding	Percent "Yes"
Total	79	65.8%	79	30.4%
Population Group				
1,000,000 and over	8	87.5	8	37.5
500,000-999,999	10	70.0	11	36.4
250,000-499,999	14	57.1	13	23.1
100,000-249,999	29	72.4	29	24.1
50,000- 99,999	18	50.0	18	38.9
Geographic Region				
Northeast	18	83.3	19	10.5
North Central	13	61.5	12	41.7
South	25	60.0	25	40.0
West	23	60.9	23	30.4
Metro Status				
Metro	66	69.7	66	31.8
Non-Metro	13	46.2	13	23.1
Form of Government				
Without Administrator	22	59.1	22	27.3
With Administrator	57	68.4	57	31.6

general support and formula grants, respectively; they are third and second most frequent for general support and formula grants, respectively, among county officials. Also ranking consistently high on both lists is the degree to which state aids constitute a coherent system. Consistently low on both lists are the severity of performance standards attached to the grants and strictness of monitoring by state officials.

The above indicates that city and county officials rated the problems quite similarly. In fact, for project grants their rankings were identical. Apart from their rating of "other" problems, there were only five instances out of the possible 58 in which one group of officials rated a problem as much as two positions above or below the rating given by the other group. City officials gave such higher ratings to inadequate consultation on development

of legislative proposals, and inadequate consultation on development of regulations and guidelines, with regard to general support grants. County officials gave similar two-step higher ratings to complexity of reporting, accounting, and auditing requirements, and the non-systematic character of state aids, as both problems apply to general support grants; and to the time required for issuance of regulations and guidelines, in regard to formula grants.

Any comparison of these local officials' views on Federal grant and state aid problems is made somewhat suspect by the difference in number and nature of the two lists of problem areas used. Even so, in comparing the Federal grant problem ratings with those for state formula and project grants, there seems to be more concern in the Federal sector with the kind of administrative difficulties

Table II-27

**The Most Serious Problem Areas in Design and Administration of State Grants,
As Seen by City and County Officials,
Winter 1975-76**

Cities

A. General Support Grants

Rank	Problem Area	Number of Cities Checked	Percent of Total Responding
1	The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for the next fiscal year.	124	38.4%
2	Degree to which distribution formulas reflect program needs and fiscal effort.	89	27.6
3	Inadequate consultation with local officials in development of legislative proposals.	83	25.7
4	Complexity of reporting, accounting and auditing requirements.	74	22.9
5	Inadequate consultation with local officials in development of regulations and guidelines.	65	20.1
6	Degree to which state aids constitute a coherent system, e.g., the variety of apportionment formulas and the mixture of formula and narrow purpose project grants.	58	18.0
7	Time required for state officials to issue implementing regulations and guidelines.	36	11.1
8	Strictness of performance standards required as conditions of the grant.	25	7.8
9	Strictness of state officials in monitoring conformance with performance standards.	10	3.1
10	Other.	10	3.1

B. Formula Grants

1	Degree to which distribution formulas reflect program needs and fiscal effort.	108	33.4
2	The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for the next fiscal year.	93	28.8
3	Complexity of reporting, accounting and auditing requirements.	80	24.8

Table 11-27 Cont'd.

Cities

B. Formula Grants

Rank	Problem Area	Number of Cities Checked	Percent of Total Responding
4	Degree to which state aids constitute a coherent system, e.g., the variety of apportionment formulas, and the mixture of formula and narrow purpose project grants.	70	21.7%
5	Inadequate consultation with local officials in development of regulations and guidelines.	63	19.5
6	Inadequate consultation with local officials in development of legislative proposals.	57	17.6
7	Time required for state officials to issue implementing regulations and guidelines.	38	11.8
8	Strictness of performance standards required as conditions of the grants.	21	6.5
9	Strictness of state officials in monitoring conformance with performance standards.	13	4.0
10	Other.	10	3.1

C. Project Grants

1	The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for the next fiscal year.	127	39.3
2	Complexity of reporting, accounting and auditing requirements.	119	36.8
3	Degree to which state aids constitute a coherent system, e.g., the variety of apportionment formulas, and the mixture of formula and narrow purpose project grants.	79	24.5
4	Inadequate consultation with local officials in development of regulations and guidelines.	76	23.5
5	Time required for state officials to issue implementing regulations and guidelines.	60	18.6
6	Inadequate consultation with local officials in development of legislative proposals.	58	18.0
7	Strictness of performance standards required as conditions of the grants.	50	15.5
8	Strictness of state officials in monitoring conformance with performance standards.	25	7.7
9	Other.	10	3.1

Table II-27 Cont'd.

Counties

A. General Support Grants

Rank	Problem Area	Number of Cities Checked	Percent of Total Responding
1	The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for the next fiscal year.	40	50.6%
2	Complexity of reporting, accounting and auditing requirements.	22	27.8
3	Degree to which distribution formulas reflect program needs and fiscal effort.	21	26.8
4	Degree to which state aids constitute a coherent system, e.g., the variety of apportionment formulas, and the mixture of formula and narrow purpose project grants.	21	26.8
5	Inadequate consultation with local officials in development of legislative proposals.	17	21.5
6	Time required for state officials to issue implementing regulations and guidelines.	14	17.7
7	Inadequate consultation with local officials in development of regulations and guidelines.	14	17.7
8	Other.	8	10.1
9	Strictness of performance standards required as conditions of the grants.	5	6.3
10	Strictness of state officials in monitoring conformance standards.	4	5.1

B. Formula Grants

1	The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for the next fiscal year.	44	55.7
2	Degree to which distribution formulas reflect program needs and fiscal effort.	28	25.4
3	Complexity of reporting, accounting and auditing requirements.	26	32.9
4	Degree to which state aids constitute a coherent system, e.g., the variety of apportionment formulas, and the mixture of formula and narrow purpose project grants.	20	25.3
5	Time required for state officials to issue implementing regulations and guidelines.	16	20.3

Table II-27 Cont'd.

Counties

B. Formula Grants

Rank	Problem Area	Number of Cities Checked	Percent of Total Responding
6	Inadequate consultation with local officials in development of regulations and guidelines.	14	17.7%
7	Inadequate consultation with local officials in development of legislative proposals.	8	10.1
8	Other.	7	8.9
9	Strictness of performance standards required as conditions of the grants.	5	6.3
10	Strictness of state officials in monitoring conformance with performance standards.	4	5.1

C. Project Grants

1	The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for the next fiscal year.	43	54.4
2	Complexity of reporting, accounting and auditing requirements.	28	35.4
3	Degree to which state aids constitute a coherent system, e.g., the variety of apportionment formulas, and the mixture of formula and narrow purpose project grants.	24	30.4
4	Inadequate consultation with local officials in development of regulations and guidelines.	24	30.4
5	Time required for state officials to issue implementing regulations and guidelines.	22	27.8
6	Inadequate consultation with local officials in development of legislative proposals.	12	15.2
7	Other.	8	10.1
8	Strictness of performance standards required as conditions of the grants.	5	6.3
9	Strictness of state officials in monitoring conformance with performance standards.	3	5.1

that are subject to negotiation and adjustment by grantor and grantee administrators. This is reflected in the high problem rating in the Federal survey given to paper work, time for processing applications, and obtaining prompt policy interpretations. Except for the fairly high scores given to complexity of reporting, accounting and auditing requirements, and time required for issuance of regulations and guidelines, the high ratings on the state side are given more to matters like the sure flow of state funds and the fairness of fund distribution formulas. This suggests that local officials need to look more to state legislators than to state administrators for relief from these grant problems. Moreover, this overall contrast may reflect the greater role of project grants in the Federal grant system and suggest that most state aids are not as tied up by guidelines and regulations as are Federal grants.

The remaining analysis of the responses to this question focuses on the top three problem areas. The results are summarized in *Table II-28*.

The rank order listing of problem areas in *Table II-27* shows the seriousness of the problems relative to one another, in the eyes of the responding officials. Column (1) in *Table II-28* provides a further measure of the problems' impacts by showing how serious each of the top three was viewed in their respective communities by those who deemed it a problem. The officials were asked to rate "seriousness" on a scale of 1 to 5, with 5 "most serious."

For the cities, all three problems under each of the three categories were rated over 3, the midpoint of the scale, except for "complexity of reporting, accounting and auditing" under formula grants. The three were listed in the same order of seriousness as they were ranked by frequency of occurrence in *Table II-27*, except that items 2 and 3 under project grants were assigned about the same order of seriousness. This tends to support the conclusion drawn from *Table II-27* regarding the relative severity of these problems in the minds of the responding officials.

The same general conclusion pertains to the difficulties as seen by county officials, with the notable exception of "complexity of reporting, accounting and auditing requirements" under general support grants. This problem clearly is rated less serious than the "degree to which distribution formulas reflect program needs and fiscal effort." Thus, fewer officials saw the distribution formula

as a problem under general support grants, but those who did, on the average, felt that it was a more serious challenge than those who saw the "complexity" matter as a problem.

The "complexity" issue also received a below midpoint rating under formula grants. The relatively low seriousness rating of this problem for both general support and formula grants by county officials and for formula grants by city officials suggests that, while the reporting, accounting and auditing requirements constitute a widespread source of irritation to local officials, they do not consider the problem of these requirements as serious as the other problems, particularly the uncertainty of fund flow and the inequity of distribution formulas.

Column (2) in *Table II-28* reflects the views of responding officials on whether the identified problems had improved, remained the same, or gotten worse in the past five years. For the cities, except for one problem with project grants, all the problems were seen as becoming slightly to moderately worse. The exception — the "degree to which state aids constitute a coherent system" — was viewed as becoming slightly better in the five-year span. It should be noted that under formula grants, the uncertainty of fund flow was seen as growing noticeably more of a problem through time than the fairness of the distribution formulas, which had been cited by more of the responding city officials.

Among the county officials, their three chief problems in all three groups of grants were seen as getting worse and to a greater extent than those identified by their city counterparts. In several cases, problems that were rated as less serious than others on a frequency basis by the county officials were seen by more officials to have become worse in the past five years. The outstanding example is complexity of reporting, accounting and auditing requirements under formula grants which is given a higher deterioration grade than the uncertainty of fund flow. This is the case despite the fact that the same problem was the only one seen by county officials in column (1) as having been below the midpoint so far as seriousness was concerned.

Overall, the city officials expressed the view that, among the three most frequently occurring problems in each of the grant groupings, those under the general support grants were most serious; on the other hand, they thought the top problems they identified under formula grants had de-

Table 11-28

The Three Most Common State Grant Problems as Seen by City and County Officials: Their Views on Selected Aspects of Those Problems, Winter 1975-76

Key: (1) Order of seriousness of the problem (5 = most serious).
 (2) Problem has improved or worsened (1 = improved, 2 = same, 3 = worsened) in past five years.

Cities

Problem Area	(1) Mean	(2) Mean
For general support grants:		
1. The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for next fiscal year.	3.34	2.16
2. Degree to which distribution formulas reflect program needs and fiscal effort.	3.18	2.10
3. Inadequate consultation with local officials in development of legislative proposals.	3.00	2.03
For formula grants:		
1. Degree to which distribution formulas reflect program needs and fiscal effort.	3.29	2.08
2. The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for next fiscal year.	3.26	2.26
3. Complexity of reporting, accounting and auditing requirements.	2.84	2.04
For project grants:		
1. The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for next fiscal year.	3.29	2.12
2. Complexity of reporting, accounting and auditing requirements.	3.05	2.17
3. Degree to which state aids constitute a coherent system.	3.06	1.97

Counties

For general support grants:		
1. The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for next fiscal year.	3.72	2.29
2. Complexity of reporting, accounting and auditing requirements.	2.59	2.15
3. Degree to which distribution formulas reflect program needs and fiscal effort.	3.20	2.18
For formula grants:		
1. The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for next fiscal year.	3.49	2.24
2. Degree to which distribution formulas reflect program needs and fiscal effort.	3.21	2.15
3. Complexity of reporting, accounting and auditing requirements.	2.75	2.29
For project grants:		
1. The certainty of flow of state grant funds as it affects estimation of revenue and expenditures for next fiscal year.	3.60	2.10
2. Complexity of reporting, accounting and auditing requirements.	3.32	2.24
3. Degree to which state aids constitute a coherent system.	3.09	2.05

teriorated more in the past five years than those they identified under general support and project grants.

County officials thought that the top three project grant problems were the most serious as a group, and, like the city spokesmen, they felt that the problems with the formula grants had deteriorated the most in the past half decade.

Effect on Administrative Capability and Service Levels

The survey asked: "How have the state government's requirements for administration of grant funds, and its monitoring of those requirements, affected (a) overall administrative capability (e.g., personnel standards, organization), and (b) levels of service of the programs receiving state funds?" They were asked to give a numerical rating to each factor, as follows: 1 — worsened, 2 — no effect, 3 — improved.

The responding city officials thought that the state grant requirements overall had a moderate improvement effect on local administrative capacity — 2.15; and a more substantial positive effect on the levels of program service — 2.47. There was little difference between the ratings given by officials of the "larger" cities and the other cities.

On both counts, the county officials' ratings overall were fairly comparable to those given by city officials, although slightly lower: 2.12 and 2.40, respectively. In contrast to the cities, however, county officials from the larger jurisdictions rated the effect on both administrative capability and service levels lower than county officials as a whole — 1.95 and 2.16, respectively. The 1.95 indicates, in fact, that these officials of counties of 500,000 and over population thought that state aid had actually reduced local administrative capacity.

The favorable ratings given by officials of the cities and the smaller counties to the effect on local administrative capability and performance levels are consistent with their earlier identification of problems in the design and administration of state aids. Specifically, as noted in Table II-27, these officials rated at or near the bottom of the "seriousness" scale the problem areas "strictness of performance standards required as conditions of the grants" and "strictness of state officials in monitor-

ing conformance with performance standards." The results of the question on administrative capability and service levels would suggest that, for these jurisdictions, state strictness in performance standards and monitoring were actually helpful to these localities represented.

In addition, on the county side, the positive effect on service levels was clearly seen more in the non-metropolitan than in the metropolitan areas, possibly reflecting the greater need for outside assistance in the more rural jurisdictions. This conclusion is further supported by the escalating average service level rating as the population of counties declines.

Effect on Administrative Supervision

The final question probing the impact of state aids on local administration had to do with the local chief executive's exercise of supervision. The survey asked local officials to indicate whether their chief administrative officer gave more, less, or about the same amount of personal supervision to state-aided activities as he gave to activities financed solely by the municipality/county. The answers are summarized in Table II-29.

The city officials reported that the average chief executive gave exactly the same amount of supervision to state-aided activities as he gave to other activities (2.00). There seemed to be a general tendency for more supervision of state-aided activities from the chief administrator among the smaller cities; officials of the larger cities (over 50,000) gave a rating of 1.89. Consistent with this is the greater amount of supervision over state-aided activities among the non-metropolitan cities than among the central cities.

Among the counties, the supervision required for state-aided programs by the average chief administrator was less than that required for other programs (1.94), according to the 86 responding officials. Again, there is a general tendency for more local supervision among the smaller jurisdictions; the officials of "larger" counties (over 500,000), on the other hand, gave a rating of 1.85. This is evidenced further in the breakdown between metro and non-metro officials.

As was noted earlier, the overall responses to the state aid questionnaire were lighter among small jurisdictions outside metropolitan areas. In light of this fact, and the tendency for these smaller, more urban places to report more supervision by the

Table II-29

Chief Administrative Officer's Supervision Over State Grant-Aided Activities, as Seen by City and County Officials, Winter 1975-76

Key: Supervision over state-aided activities is (1) less than, (2) the same as, or (3) more than that over locally funded activities.

	Cities		Counties	
	Number Responding	Average Rating	Number Responding	Average Rating
Total	369	2.00	86	1.94
Population Group				
1,000,000 and over	3	1.33	8	1.75
500,000-999,999	8	2.00	12	1.92
250,000-499,999	11	1.64	15	1.80
100,000-249,999	38	1.89	31	2.03
50,000- 99,999	78	1.94	20	2.00
25,000- 49,999	90	2.01	--	--
10,000- 24,999	141	2.10	--	--
Region				
Northeast	74	2.04	20	2.00
North Central	98	1.98	14	1.86
South	88	1.99	27	1.56
West	109	2.00	25	2.12
Metro Status				
Central	103	1.86	--	--
Suburban	182	2.00	--	--
Independent	84	2.17	--	--
Metro	--	--	71	1.93
Non-Metro	--	--	15	2.00
Form of Government				
Mayor-Council	79	2.01	--	--
Council-Manager	277	1.99	--	--
Without Administrator	--	--	27	1.85
With Administrator	--	--	59	1.98

chief administrator over state-aided activities, a more representative sample probably would show that the overall rating for counties would be higher than 1.94 registered in this survey.

Local Officials' Comments on State Aid Systems

As with the Federal aid questionnaire, at the end of the state aid questionnaire local officials were invited to comment on any of the questions or on the general functioning of the state aid system. Ninety-one city and 23 county officials submitted comments — about one-fourth of those who answered the full questionnaire in each case. Again, while these comments cannot be interpreted as representing a consensus, they add a useful though subjective supplement to conclusions drawn from the other questions.

The comments are not as clustered as those on the Federal questionnaire, probably reflecting the substantially lesser impact of state aids. Six themes, however, tended to emerge in the following general order of volume and with some overlap among them:

(1) Familiar, but by no means unanimous, expressions of dissatisfaction with the administration of state aids. The most frequent type of comment was criticism of some aspect of the administration of state grants, in rather familiar terms: red tape, too many procedural requirements, complexity, and lack of uniformity. Yet, compared with the Federal comments, these seemed less strident, and there were many respondents who said they found little to criticize in state grants administration. In this context, these criticisms seemed consistent with the relatively low ratings given to administrative difficulties in the specific question on problem areas (see *Table II-27*).

Among the management criticisms were the following:

The procedures and interpretation of the requirements vary considerably from one program to another with essentially the same requirements. In certain cases it appears that more effort is expended in delaying a program than is expended on streamlining the procedures and eliminating the red tape to obtain the product intended by the law. — *City manager, California.*

The State of Maryland maintains an incredible maze of state requirement restrictions, reviews, etc., for administering her grants. There is a need for coordination between all the state agencies and local officials in order to reduce the problems and conflicts in grant administration. — *City Manager, Maryland.*

There is no uniformity in the administration of state categorical grants. Each state department has different forms, rules and regulations for grant administration. — *City manager, Connecticut.*

The state grants process offers a confusing and uncoordinated system of forms, accounting, and audit procedures. — *City manager, Texas.*

Several respondents urged better information^d about state aids:

A catalog similar to OMB's *Catalog of Federal Domestic Assistance* would be good. — *City manager, Florida.*

The biggest problem with the state system is the lack of available information. It is much easier to get useful information on Federal programs. — *County commissioner, Oregon.*

There should be a more complete, comprehensive grants manual issued from each state capitol to each local municipality listing all grants with definitions and explanations for each grant. — *City manager, Tennessee.*

Yet, a substantial number of respondents found^d little to criticize:

No problems. Formula distributions are fair. State monitoring standards are reasonable. — *City manager, California.*

We have had very few problems with grants from the State of Florida. — *City manager, Florida.*

No particular problems are identified with formula grants or project grants. — *City manager, Illinois.*

The state grants are direct payments to the county and require little or no special administrative procedure. — *County manager, Maryland.*

Have no problems with state grants. — *City manager, Missouri.*

Surprisingly, the regulations are relatively simple, always explained in person, and administered with much flexibility. Only the timeliness of grant availability being relayed to the city is a problem. — *Mayor, Missouri.*

We do not have any of the problems listed . . . with state grants. — *City manager, New Mexico.*

State grant system is equitable, fairly administered; no problems for this city. — *City manager, Tennessee.*

(2) Project grants are particularly bothersome; conversely, general support or block grants are welcome.

You know I'm too busy to fill out the above. Let's just say that project grants are a pain in the neck. — *Village manager, Illinois.*

No problem on general support and formula grants. On project grants, bureaucracy in lower echelons can drive one up a tree. — *City manager, Michigan.*

Except for a few exceptions, the grants and contracts offices of New Jersey state agencies function as an effective bureaucratic buffer which greatly hinders the flow of tax dollars to those areas of the state most needing grant assistance; this is especially true as regards project grants. — *County manager, New Jersey.*

In the view of this city, the amount of time required to administer, comply and report in connection with state grant programs is many times excessive in connection with the amount of the grant. It would be far better for state to adopt a "general revenue sharing" approach, with minimal restrictive requirements

and allow city to allocate grant funds to its priorities. — *City manager, California.*

Instead of working under the categorical formula and project grant program, the state could more ably assist municipalities by adopting legislation comparable to the Federal Community Development block grant program. — *Borough manager, Pennsylvania.*

(3) Perhaps as great as the concern over administration is the frustration with the level of state funding and the uncertainty of the flow of funds.

Annual funding without commitment makes it difficult to run coherent programs. — *Village manager, Illinois.*

There are several serious deficiencies in the present state system of aid including the following: . . . an over-emphasis on reimbursements for allocating state aid . . . levels of aid inadequate to provide properly for relief . . . unpredictable levels of state aid . . . — *Mayor, Massachusetts.*

. . . the need to assure funding and not get caught up in legislative hassles is important. — *County commissioner, Pennsylvania.*

State should be able to make advance grants for operating funds. Currently state grants are made on a reimbursement basis. — *Mayor, Texas.*

(4) Inevitably the state and Federal grant systems are compared, sometimes favorable to the states, sometimes not.

State funding programs are, in general, much easier to work with than Federal. — *City manager, Minnesota.*

Only where Federal funds are involved do state red tape requirements become difficult. — *County administrator, Minnesota.*

State officials are, on the whole, less knowledgeable, less able, more involved

in local and state politics, and more dictatorial than Federal program officials. The present state government is in disarray on many levels affecting New Jersey municipalities. — *City administrator, New Jersey.*

The biggest problem with the state system is the lack of available information. It is much easier to get useful information on Federal programs. — *County commissioner, Oregon.*

(5) Local officials object to state mandating of local expenditures without providing revenue sources; they see such mandating as inherent in the state grant system.

State regulations reduce municipal revenue sources and increase municipal expenditures for programs without funding, such as police standards board regulations. — *City manager, Florida.*

It seems that some of these grants are used to start new programs, many times of a social nature, that then must be paid for by the locality. — *City manager, Kansas.*

The state grant system is insufficient. The grants are not as great as the fiscal obligations which the state legislature imposes on the county, e.g., setting minimum wages for various county employees requiring certain jobs, etc. — *County judge, Kentucky.*

A major problem with state grants is that they are not sufficient to cover the full costs of state-mandated services. Moreover, fund levels can fluctuate from year to year depending on availability of state funds which affects local programming. — *County administrator, Oregon.*

(6) There is dissatisfaction among both smaller and larger jurisdictions over the equitability of state aid distributions.

I feel that state grants should be more equal to towns as well as large cities. — *Town mayor, Connecticut.*

Inadequate for aid to large cities. — *Mayor, Maryland.*

... assistance formulas usually reflect geographic preference rather than actual need and so, again, prohibit adequate local budget planning. — *City manager, Massachusetts.*

Small municipalities get hurt because the big cities get a disproportionate amount of grant money relative to both population and need, in my opinion. They also have the advantage of more staff to secure them and yet small cities have to provide the same range of public services. — *Mayor, Ohio.*

PART III. LOCAL OFFICIALS' VIEWS ON THE COMPARATIVE IMPACTS OF FEDERAL AND STATE AIDS ON LOCAL GOVERNMENTS

The foregoing analysis usually included comparisons of the responses of city and county officials with respect to each question asked on either the Federal aid or state aid questionnaire. Comparisons were occasionally, but not systematically, made between local officials' responses to a question on Federal aid and their responses to the same or similar questions on state aid. This concluding section provides a systematic summary comparison of all the answers to parallel questions appearing on both the Federal and state aid questionnaires, as a possible help in pointing up some of the significant aspects of the differential impacts of the two grant systems. In making this comparison, the responses of the "larger" cities and counties as defined at the outset — cities over 50,000 population and counties over 500,000 population — again are singled out because of the greater certainty of the representativeness of the responses in those groups. (See *Item 1.*)

The Federal-state comparison is not exact inasmuch as general support grants at the state level are probably closer to general revenue sharing than to block grants at the Federal level. Yet, the residuals — categoricals — are fairly similar. Cities reported receiving a somewhat smaller proportion of these in their state aid than in their

Item 4

Three categorical grant program areas that most affected spending of local funds, as seen by local officials; and percent of respondents who said use of local funds was increased in these areas (Tables II-6 and II-25)

Total Response Groups Only

Cities

	Federal		State
Urban community development	84.3%	Highways and roads	42.1%
Water pollution control	75.4	Law, justice, legal services	77.5
Recreation — acquisition, development, planning	86.8	Recreation — acquisition, development, planning	71.9

Counties

Income security and social services	64.7	Mental health	69.6
Mental health	60.0	Income security and social services	76.5
Water pollution control	70.0	General health	75.0

The substantial differences in these leading functional areas affected by Federal and state grants reflect the different program interests of the two levels of government. That they are so different also reflects a salutary complementing rather than a duplicating of program coverage.

Tabulation of all the responses — not just those related to the five most frequently named programs — indicates that city officials marked “increases” at a ratio of four to one for Federal grants and two to one for state grants. County officials marked “increases” at ratios of three to one and about two to one, respectively. Thus, overall, local officials clearly saw Federal aids as more stimulative than state aids in this regard. (Item 5.)

The answers to Part A by the total group indicate that Federal categoricals have a stronger skewing effect on local priorities than do state categoricals. The answers are quite close to those on the earlier question about allocating categoricals differently. Part B responses indicate that the stimulative effect of Federal categoricals would be longer lasting than that of state categoricals.

Among the “larger” jurisdictions, these relative differences are more pronounced than among the entire group of cities and counties represented, except that the degree of Federal skewing is greater for all the responding counties than for the “larger” counties above.

Item 5

Percent of respondents who thought that, if Federal or state categorical grants were suddenly cut off, their localities would (A) shift local matching funds to other programs, (B) fund with 100 percent local funds any programs formerly receiving such grants (Tables II-7 and II-26)

	Federal Grants	
	Cities	Counties
Total Response Group		
(A)	69.5%	77.2%
(B)	43.3	50.5
“Larger” Jurisdictions		
(A)	80.7	83.3
(B)	47.5	76.0
	State Grants	
	Cities	Counties
Total Response Group		
(A)	56.0	65.8
(B)	33.0	30.4
“Larger” Jurisdictions		
(A)	60.5	77.8
(B)	29.0	36.9

Item 6

**The five most serious problem areas in design and administration of categoricals
(Tables II-14 and II-27)**

Federal

Cities

1. Complexity, volume of paper work
2. Time for project grant processing
3. Clear, prompt policy interpretations
4. Complexity of fiscal procedures
5. Consultation on regulations

Counties

1. Complexity, volume of paper work
2. Clear, prompt policy interpretations
3. Time for project grant processing
4. Complexity of fiscal procedures
5. Consultation on regulations

State

Cities

General Support

1. Certainty of fund flow
2. Distribution formula
3. Legislative consultation
4. Complexity of fiscal procedures
5. Administrative consultation

Formula

1. Distribution formula
2. Certainty of fund flow
3. Complexity of fiscal procedures
4. Incoherent state system
5. Administrative consultation

Project

1. Certainty of fund flow
2. Complexity of fiscal procedures
3. Incoherent state system
4. Administrative consultation
5. Delay in regulations issuance

Counties

1. Certainty of fund flow
2. Complexity of fiscal procedures
3. Distribution formula
4. Incoherent state system
5. Legislative consultation

1. Certainty of fund flow
2. Distribution formula
3. Complexity of fiscal procedures
4. Incoherent state system
5. Delay in regulations issuance

1. Certainty of fund flow
2. Distribution formula
3. Incoherent state system
4. Administrative consultation
5. Delay in regulations issuance

There is more concern in the Federal grant system with problems of administrative procedures. The most serious problems in the state system are such matters as the flow of state funds, the inequity of fund distribution formulas, and the general incoherence of the state aid system. This suggests that local officials have more fault to find with state legislators than administrators. This may reflect the greater dominance of project grants in the Federal system, but also may simply indicate that state aids are not as bound by guidelines and regulations as Federal grants. (See Item 6.)

The comparison of problem areas rated lowest confirms the conclusion that Federal aids generate more troubles, and difficulties with state aids stem more from policies set by the legislatures. On state aids, city and county officials gave lowest difficulty ratings for all three types of grants to strictness of performance standards and severity of

performance monitoring, both of which are administrative responsibilities. (See Item 7.)

For the total response group, the comparison is mixed. Cities rate state aids' positive effect on administrative capacity slightly higher than Federal aids' effect. In all other comparisons, Federal aids have a more positive impact than state aids — fairly slight except with regard to administrative capacity in the counties, where Federal aids clearly have a much more positive effect than the state aids.

Among the "larger" jurisdictions, the impact of the Federal aids is uniformly greater, and in the case of the counties it is substantially so. (Item 8.)

For the total response groups, chief administrators appear to give more supervision to federally aided activities than to those that are state aided. The same relationship holds true for the "larger" jurisdictions. In the latter case, moreover,

Item 7		
Rating of grant requirements' impact on (A) local administrative capability, (B) service levels		
	Federal Grant	
	Cities	Counties
Total Response Group		
(A)	2.09	2.33
(B)	2.50	2.47
"Larger" Jurisdictions		
(A)	2.22	2.23
(B)	2.51	2.39
	State Grants	
	Cities	Counties
Total Response Group		
(A)	2.15	2.12
(B)	2.47	2.40
"Larger" Jurisdictions		
(A)	2.16	1.95
(B)	2.47	2.16

supervision over state-aided activities is clearly less than that over locally funded activities.

SUMMARY OF COMPARISON OF THE TWO AID SYSTEMS

Several conclusions emerge from this comparison of the two aid systems as seen by local officials responding to this survey:

- In the judgment of the local executives surveyed, the Federal aid system has greater impact than the state system on fiscal decisions at the local level. The Federal grants are more potent in skewing local budget priorities, stimulating the expenditure of local non-matching funds, and sustaining the stimulative effect after Federal grants have been decreased or withdrawn.
- With respect to what might be called the positive administrative impact of grants, while local officials see the administrative requirements of both types of aid as improving local administrative capability and service levels, their responses do not give one aid system a clear edge over the other.

Item 8		
Rating of chief administrator's supervision over grant-aid activities (Table II-17 and II-30)		
	Federal Grants	
	Cities	Counties
Total Response Group	2.13	2.00
"Larger" Jurisdictions	2.03	2.00
	State Grants	
	Cities	Counties
Total Response Group	2.00	1.94
"Larger" Jurisdictions	1.89	1.85

- On the negative administrative impact, the responses indicate that chief administrators tend to give more supervision to federally aided activities than those that are state aided. Consistent with this finding is that the top problem areas in the Federal grant system identified by local officials are matters of administrative procedure, whereas in the state aid system the problems are more traceable to legislative decisions, as on allocation formulas and flow of funds.

These are conclusions from the responses of the total body of city and county respondents. With respect to the responses of the officials of the "larger" jurisdictions, the conclusions apply even more strongly, with a few exceptions. On the issue of skewing, for example, officials of the "larger" counties felt less strongly than officials of all counties that Federal grants had a greater impact on local priorities; the reverse was true among city officials, i.e., "larger" city officials felt strongly about the superiority of Federal grants in this regard. Also, officials of "larger" jurisdictions gave a clear edge to the greater impact of Federal administrative requirements on local administrative capability and service levels.

On balance, considering both fiscal and administrative effects, it appears that the local officials surveyed believe that the Federal aid system has a stronger impact on their local governments than the state aid system. This is in spite of the fact that, according to one estimate using 1972 data, state grants to localities as defined in this survey

were 38 percent greater than Federal grants.⁷ Offsetting the Federal grant system's dollar inferiority are a number of factors that give that system more impact. A larger share of Federal assistance is in the form of categorical grants than is the case with state assistance. City officials responding to the survey reported that about 39 percent of their state aids were for general support; county officials reported about 54 percent. On the Federal aid side, block grants were reported to be 31 and 23 percent of total aids, respectively, by city and county officials. Categorical grants clearly involve more administrative requirements than block or general support grants. On the fiscal side, one of the features of categoricals is their usefulness in stimulating local expenditures on particular activities. The responses to the Federal questionnaire indicated that local officials felt that categoricals tended to skew local budget priorities more than block grants did. On the other hand, they thought the stimulative effect of block grants was longer

lasting than that of the categoricals.

Objective measures, such as relative size of the total Federal and state aid packages and the relative portion of each that is made up of categorical grants, are significant but not the whole story in trying to account for people's perceptions. These officials' perceptions as expressed in their responses to this survey may reflect their exposure to the conventional attitudes current among local officials with respect to the relative influence of the Federal and state governments on their local affairs. The important thing is that their perceptions can be taken as indicative of their likely reaction to policy issues in intergovernmental relations, and specifically in matters relating to intergovernmental grant assistance. For Federal and state policymakers responsible for the design and administration of their respective grant systems, these perceptions should serve as the starting points in deciding whether those systems should be changed and, if so, in what directions.

Footnotes

¹Treated here as a categorical program though treated as a target grant in *Improving Federal Grants Management*, Vol. II of the series, *The Intergovernmental Grant System: An Assessment and Proposed Policies*.

²A fourth block grant, Partnership for Health, was also listed on the questionnaire, but the responses were not useable.

³This may reflect the special effort of NACO to familiarize its members with the benefits flowing from this circular.

⁴See ACIR, *Safe Streets Reconsidered: The Block Grant Experience 1968-1975*, Vol. IV of the series, *The Intergovernmental Grant System: An Assessment and Proposed Policies* (1976).

⁵Housing rehabilitation loans, sec. 312, *Housing Act of 1964*, P.L. 88-560.

⁶This distribution does not conform to the pattern usually derived from analyses of state aid. A major reason for the difference may be that the usual analysis includes Federal pass-through funds in state aid; this analysis classifies them as Federal aid. The bulk of Federal pass-through funds to counties consists of categorical public assistance.

⁷The estimate was made by Maxwell Graduate School, Syracuse University, cited in ACIR, *The States and Intergovernmental Aids*, Vol. VIII in the series, *The Intergovernmental Grant System: An Assessment and Proposed Policies*. "As defined in this survey" means that Federal pass-through funds are included as Federal grants, and that education grants are largely excluded, since they go mainly to school districts independent of cities and counties.

Chapter III

SURVEY OF STATE BUDGET OFFICERS

As with the ACIR-ICMA survey of local officials described in Chapter II, the survey instrument for canvassing state budget officers was in two parts. Part I dealt with Federal grants-in-aid to the state government. These grants were defined to include funds that the state passed through to local governments, with or without money that the state added from its own sources. They excluded general revenue sharing funds. Part II dealt with state grants-in-aid to local governments that consisted exclusively of state money, but excluding state funds that were add-ons to Federal grants.

Usable responses were received from 37 states. Those from which such responses were not received were Alabama, Arkansas, Indiana, Kansas, Louisiana, Maine, Massachusetts, Mississippi, New Hampshire, New Mexico, Tennessee, Utah, and West Virginia. The 37 respondents were distributed among the states on the basis of population, Federal region, and total 1974 Federal intergovernmental revenue as shown in *Table III-1*.

These distributions indicate that in general the responding states over-represent the states with population of 10 million and over; those in the New York, San Francisco, and Seattle Federal regions; and those with Federal intergovernmental revenues in 1974 of \$750 million and over. They under-represent the next to smallest population group, the states in the Dallas and Boston Federal regions, and the next to smallest intergovernmental revenue group.

Not all 37 states responded to all the questions. The number responding to individual questions is noted in the analysis.

SUMMARY OF PRINCIPAL FINDINGS

I. Federal Grants to State Governments

▣ Thirty-five states received \$23.0 billion in grants from the Federal government in FY 1974. This represented 82.2 percent of the total of such grants received by all states (including pass-through funds). The \$23.0 billion was distributed among functions as follows:

public welfare (incl. Medicaid)	49%
education	18
highways	14
manpower	7
health and hospitals	3
criminal justice	2
housing and community development	*
all other	7

*Less than 0.5 percent.

▣ For 26 states (which accounted for 54 percent of intergovernmental revenue from the Federal government), the Federal grant money was divided as follows: formula grants—76 percent, project grants—21 percent, and block grants—3 percent.

PASS-THROUGH FUNDS

▣ For 22 states reporting, pass-through funds amounted to 41 percent of the total funds received

Table III-1

**States Responding to Questionnaire: by Population, Federal Region,
and Amount of Federal Intergovernmental Revenue Received
FY 1974**

1970 Population	States			Population		
	U.S.	Survey Respondents Number	Percent of U.S.	U.S.	Survey Respondents Number	Percent of U.S.
10 million and over	6	6	100%	82,951	82,951	100%
5.0-9.9 million	6	4	67	38,797	27,914	72
2.5-4.9 million	15	12	80	54,707	43,695	80
1.0-2.4 million	10	4	40	17,763	7,554	43
Under 1.0 million	14	11	79	9,017	6,527	72
Total	51	37	73%	203,235	168,641	83%
Federal Region						
I	6	3	50%			
II	2	2	100			
III	6	4	67			
IV	8	5	63			
V	6	5	83			
VI	5	2	40			
VII	4	3	75			
VIII	6	5	83			
IX	4	4	100			
X	4	4	100			
Total	51	37	73%			
1974 Federal Intergovernmental Revenue (000)¹						
\$750,000 and over	11	10	91%			
500,000-749,999	11	9	82			
250,000-499,999	12	6	50			
0-249,999	16	12	75			
Total	50²	37	75%			

¹U.S. Department of Commerce, Bureau of the Census, *State Government Finances in 1974* (Washington, D.C.: U.S. Government Printing Office, 1975), p. 20.

²Excludes District of Columbia, which did not reply.

from the Federal government. By function the breakdown of pass-through funds was (for 25 to 27 states in each case):

criminal justice	66%
education	57
public welfare	53
housing and community development	49
health and hospitals	33
manpower	16
highways	14

□ The attachment of state procedural conditions to pass-through funds tended to accompany Federal project grants more than formula grants and tended to increase with the proportion of Federal grant funds that were channeled.

□ States more commonly attached procedural requirements than performance standards to pass-through funds.

□ The large majority of the states that indicated that they added money on to the Federal pass-through indicated that they did not attach performance conditions to that add-on, i.e., they did not take advantage of their opportunity to inject state policy or administrative influences on local expenditure of Federal pass-through funds.

□ Twenty-four states reported that 83 percent of pass-through funds were channeled pursuant to Federal requirements, 8 percent by state law, and 10 percent by state administrative discretion.

MATCHING

□ For 25 states, which received 63 percent of Federal revenue to the states in 1974, the average (mean) state matching share was 43.1 percent; the range was from 11.7 to 67.9 percent.

□ A large minority (41%) of responding states believed that "in-kind" matching produces little or no actual contribution of state resources for the aided program. This casts doubt on the effectiveness of in-kind matching as a device for actually committing state resources.

□ Fifty-seven percent of the responding states agreed that in-kind or zero matching strengthens the discretionary power of the governor and administrators and weakens the legislature's control over the budget and administration.

FEDERAL MANAGEMENT CIRCULARS

□ State budget officers gave a strong endorsement to the effectiveness of the three Federal management circulars dealing with grant requirements standardization, allowable costs, and audits of grant programs.

FEDERALIZATION OF STATE-LOCAL FUNCTIONS

□ About half of the respondents thought that Federal assumption of the adult categories of public assistance (through the supplemental security income program — SSI) had brought localities fiscal relief. Most of those that reported no relief ascribed it to the fact that localities had not participated in the cost of the adult categories; or that SSI left service or procedural gaps that the localities had to plug.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE

□ Budget officers indicated a high degree of awareness of the Catalog and reported that it fulfills its function for most of their purposes.

STATE EXECUTIVE BRANCH ORGANIZATION AND PROCEDURES FOR CONTROLLING FEDERAL GRANT IMPACT

□ States vary in the degree to which their governors exercise influence over Federal grants through approval of state applications for grants, approval of state acceptance of grants, inclusion of Federal grants in the proposed executive budget, and approval of funds passed through to localities. The four states, out of 35 responding, in which the governor seems to exercise the greatest degree of control are: Alaska, Florida, Minnesota, and Washington. Twenty-five states reported specific measures taken in the past decade to strengthen executive budget control over Federal grants.

STATE LEGISLATIVE BRANCH ORGANIZATION AND PROCEDURES FOR CONTROLLING FEDERAL GRANT IMPACT

□ Except for the prevailing insistence on including Federal grant funds in appropriations, state legislatures are inclined to refrain from exerting their authority in the state's process of determining the receipt and disposition of Federal grants. Thus,

only about one-third of the responding states that appropriate Federal grant funds require legislative approval for expenditure of such funds beyond the amounts appropriated; less than one-fourth specify sub-allocation priorities for formula grants; and less than one-twelfth are involved in determining how discretionary grant moneys will be passed through to local governments. The responses suggest that legislatures exert the strongest influence in Alaska, Colorado, Michigan, Missouri, Montana, South Dakota, and Washington.

□ The legislature has not taken as much advantage of its opportunities to exercise control over the flow of Federal grant funds as the executive has.

□ Twenty-four states identified specific steps that they had taken since 1967 to help the legislative budget process exert more influence over Federal grants.

II. State Aids to Local Governments

□ Twenty-three states representing 71.3 percent of total state intergovernmental expenditures in 1974 (including pass-through funds) reported grants to localities totaling \$21.3 billion in FY 1974. They were distributed by function as follows:

education	45%
public welfare	8
highways	6
health and hospitals	3
all other categoricals	11
general support	28

Of the categorical grant funds, 83 percent were for formula-based grants, 17 percent for project grants.

MATCHING AND MANDATING

Responses on these issues indicate a wide diversity of fiscal practices among the limited number of states represented.

□ For 18 states responding, the median state reported that formula grants were matched with 50 percent local money (interquartile range — 68%); the median state among 15 reporting said 28 percent local matching was required on project grants (interquartile range — 70%).

□ Among 20 states responding, the median state said that 75 percent of the dollar amount of state

Table III-2

Federal Grants to 35 State Governments by Function: FY 1974 (est.)

	Amount (000)	Percent
Education	\$ 4,112,840	18%
Public welfare	11,168,266	49
Highways	3,149,107	14
Health and hospitals	620,757	3
Criminal justice	555,125	2
Housing and community development	39,384	*
Manpower	1,711,996	7
All other	1,613,924	7
Total	\$22,971,399	100%

*Less than 0.5%

aid formula grants was for activities which the state mandated localities to perform (interquartile range — 80%).

SOME SYSTEMIC CONSIDERATIONS

□ Twelve of 35 responding states said that they have an agency that reviews and evaluates periodically the state aid program on an overall systematic basis, rather than program-by-program. Budget and fiscal agencies were dominant among such agencies, with intergovernmental relations and planning agencies involved in a few states.

□ Eight of the states without a review and evaluation agency reported that a move was underway to establish such an agency.

□ Twenty of 36 responding states reported that their legislatures have a unit responsible for reviewing state aid.

□ In seven of 36 states the legislature required that each new legislative proposal be accompanied by a statement of the estimated impact of the proposed legislation on the eligibility and need of the state and local governments for Federal grants.

□ The most serious problem of their state aid systems, identified by 17 states, was the development of equitable allocation formulas. Other problems: inadequacy of state control and evaluation of grants to localities, insufficiency of grant funds, proliferation of categoricals, and the use of open-ended grants.

**PART I.
FEDERAL GRANTS TO
STATE GOVERNMENTS**

Included in this part is an analysis of the answers to a series of survey questions which may be grouped under four headings:

- Statistics on the amounts, purposes, and types of Federal grants to states and the manner in which the states handle them in relation to substate recipients.
- Perceptions of budget officers regarding the effects on the states of recent Federal actions in grant policy and management.
- State executive branch policies and procedures for controlling the impact of Federal grants.
- State legislative branch policies and procedures for controlling the impact of Federal grants.

Federal grants were defined to include two broad types: (1) block grants, consisting of grants under the Safe Streets (LEAA), Partnership for

Health (section 314(d) of the *Public Health Service Act*), Comprehensive Employment and Training (CETA), and Housing and Community Development programs, and categorical grants, consisting of all the remaining grants. Categoricals in turn were divided into two types: (a) formula grants, under which entitlement is according to a formula in the statutes or regulations, and (b) project grants, which are given in response to an application, and are sometimes called "discretionary."

**Statistics on Federal Grants to States by
Function and Type of Grant; the
Magnitude and Nature of the
"Pass-Through;" State Matching**

Budget officers were asked to supply actual or estimated figures showing the amounts of Federal grants their state received in FY 1974, by major function and by type of grant (formula, project, or block). Thirty-five states responded—23 giving estimates and 12 actual figures. These states accounted for 82.2 percent of total intergovernmental revenue received from the Federal government in

Table III-3

**Federal Grants to 26 State Governments, by Function and
Type of Grant: FY 1974 (est.)**

Function	Amount (000)	Type of Grant		
		Formula	Project	Block
Education	\$ 2,741,697	61%	39%	--%
Public welfare	7,364,709	99	1	--
Highways	2,164,364	91	9	--
Health and hospitals	442,465	57	36	7
Criminal justice	362,903	16	8	76
Housing and community development	19,096	--	100	--
Manpower	1,416,085	13	80	7
All other	949,942	37	63	--
Total	\$15,461,261	76%	21%	3%

Table III-4

State Pass-Through of Federal Grant Funds to Local Recipients in Selected States,¹ by Function (amounts in 000s): FY 1974 (est.)

Function	Number of States	Federal Grants Received	Retained by State Government		Passed Through to Local Recipients	
			Amount	Percent	Amount	Percent
Education	26 ²	\$ 2,746,177	\$1,189,181	43%	\$1,556,996	57%
Public welfare	27	7,266,942	3,429,903	47	3,837,039	53
Highways	25 ³	2,214,514	1,893,806	86	320,708	14
Health and hospitals	27	456,382	304,648	67	151,734	33
Criminal justice	27	367,545	125,198	34	242,347	66
Housing and community development	26 ²	20,319	10,438	51	9,881	49
Manpower	25 ⁴	1,475,089	1,234,300	84	240,789	16
All other	24 ⁵	945,445	465,025	49	480,420	51
Total for 22 ⁶ States		\$14,134,352	\$8,287,582	59%	\$5,846,770	41%

¹As many as 27 states: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Illinois, Iowa, Maryland, Michigan, Minnesota, Missouri, Montana, Nevada, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, Virginia, and Wisconsin.

²All states in footnote 1 except South Dakota.

³All states in footnote 1 except Georgia and South Dakota.

⁴All states in footnote 1 except North Carolina and North Dakota.

⁵All states in footnote 1 except North Carolina, South Dakota, and Rhode Island.

⁶All states in footnote 1 except Georgia, North Carolina, North Dakota, Rhode Island, and South Dakota.

FY 1974 according to the Census Bureau's *State Government Finances in 1974*.

Table III-2 shows the distribution by function.

Twenty-six states broke down their Federal grant funds by type of grant. These 26 accounted for 54 percent of total intergovernmental revenue received from the Federal government. The big drop in percentage from the first group of 35 to the second group of 26 is accounted for chiefly by New York and Ohio, which did not report grant receipts by type of grant in a usable form.

For all 26 states, formula grants accounted for 76 percent of the total, project grants 21 percent, and block grants 3 percent. The breakdown by function and by type of grant is presented in Table III-3.

The public welfare and highways functions are heavily dominated by formula grants; housing and community development is limited to project grants; manpower bears strongly toward project grants, although in FY 1974 it reflected some CETA block grants; education and health and hospitals are distributed about two-thirds — one-third be

tween formula and project grants although the Partnership for Health block grant appears in the health and hospitals function; criminal justice funds come predominantly through the Safe Streets block grant; and "All Other" shows a one-third—two-thirds break between formula and project grants.

STATE "PASS-THROUGH" OF FEDERAL GRANT FUNDS

Respondents were asked to indicate by function, what percentage of Federal grants received was passed through to various types of substate jurisdictions in FY 1974 and what percentage was re-

Table III-5

State Pass-Through of Federal Grant Funds to Local Recipients in Selected States,¹ by Function and by Type of Recipient: FY 1974 (est.)

Function	Number of States	Pass-Through to:						Retained by State Government
		Municipalities	Counties	Townships	School Districts	Special Districts	Other**	
Education	23 ²	3%	10%	0	43%	*	0	44%
Public welfare	24	2	54	1	*	0	0	43
Highways	21 ³	5	4	1	0	0	0	90
Health and hospitals	24	10	14	*	*	6	*	69
Criminal justice	21 ⁴	45	19	0	0	2	0	34
Housing and community development	16 ⁵	16	12	0	0	18	*	54
Manpower	19 ⁶	2	2	0	*	2	*	94
All other	13 ⁷	39	10	*	4	1	*	46

*Less than 0.5 percent.

**Usually private non-profit organizations.

¹As many as 24 states: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Iowa, Maryland, Michigan, Minnesota, Montana, Nevada, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, and Virginia.

²All states in footnote 1 except South Dakota.

³All states in footnote 1 except Georgia, Oregon, and South Dakota.

⁴All states in footnote 1 except Nevada, Oregon, and South Carolina.

⁵All states in footnote 1 except Alaska, Iowa, Michigan, Nevada, North Carolina, North Dakota, Pennsylvania, and South Carolina.

⁶All states in footnote 1 except Nevada, North Carolina, North Dakota, Oregon, and South Carolina.

⁷All states in footnote 1 except California, Colorado, Georgia, Idaho, Nevada, North Carolina, North Dakota, Oregon, Rhode Island, South Carolina, and South Dakota.

tained for state use. A varying number of states supplied data for the several functions, ranging from 24 states for the "All Other" category to 27 for public welfare, health and hospitals, and criminal justice. The total amounts passed-through and retained for state use are shown by function in Table III-4.

Among the states reporting, the proportions passed through to local recipients were, in descending order, for criminal justice (66%), education (57%), public welfare (53%), and housing and community development (49%). The lowest percentages were for highways (14%), and manpower (16%), which were primarily state-administered functions. Also only 33 percent of Federal health and hospitals funds were channeled to local recipients.

Some notion of the shares of pass-through funds distributed to the various types of local recipients is provided by Table III-5. These figures may be less representative of all the states than those shown heretofore because of the smaller number of states that reported this kind of breakdown, but they probably give a generally correct picture. The possible exception is the manpower function wherein the percentage retained by the state for the 19 states represented (94%) is notably different from the proportion retained for the 25 states included in Table III-4 (84%). The table generally confirms the conventional wisdom about the functional distribution of Federal funds to political subdivisions, e.g., the bulk of education funds go to school districts, counties dominate in receipt of public welfare grants, the largest share of criminal justice money ends up in municipalities, and a large portion of housing and community development funds goes to special housing and community development authorities.

In an effort to find out more about the pass-through, the questionnaire survey asked state budget officers to indicate what percentage of channeled funds was distributed via formula or project grants. Again, there was a wide range in the number of states reporting the method of distribution — from 26 who reported the type of grant they used to channel Federal criminal justice funds to 14 who reported the method for public welfare.

Table III-6 shows the percentage distribution between formula and project grants by the median state in each functional group. These figures must be used with caution, for they conceal the wide

Table III-6

Federal Grant Funds Passed Through by Selected States¹ to Local Recipients: the Percentage Distribution Between Formula and Project Grants for the Median State (est.)

Function	Number of States in Group	Percentages for Median State	
		Formula	Project
Education	25 ²	90%	10%
Public welfare	14 ³	100	0
Highways	15 ⁴	0	100
Health and hospitals	20 ⁵	21	79
Criminal justice	26	0	100
Housing and community development	15 ⁶	0	100
Manpower	17 ⁷	0	100
All other	16 ⁸	3	96

¹As many as 26 states: Alaska, Arizona, California, Colorado, Connecticut, Delaware, Georgia, Hawaii, Idaho, Iowa, Maryland, Michigan, Minnesota, Montana, Nevada, New Jersey, North Carolina, North Dakota, Oregon, Pennsylvania, Rhode Island, South Carolina, South Dakota, Vermont, Virginia, and Wisconsin.

²All states in footnote 1 except Hawaii.

³All states in footnote 1 except Alaska, Connecticut, Delaware, Hawaii, Idaho, Michigan, Nevada, Oregon, Rhode Island, South Carolina, South Dakota, and Vermont.

⁴All states in footnote 1 except Alaska, California, Colorado, Delaware, Georgia, Idaho, Montana, Nevada, Rhode Island, South Carolina, and Vermont.

⁵All states in footnote 1 except Connecticut, Delaware, Hawaii, North Carolina, South Carolina, and Vermont.

⁶All states in footnote 1 except Alaska, Connecticut, Iowa, Maryland, Minnesota, North Carolina, North Dakota, Oregon, Pennsylvania, South Dakota, and Wisconsin.

⁷All states in footnote 1 except Alaska, California, Maryland, Montana, North Carolina, North Dakota, Pennsylvania, Rhode Island, and Vermont.

⁸All states in footnote 1 except Alaska, Colorado, Georgia, Idaho, Maryland, North Carolina, North Dakota, Rhode Island, South Dakota, and Vermont.

variation among the states in their use of the formula or project grant vehicle. Thus, for each functional category except "All Other," at least one state reported 100 percent distribution via formula grant, and one state distributed 100 percent of the money via project grants.

The questionnaire sought to elicit information on whether and how the states used federally channeled funds to influence local policies and practices. First it asked whether there were any pass-through funds on which the state did not add procedural conditions, such as accounting, reporting and auditing requirements. Fourteen said "Yes" and 20 "No." Further analysis revealed that those states that did not add procedural conditions relied slightly more than the other states on Federal formula rather than project grants. Also their percentage of pass-through funds for all eight functional categories was somewhat less than that of the other states. This suggests that the attachment of procedural conditions tends to accompany Federal project grants more than formula grants and tends to increase with an increase in the proportion of Federal grant funds that are channeled.

Budget officers next were asked whether there were any pass-through funds on which the state did not add program performance standards. Here 19 answered "Yes" and 14 "No," indicating that states more commonly attach procedural requirements than performance requirements to Federal pass-through funds. Unlike the situation with regard to procedural conditions, there was no significant difference in use of formula grants between those states that attached performance conditions and those that did not, and there was little difference between the two groups in the percentage of Federal funds received in all eight functional categories that were channeled to local recipients.

Three additional questions were posed regarding conditions attached to pass-through funds. If respondents had indicated that they had not imposed either procedural or performance conditions, they were asked to estimate the percentage of the total pass-through funds on which the state had refrained from attaching conditions. Sixteen states responded and indicated that an average (mean) of 39 percent of their pass-through funds contained no additional state-imposed conditions. The questionnaire then inquired whether there were any differences in the types of procedural or performance requirements imposed by the state in pro-

grams where it added state money to the Federal grant, as opposed to those where it merely served as an administrative conduit. Of those who had reported the addition of state money in answer to an earlier question, seven said "Yes" and 15 said "No." This indicates that the large majority of states do not take advantage of the state contribution to inject state policy or administrative influences on local expenditures of Federal pass-through funds.

Finally, the state officials were asked to indicate how Federal pass-through funds were distributed according to the authority for the pass-through. The answers for the 24 responding states are shown in Table III-7. Overall, the state budget officers estimated that about 83 percent of the funds were passed through pursuant to Federal requirements, 8 percent by state law, and 10 percent by state administrative discretion. Two states (Nevada and South Dakota) estimated Federal mandating was responsible for only 50 percent of the channeling. The remaining 22 states set this percentage at no lower than 70 percent. According to these figures, the Federal government is the determining force in channeling funds to substate units; the state legislature is the least important factor.

STATE MATCHING

To get a firmer handle on the fiscal impact of Federal grants on states, the survey included two questions on state matching. The first asked budget officers to indicate how much the state contributed in matching funds to obtain Federal grants in FY 1974. The figures reported for 25 states are shown in Table III-8. These 25 accounted for 63 percent of total revenues states received from the Federal government in FY 1974, according to the Census Bureau.¹

The state matching share ranged from 11.7 percent in Idaho to 67.9 in Michigan, with the average (mean) for total funds at 43.1 percent. The median of the individual state percentages was 34.6 percent.

Respondents were then queried on their views on two matching issues. First, they were asked whether they agreed or disagreed with the statement: "In-kind matching produces little or no actual contribution of state resources for the aided program." Fourteen agreed and 20 disagreed. Respondents were then asked whether they agreed or

Table III-7

Distribution of Federal Pass-Through Grant Funds According to Authority for Pass-Through: 24 States

State	Mandated by Federal Government	Mandated by State Law	State Administrative Decision
Alaska	95%	0%	5%
Arizona	90	8	2
Colorado	90	10	0
Connecticut	95	0	5
Hawaii	80	0	20
Idaho	70	5	25
Iowa	90	5	5
Maryland	100	0	0
Michigan	70	10	20
Minnesota	92	2	7
Missouri	87	0	13
Montana	80	0	20
Nevada	50	45	5
New York	100	0	0
North Dakota	70	0	30
Oregon	70	30	0
Pennsylvania	77	0	22
Rhode Island	100	0	0
South Carolina	90	0	10
South Dakota	50	50	0
Vermont	95	0	5
Virginia	91	8	1
Washington	80	10	10
Wyoming	70	0	30
Mean	83%	8%	10%

Table III-8

**State Matching of Federal Grants
in 25 States:
FY 1974 (est.) (amounts in millions)**

State	Federal Grants*	State Matching Funds	
		Amount**	As Percent of Federal Grants
Arizona	\$ 269.0	\$ 45.6	17.0%
California	4,573.9	1,950.8	42.7
Colorado	293.4	85.0	29.0
Connecticut	385.2	92.5	24.1
Delaware	82.8	21.2	25.6
Hawaii	208.1	27.6	13.2
Idaho	108.3	12.7	11.7
Illinois	1,415.1	924.2	65.3
Iowa	346.3	79.5	23.0
Maryland	493.4	192.4	39.0
Michigan	1,177.9	800.0	67.9
Minnesota	501.5	276.0	55.1
Missouri	505.2	174.5	34.6
Montana	118.9	55.0	46.3
New Jersey	741.2	383.8	51.8
New York	3,493.3	1,500.0	42.9
North Carolina	666.0	109.6	16.5
Oregon	298.3	122.8	41.2
Pennsylvania	1,572.0	873.8	55.6
Rhode Island	123.3	70.0	56.9
South Carolina	487.1	90.4	18.6
Vermont	89.9	30.3	33.7
Virginia	503.2	136.9	27.2
Washington	534.8	133.0	25.0
Wyoming	65.1	22.8	35.1
Total	\$19,053.2	\$8,210.4	43.1%

*Arizona, Colorado, Hawaii, Illinois, Iowa, Maryland, and New Jersey are actual. The rest are estimates.

**Iowa and Maryland are actual. The rest are estimates.

disagreed with the following statement: "In-kind or zero matching strengthens the discretionary power of the governor and administrators and weakens the legislature's control over the state budget and programming." A clear majority (20) agreed as against 15 disagreeing.

The large minority (41%) agreeing with the first statement casts doubt on the effectiveness of in-kind matching as a device for assuring actual commitment of state resources. The majority (57%) agreeing with the second statement reveals substantial support for the view that in-kind or zero matching weakens legislative control over state budgets and programs.

Effects of Recent Federal Actions in Grants Management and Policy Areas

In the past decade the Federal government, responding to expressions of dissatisfaction from states, localities and others, has initiated a number of steps to strengthen the management of grants and improve communications among grantors, grantees, and the intended recipients of grant benefits. It has also continued to initiate new grant programs or modify the intergovernmental fiscal impact of existing programs. The questionnaire sought state budget officers' perceptions of the effects of some of these federally initiated changes.

STANDARDIZATION AND SIMPLIFICATION OF GRANT PROCEDURES THROUGH MANAGEMENT CIRCULARS

The principal instruments for streamlining the grants administration process were a group of administrative circulars administered initially by the Office of Management and Budget (OMB), then General Services Administration (GSA), and again in January 1976 by OMB. The three most important circulars are Federal Management Circular (FMC) 74-7 — uniform administrative requirements for grants-in-aid to state and local governments; FMC 74-4 — cost principles applicable to grants and contracts with state and local governments; and FMC 73-2—audit of Federal operations and programs by executive branch agencies.

The questionnaire listed each of the circulars and one or more changes they were designed to achieve. Respondents were requested to indicate

whether they were aware of the circulars, whether they thought change had occurred as a result of specified provisions, and, if so, whether the change constituted an improvement in grant administration. The results are presented in *Table III-9*.

On FMC 74-7, all 36 of the budget officers who responded to the question indicated that they were aware of the circular. From 69 to 88 percent of the respondents felt that there had been changes in areas affected by the various provisions. The low-

est percentage was registered for the standardized procedures for payments, etc., and the single state agency waiver provision. Those who perceived changes believed almost unanimously that the change was for the better: 138 out of a possible 142 choices indicated that improvements resulted. In short, this group of state budget officers was very favorably impressed by the effect of the Federal government's efforts to standardize administrative requirements through FMC 74-7.

A large majority of the respondents also thought

Table III-9

State Budget Officers' Awareness and Evaluation of Three Federal Management Circulars

	Aware of Circulars?		Has change occurred?		If so, has it improved grant administration?	
	Yes	No	Yes	No	Yes	No
FMC 74-7	36	0				
a. Recipients no longer required to have separate bank accounts for grant funds.			24	10	24	0
b. Minimizing of time between Federal disbursement and grantee use of funds.			28	4	27	1
c. Waiver of single state agency requirement.			20	9	19	0
d. Pre-application procedures standardized.			24	9	22	2
e. Standardized forms for application review, and approval of project grants.			25	8	24	1
f. Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention.			22	10	22	0
FMC 74-4	35	0				
g. Uniform method for determining costs.			30	3	21	7
FMC 73-2	25	6				
h. Improved audit practices.			18	5	15	3

that FMC 74-4 had a positive effect (75%), although the endorsement was not as strong as their views on the provisions of FMC 74-7. Respondents' comments indicated some discontent that payment of indirect costs does not necessarily mean an increase in the total Federal payment.

A smaller proportion of the responding officials were aware of FMC 73-2, the audit circular, than were aware of the other two. This is understandable considering their institutional interests. Yet a large majority of those who thought it had caused some changes felt the changes were improvements (15 of 18, or 83%).

Overall, then, the state budget officers gave quite a strong endorsement to the effectiveness of the three management circulars on requirements standardization, allowable costs, and audits of grant programs.

THE EFFECT OF FEDERAL ASSUMPTION OF ADULT PUBLIC ASSISTANCE

The Social Security amendments of 1972 included provision for Federal assumption of basic responsibility for financing and administering of the so-called adult categories of public assistance — aid to the aged, blind, and disabled. In an effort to ascertain whether this shift of expenditure burden from the states to the Federal government had any fiscal ramifications at the local level, the questionnaire inquired: "Has Federal assumption of the adult categories under public assistance (SSI program) led to any discernible fiscal relief for localities?" Ten budget officers said "Yes," 11 said "No." Among explanatory comments received from those answering "No" were:

Colorado — SSI program has gaps which state and local governments are filling at more or less the same state cost.

New York — Confirming figures have not yet been compiled, but it appears that increased eligibility for Medicaid plus additional service needs within the ceiling have equaled or exceed the decrease in costs for the PA program.

North Carolina — Local governments must supplement high cost clients and must bear administrative costs of eligibility determination.

South Dakota — Costs of AFDC, Medicaid and changing Federal match ratios obfuscated any relief.

Federal relief at the local level would be more likely to come in those cases where adult public assistance had been a shared state-local fiscal responsibility. This was the implication of the comments of several "No" states. for example:

Hawaii — Not applicable; public assistance (SSI) program is exclusively a state function in Hawaii.

Rhode Island — Rhode Island local governments do not share in the non-Federal portion.

Wisconsin — Has shifted to a 100 percent match system in the last two years so question does not apply.

Of course, the fact that no local matching had been involved in the previous adult public assistance program does not necessarily preclude the localities' benefiting from the shift of the cost to the Federal government; as the direct beneficiary of the shift, the state could share its good fortune with its localities. Apparently this did not happen in such states as Hawaii, Rhode Island, and Wisconsin. In any case, ten of 21 responding states were able to see that some fiscal relief was passed on to the local level, although it is not known what form that took.

FEDERAL ASSISTANCE FOR ACTIVITIES PREVIOUSLY FINANCED BY STATE AND/OR LOCAL GOVERNMENTS

To find out the effect of Federal assistance in cases where the aided activities previously had been funded by state and/or local governments, the survey inquired first, whether there had been such Federal aid in the past five years; second, the areas involved and the changes it caused, if any, in the level of funding, distribution formula, eligibility criteria, and other conditions. Five states said that they had received Federal aid in these circumstances, seven said they had not, and 23 indicated that they did not know. Among the five answering "Yes" to the first part, four supplied

some information in response to the second part, as follows:

California — Federal Highway Safety Act of 1973 provided for state and local safety improvements, formerly a state problem. The *Urban Mass Transportation Act* has been helpful.

Iowa — Sewer construction.

New York — Law enforcement, safe boating, drug and alcohol abuse—state aid programs not revised as a result.

Pennsylvania — Disaster assistance to private schools and non-profit medical facilities authorized; mass transit operating deficits; modernization of traffic signals; DPW (Department of Public Welfare) is able to claim medical assistance funds for the costs of eligible persons under 21 in mental hospitals.

The responses were so fragmentary that it is impossible to make any generalizations except perhaps that states and localities give little attention to whether Federal aid has a substitutive or stimulative effect on financing of activities or causes other changes in the affected programs.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE

A final question relating to recent Federal actions in intergovernmental grant administration concerned the *Catalog of Federal Domestic Assistance*. The Catalog is the comprehensive inventory of some 1,000 Federal assistance programs issued annually by OMB as the principal vehicle for informing potential state and local recipients what types of assistance are available and related information on applications, eligibility, and funding.

All 37 responding to the question said that they were aware of the Catalog's existence. Twenty-nine of these said that they found it an adequate aid in identifying and obtaining Federal assistance. The six who said the Catalog was not adequate were asked to indicate what improvements are needed. Their responses included the following:

California — It is adequate in identifying programs; however, more information

is needed about grant funding cycles and obtaining funds.

Illinois — . . . better index, more accurate and up to date, more complete coverage, better numbering system, more regular issuance.

Maryland — Needs to be more current.

South Carolina — Fine for a general reference but necessarily omits many significant details.

Overall, one must conclude that state budget officers know about the Catalog and find that it fulfills its intended function for most of their purposes.

State Executive Branch Organization and Procedures for Controlling Impact of Federal Grants

The impact of Federal grants on state government is determined to some extent by the organization and procedures established by the state's executive and legislative branches to exercise control over the flow of funds. Five questions were addressed to the budget officers to probe executive branch authority and practice in this regard. The first had to do with state applications for grants:

"What proportion of state applications for Federal grants does the governor or other central administrative official approve or disapprove?"

Answers: All — 13, Some — 20, None — 1.

The second question concerned approval of acceptance of Federal grant awards:

"What proportion of state acceptance of Federal grant awards does the governor or other central administrative official approve or disapprove?"

Answers: All — 12, Some — 15, None — 4.

A somewhat lesser number approved all or some of the awards than approved the applications. A third question related to the state budget:

"What proportion of Federal grants to the state is included in the executive budget as part of

the governor's recommended level of spending for each agency or program?"

Answers: All — 19, Some — 12, None — 1.

States are more inclined to cover Federal grants in the executive budget than to control applications or acceptance of grant awards, judging exclusively by the relative number of states that replied "All" to each of the three questions.

The next question on executive control dealt with pass-through of Federal funds to localities:

"When Federal funds are passed through to local governments, is the approval of the governor or other central administrative official required?"

Sixteen states said "Yes" and 19 "No."

The following Federal programs were identified by the various states as requiring central approval of channeled funds:

California — Law Enforcement Assistance grants over \$50,000, Comprehensive Planning Assistance, *Intergovernmental Personnel Act* grants. Funds for these programs appear in the governor's budget. Legislative approval is based on program objectives, not on individual grants.

Colorado — Safe Streets, health, sewage treatment.

Connecticut — Criminal Justice, education, job training, etc. Most of these grant programs require a state plan approved by the governor.

Kentucky — All, because central administrative officer (commissioner of the Executive Department for Finance and Administration) approves all contracts.

Michigan — All programs, inasmuch as state accounting system handles in same fashion as state funds.

Minnesota — *Highway Safety Act* 1966, LEAA, public welfare, health.

Missouri — Ozarks Regional Commission, *Intergovernmental Personnel Act*.

Montana — All Federal assistance which goes into the state treasury requires approval.

North Dakota — CETA (highway and education).

Ohio — All programs.

Oregon — All (through the budgetary process).

Washington — All Federal funds coming to the state are subject to executive approval.

Wisconsin — Pursuant to statute all are subject to fiscal, allocation, contracting review.

All but three of the states which reported central approval of channeled funds said that approval applied to 100 percent of the passed-through funds.

Considering all four of the control measures examined here, it appears that states have clearly shown most initiative in including Federal grants in the governor's budget. Probably that is the weakest of the four measures. Yet, it is remarkable that in virtually all the responding states the executive passes on state applications for Federal grants in at least some of the programs; in 87 percent of cases it approves the actual awards in at least some of the programs; and in 46 percent of the states it approves channeling to localities, which in all but a few states applies to all such funds.

Table III-10 shows how the individual states responded to the above questions on executive branch control over applications and grant awards, inclusion of grants in the executive budget, and executive approval of channeling of Federal funds to local governments. By this evidence, four states seem to exercise the greatest degree of executive branch control over Federal grant impact: Alaska, Florida, Minnesota, and Washington. The other states are deficient in one way or another in relation to the four elements of central administrative control over the flow of Federal grant funds.

In the battery of questions on executive control, the budget officers were asked in a number of instances to focus on the treatment of two block grants: Safe Streets and Partnership for Health. First, the 20 who indicated that "some" of their grants were subject to central administrative ap-

Table III-10

State Executive Branch Control Over Various Aspects of Federal Grant Flow to State Government, 36 States

- Key:** (1) Proportion of state applications for Federal grants approved or disapproved by central administrative official.
 (2) Proportion of state acceptance of Federal grant awards approved or disapproved by central administrative officials.
 (3) Proportion of Federal grants to state included in executive budget.
 (4) Central administrator approval required for passing Federal funds through to local governments.

	(1)	(2)	(3)	(4)		(1)	(2)	(3)	(4)
Alaska	All	All	All	Yes	New York	Some	Some	Some	No
Arizona	Some	Some	All	No	North Carolina	Some	None	Some	No
California	Some	Some	Some	Yes	North Dakota	Some	All	—	Yes
Colorado	Some	Some	Some	No	Ohio	Some	Some	All	Yes
Connecticut	Some	Some	Some	Yes	Oklahoma	Some	Some	Some	Yes
Delaware	Some	None	None	No	Oregon	Some	Some	All	Yes
Florida	All	All	All	Yes	Pennsylvania	None	None	Some	No
Georgia	Some	Some	—	—	Rhode Island	All	All	All	No
Hawaii	All	All	All	No	South Carolina	Some	Some	All	No
Idaho	All	Some	Some	No	South Dakota	All	All	All	No
Iowa	All	None	All	No	Texas	Some	—	Some	No
Kentucky	Some	Some	All	Yes	Vermont	All	All	Some	No
Maryland	Some	Some	All	No	Virginia	All	All	Some	No
Michigan	Some	All	All	Yes	Washington	All	All	All	Yes
Minnesota	All	All	All	Yes	Wisconsin	—	—	—	Yes
Missouri	Some	Some	All	Yes	Wyoming	Some	Some	All	No
Montana	—	—	—	Yes					
Nebraska	All	—	All	No					
Nevada	Some	All	All	No	Totals	All-13	13	19	Yes-16
New Jersey	All	All	Some	Yes		Some-20	15	12	No-19
						None-1	4	1	

proval at the application stage were asked whether the two block grants were among those requiring such approval. Sixteen said "Yes," three "No" on Safe Streets, and 15 said "Yes" and three "No" on Partnership for Health.

The 15 respondents who indicated that "some" of their states' Federal grants could be accepted only with executive approval were queried as to whether the two block grants were included among such grants. Ten said "Yes" and three "No" on Safe Streets, and ten "Yes" and four "No" on Partnership for Health, indicating that fewer governors or their designated surrogates exercised control over the actual receipt of these block grants than exercised control over the applications.

The 12 budget officers who replied that in their states "some" Federal grants are included in the governor's budget indicated that in 11 states the "some" included *Safe Streets Act* grants and Partnership for Health grants. Thus, at least for those states responding, almost as many included the two block grants within the executive budget as included categorical grants.

As a final question in this section of the questionnaire, the survey asked the budget officers to describe any significant changes that had been made since January 1967 in the executive budget process to monitor the impact of Federal grants on state budgets and programs. Following are their comments:

Alaska — State-adopted program budgeting in 1970. This has a potential for allowing programmatic review of Federal funds which has not been realized yet.

Arizona — Annual Report on Grant-in-Aid to State Agencies, State clearinghouse (OMB Circular A-95), Governor's Coordinating Committee for Federal Programs.

California — The administration and the legislature acted to amend state administrative procedures to increase fiscal control over Federal expenditures by state agencies.

Colorado — A-95 clearinghouse system. Budget process of applying Federal funds to state programs.

Connecticut — Most Federal grant applications and related state plans are sub-

ject to review, coordinated by Office of Intergovernmental Programs, by appropriate state agencies (Budget and Management Division in all cases), and must be approved by the commissioner of finance and control.

Delaware — The Governor delegated to the State Planning Office authority to act as state clearinghouse for Federal aid information. Where state agencies apply to Federal agencies for Federal grants, the notification to the State Planning Office for its review and comment on the application for Federal grant must show the estimated amount in state funds which will be needed to match the Federal funds for each of three years.

Hawaii — Under Hawaii's PPB system implemented in 1971, the program and financial plan cover a six-year period — the budget biennium and the four years following it. Long-range trends can therefore be identified. The data are also grouped by programs rather than their organizational placement in the state program structure.

Idaho — FY 1977 budget requests require agencies to display detailed sources of Federal funding (by grant, contract, etc.) and to identify required matching expenditures.

Iowa — Review by Comptroller's Office and the A-95 clearinghouse review.

Kentucky — Reorganization of state government has brought more control to state government thru the establishment of a strong central state agency, the Executive Department for Finance and Administration, which houses the budget, accounting, and A-95 functions and which reports directly to the commissioner, who is also secretary of the governor's cabinet.

Maryland — Federal-funded project inventory annually. Special reports on program with changing Federal dollars.

Michigan — Generally, state policy has been geared to maximizing Federal funds

(receipts), as noted in state budget director's memorandum dated May 2, 1975. executive budget process changes since January 1967: Executive Directive 1968-1 established state planning and development regions in conformance with U.S. Bureau of Budget Circular No. A-80. Executive Directive 1970-1 mandated state agency cooperation with Federal model cities programs in Michigan. Executive Directive 1970-2 implemented the provisions of U.S. Bureau of Budget Circular No. A-95. Executive Directive 1974-6 implemented the provisions of the *Comprehensive Employment and Training Act (CETA)* of 1973 (P.L. 93-203). Executive Directive 1975-2 introduced specific controls on elements of Title VI of CETA. Executive Order 1974-1 created a federal aid management process with specific organizational integrity.

Minnesota — (1) State Planning Agency Clearinghouse; (2) program budget and program accounting.

Montana — *Federal Assistance Management Act* passed by 1975 session provides for review and approval by the governor of all applications for Federal funds.

Nebraska — Executive Budget Office pre-application review and approval, State Office of Planning and Programming standardized data collection.

New York — A Federal-state aid clearinghouse service was established in the Division of the Budget in late October, 1966, primarily to administer the system of reporting of Federal aid applications by state agencies as required by an amendment to the *State Finance Law* (Chap. 578, Laws of 1966). That amendment required every state agency to notify the clearinghouse and the finance committee in both the Senate and the Assembly when an application was made for Federal funds. The clearinghouse was also given the responsibility of channeling information on Federal grant programs to state agencies and analyzing pending Federal legisla-

tion to determine its potential impact on New York State. Reorganized as the Federal Relations Unit, the unit was designated the State Central Information Reception Agency under OMB Circular A-98. The Office of Planning Services (a separate agency within the Executive Department) was designated the state clearinghouse under OMB Circular A-95. With the abolition of the Office of Planning Services early this year, the clearinghouse was transferred to the Division of the Budget and in the reorganization now going on, may become a part of the Federal Relations Unit.

North Dakota — We now appropriate all Federal funds (education and highways).

Oklahoma — Zero-based budgeting was adopted last year on a partial basis, which at least attempts to better quantify the work done with Federal funds. We're still a long way from analyzing the use and impact of all Federal grant funds.

Oregon — Most Federal grant applications and acceptance must have the approval of the state legislature.

Pennsylvania — Creation of an inter-governmental relations division.

Rhode Island — Since 1967 the staff of the Division of Budget has been increased 140 percent (5 to 12 professionals) permitting a much better continuing monitoring and assessment of the impact.

South Dakota — A-95 review; more detailed reporting of all Federal revenue sources required incrementally since 1967 through present.

Texas — Zero-based budgeting has required the analysis of all funds.

Wisconsin — Process now includes tracking of all Federal funds.

Wyoming — Prior to 1967 Federal funds were not appropriated or authorized by either the governor or the legislature. Today they are controlled.

State Legislative Branch Organization and Procedures for Controlling the Impact of Federal Grants

A series of questions was asked about state legislative control over Federal grant impacts, some of which paralleled those addressed to the executive branch. The first inquired:

“What proportion of Federal grant funds does the legislature include in the appropriation bill?”

Answers: All — 15, Some — 12, None — 7.

There followed three questions which probed more deeply into the legislature’s relationship to the grant process. The three questions were addressed to those who had answered “All” or “Some” to the previous question. The first asked whether “Federal grants above the amount appropriated may not be spent without the approval of the legislature or one of its committees or staff?” Ten said “Yes,” 16 “No.” The second asked: “Does the legislature establish subprogram allocations for formula grants in order to specify priority activities?” Six said “Yes,” 21 said “No.” Finally, these respondents were queried as to whether the legislature specifies “the basis for fund allocation and recipient eligibility, where funds are passed through to local governments on a project basis?” Only two answered “Yes,” 19 said “No.” The small number of “yes” answers to the three questions indicates that, except for the prevailing insistence on including Federal grant funds in appropriations, state legislatures are inclined to refrain from exerting their authority in the various stages of the state’s process of determining the receipt and disposition of Federal grants. Thus, only about one-third of the states that appropriate Federal grant funds require legislative approval for expenditure of such funds beyond the amounts appropriated; less than one-fourth of the legislatures specify suballocation priorities for formula grants; and less than one-twelfth are involved in determining how discretionary grant moneys will be passed through to local governments.

This pattern of legislative non-involvement extends to the grant application process as well. The questionnaire asked:

“What proportion of state applications for aid must be submitted for review by a legislative

committee or staff agency prior to transmission to the Federal agency?”

Answers: All — 4, Some — 3, None — 28.

If the answer was “All” or “Some,” the respondent was asked whether the committee had approval authority. Four said they did, three said they did not.

Table III-11 summarizes how the individual states responded to the questions on the legislature’s involvement in the process of applying for receiving, appropriating, allocating, and channeling Federal grant funds.

It is dangerous to generalize from these responses without more knowledge about how executive-legislative relations in each state actually operate, yet certain tentative conclusions may be ventured. The first is that no single state is using all the types of legislative controls over the flow of grant funds suggested by the ACIR questions. In fact, of the six measures charted in Table III-11, only nine of the 35 states responding were employing three or more. Second, giving the most weight to the first two questions charted in the table — subjection of Federal grants to the appropriations process, and prohibiting expenditure of Federal grants beyond the amount appropriated, unless specific legislative approval is given — suggests that legislatures exert the strongest influence in Alaska, Colorado, Michigan, Missouri, Montana, South Dakota, and Washington. Finally, in comparison with executive branch influence over the grant process as discussed in the preceding section and summarized in Table III-10, the legislative branch in the states surveyed has not taken as much advantage of its opportunities to exercise control over the flow of Federal grant funds.

For some of the questions applicable to legislatures, respondents were asked to provide further information about the Safe Streets and Partnership for Health block grants. The 15 budget officers who answered “Some” to the question on the inclusion of Federal grant funds in the appropriation bill were asked whether the funds for the two block grants were included. Nine said “Yes,” three “No” on Safe Streets, and eight “Yes” and four “No” on Partnership for Health. Adding these to the “Alls” for the two block grants means that in two-thirds of the responding states the two grants were included in the appropriation bills.

Another question asked whether the legislature

Table III-11

State Legislative Control Over Various Aspects of Federal Grant Flow to State Government, 36 States

- Key:** (1) Proportion of Federal grant funds included in appropriation bill.
 (2) Does "All" or "Some" in Column (1) mean Federal grants above the amount appropriated may not be spent without legislative approval?
 (3) Does legislature set subprogram allocations for formula grants in order to specify priority activities?
 (4) Does it specify the basis for fund allocation and recipient eligibility, when funds are passed through to localities on a project basis?
 (5) Proportion of state applications for aid that must be submitted for review by legislature prior to transmission to Federal agency.
 (6) Does "All" or "Some" in Column (5) mean the legislative committee has approval authority?

	(1)	(2)	(3)	(4)	(5)	(6)
Alaska	All	Yes	No	No	None	—
Arizona	Some	Yes	No	No	None	—
California	—	—	—	—	—	—
Colorado	Some	Yes	Yes	—	None	—
Connecticut	None	—	—	—	None	—
Delaware	None	—	—	—	None	—
Florida	Some	No	No	No	None	—
Hawaii	All	No	No	No	None	—
Idaho	Some	Yes	No	No	All	No
Illinois	Some	Yes/No	No	—	None	—
Iowa	All	No	No	No	All	No
Kentucky	All	No	No	—	All	No
Maryland	All	No	No	—	None	—
Michigan	All	Yes	Yes	No	None	—
Minnesota	None	—	—	—	None	—
Missouri	All	Yes	Yes	No	None	—
Montana	All	Yes	No	No	None	—
Nebraska	All	No	Yes	No	None	—
Nevada	All	No	No	No	None	—
New Jersey	Some	No	No	No	None	—

Table III-11 (cont.)

	(1)	(2)	(3)	(4)	(5)	(6)
New York	Some	No	No	—	None	—
North Carolina	Some	No	No	—	None	—
North Dakota	All	No	No	Yes	Some	Yes
Ohio	All	No	No	No	None	—
Oklahoma	Some	No	Yes	Yes	None	—
Oregon	All	Yes	No	No	Some	Yes
Pennsylvania	None	—	—	—	None	—
Rhode Island	None	—	—	—	None	—
South Carolina	None	—	—	—	None	—
South Dakota	Some	Yes	Yes	—	None	—
Texas	None	—	—	—	Some	Yes
Vermont	Some	No	No	No	None	—
Virginia	Some	No	No	No	None	—
Washington	All	Yes	No	No	None	—
Wisconsin	—	—	—	No	None	—
Wyoming	All	No	No	No	All	Yes
Totals	All-15 Some-12 None-7	Yes-10 No-16 Yes/no-1	Yes-6 No-21	Yes-2 No-19	All-4 Some-3 None-28	Yes-4 No-3

established subprogram allocations for the two block grants. Six said "Yes" for the Safe Streets grant — the same number who said "Yes" regarding all grants; only three said "Yes" for the health grant. Similarly, respondents were queried as to whether the legislature specifies the basis for fund allocation and recipient eligibility for pass-through funds. Two states responded "Yes" for the Safe Streets grant — again the same number as for all grants; only one said "Yes" for the health block grant. Finally, the budget officers who indicated that "some" aid applications had to be reviewed by legislative committee or staff prior to transmission were asked whether the "some" included the two block grants. Three said it did include the Safe Streets grant, the same number of states that said the process applied to aid applications in general;

two said it included the health grant.

In summary, it appears that the *Safe Streets Act* block grant is on a par with categorical grants in the degree to which it is subjected to the various kinds of legislative scrutiny and control. The Partnership for Health grant receives somewhat less legislative attention. The difference could be accounted for by a number of factors, including differences in age of the two block grants, dollar magnitude, and the political sensitivity of the services involved.

To wrap up the section on legislative involvement, the survey asked the budget officers to describe any significant changes that had occurred since January 1967 in the legislative budget process to control the impact of Federal grants on the state budget and programs. Following are their comments:

Alaska — Legislative approval is required to allow the state to expend additional Federal funds that become available during the year. An interim committee approves these funds.

Arizona — Annual report on Federal grant-in-aid to state agencies.

California — The administration and the legislature acted to amend state administrative procedures to increase fiscal control over Federal expenditures by state agencies.

Colorado — Restrictions in annual appropriation bill as to total appropriations, including Federal funds. If total Federal funds are to be exceeded a supplemental appropriation may be sought.

Connecticut — The Office of Fiscal Analysis, Joint Committee on Legislative Management, analyzes and to some extent predicts the impact of Federal grants on the state budget.

Florida — The state now reviews closely the implications of accepting Federal funds so that unnecessary financial commitments will be avoided in the future. Grants which must be assumed by the state are closely reviewed.

Hawaii — Under Hawaii's PPB system implemented in 1971, the program and financial plan cover a six-year period — the budget biennium and the four years following it. Long-range trends can therefore be identified.

Idaho — Increased use of review process.

Illinois — In 1969, the Illinois General Assembly mandated the Commission on Intergovernmental Cooperation to "assess the impact of Federal aid" in Illinois. The information obtained is available to the appropriations staffs and committees in the general assembly. In 1975, SB 1109 was introduced in the Illinois State Senate, and an amendment was added requiring Federal funds coming into Illinois to be appropriated by the general assembly. The bill was placed on the fall calendar

and will be reconsidered when the general assembly convenes in October (1975).

Iowa — Review of programs by legislature during budget process.

Michigan — Legislative budget process changes since January 1967: The appropriation acts since FY 1967-68 permitted state agencies to receive and expend additional Federal funds with a minimum of red tape (e.g., Act 249, Public Acts of 1968). The legislature began to modify standard appropriation act language in 1972, which resulted in compromise policy as set forth in the Budget Letter of October 10, 1973. One year later state agencies were required to solicit letter approval of Appropriations Committee chairmen. Further modifications are currently being considered (1975).

Minnesota — Institution of program budget process for increasing number of state agencies. In this process the legislature is made more aware of the Federal funds. In certain areas where agencies formerly had almost unrestricted use of Federal funds, the legislature through appropriation riders or other restrictions has limited either use or availability of Federal funds. For example, placing a limitation on the number of employees that may be hired from specific Federal funds, or if specific Federal earnings exceed a certain amount the excess amount will be used to reduce the state appropriations.

Montana — *Federal Assistance Management Act.*

New York — Copies of the reports on Federal aid prepared by the Federal Relations Unit are submitted to the Finance Committees of the legislature.

Oklahoma — Zero budget — many agencies' appropriation bills stated employees are limited to duration of Federal grants, so state won't fund these projects when Federal funds expire. In 1974, the legislature implemented a zero-base budgeting scheme. Under this method, all programs must be justified from a 90 per-

cent basis, therefore Federal money has come under greater scrutiny than in the past. This year, the legislature included in many money bills a provision that once Federal funds on a certain program have been discontinued, all employees funded under the Federal money must be discharged. This will have the effect of the state not having to pick up employees once Federal money has been discontinued.

Oregon — Most Federal grant applications and acceptance must be approved by the legislature.

Pennsylvania — Creation of a Federal-State Relations Committee in the House.

Rhode Island — Since 1967 there has been no significant change in the legislative budget process. The fiscal staff, however, has provided that body with progressively more sophisticated analysis of the executive-prepared budget.

South Dakota — 1973—All Federal funds not included in the general appropriations act of that year required legislative authorization to allow any state agency to expend such grants.

Texas — Applications for grants under the *Omnibus Crime Control and Safe Streets Act* must be approved by the Legislative Budget Board, before a state agency accepts such grant awards.

Vermont — All LEAA grants to state activities must be approved by a legislative body.

Washington — In addition to appropriating all Federal funds, the legislature has attempted to get involved in the approval process for Federal funds received in excess of appropriated amounts.

Wisconsin — Legislature has asked for increased interim reporting of funds received, positions financed, etc.

Wyoming — Prior to 1967 Federal funds were not appropriated or authorized by either the governor or the

legislature. Today they are controlled. Prior to 1967 only general fund was controlled or appropriated. Today, all funds are under the legislative budget process.

PART II. STATE AIDS TO LOCAL GOVERNMENTS

As noted earlier, this part of the questionnaire dealt with state grants-in-aid to local governments that consisted exclusively of state money, but excluding state funds that were add-ons to Federal grants and, of course, Federal pass-through funds.

Budget officers were asked to supply actual or estimated figures on the amounts of state funds distributed as general support grants, formula grants, and project grants. They were further requested to break the latter two down by five major functional categories: education, public welfare, highways, health and hospitals, and all other. Twenty-three states responded — 13 giving estimates and ten actual figures. These states accounted for 71.3 percent of the 50 states' intergovernmental expenditures in 1974. Table III-12 shows the distribution of state-local aids by function, according to these state estimates.

Among the functional grants, 83 percent of the money was distributed by formula and 17 percent on a project or discretionary basis. Among all grants, including general support, the breakdown was 60 percent formula, 12 percent project, and 28 percent general support. Public welfare, education and highways grants were heavily tilted toward formula grants, health and hospitals were about 3 to 2 in that direction on a dollar basis, and all other were about 2 to 1 in favor of project grants.

The questionnaire asked what percentage of the dollar amount of formula and project grants required local matching. Among 18 states responding, the median state reported that formula grants were matched at 50 percent. The distribution was wide, however, with the interquartile range being 68 percent. On project grants, the median state among the 15 reporting said that 28 percent local matching was required. The interquartile range again was broad — 70 percent.

Budget officers also were asked:

“Approximately what percentage of the dollar amount of state aid formula grants was for

Table III-12

**State Grants to Local Governments, 23 States,¹ by Type and Function
(amounts in 000s),
FY 1974
(est.)**

Function	Formula		Project		Total	
	Amount	Percent	Amount	Percent	Amount	Percent
Education	\$ 8,883,161	92%	\$ 775,479	8%	\$ 9,658,640	45%
Public welfare	1,653,730	100	3,829	*	1,657,559	8
Highways	1,128,002	90	129,450	10	1,257,452	6
Health and hospitals	305,995	59	215,955	41	521,950	3
All other	835,375	36	1,455,034	64%	2,290,412	11
Subtotal	\$12,806,263	83%	\$2,579,747	17%	\$15,386,013	73%
General support	—	—	—	—	5,881,388	28
Total					\$21,267,401	101%

*Less than 0.5 percent.

¹Alaska, Arizona, California, Colorado, Connecticut, Delaware, Florida, Georgia, Idaho, Iowa, Maryland, Michigan, Minnesota, Nevada, New Jersey, New York, Ohio, Oregon, Pennsylvania, Rhode Island, Vermont, Virginia, and Wisconsin.

activities which the state mandated localities to perform (i.e., on which the localities had no discretion)?”

Twenty states were represented in the responses and the median state said that 75 percent of the dollar amount of formula grants was state prescribed. The dispersion was again broad, with the interquartile range being 80 percent.

The wide distribution of values in these questions on matching and mandating indicates a broadly diverse pattern of fiscal practice among the limited number of states represented.

At the conclusion of this part of the questionnaire, the state budget officers were asked to identify the most serious problems of the state aid system. Following are their responses:

Alaska — Trying to achieve equitable treatment of municipalities which have extremely varying economic bases and population sizes.

California — The resources available for maintenance of the state highway system are severely limited, when inflation is considered.

Colorado — (1) Inequities caused by differences in level of property assessment which is the main basis for local match. (2) Perpetuation of local government jurisdictions, which may not be the most efficient, but because of state aid there is less incentive to change. (3) State aid formulae do not always fully recognize the necessity for compensatory budgeting in more acute problem areas such as core cities, and rural development.

Connecticut — (1) The proliferation of categorical grants over the years has resulted in a high administrative work load. Legislation is needed to streamline and simplify the grant system in a manner

similar to block grants or revenue sharing. (2) State budget planning and implementation are complicated by open-end grants. Limits on the state's liability are needed to correct this situation.

Delaware — Most major services — highway, judicial, welfare — are performed at the state level in Delaware. Therefore, the state does not encounter the problems of dealing with local government.

Florida — (1) Many of the grants have funds distributed according to a local financial base rather than need. Therefore, wealthier areas tend to receive more of the funds. (2) Many grants provide that funds are supplied by the state but controlled at the local level. This causes problems for the state agencies when they evaluate the performance of programs because data is unavailable. (3) Several grants are by formulae which don't reflect the needs of the people who will derive benefits from the grant funds.

Hawaii — The lack of a meaningful basis for providing state aid to localities.

Iowa — (1) State has little to no control on how funds are used in formula grants. (2) In one formula grant (libraries), locals are required to participate regardless of desire.

Michigan — (a) Establishing adequate need and impact indicators, (b) developing a more equitable and feasible distribution of resources.

Minnesota — (a) Lack of a comprehensive, timely reporting system of local government finances, (b) lack of evaluation of local government activities.

Missouri — (a) Insufficient revenue to meet increasing service demands, (b) insufficient revenue to supplement Federal programs and/or meet needs not addressed by Federal programs, (c) insufficient funds to support a comprehensive grants evaluation-management system at the state level.

New York — A special study is now underway to determine a more equitable distribution of aid for public schools.

Ohio — Mechanism for accountability.

Pennsylvania — Lack of sufficient funds; measurements of local accomplishments and economics in individual counties; local governments should be involved in all decisions; aid should keep pace with fiscal needs (vital programs); one-year appropriations; fiscal year differences between Federal/state/local governments; allocations frequently hidden or poorly identified; categorical programs not innovative in utilizing state dollars to acquire Federal support; need for greater coordination between various grant program managers as they impact on each community; in some cases (e.g., special education) our state aid formula does not provide incentive for local school districts to hold down costs because state picks up excess of 100 percent; need for some non-lapsing funds; inadequate audit procedures of local recipients.

Rhode Island — State aid for education reimburses cities and towns on a percentage (minimum 30%; no maximum on spending) of their total expenditures with proximate equalization but without assuring quality.

Vermont — (a) Equability determining local needs, dollar level of aid determination, (b) impact on local government.

Virginia — (a) Construction of distribution formulas which provide for varied local needs and local resources, (b) identification of programs which conceivably should be regarded as state only, local only or state-local.

Some Systemic Considerations

Three items in the questionnaire focused on matters affecting the state's overall responsibility for the state aid system. The first concerned the state executive branch. It asked:

"Is there any agency of your state administration that reviews and evaluates periodically

the state aid (Federal and state funds to localities) program on an overall systematic basis, rather than on a program-by-program basis?"

Twelve budget officers answered "Yes" and 23 "No." The 12 identified the agencies as follows:

California — State Department of Finance.

Connecticut — Budget and Management Division, Department of Finance and Control.

Illinois — Probably Intergovernmental Cooperation Commission and BoB.

Iowa — Comptroller Office — Federal Funds Coordinator.

Michigan — Department of Management and Budget, Office of Intergovernmental Relations.

Minnesota — State Planning—Executive Branch.

Montana — Office of Budget and Program Planning in the Governor's Office.

North Carolina — Office of Intergovernmental Relations, Department of Administration.

Oregon — Intergovernmental Relations Division of the Executive Department.

Rhode Island — Department of Administration (a) Division of Budget, (b) Division of Statewide Planning, Department of Community Affairs.

Vermont — Department of Budget and Management.

Wyoming — Planning Coordinator—Governor's Office.

The budget and fiscal agencies are dominant, with intergovernmental relations and planning agencies involved in a few states.

States that answered "No" were asked whether there was any move underway to establish a review and evaluation agency. Eight said "Yes": Colorado, Idaho, Missouri, Nebraska, New Jersey, Ohio, Oklahoma, and South Dakota.

A similar sequence of questions was asked about the legislature. First:

"Does your state legislature have a unit responsible for reviewing and evaluating state aid?"

Twenty of the 36 responding budget officers said their legislatures did, and identified them as follows:

Arizona — Joint Legislative Budget Committee.

California — Legislative Budget Committee.

Colorado — Joint Budget Committee.

Connecticut — Office of Fiscal Analysis, Joint Committee on Legislative Management.

Illinois — Probably Intergovernmental Cooperation Commission and BoB.

Iowa — Legislative Fiscal Bureau.

Michigan — Senate Fiscal Agency and House Fiscal Agency.

Missouri — Committee on State Fiscal Affairs.

Montana — Legislative Auditor.

Nebraska — Legislative Fiscal Analyst's Office.

New Jersey — Office of Fiscal Affairs.

North Carolina — Division of Fiscal Research.

North Dakota — Legislative Council.

Oregon — Legislative Fiscal Office.

Rhode Island — Fiscal Advisory Staff, House Finance Committee.

South Carolina — House Ways and Means Committee and Senate Finance Committee.

South Dakota — Special Interim Committee investigating the state aid formula.

Texas — Legislative Budget Board.

Vermont — Legislative Fiscal Analyst;

Joint Fiscal Committee; Appropriations Committees.

Wyoming — Legislative Service Office.

The Ohio budget officer said his state legislature has a move underway to establish such an oversight unit.

A final question inquired:

“Does the legislature require that each new legislative proposal be accompanied by a statement of the estimated impact of the proposed legislation on the eligibility and need of the state and local governments for Federal grants?”

The budget officers from seven states answered in the affirmative: Alaska, California, Colorado, Missouri, Nebraska, North Dakota, and South Dakota. Michigan indicated that while the legislature does not require impact statements, the executive does and provides the legislature with courtesy copies.

FOOTNOTE

¹State Government Finances in 1974, p. 20.

Chapter IV

SURVEY OF STATE ADMINISTRATORS

This chapter is a descriptive and explanatory discussion of the results of a 1974 survey of the roles, contacts, and perspectives of state administrative agency heads as those top-level officials function within and view the complex patterns associated with intergovernmental aid relationships. The data base and methodology for the survey are identified and explained elsewhere.¹ The 1,581 respondents (from a universe of 2,909) were broadly representative and were a significant proportion of state department and agency heads throughout the 50 states.

These administrators directed agencies with budgets totalling nearly \$60 billion. Nearly two-thirds of them headed agencies that received one or more types of Federal aid. Since more than 90 percent of all Federal aid from 1946–1971 has gone to the states, it is apparent that these administrators occupied strategic positions in the web of intergovernmental relationships across diverse governmental jurisdictions. It is in that framework that these agency chiefs warrant consideration as important actors in any study of the intergovernmental grant system.

SUMMARY OF PRINCIPAL FINDINGS

Part I. The Responses in the Aggregate

THE PATTERN OF FEDERAL AID RECEIVED BY STATE AGENCIES

Sixty-three percent of the responding state administrators were Federal aid recipients. Seventy percent of these obtained project grants, 55 percent formula grants, and 29 percent block grants.

The majority of state agencies received only one or two types of aid. A little more than one-third received aid from only one Federal source; 27 percent received it from only two sources.

While almost half the administrators had less than 25 percent of their budgets from Federal aid, a significant number of agencies were highly dependent on such aid. These were the larger state agencies.

FEDERAL-STATE-LOCAL ISSUES AS SEEN BY ALL STATE ADMINISTRATORS (BOTH RECIPIENTS AND NON-RECIPIENTS OF FEDERAL AID)

State officials strongly agreed that states should be more involved in finding solutions to urban problems, but were less in agreement about supporting specific assistance measures, such as financial aid and property tax relief. They were lukewarm about giving A-95 substate regional agencies more review power.

State administrators have a strong tendency to assert “state prerogatives:”

□ Four-fifths of the respondents agreed that national-local contacts should be channeled through the states. A similar question in 1964 and 1968 produced 88 and 90 percent agreement, respectively.

□ 83 percent favored greater decentralization of authority from the national government to the states.

Yet, only 46 percent agreed that most programs should be assigned to either national or state gov-

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favoring state-local policy suggestions that broadly imply, or specifically propose, such state-local interdependencies.

The generalist agency administrators are less likely than functional administrators in health, education, and welfare to favor property tax relief, increased state aid to local government, performance standards, and even increased state involvement in urban problems. Highway agency heads are a conspicuous exception, however.

Nevertheless, despite this linkage between state agencies' Federal aid involvement and the functional categorization of such agencies with the administrators' attitudes toward state-local issues, there appears to be no consistent set of independent variables that helps to understand agency heads' views on the full range of the state and local issues examined here.

STATE-NATIONAL ISSUES: AUTHORITY RELATIONSHIPS AND FEDERAL AID ISSUES

The administrators favoring overall state program expansion are more likely to agree with state channeling of national-local relations. This support for channeling is apparently viewed more as a matter of general principle than as a strategy for own-agency aggrandizement. Administrators wanting the most increase in state programs are more likely to disagree with increased decentralization. *Activism, expansionism, and a pro-state attitude suggest substantial recognition of Federal contributions and a more favorable attitude toward significant state-national linkages.*

Administrators who want no increase in overall state programs are more likely than pro-expansionists to favor national performance standards. Yet, national performance standards now are not viewed as interfering national devices or impositions upon state autonomy or prerogatives by a majority of those administrators who exhibit activist, expansionist attitudes. This suggests that they view national performance standards as having potentials for increasing state participation in the intergovernmental system.

Administrators who prefer little or no increase in state programs overall are more likely than the pro-expansionists to favor the assignment (separation) of programs to one level or the other rather than sharing.

The analysis of administrator characteristics and attitudes on state-national authority relation-

ships indicates the presence of support for a more predominant state role combined with a cluster of attitudes which emphasize national-state interdependencies rather than a usurping version of decentralization.

Pro-state expansionists are less inclined to see Federal aid as interfering in state affairs. These administrators are more likely than the others to favor channeling Federal aid through the states. This positive relationship is not necessarily anti-national. More likely it is part of the attitude complex that also includes support for more national-state interdependency. Support for Federal aid channeling viewed in this context is less a manifestation of disfavor with the Federal role than it is a desire for increased cooperation between Federal and state governments on aid questions.

Administrators desiring the greatest increases in state or agency programs are far more likely than other administrators to see existing funding levels as too little for both categorical grants and block grants. For general revenue sharing the differences are greatly reduced. Among non-expansionist administrators, nearly a majority feels that the funding level of categorical grants is already too much.

The gubernatorially oriented administrators, presenting a more generalist state orientation, are more likely to see negative effects from Federal aid. They also are most inclined to support the channeling of Federal aid to the states. Furthermore, the governors' men are lowest in support of categorical grants and the group most favorable to block grants and general revenue sharing. *Administrators who are part of the generalist, gubernatorially oriented pro-state complex are most likely to favor approaches like block grants and GRS that minimize or undercut the specialists' vertical relationships and replace them with state-oriented general interests.*

The analysis of the administrator attributes in state-national authority issues yielded a dual perspective. On the one hand, state and/or agency expansionism and occasionally perceptions of resource constraints were associated with pro-state activism, e.g., channeling; but those attitudes were accompanied by views less negative toward Federal actions and more favorable toward increased state-national linkages. This attitudinal convergence might be termed the *active-positive* orientation. On the other hand, administrators with gubernatorial links are oriented to state-local concerns but are somewhat more negative toward

Federal activity and interdependencies. This attitude orientation might be identified as *active-negative*.

The greater the agencies' involvement with Federal aid, the less inclined are their administrators to concur with assigning or separating programs among levels. These agency heads are, in effect, endorsing the sharing concept of interlevel cooperation in the provision of public services.

Among the functional categories, administrators of highway agencies are much more likely than others to favor decentralization and are least likely to favor national performance standards. Health agency administrators, are, as a group, most in favor of channeling, highest in favor of strict national standards, and lowest in favor of assigning or separating functions.

The analysis does not produce clear cut findings that Federal aid receipt or degree of involvement fosters the expected *active-positive* orientation.

Greater diversity and complexity of Federal aid received and greater dependency on it seem to cause state agency heads to "turn off" on categorical grants. By the same token, they clearly "turn on" to block grants. The block grant holds great attractiveness for the apparently harried agency head deeply enmeshed in manifold Federal grant involvements. These findings are suggestive of the important, yet too crude conclusions that simplicity correlates with satisfaction in the intergovernmental grant system. State administrators who must deal with multiple sources and types of aid are most enthusiastic about an aid strategy that minimizes the complexities currently present in aid systems and strategies.

Overall, functional specialists and generalists show little difference on the four Federal aid issues of channeling, stimulating, skewing, and national interference. Yet, the specialists vs. generalists distinction does appear to make a difference on the funding level items. For the categorical and block grant strategies, the functionalists are usually more likely to favor higher funding. For general revenue sharing the generalists are equally as likely to feel that funding levels are inadequate.

PERSPECTIVES ON FEDERAL AID: EFFECTS, SATISFACTIONS, PREFERENCES FOR CHANGE

Administrators favoring higher increases in overall state services are significantly more likely

than administrators wanting no increase to agree that standards have been improved by Federal involvement. Also, administrators who prefer legislative and independent commission control are more likely to see improvements than administrators who prefer control by the governor.

Administrators who see their agencies as subject to high levels of clientele influence are substantially more likely to indicate that Federal aid stimulates state funding efforts. This relationship is highly suggestive of the role of interest groups in intergovernmental relationships, especially programmatic ones capable of operating at all levels of government. Agency heads who indicate clientele groups are highly influential in agency decisions perceive greater policy autonomy in federally aided areas than administrators perceiving lesser clientele influence.

Among the several administrator attribute variables, the clientele influence variables disclose the clearest, most consistent, and most significant relationships.

Agency heads who favor the governor (rather than the legislature) exercising detailed budget review and who prefer to be under gubernatorial direction rate Federal administrators' flexibility relatively low. This may be because these governors' people may be short term, more political agency heads who, on occasion, are stifled, restricted, or frustrated by the multiplicity and nuances of Federal grant regulations. Or they may be reacting to program or policy coordination efforts that have encountered obstacles or even opposition from the Federal grant personnel.

There are no particular subgroups of state agency heads who are exceptionally satisfied or dissatisfied with the matching requirements and apportionment formulas by which they secure Federal aid.

Administrators assessing a high degree of clientele influence say they would be substantially less likely than other administrators to make changes or reallocations of funds if the Federal "strings" were eliminated.

An agency's high reliance on earmarked revenue and dependence on Federal aid are positively linked to the respondent's estimates that Federal aid improves standards of administration. The more diverse and complex the receipt of aid, the greater the inclination to indicate that the aid has been stimulative.

The data provided no conclusive evidence that Federal aid deters or neutralizes the state structure for administrative oversight and review. However, agency size, and diversity, and aid complexity (all are intercorrelated) are positively related to perceptions of aid uncertainty.

The generalists are substantially less inclined than the functionalists to perceive or acknowledge the stimulus effects of Federal aid. Among functionalists, however, both the education and highway administrators see little stimulus effect. A reverse set of views operates on policy autonomy, where the generalists (and education heads) see aid as permitting autonomy, while the welfare, highway, and health heads are comparatively low in perceiving autonomy.

Satisfaction with the flexibility of Federal aid administrators, matching arrangements, and apportionment formulas drops dramatically as the size of the agency increases. This negative relationship between Federal aid involvement and satisfaction with certain aspects of Federal aid does not necessarily imply disfavor or dislike of Federal aid generally. Administrators who are deeply involved with Federal aid would, almost by definition, be more aware and sensitive to its existing policies in these areas. Where any problems exist they would probably also have a greater stake and intensity in making changes that produce higher levels of satisfaction. Thus administrators of agencies more involved with Federal aid are more likely to prefer changes in existing aid allocations, increased aid to present programs, and expanded aid to new programs.

The greater his agency's involvement with Federal aid, the more in support of aid the administrator tends to be. The stake that these agency heads have in Federal aid inclines them toward a strong change orientation in which substantial segments want more aid for both existing and new programs. Finally, the functional administrators are markedly more likely to favor increased Federal aid. Generalists are much less likely to favor the enlargement of a Federal funding presence.

Perhaps the most important theme in summarizing Federal aid perspectives of recipients is the duality of views held by state administrators. Dualities arise from degrees of aid involvement (diversity and complexity of aid received and dependency on aid), formal position, and aid outlook. The first divides the deeply involved from those who have lesser and limited involvement.

The second divides the generalists from the functional specialists but continues to recognize the sharp differences among the functional types. The third division stems from the cleavage and outlooks toward Federal aid, views that are linked to the previous two divisions. On the one hand, the heavily involved and the functional specialists express affirmative views of the effects and needed changes in Federal aid. On the other hand, the same groups are also those least satisfied with present administrative and financing arrangements.

THE ANALYTICAL APPROACH

The approach to analysis of the survey results is both conventional and selective. It is conventional in the sense that it first describes and comments upon the simple proportions of 1,500-plus administrators who responded to a wide range of question items (nearly 60) that are helpful in assessing intergovernmental aid strategies and proposed changes. The treatment of administrators' responses starts with factual-objective information and proceeds to opinion, attitudinal, and subjective data elements. In the first category fall responses to questions about the receipt of and involvement with various types of Federal aid as well as indications of the range and frequency of intergovernmental contacts experienced by the state agency heads. In the second (subjective) category, state administrators' responses to opinion questions under the headings of state-local issues, state-national issues, and Federal aid recipients and Federal aid perspectives are explored.

In the course of the essentially straightforward exposition of the factual and opinion findings, three types of commentary or elaboration are offered. One type is trend oriented. In a few instances comparable data and findings exist from prior surveys of state agency heads for various years, including 1928, 1948, 1964, and 1968. A second type of commentary is interpretive and in some degree judgmental from a policy standpoint. The findings are often if not always subject to varied policy meanings and interpretations. The third type of commentary involves and anticipates the "explanatory" component of this report.

Explanation normally involves a search for "reasons why" a set of circumstances or opinions prevail. The analysis follows this conventional inclination in Part I by suggesting at various points

what characteristics might help understand and explain administrators' objective links in the intergovernmental system or their subjective attitudes and perspectives. The objective and subjective features the analysis attempts to explain subsequently (in Part II) are referred to as dependent variables. The characteristics or factors suggested in Part I (and employed in Part II) to explain variations in responses on the dependent variables are termed independent variables.

The analysis is, of necessity, selective in Part I in references to, or speculations about, independent variables that might explain differences in the dependent variables. Part II, where the focus is exclusively oriented toward explanation, is selective in two ways. First, a limited number of independent variables, chosen in consultation with the ACIR staff, is examined. Two groups or types of independent variables were selected: (1) administrator attributes and (2) agency characteristics. The specific variables used within each grouping (and sub-grouping) are indicated below in Item 1.

These 14 independent variables were used in a conventional cross-tabulation analysis against the

50-plus dependent interaction-attitude variables. This computer-based exercise generated in excess of 700 tables and brought into play further selectivity factors. Part II consists of condensed (or truncated) tabular presentations and discussions that use only selected portions of the mass of data and tables generated by this analysis project. The objective was to select those relationships between independent and dependent variables that have potential policy significance.

PART I THE RESPONSES IN THE AGGREGATE

The Pattern of Federal Aid Received by State Agencies

A crucial aspect of intergovernmental relations is the problem of fiscal linkages, particularly the nature, character, and extent of intergovernmental exchanges via financial aid mechanisms. This initial section focuses on U.S. state-national linkages via traditional Federal aid mechanisms. Attention

Item 1

Administrator Attributes

A. Program Perspectives

1. Attitude on expansion of state programs/services
2. Attitude on expansion of agency programs/services
3. Administrators' ranking of "lack of state fiscal resources" as a constraint on agency expansion

B. Organizational Relationships

1. Governor or legislature more detailed review of budget request
2. Preferred institution to control agency
3. How influential are clientele groups

C. Position Attributes

1. Held position in Federal or local government (career background)

2. Type of appointment process to present post

Agency Characteristics

A. Finances

1. Size of agency's annual budget
2. Financed by earmarked revenue

B. Federal Aid

1. Dependence (proportion of budget from Federal aid)
2. Diversity (number of Federal agencies from which aid is received)
3. Complexity (number of aid types received)

C. Agency Function

1. Functional category (ACIR classification)

Table IV-1

State Agencies' Receipt of Federal Aid, Type of Aid, Diversity of Sources, Complexity, and Dependence on Federal Aid*

1. Does agency receive Federal aid?

Yes—62% (986) No—37% (581) Apparently**—1% (14)

2. Type of aid received (Percentages based on the 1,000 Federal aid recipients)

	Yes		No		Not Ascertained
Formula grants	55%	(544)	44%	(442)	1% (14)
Project grants	70%	(702)	28%	(284)	1% (14)
Block grants	29%	(289)	70%	(697)	1% (14)
Contracts	35%	(353)	63%	(633)	1% (14)
Any non-matching grants	20%	(198)	79%	(788)	1% (14)
Loans/loan guarantees	4%	(44)	94%	(942)	1% (14)

3. Complexity—number of aid types received (percentages based on 1,000 Federal aid recipients)

	Percent	Number
One	39%	393
Two	27	267
Three	18	175
Four	9	90
Five	5	48
Six	1	13
Not ascertained	1	14

4. Diversity—Number of Federal departments or agencies from which financial aid is received (Percentages based on 1,000 Federal aid recipients)

	Percent	Number
One	36%	362
Two	27	266
Three	16	163
Four	8	78
Five	3	31
Six	2	16
Seven or more	6	56
Not ascertained	3	28

Table IV-1-continued

5. Dependence—Proportion of agency's budget from Federal aid (Percentages based on 1,000 Federal aid recipients)

	Percent	Number
Less than 25%	47%	471
25% to 49%	19	192
50% to 74%	19	187
75% or More	13	131
Not ascertained	2	19

*Percentages for the first item are based on the total number of 1,581 state administrators. All others are based on the 1,000 administrators identified as Federal aid recipients. Items in this section are from page 8 (sec. a) of the questionnaire. Items #2 and #3 are based upon question #1, page 8(a), and item #1 is based upon that same question plus analysis of questions #2 and #3 on p. 8(a). Items #4 and #5 here are from questions #2 and #3 respectively on p. 8(a).

**These are state administrators who did not respond to question #1, p. 8(a) of the questionnaire, but whose responses to questions #2 and/or #3 in that section suggest that they are Federal aid recipients.

to the incidence or impact of Federal aid on state government agencies is an important and logical part of any analysis of the intergovernmental grant system.

The context for a discussion of state-national linkages is highlighted by the first finding that 63 percent of the responding state administrators were aid recipients. This includes 1 percent who were "apparent" aid recipients, i.e., administrators whose responses to three Federal aid questions suggest that they were aid recipients.

That nearly two-thirds of the state agency heads are Federal aid recipients suggests the degree to which Federal aid penetrates, patterns, and structures the intergovernmental system. The aggregate extensiveness of Federal aid to state agencies is secondary, however, to questions of the presence of particular types of Federal aid. The type of aid most often received by these state administrators' agencies is the project grant. Over 70 or 70 percent of all aid recipients obtained project grants. The next most frequent aid type — formula grants — was received by 55 percent of all recipients, and 29 percent indicated receipt of block grants. The last percentage is, in some respects, surprisingly high given the modest number (five) of block grants available. This may relate also to the apparent ambiguity of the "block grant" concept at present and suggests further investigation of the characteristics of agencies whose administrators report receiving block grants. Finally, only 20 percent reported receiving non-matching grants and 4

percent had obtained loans or loan guarantees.

It is not surprising that the project grant is the most commonly received type of aid among these state agency heads. The remarkable growth of categorical project-grant programs through the 1960s has been well documented. The prominence of the project grant as a type of Federal aid raises interesting questions in the light of responses of the state administrators to several of the aid issues discussed elsewhere.

The questionnaire probed three alternate measures of the incidence of Federal aid: (1) complexity, (2) diversity, and (3) dependence.

Complexity is closely related to the frequency of receipt of the different types of Federal aid. The complexity variable is simply a numerical count of the number of different aid types reported received by each state administrator. Complexity then becomes a measure of the degree to which the administrator is dealing with several different types of Federal aid.

Diversity is a measure of the number of Federal agencies or departments from which the administrator's agency receives financial aid. The diversity variable involves features of the "interconnectedness" of the administrator to varied Federal funding sources. From how many different aid "spigots" does the state administrator draw funds? The larger number of sources the greater is the degree of diversity.

Finally, **dependence** is a measure of the percentage of the state agency's budget that is derived from Federal aid. To what extent or proportion does the administrator's agency rely on Federal funding?

The figures for complexity (Table IV-1) indicate that the majority of state agencies received only one or two different types of aid rather than many. About two-fifths of the aid recipients received only one type of aid, and nearly two-thirds received one or two. Only 15 percent of the recipients received more than three types of aid.

The diversity of aid sources was similarly limited. A little more than one-third (36%) of the aid recipients received aid from only one Federal source and 27 percent received aid from only two sources. While 16 percent received aid from three Federal departments or agencies, 19 percent obtained funds from four or more Federal agencies. While there was considerable dispersion in these two distributions, the general picture was one of concentration as to types and sources of Federal aid. Further tabulation indicated that 504 recipients (over 50%) secured only one or two types of aid from only one or two aid sources.

Neither complexity nor diversity shows the absolute or relative effect of aid dollars on the state agency. The dependency dimension provides this measure. Almost half (47%) of the administrators had less than 25 percent of their budget from Federal aid and nearly two-thirds (66%) had less than half of their budget based on Federal aid. But there was a marked proportion whose agencies were highly dependent on Federal aid. Thirty-two percent of the state administrators indicated that their budget was more than 50 percent dependent on Federal aid, including 13 percent where the agency budget was 75 percent or more dependent on Federal aid. While dependence upon Federal aid as a proportion of the agency budget was skewed toward the smaller proportions, a significant number of agencies were highly dependent on such aid. The "explanatory" analysis of the relationship between agency budget size and the dependence in Part II will reveal that the larger state agencies were, in fact, the ones more dependent on Federal aid. The picture emerging from these data is one of extensive Federal penetration via aid mechanisms. The incidence of aid from the state agency perspective, however, tends to be selective and concentrated as indicated by the measures of complexity, diversity, and dependency.

The Intergovernmental Contacts of State Agency Heads

The purpose of this section is to provide a description of the patterns of intergovernmental contacts reported by state agency heads. Money may grease the wheels of the intergovernmental system but people, i.e., officials, control the throttles. An understanding of intergovernmental relations involves an emphasis upon the on-going informal and formal interactions that characterize the day-to-day working relationship among officials.

The focus here is on contact patterns subdivided into two major components: (a) horizontal contacts with officials from other states and (b) vertical contacts, with (1) national officials and (2) local officials. The task is to describe the predominant patterns of vertical and horizontal contacts and suggest reasons why they vary in systematic ways.

The intergovernmental contacts of state administrators present few startling facts or surprises from a gross or overall perspective. (See Table IV-2.) Generally, local officials in the administrators' own state are contacted more frequently (i.e., daily) than officials in other states. National officials tend to be least frequently contacted. There are distinct departures from these patterns, however, and specific types of officials are contacted markedly more frequently than others.

Officials contacted most frequently by state administrators are Federal regional personnel and administrators of similar agencies in other states. About two-thirds of the respondents had contact monthly or more frequently with these officials. This frequency of contact is markedly different from the frequency of contact with other officials at those levels of government. In other words, state administrators' intergovernmental contacts are predominantly functionally (or agency) specific horizontally (across state lines) and agency (or program) specific vertically "upward" with Federal regional personnel. State administrators rarely contact either administrators of different types of agencies or legislators in other states. Contacts with other types of national-level officials are similarly lower in frequency. Perhaps it is noteworthy, however, that one-third of these administrators report contacts with Congressional officials (or their offices) at least monthly.

State administrators do have frequent contacts with local officials. Yet, the patterns are rather uneven depending on the type of jurisdiction. About

half the respondents contacted county officials and municipal officials monthly or more frequently. The frequency of contact with these local officials shows little difference whether they are elected or appointed. Local school officials, however, are much less frequently contacted. This undoubtedly reflects the types of agencies headed by the responding administrators. Less than six of the 68 agency types surveyed might be expected to have significant local school contacts because of their specific involvement in educational functions.

Contact with general purpose local governments would be expected more than contact with special purpose local units.

Overall then, the picture of intergovernmental contacts of these state administrators reflects a classic pattern for professional state administrators in the Federal system. Laterally, contacts are with the administrators of similar agencies who can share ideas and expertise in a specific field. Vertically, contacts occur more with the lower-level regional administrative personnel. Occasionally

Table IV-2

Contacts of State Administrators with National, State, and Local Officials*

Type of Official Contacted	Frequency of Contact					
	Daily	Weekly	Monthly	Less Than Monthly	Never	Not Ascertained
Locally:						
County						
Elected	8%	23%	21%	34%	9%	6%
Appointed	8	21	20	31	9	12
Municipal						
Elected	7	21	22	38	9	4
Appointed	8	20	19	35	8	10
School						
Elected	3	7	13	45	27	6
Appointed	4	8	13	43	23	10
In Other States:						
Administrators of Similar Agencies	3	23	38	34	1	2
Administrators of Different Agencies	2	8	19	53	16	3
Other States' Legislators	0	0	2	41	55	2
National Officials:						
Agency Heads	2	10	21	47	16	4
Regional Personnel	7	29	30	27	4	4
U.S. Senators	0	10	24	52	12	2
U.S. Representatives	0	10	24	52	11	3
Executive Office/Office of Management and Budget	0	1	2	27	66	4

*All percentages are based on total responding number 1,581 state agency heads. Items in this section are from questions #3, 4, and 5 on page 5 on the questionnaire.

state administrators do make contact directly with top-level policy-making officials at the national level. But the predominant pattern is an approximate three-way distribution of interactions: (a) vertically ("down"), (b) horizontally, and (c) vertically ("up").

Views on State-Local Issues

The contacts of state agency heads document their focal roles as middlemen in a triangulated pattern of connections sideways, up, and down. Here we consider the views of these administrators as they look at issues involving "down" relationships, i.e., state-local problems. Responses were

obtained on questions of fiscal, authority, and power relationships. (See Table IV-3.)

State administrators are much more divided on some state-local issues than others. For example, there is relatively widespread agreement that states should be more involved in finding solutions to urban problems where 76 percent agree or agree strongly and only 6 percent disagree or disagree strongly. However, on the three items that involve specific state involvement in urban problems the responses of the state administrators were less overwhelming in agreement. A little over 50 percent of the respondents agree or strongly agree with three state-local policy positions: (1) that the states should increase financial assistance to local

Table IV-3

State Administrators' Views on State-Local Issues *

State-Local Issue	Strongly Agree	Agree	Undecided	Strongly Disagree	Disagree	Not Ascertained
The involvement of the states in finding solutions to urban problems should be substantially increased.	16%	60%	11%	5%	1%	7%
State financial assistance to local units should be substantially increased.	14	38	17	22	2	6
The state should provide substantial relief from local property taxes.	16	37	16	23	3	7
Strict standards should be set by the state for the performance of local government services.	10	44	14	24	1	7
The state should give regional grant agencies more power over applications for Federal grants.	5	32	26	25	4	8

*The total number for each question is 1,581 state administrators.
Note: Due to rounding, percentages may not total 100.

units, (2) states should provide substantial property tax relief, and (3) states should set strict performance standards for local government services. Only about 25 percent of the respondents disagree or strongly disagree with any one of these three items.

Clearly, these responding state administrators favored more positive state action with regard to local and especially urban problems. Of the three approaches cited, two involve financial aid; the other involves administrative-fiscal regulation. All are fairly widely viewed as suitable.

One item among these state-local issues involves the question of whether the state should give regional grant review agencies more power over applications for Federal grants. Responses to this query indicate that there is limited enthusiasm for increased power of such regional grant review agencies. The percentage of administrators agreeing or strongly agreeing here drops to 37 percent (from about 53 percent on the previous three items). But the difference can be traced chiefly to the undecided column; it is several percentage points higher than for the other items. This is supported by the fact that the proportion expressing some degree of disagreement is only slightly higher than on the previous items. For a substantial segment of the state administrators regionalism appears to be an issue of low salience.

In some respects the extent of disagreement with this item is surprisingly low. Regional grant review agencies, of course, vary with respect to the cooperation and involvement they have with state personnel. But the concept of a regional grant review agency is one that could be construed as bypassing, limiting, or minimizing state influence. Responses to several of the Federal aid issues discussed below indicate that state administrators hold strongly to the view that contacts and relationships between the Federal government and local units should be channeled through the states. Regional review agencies present the potential for evading "channeling."

Responses to the regional review question may indicate that the implicit potential for bypassing state personnel from Federal-local aid concerns has not alienated state administrators. The moderate level of agreement may indicate that many of these regional agencies have been successful in working with the states satisfactorily in the grant review process. It is also possible that many state administrators are reserving judgement on the

powers of regional grant review agencies. Two further conditions might affect this opinion pattern. First, the substantial proportion who were undecided may arise from administrators' ignorance of or unfamiliarity with the A-95 review process. Second, the exceptionally low degree of disagreement may be a product of the ineffectiveness of the regional review process. That is, it may have been so innocuous that it has not "rocked the boat" and created opposition.

Views on State-National Issues

This section shifts attention to administrators' attitudes on state-national issues and includes two distinct but related subsections. First is the broad arena of attitudes on authority relationships where the concern is with the overall structure and tenor of state-national linkages. Second is a series of issues focused around Federal aid. Federal aid is viewed as a manifestation as well as the major mechanism of state-national relations. Aid issues represent important policy concerns in their own right, and a range of general issues will be examined as well as administrators' views on appropriate funding levels for three major funding strategies: categorical grants, block grants, and general revenue sharing.

STATE-NATIONAL AUTHORITY RELATIONSHIPS

Responses of state agency heads on state-national authority issues indicate substantial agreement with a view of the states as a critical, central link in the federal system. There is a strong tendency toward asserting what might be termed "state prerogatives." (See Table IV-4.)

This pattern is found initially on the question of channeling national-local contacts through the state; four-fifths of the respondents either agree or strongly agree that these contacts should be so channeled. But support for channeling, while manifestly suggesting a more central role for the states, leaves many questions as to the further specifications of that role. A more central state role might be associated with a lesser Federal role. Alternatively, it might be seen as a more balanced state-Federal relationship or as simply more state activism regardless of the Federal role. Also, channeling may suggest a linking or facilitation role rather than an assertive or initiating role. By way of contrast, channeling may, for some administrators,

Table IV-4

**State Administrators' Views on State-National Issues:
Authority Relationships and Federal Aid***

Authority Relationships	Degree of Agreement-Disagreement					Not Ascertained
	Strongly Agree	Agree	Undecided	Disagree	Strongly Disagree	
1. National-local contacts should be channeled thru the state.	41%	39%	8%	6%	1%	5%
2. Should be greater decentralization from national government to the states.	43	40	6	5	2	6
3. Programs should be assigned (or separate) rather than shared.	13	33	16	28	4	6
4. National government should set strict performance standards.	11	35	8	29	12	6
Federal Aid Issues	Yes		No			Not Ascertained
1. Federal aid should be channeled thru state.	81%		13%			6%
2. Federal aid leads to interference in state affairs.	75		17			8
3. Federal aid skews or unbalances state programs.	74		17			9
4. Federal aid stimulates state programs.	90		3			7
Federal Aid Funding Levels	Funding Level is:					
	Too Little	About Right	Too Much		Not Ascertained	
1. Categorical grants	29%	27%	24%		21%	
2. Block grants	42	26	10		22	
3. General revenue sharing	40	26	10		24	

*The total number of each question is 1,581 state administrators.

imply an active policy interjection, i.e., a molding or impact on programs as they are channeled through the state.

Whatever interpretation or emphasis is placed on the meaning of "channeling" it is an issue of prominence and persistence in national-state-local relationships. Decade-long trend data demonstrate the consistency and consensus present among state agency heads on the issue. Surveys of state administrators in 1964 and 1968 disclosed that a similar (and slightly stronger worded) question produced agreeing proportions of 88 percent and 90 percent respectively. The proportions disagreeing with the channeling statement in 1964, 1968, and 1974 were, respectively, 8 percent, 5 percent, and 7 percent. Clearly this issue for state administrators is one that approaches an article of faith. The dissidents or heretics are few and orthodoxy prevails.

It is important to consider the channeling issue in the context of other state-national authority relationships. Other intergovernmental issues involving authority included in this analysis are: (1) Should there be greater decentralization of authority and responsibility from the national government to the states? (2) Should most programs be assigned to either national or state governments rather than having many programs shared by both governments? (3) Should the national government set strict performance standards for federally funded programs administered by the states?

There was widespread agreement to the first item, with 83 percent in the "agree-strongly agree" categories and only 7 percent expressing any disagreement. This is consistent with one interpretation of response patterns regarding an assertive state role, i.e., channeling national-local contacts through the states. Decentralization, of course, may refer to a delegation of responsibilities to administrative entities that are subcomponents of the central government. But it also may refer to "devolution," involving delegation of power and authority from a central government to a lesser political jurisdiction. The wording of the question and our use of the responses imply and employ the "devolution" meaning of decentralization.

What is the more specific meaning of decentralization to these state administrators? Responses to two of the other questionnaire items suggests that the term has nuances which may vary considerably. For example, responses to the item on assigning rather than sharing programs among the state

and national government show a plurality approaching a majority for assignment than for sharing. Unlike the decentralization question, there is a significant split in the responses of the administrators, with 46 percent concurring with assignment or separating programs, functions, and responsibilities. A substantial minority, 32 percent, reject (disagree with) assignment and thereby endorse the concept of shared functions. Despite widespread endorsement of decentralization there is no consensus that involves the clear assignment of functions to either state or national governments. Instead, a sharp split is present between those favoring clearer state-national role definitions and those prepared to pursue the interdependent strategies implicit in shared functions. If, as Richard Nathan suggests, the New Federalism represents a concerted effort to "sort out" roles, responsibilities, and programs, then a clear cleavage appears to exist among state agency heads over this policy push or shift in intergovernmental relations.

Several considerations suggest that the separation-sharing item exposes a complex and significant issue. In the light of this complexity the overwhelming agreement with "decentralization" is less straightforward and unequivocal.

Another item modifies the response context of the decentralization issue — should the national government set strict performance standards for Federal programs administered by the states? There is a surprising amount of agreement with this item. The result is another marked split in response patterns, with 46 percent agreeing with strict standards and 41 percent choosing disagree responses. It seems striking and inconsistent, at the superficial level at least, that 46 percent of the administrators would concur with strict Federal performance standards, while 83 percent agree that authority and responsibility should be decentralized to the states. The key to this apparent inconsistency may lie in the overwhelming agreement among these administrators with the view that the states would play a channeling role. Many administrators may agree to national performance standards because they view them as a means of exerting leverage on local governmental units, clientele groups, and/or other state officials. Strict standards may be perceived positively from a programmatic or professional standpoint rather than a constraint upon their own performance. Such a possibility is even more interesting, given the simi-

lar percentage agreeing that there should be strict national performance standards for the states and strict state performance standards for local units (46 percent for the former; 54 percent for the latter).

Administrators' responses to state-national authority issues indicate a strong current of support for a predominant state role as manifested in the channeling and decentralization issues. Counterpoints against this consensus on a strong state role are cleavages on the nature of that role as shown in response to national performance standards and program assignment vs. sharing.

FEDERAL AID ISSUES

Issues involving Federal aid deal with broad policy areas in which administrator attitudes may, in part, be associated with their attitudes on state-national authority issues. Certainly, some Federal aid issues suggest that state administrators not only see the state as the important middle level between the national and local levels, but also that they see existing Federal aid arrangements and policies as interfering with this important role and therefore needing modification. For example, 75 percent of the state administrators thought that Federal aid had led to national "interference" in affairs that are the appropriate domain of the states. Also, 74 percent indicated that Federal aid tends to unbalance or skew the overall character of state programs. Only 17 percent of the respondents answered negatively to these two items.

Earlier data on the "interference" and "skewing" questions provide a basis for comments on the trend in state administrators' views on these two Federal aid issues. Prior surveys employing these questions were conducted in 1928 and 1948.² The respondents were state agency heads in charge of federally aided activities in the 50 states. In 1928 only 6 percent of about 250 respondents indicated Federal aid led to "interference," but by 1948 that proportion (out of 300 respondents) increased to 36 percent. The 1974 figure for Federal aid recipients is 81 percent. Despite the global coverage and ambiguous interpretations that might be attached to the term "interference" (used in all three surveys), the dramatic rise in the proportion of agreeing administrators signals an important shift in attitude by an important sector of the intergovernmental grant system.

A further reflection of an opinion shift on Federal aid is the 1948 and 1974 proportions of state

administrators indicating agreement with the statement that Federal aid "tends to unbalance or skew the overall character of state programs." In 1948 not quite one-third (29%) of state agency heads administering Federal aid concurred with this statement; in 1974 more than four-fifths (83%) expressed agreement. Hard evidence to prove the "skewing effect" of Federal aid remains elusive despite the persistence and controversy surrounding the issue. Regardless of objective data, however, state administrators think that Federal aid alters and unbalances state spending patterns. Whether this alteration is a "distortion" of state priorities cannot be determined with the evidence available to us.

Views of the national establishment and Federal aid are not uniformly one-sided and negative. There is overwhelming agreement that Federal aid has helped the states provide programs that would not otherwise be offered. Nine out of ten administrators responded positively to that item. This near-consensus has remained remarkably stable over nearly a half-century. In 1928 (91%) and 1948 (94%) the same overwhelming consensus prevailed on the program stimulus effect of Federal aid; more than nine of ten said that aid fostered new state programs. Responses to the 1974 item, however, are somewhat less encouraging when viewed in the context of the majority of administrators (75–80%), indicating that Federal aid skews the character of state programs. Perhaps a substantial proportion of the agency heads see Federal aid providing for or promoting programs they think should not be offered, or not provided for in the form and priority rank fostered by Federal aid.

The gross tenor of these responses suggests a generalized dissatisfaction or uneasiness with the intergovernmental consequences of the Federal aid. This dissatisfaction surfaces in responses to questions about Federal encroachment, Federal bypassing, and fiscal alteration of the state's position and performance. These attitudes seem widely shared but it will be important to consider whether the direct experience of the state administrator with Federal aid has an effect on the presence or absence of these views. For example, are administrators of agencies with budgets highly dependent on Federal aid more likely than administrators of less dependent agencies to agree with these items concerning Federal interference and skewing effects? Similarly, it should be important to investigate whether the complexity and diversity dimen-

sions of Federal aid are linked to these responses. We might expect, for example, that administrators scoring high on the diversity measure would express greater dissatisfaction because they are much more enmeshed in complicated, highly interdependent grant relationships. Greater interdependence may lead to uneasiness and perhaps dissatisfaction with the constraints and difficulties that interdependence entails.

FEDERAL AID FUNDING LEVELS

Dollars, i.e., funding levels, are the fuel which powers the intergovernmental grant system. What are state agency heads' views on the funding level adequacy of the three major Federal fiscal strategies?

Respondents were asked to evaluate the levels of categorical, block, and revenue sharing aids apart from the impact of these three funding strategies on their own agencies. (See *Table IV-4*.) The interesting features of these responses are administrators' preferences favorable to general revenue sharing (GRS) and block grants and over categorical grants. While two-fifths or more of the respondents see GRS and block grants as too little, less than one-third (29%) see the level of categorical grants as too little. Correspondingly, more than twice as many administrators see categorical grants as too heavily funded in comparison with block grants and GRS (24% for categorical; 10% for block grants and for GRS).

Federal Aid Recipients: Views on Federal Grant System

The discussion to this point has considered several state-local and state-national issues from the perspective of all agency heads who responded to the 1974 state administrator survey. About two-fifths have limited intergovernmental contacts but over 60 percent of the respondents report receipt of Federal aid of some type. Attention now shifts exclusively to this latter subset of state administrators — the Federal aid recipients. These intergovernmental actors' views are examined in three broad aspects of intergovernmental grant systems: (1) Federal aid effects, (2) satisfactions and dissatisfactions concerning aid policies and implementation, and (3) preferences for change. Some questions involve relatively straightforward reports of aid conditions but a majority of the items

elicit from the administrator evaluative elements as a basis for assessing the functioning of the Federal grant system (or non-system).

FEDERAL AID EFFECTS

Measuring the impact of Federal aid on the states is an elusive, involved, and debatable undertaking. The effort and approach in this survey was to ask those state agency heads administering Federal aid what they *perceived* to be the effects or impacts on their state. This approach assumed that these respondents would be "most likely to know" the effects of Federal aid. It does not impute an objectivity or reality to the resulting responses here or in other parts of this paper. The impact results are what the agency heads thought applied or prevailed.

It is evident from responses to the first and fairly factual item in *Table IV-5* that high agreement existed on state fiscal controls over Federal aid; 86 percent of the aid recipients reported that regular state financial procedures applied to Federal aid.

There is a close correspondence between what administrators saw as a factual condition and what they felt should be the policy involved in control of grant funds. An overwhelming proportion of the administrators (87%) indicated that Federal moneys should be subject to the same financial controls as other state funds (item 1 under "change preferences" in *Table IV-5*). On the basis of these totals alone we cannot conclude that the two large segments reporting what *is* and what *ought to be* are identical. But the number of crossovers in responses from one item to the other must be exceedingly small given the limited number who indicate that Federal aid is not and should not be subject to usual state financial controls.

Responses to the second "effect" item in *Table IV-5* suggest that the question of control over Federal aid moneys may be only a narrow restricted type of control, e.g., accounting, auditing. That fiduciary focus allows for the possibility that the use and impact of Federal aid moneys may, from a policy standpoint, be somewhat autonomous or independent of the usual supervisory channels. This is indicated by responses to the question of whether, in practice, the administrators' agency is less subject to supervision by the governor and legislators in federally financed activities than in activities financed solely by the state. In contrast to the 86 percent reporting that Federal aid moneys

Table IV-5

Opinions of State Agency Heads Receiving Federal Aid on the Effects, Satisfactions, and Change Preferences on Federal Aid*

Federal Aid Effects	Response Categories			
	Yes	No	No Effect	Not Ascertained
1. Are Federal aid moneys subject to the same financial controls as other state funds?	86%	12%		2%
2. In practice, is your department-agency less subject to supervision by the governor and legislature in federally financed activities than in activities financed solely by the state?	47	51		2
3. Does Federal aid seem uncertain, making it difficult to estimate revenues for the next fiscal year?	76	22		2
4. With respect to the amount of money raised by your state, do you think Federal aid has increased or decreased the level of funds raised by your state?	49	13	34	4
5. Has Federal supervision of grant programs improved standards of administration and service?	46	18	33	3
Federal Aid Satisfactions				
1. Do you feel that Federal grant administrators are sufficiently flexible in applying Federal standards to programs operated by your agency?	42	55		3
2. Are existing provisions on matching arrangements satisfactory?	65	29		6
3. Are existing provisions on the apportionment formulas for funds among the states satisfactory?	45	47		9
Change Preferences				
1. Should Federal aid money be subject to the same financial controls as other state funds?	87	11		2

Table IV-5—continued

Change Preferences	Response Categories			
	Yes	No	No Effect	Not Ascertained
2. In place of categorical aids, if your agency were given an equal amount of money without "strings" attached, would you allocate the money differently from the way Federal aid funds are now being allocated?	65	29		6
3. Should Federal aid be expanded to include support of new programs for your agency?	76	20		5
4. Should Federal aid for existing programs be:	(Increased)	(Decreased)	(Stay the same)	
	68	6	21	6

*Number of respondents for all questions = 1,000.

were subject to the usual state controls, nearly half (47%) of the administrators indicated that their agency was less subject to supervision in federally financed activities. Slightly more than half (51%) indicated that Federal aid did not give them more autonomy or independence from regular political or policy oversight.

Ten-year trend data on this issue disclose virtually no change in administrators' views on the policy or administrative autonomy fostered by Federal aid. Identical questions asked in 1964 and 1968 surveys found 48 percent and 44 percent perceiving that their agency was less subject to legislative/gubernatorial supervision in federally financed programs. The policy/administrative autonomy effect of Federal aid is perceived to exist by a substantial and continuing segment of state agency heads who occupy one nexus of the inter-governmental grant system.

The planning and effective execution of public programs normally require a substantial measure of predictability or certainty. One frequent and long-standing complaint about Federal aid is the uncertainty effects it has on recipients' programs and actions. All three state administrator surveys over the past decade asked aid recipients whether Federal aid seemed uncertain and produced revenue estimating difficulties. The proportions responding affirmatively were: 1964 — 39 percent; 1968 — 68 percent; 1974 — 76 percent.

Evidently the last decade has been one of increased uncertainty (real or imagined) for state administrators relying on Federal aid. There has been a doubling of the proportion expressing agreement on this particular feature or effect of aid to state agencies. The massive increase in Federal aid dollars and numbers of program authorizations have undoubtedly contributed to actual and perceived uncertainty. It seems clear from a policy standpoint, however, that this major negative effect currently associated with Federal aid merits attention and amelioration by Congressional and administrative action. The passage of GRS under the motto of "more money with greater certainty" could be construed as one response to the revenue uncertainty effects of more traditional forms of Federal aid.

Two further effects of Federal aid were incorporated in the survey, one relating to fiscal impact, the other to standards of administration and services. The former was designed to probe the stimulative/substitutive fiscal impact issue. Aid recipients were asked whether Federal aid increased or decreased the amount of funds raised by the states.

Almost half (49%) of the aid respondents in 1974 indicated that Federal aid was stimulative in the sense that it prompted their state to raise more money to finance programs. (It is not clear whether this stimulus was equal to or exceeded the funds

necessary for state matching of the Federal aid.) About one-third (33%) indicated the absence of a stimulative effect while 13 percent thought that Federal aid allowed substitutive effects. They replied that the aid had permitted the states to decrease the amount of money raised.

Trend data from 1964 to 1968 surveys show some modest shifts in administrators' perceptions of Federal aid fiscal effects. The respective three-survey proportions for stimulative effects are 49, 56, and 49 percent. There is no noticeable change in perceived stimulus effects. There does appear to be a modest drop in the proportion perceiving substitutive effects from 24 percent in 1964 to 16 percent in 1968 and 13 percent in 1974. The large ten-year increases in Federal aid appear to have altered state administrators' perceptions of fiscal impacts primarily in reduced substitutive effects.

The final "effect" variable deals with whether the administrators think that Federal supervision and oversight of grant programs have resulted in improved standards of administration and services in the grant program fields. On this particular effect, long-term trend data are available from the 1928 and 1948 surveys. The proportions agreeing with the statement are: 1928 — 67 percent; 1948 — 70 percent; 1974 — 46 percent. Where previously over two-thirds of the state-level aid administrators acknowledged improved standards traceable to Federal involvement, that proportion has dropped to less than half.

It is not surprising that a decline should occur. This "effect" variable is one where we might expect maturation or a diminishing curve pattern. In other words, if Federal aid and attendant supervision in program areas have had the desired effect of increasing administrative and service standards we would anticipate a drop in the proportion who can and do identify further improvement. Put in different terms, it says that past success contributes to diminished capacity for greater progress.

An interesting final note on this "effect" variable is the identity in proportions of those indicating improved standards of administration/service and the proportion of administrators who agree to nationally set performance standards. Both proportions stand at 46 percent. It appears that among Federal aid recipients and state administrators generally there is a substantial positive reaction to Federal influence on administrative standards and willingness to accept those standards.

FEDERAL AID SATISFACTIONS/DISSATISFACTIONS

The presence, acceptance, and effects of Federal standards are mediated by how they are applied. Aid recipients were asked whether they were satisfied with the way in which Federal administrators applied the standards to state agency programs. The specific issue of flexibility/inflexibility formed the basis of the query.

Over two-fifths (42%) felt that Federal grant administrators are sufficiently flexible in applying Federal standards to programs operated by their agency. But a larger proportion, 55 percent, said that they are not flexible enough. Only a handful indicated that they were too flexible. The predominance and pervasiveness of grants with their ever-present "strings" and the standards they entail suggest the prospects for high levels of actual and perceived inflexibility. It may be encouraging to some, therefore, that the percentage of administrators seeing satisfactory flexibility is substantial. Perhaps this marked degree of perceived flexibility among Federal administrators contributes to the similarly substantial percentage of state administrators (46%) willing to agree with strict nationally established performance standards. We must recognize, however, that a majority of state agency heads receiving Federal aid are not satisfied with the flexibility of Federal administrators.

Administrative rigidities may be major or minor irritants, but to most agency heads having the fiscal wherewithal is a primary concern. Two important determinants of fiscal resources are matching requirements necessary to obtain aid and the apportionment formulas for distributing it among the states. Nearly two-thirds (65%) of the aid recipients indicated that existing matching arrangements were satisfactory, and slightly less than one-third (29%) found them unsatisfactory. An identical question asked in 1948 revealed that nearly three-fourths of the state administrators expressed satisfaction with matching provisions. There has been only a slight drop in satisfaction during a quarter-century.

The satisfaction level and trend on apportionment formulas is sharply different from opinion on matching. In 1948 over three-fourths (78%) of the state respondents were satisfied with how funds were spread among the states. But in 1974 only 45 percent of the state agency heads receiving Federal aid found satisfaction in apportionment provisions in their program field. A slightly higher percentage

(47%) were not satisfied. It seems evident that here is another issue of considerable policy concern that should command attention by the Congress and appropriate Federal agencies responsible for grant programs.

FEDERAL AID CHANGE PREFERENCES

What changes do aid recipients wish to see introduced into the intergovernmental grant system? Brief reference has already been made to the first item in this category, noting that there is a near consensus that Federal aid should be under regular state financial controls.

Somewhat less agreement exists on what might be called the "reallocation" question. This query is intended to elicit the administrators' preference for allocating Federal aid in a different manner from the one(s) imposed by Federal constraints or "strings." Over two-thirds of the administrators (70%) indicated that if their agency were given an equal amount of money without "strings" they would allocate the money differently. When asked how different the reallocation would be, 27 percent of those favoring reallocation would initiate substantial or radical changes in spending patterns. This 27 percent is 19 percent of all administrators who are aid recipients.

Trend data reveal that the reallocation-oriented administrators are on the increase. In 1964 barely half (53%) of the recipients indicated that they would spend Federal aid differently if the "strings" were removed. That proportion rose slightly to 57 percent in 1968 and was followed by a noticeable jump to 70 percent in 1974. For whatever reasons, preferences for priorities that are different from those expressed in Federal aid "strings" have been on the increase.

The final two items in this section are designed to tap the change preferences of the aid recipients as they center around funding shifts. Questions on the amount of Federal aid are posed for both existing programs and new programs. It is perhaps not surprising that significant majorities of the respondents wanted Federal aid increased in both areas, i.e., more support for existing programs and aid expansion to new programs. About two-thirds (68%) of the respondents indicated that Federal aid for existing programs should be increased, and 76 percent indicated that Federal aid should be expanded to include support of new programs for their agency.

It is interesting to note that the percentage favoring extension to new programs is larger than the proportion wanting an increase in aid to existing programs. The percentage favoring an increase is very large, but it is rather remarkable that 27 percent of the respondents say that Federal aid for existing programs should stay the same or be decreased. We might expect a noteworthy proportion, however, based on the strong inclinations of the administrators to reallocate or shift present aid spending patterns.

Trend data are consistent with these speculations about change preferences. In 1948 the proportion favoring increases in existing grant programs was 78 percent, a figure somewhat above the current preference proportion. Preferences for increasing existing programs have dropped. In sharp contrast, the proportion favoring extension to new programs jumped from 52 percent in 1948 to its most recent level of 76 percent. State agency heads appear to have spending priorities and preferences that are not consistent with and perhaps not close to the framework and patterns specified by present Federal aid categorizations. This is not a remarkable finding, since it would be totally unexpected to find a close or perfect match in a set of arrangements and relationships as complex as those in the intergovernmental grant system. The differences are sufficiently substantial to require careful and concentrated attention by top policy makers in the states and the national government.

PART II.

EXPLAINING ASPECTS OF THE INTERGOVERNMENTAL SYSTEM

Part I dealt with the responses of state agency heads as a group to questions on various features of intergovernmental relations. That descriptive discussion offered selective suggestions about the reasons for certain distributions of attitudes or attributes. We now shift from the descriptive and suggestive mode to one that is conventionally termed explanation. The approach to explanation involves the use of cross tabulations employing ACIR-selected independent variables tabulated by the designated dependent variables considered in Part I. The 14 independent variables were grouped into two sets: (1) attitudes or attributes of the state administrators and (2) characteristics of the agency

Table IV-6

**Independent Variables: Administrator Attributes
(Frequencies and Percentages)***

Program Perspectives	Number	Percent
1. How much should overall state programs/services expand?		
No increase	324	21%
Increase up to 5%	87	6
5% to 9% increase	189	12
10% to 14% increase	312	20
15% + increase	602	38
Not ascertained	67	4
2. How much should your agency programs/services expand?		
No increase	243	15
Increase up to 5%	79	5
5% to 9% increase	180	11
10% to 14% increase	318	20
15% + increase	707	45
Not ascertained	54	3
3. Ranks "Lack of State Fiscal Resources" as an agency constraint:		
First	549	35
Second or third	249	16
Fourth to Eight	178	11
Unranked	485	31
Not ascertained	120	8
Organizational Relationships		
4. Who gives more detailed review of agency budget?		
Governor	543	34
Legislature	492	31
Each the same	497	31
Not ascertained	49	3
5. If your state government were reorganized, under whose control would you prefer to be?		
Governor	781	49
Legislature	221	14
Independent commission	477	30
Not ascertained	102	7
6. How much influence do clients have in decisions affecting your agency?		
No influence	158	10
Slight influence	586	37

Table IV-6—continued

Organizational Relationships	Number	Percent
Moderate influence	641	41%
High influence	146	9
Not ascertained	50	3
Career/Position Attributes		
7. Had previous Federal or local government experience.		
Yes	493	31
No	945	60
Not ascertained	143	9
8. Nature of appointment process to present post.		
Governor with legislative consent	355	23
Governor without legislative consent	288	18
Board/commission with governor's consent	131	8
Board/commission without governor's consent	268	17
Department head	358	23
Popular or legislative election	113	7
Civil service/merit	61	4
Not ascertained	7	—

*All percentages are calculated with a base of N = 1,581.

headed by the administrator. Frequencies and percentages for each of these sets of independent variables are presented in Tables IV-6 and IV-7.

The information in these tables is useful for background reference when viewing the subsequent cross tabulations. A few features should be noted here. First, the proportion of missing data cases for all the variables is within manageable limits, i.e., less than 10 percent in all cases. Second, response categories vary considerably in size, e.g., from 79 cases to over 700. Third, these frequencies will form the approximate base on which percentages are calculated. (The base will vary slightly because missing data for both the independent and dependent variables are excluded from the cross tabulations.)

One should also note that comparison of extreme or opposing categories, which is frequently a most interesting approach to analysis, will involve different kinds of situations. For example, we will find it useful to compare the attitudes of administrators who perceive no client influence on agency decisions with those of administrators perceiving high client influence. The two groups are approx-

imately equal in size. On the other hand, a comparison of administrators who want no increase in agency programs with administrators who want the greatest increase (above 15%) involves comparing a much smaller group with a larger group. Group size differences, of course, are one reason for calculating and comparing percentages. In addition to these comments, it is also important to refer briefly to the generalized expectations that we have about the independent variables and their relationships to each other. The rationale for selecting the independent variables can be briefly cited for each grouping and subgrouping. The administrator attribute variables encompass attitudinal, perceptual, and positional features of the state agency head. We anticipated that the inter-governmental actions and attitudes of state administrators would be affected by (or associated with) expansionist tendencies measured in three different ways, i.e., state expansion, agency expansion, and perceptions of limited fiscal resources as a constraint on expansion. We viewed these as conceptually and empirically distinct variables, but we found that there is little difference between

Table IV-7

**Independent Variables: Agency Characteristics
(Frequencies and Percentages)***

	Number	Percent
1. Size of agency budget (annual)		
Lowest to \$0.5 million	215	14%
\$ 0.5 to \$ 1 million	171	11
\$ 1.0 to \$ 2.9 million	230	15
\$ 2.0 to \$ 4.9 million	247	16
\$ 5.0 to \$ 9.9 million	156	10
\$10.0 to \$24.0 million	150	10
\$25.0 to \$99.9 million	146	9
\$100 million +	121	8
Not ascertained	135	9
2. Percent of agency funds earmarked		
None	718	45
Less than 25%	176	11
25% to 49%	104	7
50% to 74%	99	6
75% or more	421	27
Not ascertained	63	4
3. Dependence: percent of agency budget from Federal aid		
None	581	37
Less than 25%	471	30
25% to 49%	192	12
50% to 74%	187	12
75% or more	131	8
Not ascertained	19	1
4. Diversity: number of agencies as sources of Federal aid		
None	581	37
One	362	23
Two	266	17
Three	163	10
Four	78	5
Five or more	103	7
Not ascertained	28	2
5. Complexity: number of different types of Federal aid received		
None	581	37
One	393	25
Two	267	17
Three	175	11
Four	90	6

Table IV-7-continued

	Number	Percent
5. Complexity: number of different types of Federal aid received		
Five or six	61	4%
Not ascertained	14	1
6. Agency functional category		
Staff elected	82	5
Fiscal staff: appointed	111	7
Non-fiscal staff: appointed	124	8
Education	72	5
Welfare	53	3
Health	84	5
Other human resources	75	5
Natural resources	318	21
Criminal justice	141	9
Highways	74	5
Other transportation	43	3
Economic development	66	4
Others - unclassified	338	21

*All percentages are calculated with a base of N = 1,581.

the first two; state and agency expansion attitudes are highly related.

The three variables included under organizational relationships in Table IV-6 are intended to provide measures of how the agency head perceives important political relationships. These perceived support and influence patterns have actual or potential significance in intergovernmental relations, especially as they document political oversight, preferences for autonomy, and interest group involvement. The two positional variables were included to measure intergovernmental job experience and the authoritative source and process through which the agency head obtained his current post.

Among the eight administrator attribute variables there are only two instances of notable intercorrelations (i.e., where the contingency coefficient exceeds .35). As previously indicated, the two expansion measures (state and agency) are strongly linked (.71), and the preferred control variable is significantly associated with the appointment variable ($c = .50$). In the latter instance the relationship involves a high degree of congruence between appointing authority (governor, legislature, board) and preferred control. Thus

gubernatorial preference is strongly associated with gubernatorial appointment, popular or legislative election is associated with preference for legislative control, and appointment by a board or commission is associated with preference for control by an independent commission.

In moving to a discussion of the agency characteristics used as independent variables we should note the near-complete absence of significant associations between the agency variables and the administrator attribute variables. The single association is between the appointment variable and the ACIR-designated classification of agency functional categories. Staff-type administrators are more often appointed by the governor, while functional agency administrators (e.g., health, welfare) are equally or more often appointed by someone other than the governor.

While relationships between agency-specific independent variables and administrator-specific independent variables are minimal, the associations among the agency variables are frequent and quite high. Budget size, for example, is associated with Federal aid dependency, diversity, and complexity, as well as the ACIR functional classification scheme. Earmarked revenues are also linked

modestly with the ACIR functional classification. But the most prominent associations that require advance recognition are between Federal aid dependence, diversity, and complexity. Not surprisingly, all three of these aid-related measures are closely linked. Furthermore, each of the three aid impact indicators is associated with budget size and the ACIR functional classification. In subsequent discussion we will attempt to untangle some of these interrelationships among agency characteristics, especially as they relate to various dependent variables. For the moment we merely alert the reader in advance to the presence of closely related measures among these variables.

Three further and concluding comments are required before pursuing the explanatory analysis. First, as indicated earlier, we have been selective in both presentation and discussion of the 700-plus tabular relationships present in the labeled computer printout. Second, our observations will be primarily confined to the data appearing in 14 summary tables in Part III. Occasionally, however, we will refer to results derived from inspection of tabular data not formally presented in this paper. Third, we have sometimes dropped from presentation or comment one or more independent variables where either logic and/or inconsequential differences suggest that such omissions are advisable.

A. Receipt of Federal Aid

The pattern of intergovernmental fiscal relationships generally is a basic part of the structure of the intergovernmental system. Federal aid receipt patterns as reported by state agency administrators are crucial components of Federal-state fiscal linkages. How do receipt patterns vary by administrator attributes and agency characteristics?

ADMINISTRATOR ATTRIBUTES

In viewing relationships between a number of administrator attitudes or attributes as independent variables and the series of Federal aid receipt variables as dependent variables, we will be in the seemingly anomalous position of treating "facts" about Federal aid receipt as being conditioned by administrator attitudes. It is perhaps more intuitively appealing to look at the way administrator attitudes may result from the Federal aid receipt features as independent variables. But it is possible to hypothesize that individual administrator attri-

butes may have something to do with the development of the agency's Federal aid receipt picture. In this context, then, we implicitly assume that an administrator may actively influence the Federal aid receipt of his agency.

The first set of relationships examined indicates that there does seem to be a series of administrator-specific attitudes or perspectives related to whether or not the administrator's agency receives Federal aid. There is a significant relationship between attitudes on agency and overall state expansion and receipt of Federal aid. Those administrators who want the greatest increases in agency and state programs are more likely to be Federal aid recipients than administrators wanting less or no expansion of either state or agency programs.

Similarly, those administrators who rank the lack of state fiscal resources highest as a constraint on agency expansion are most likely to be Federal aid recipients. In fact, almost three-fourths of those who ranked fiscal resource constraints first are Federal aid recipients, whereas about half of the administrators not indicating such a ranking are Federal aid recipients. All three programmatic attitudes of these agency heads are relevant factors with respect to receipt and non-receipt of Federal aid.

The organizational perspectives of the administrators are not clearly linked to Federal aid receipt. For example, there is no significant relationship between the administrator's preferred control over his agency and whether or not Federal aid is received. However, the administrator's perception of the degree of clientele influence on agency decisions is associated with Federal aid receipt. About two-thirds of the administrators perceiving some client influence are Federal aid recipients, contrasted with only 40 percent of the administrators seeing no client influence. The tendency to be conscious of client influence may be more characteristic of administrators who are tied to the interdependencies of the intergovernmental system and are "well connected" through Federal aid with that interdependent system.

Two further attributes, career and appointment background, were viewed as potentially relevant to agency receipt of Federal aid. Previous other governmental experience is not an important factor in aid receipt, despite the intuitive appeal that such experience would provide the administrator with contacts, awareness, and perhaps expertise in gar-

nering Federal support. However, the nature of the appointment process that brought the administrator to his present post shows a definite relationship with Federal aid receipt. Administrators appointed in ways relatively autonomous from the state's political/administrative structure are more likely to be Federal aid recipients. The highest proportions (2/3 to 3/4) of aid recipients are those who attained their posts through board or commission appointments. Somewhat lower in aid receipt (around 60%) are those appointed by the governor, while less than one-third of the popularly or legislatively elected agency heads receive Federal aid. Administrators attaining their positions through the most politically prominent means are those least likely to be aid recipients. Administrators appointed through a method more sheltered from the state's electoral process are the most likely to be Federal aid recipients.

Federal aid receipt is associated with several attitudinal tendencies, i.e., more rather than less clientele influence, perceived lack of state fiscal resources, and preference for expanding state and agency programs. It is also positively associated with a particular appointment experience, i.e., one that is relatively autonomous from and less visible in state electoral processes. These findings make it relevant to focus exclusively on aid recipients as a group and to investigate whether administrator attributes are linked to particular patterns of aid receipt and involvement. Among those receiving Federal aid are individual attributes associated with receipt of particular types of aid, with agency dependence on Federal aid, with diversity of Federal aid sources, or with the complexity of types received? Table IV-8 provides tabulations pertinent to the questions.

Types of Aid Received. Two observations are offered based on the series of cross tabulations of administrator attributes with each of the six types of Federal aid: (1) most of the administrator characteristics appear to be unrelated to receipt of the various aid types, and (2) appointment method is the single variable with notable differences in the receipt of the various aid types. These points require further elaboration. The administrator's appointment background strongly suggests that agency heads who emerge through a more politically visible appointment process are more likely to receive the small and unconventional types of aid, e.g., loans, non-matching grants, and con-

tracts. Administrators more insulated from the state's political process in terms of their appointment method (e.g., board or civil service) are most likely to receive project and formula aid.

Characteristics of different aid types are suggested by isolated relationships that appear between selected administrator attributes and a single aid type. For example, the administrator's preference on institutional control is a relevant factor with respect to block grants but to no other type of aid. Those who prefer gubernatorial control are more likely to have received block grants. This relationship apparently arises from the generalist-oriented features of the block grant strategy, and suggests that we might expect other divisions along generalist versus functional specialist lines.

Two attributes are associated with receipt of formula grants but not with any of the other types of aid. Administrators who desire high increases in overall state programs are more likely to receive formula grants than administrators wanting little or no expansion. Administrators who perceive some degree of client influence are more likely to receive formula grants than administrators who see no client influence on their agency. These relationships do little more than alert us to some of the distinctive aspects of the formula grant in the intergovernmental system.

Dependence on Federal Aid. Among all relationships between administrator attributes and Federal aid receipt variables, the potential link with agency dependence on Federal aid is one of the most intuitively promising. One might hypothesize a constellation of administrator attitudes and perspectives that would be associated with heavy dependence on Federal aid. At least one important confounding factor should be acknowledged. Agencies move through cycles of growth and change; we tap their reliance on aid at only one point in time (1974).

Despite anticipated associations we find only small or modest differences within the grouped percentages in the last column of Table IV-8. The Federal aid dependence of an agency is associated with only two variables. Administrators who prefer gubernatorial control over their agency are the most likely to be more dependent on Federal aid. Nearly 20 percent of the "governor types" head agencies dependent on Federal aid for more than

Table IV-8

State Agency Receipt of Federal Aid and Administrator Attributes

Percentage of State Agency Heads with Various Characteristics Whose Agencies Receive Differing Types of Aid or Show High Aid Involvement

Administrator Attributes	Type of Aid Received					High Aid Involvement on:			
	Formula	Project	Block	Contract	Non-Matching	Loan	Complexity (3 or more types)	Diversity (4 or more sources)	Dependence (75%+)
Expansionism									
State: High	58%	74%	30%	33%	19%	4%	33%	16	14%
None	45	65	26	38	18	3	26	12	13
Agency: High	56	73	29	34	18	4	33	16	13
None	49	68	26	39	23	4	29	18	18
Resource Constraints									
1st ranked	60	71	28	37	21	5	37	19	15
Unranked	55	67	32	31	20	5	29	15	11
Preferred Control									
Governor	53	73	33	35	22	4	34	19	18
Legislature	62	72	23	40	22	3	34	17	7
Independent commission	53	71	27	34	17	5	30	18	9
Clientele Influence									
Highest	54	70	27	32	20	4	29	22	19
None	38	67	24	25	19	3	23	3	13
Federal or Local Job Experience									
Yes	59	70	32	40	23	6	37	22	14
No	53	72	29	33	18	4	31	17	13
Appointment									
Election	40	77	20	60	26	9	37	21	6
Governor (alone)	51	68	35	31	23	4	31	18	29
Board or commission	57	73	25	33	23	7	36	20	7
Civil service	50	79	18	21	11	0	21	11	8
Total Sample	55	70	29	35	20	4	33	19	13

75 percent of their budget. The proportions for those preferring legislative or commission control fall below 10 percent. A marked difference also appears in the relationship between appointment process and Federal aid dependence. Administrators appointed by the governor are markedly more likely than any of the others to be in the most highly dependent category. Nearly one-third (29%) depends heavily on Federal aids, while very few agency heads appointed by other means appear in the highly dependent category.

The affinity between gubernatorial orientation and high Federal aid dependence may arise because of a pattern of funding relationships within the state. If administrative predispositions are capable of having an effect on the acquisition of Federal funds, it may be that "grantsmanship" signals have been sent out by governors, and those who receive and respond to them are those most closely linked to the governor. We should reemphasize the causal character and direction of our inference and recognize that there is undoubtedly a reciprocal relationship between this (and other) Federal receipt variable and administrator attributes.

Federal Aid Diversity. The number of different Federal agencies and departments providing aid to an agency is the measure of aid diversity. Diversity is markedly associated with only one of the several administrator attributes, namely with clientele influence. Those who accord a high level of influence to clientele groups are far more likely to have a diversity of Federal aid funding sources. The reasons for this distinctive difference could conceivably be traced to the intergovernmental dynamics of grantsmanship. An oft-cited fact is the presence and use of third parties in gaining and maintaining access to Federal grant channels. We should not ask this single administrator attribute variable to carry too heavy an inference burden, however.

Federal Aid Complexity. Federal aid diversity provided limited opportunity for administrator variables to show their contributions toward explanation, but aid complexity offers even less. The percentage differences, whatever the attribute variable, are almost inconsequential. In short, administrator attributes give us very few and highly restricted opportunities for explaining variations in Federal aid receipt or involvement.

AGENCY CHARACTERISTICS

The analysis of agency characteristics and Federal aid receipt variables considers interrelationships among a series of agency variables that involve indirectly some Federal aid aspects. Because we are dealing with a series of relationships between and among variables which are conceptually and empirically close, the relationships here are among the strongest disclosed in any part of our entire analysis. These relationships suggest important observations about Federal aid receipt. (See Table IV-9.)

Type of Aid Received. Agency size (as measured by annual budget) shows a positive relationship with the receipt of four specific types of aid: (1) formula, (2) block, (3) contracts, and (4) non-matching. In the case of formula grants 94 percent of the heads of the largest state agencies report receipt of this type of aid. The proportions for the other three aids are considerably lower but still exceed one-third.

The presence or absence of earmarked funds makes virtually no difference in types of aid received. There are distinctive differences, however, between the three generalized measures of aid involvement and receipt of particular types of aid. The sharpest difference on the dependency measure involves block grants. A higher proportion (43%) of those heavily dependent on Federal aid obtain block grants contrasted with less dependent agencies (24%). Three categories of state agencies report high receipt of block grants: health, criminal justice, and welfare.

The diversity and complexity measures both show, as expected, sharp differences for all six types of aid. Of more interest are the contrasts by functional category of agencies. Both staff/fiscal and staff/elected agencies are higher on receipt of project grants than for any other type of Federal assistance. The respective receipt levels for the two agencies (68% and 57%) are still far below the receipt rates for health, education, and welfare agencies. More than nine of ten health agencies, for example, obtain project grants. As expected, the major line or functional agencies lead the way in receipt of most types of aid. No single functional group dominates the receipt of a particular type, with the possible exception of education in the acquisition of loan funds.

Somewhat surprising are the relatively low proportions for highways. One should expect that

Table IV-9

State Agency Receipt of Federal Aid and Agency Characteristics
Percentage of Administrators Heading Agencies with Various Characteristics
Who Receive Differing Types of Aid or Show High Aid Involvement

Agency Characteristics	Type of Aid Received					High Aid Involvement on:			
	Formula	Project	Block	Contract	Non-Matching	Loan	Complexity (3 or more types)	Diversity (4 or more sources)	Dependence (75%+)
Budget Size									
Smallest	26%	70%	18%	24%	11%	7%	14%	6%	22%
Medium	53	65	15	32	14	3	24	12	14
Large	50	79	42	40	21	3	43	22	19
Largest	94	76	39	44	35	7	58	33	5
Earmarked Revenues									
None	50	70	26	35	19	5	31	15	11
75%+	56	69	30	33	20	3	32	16	22
Federal Aid Dependency									
25% or less	43	71	24	33	14	5	24	17	—
75%+	51	61	43	30	28	2	35	8	—
Diversity of Sources									
One	47	52	19	22	10	2	12	—	18
Five+	88	94	48	74	55	15	84	—	8
Complexity of Types									
One	32	43	13	12	1	1	—	3	13
Five or six	98	100	93	100	95	34	—	66	7
Functional Category									
Staff/fiscal	32	68	21	21	21	0	16	5	5
Staff/elected	6	69	32	31	6	6	13	0	0
Education	84	87	30	57	43	23	64	44	5
Welfare	92	84	52	48	34	8	66	28	6
Highways	55	57	19	10	15	2	13	3	15
Health	94	93	64	56	51	7	83	56	3
Criminal justice	30	71	57	17	12	0	25	9	27
Total Sample	55	70	29	35	20	4	33	19	13

100 percent of all "highway" agencies receive formula funds. This is not the case, largely because "highway" agency heads include not only conventional highway (construction) units but also highway safety coordinators and motor vehicle agency directors.

Dependency, Diversity and Complexity. The presence of clear associations persists, when we consider the measures of aid involvement presented in the three right columns of *Table IV-9*. Of considerable interest are the relationships of agency budget size to the three measures. Size is positively related to complexity and diversity but negatively linked to dependence. Among the largest agencies only a small fraction (5%) relies on Federal funds for more than three-fourths of its budget. Among the smallest agencies this proportion rises to nearly one-fourth (22%).

The proportions change in the opposite direction for the other involvement indicators, such that well over half of the largest agencies receive three or more types of aid. Also, one-third of these agencies obtain Federal funds from four or more different agencies. Indirectly these patterns reveal the disappearance of the previously noted association between dependence and the other two involvement measures once the analysis is restricted only to those who receive Federal aid. The alteration and even reversal of the relationship are shown by the two pairs of percentages for the dependency variable under the complexity and diversity columns. Modest differences occur between the tabulated amounts but they are in the opposite directions. In short, among Federal aid recipients dependency appears unrelated to aid diversity and complexity. On the other hand, diversity and complexity are sharply and strongly linked (compare 12%-84% and 3%-66%).

The functional category of an agency shows wide and noteworthy differences on the aid involvement indicators. Only small fractions of the staff and line agencies shown in *Table IV-9* are highly dependent on Federal aid. Two categories of agencies (not shown) reveal high dependence on Federal aid. Agencies in the criminal justice and "other human resources" categories have, respectively, 27 percent and 68 percent of their agencies relying on Federal aid for more than 75 percent of their budgets.

The three HEW-type agencies of health, education, and welfare lead the way in having the most

diverse and complex aid involvement. Health is especially distinctive, with 83 percent of the agency heads indicating receipt of three or more types of aid, and over half secure funds from four or more sources. Response patterns for the highway category are again exceptional because of their low proportions. Here it may be a result of both the categorization scheme and the relative simplicity of highway aid funding strategies.

B. Contacts: Explaining Intergovernmental Interactions

The pattern of personal contacts of intergovernmental actors is, as has been noted, a central aspect of the system of intergovernmental relations. The nature, frequency, and relative emphasis of the contacts of officials with other actors in the governmental system established the ongoing character of intergovernmental relations. Here we are concerned with the contacts of state agency administrators. The pattern of contacts for these officials consists of three components: (1) horizontal contacts with other state-level officials, and (2) vertical contacts with (a) national and (b) local officials. The important features of the pattern of contacts of these state agency officials then include the frequency of contact with various types of officials at each level and the relative balance or predominance of state-Federal, state-state, and state-local contacts.

The marginal analysis indicated that for the entire sample of administrators contacts were nearly evenly balanced among the three contact "directions" and anchored at the state and Federal level to functionally specific types of officials.

This overall picture of the contacts, however, may be influenced by a variety of factors, of which we will examine two: (1) administrators' personal attributes and (2) agency characteristics. In the following section we explore relationships between contact patterns and clusters of administrator attributes: (a) program perspectives, (b) organizational relationships, and (c) career/position features. Subsequently we use characteristics of the agencies headed by administrators as independent variables to explain variations in intergovernmental contacts.

ADMINISTRATOR ATTRIBUTES

Program Perspectives. The three program perspectives focus aspects of administrators' attitudes

toward expansion. The first two can be usefully examined jointly for a combination of reasons, not the least of which is the strong association between the two variables.

Contacts with Federal regional personnel are significantly more frequent among state administrators — who respond that they would like to see a large (15% or more) increase in overall state programs/services — than they are among those administrators wanting no increase in state programs. (See *Table IV-10*.) A very similar pattern holds for the relationship between attitude on agency expansion and contacts with regional personnel. This greater frequency of contacts with regional personnel among expansion-minded administrators suggests the presence of an activist dimension present in intergovernmental interactions, i.e., intergovernmental contacts are pursued with high frequencies in attempts to marshal support or garner influence for expanding agency or state programs.

Contacts with the other national-level administrative officials (agency heads, White House/OMB personnel) show that the activism pattern does not extend to the upper reaches of the national administrative establishment. Relationships between the two expansion attitude variables and contacts with these other national-level officials is virtually non-existent and not statistically significant. There is a slight hint, however, that noteworthy differences are present in expansionist administrators' tendency to contact more frequently the members (or their staffs) of the U.S. Congress. The most marked differences, however, involve contacts with the regional personnel, the predominant type of official contacted at the national level.

We might expect that expansion attitudes might also show a significant relationship to interstate contacts, especially as they involve administrators of similar agencies on other states. Administrators who desire considerable expansion of state and own-agency programs do tend to have more frequent interstate contacts with administrators of similar and other agencies. The differences, however, are not dramatic. Expansion attitudes appear to be linked to state-level intergovernmental relations as well as national-state relations, with expansion-minded administrators engaging in more frequent contact with Federal regional officials and administrators in other states.

The relationships between the two expansion

variables and contacts with various local officials tend to be in the same direction, although the differences are less sharp and unmistakable. Attitudes toward agency expansion show negligible relationships with local-level contacts and are typically statistically insignificant. Contrastingly, attitudes on state expansion are consistently related positively to frequency of contact with all types of local officials. In this arena of interaction, the two expansion items appear to be tapping different aspects of expansion which are differentially relevant in the state-local context. One possible explanation for agency expansion "dropping out" relates to the purposes for which the contacts are pursued. National and interstate contacts may occur chiefly in connection with financial and professional support. Those may be lesser considerations in local level contacts where, instead of representing agency self-interest, the state agency head may tend to emphasize the broader concept of an increased state "presence." This would fit with the continued relationship of state expansion with local level contacts.

The third program perspective, state fiscal resources as a constraint on agency expansion, might be expected to be an influential factor with respect to frequency of national-state contacts. If an administrator thinks his state lacks fiscal resources and that fact constrains his agency, then a prime recourse is to seek Federal aid. Indeed, among those who rank this constraint first, those who already receive Federal aid are a disproportionately high percentage. Despite expectations we observe no important differences in contact rates throughout the intergovernmental system between the first-ranking and non-ranking groups of agency heads. These data fail to support the hypothesis that perceived constraints on agency expansion influence administrators' intergovernmental contacts, even though it is attractive to presume that such a perceived constraint would lead to increased efforts to "drum up" support at other levels through more frequent contact. Perhaps the relationship between state and agency expansion attitudes and contacts generally is not so much due to expansion-minded administrators marshalling support at other levels, especially nationally. Rather, perhaps the relationships arise because administrators are doing well, due to their being already "connected" in the intergovernmental system, and these links foster only modest inclinations to "do better."

Organizational Relationships. A second group of factors that may influence the frequency of the intergovernmental contacts includes three variables that establish the administrators' understanding of his agency's position in the state political/administrative structure. These include: (1) whether governor or legislature gives a more detailed review of the agency's budget request, (2) the administrator's preference for the governor, legislature, or independent commission to control the agency, and (3) the administrator's view of the degree of client influence on decisions affecting the agency.

Tabulations for only the last of these three variables appear in *Table IV-10*. The first two factors have at best negligible relationships with the frequency of administrators' intergovernmental contacts. The budget review and preferred control variables are not useful in illuminating agency heads' contacts. These state-level political relationships and preferences apparently do not prompt administrators to make external inter level adaptations.

The third organizational relationship variable, clientele influence, does appear to be a factor influencing frequency of contact. The relationships, while not dramatically different in percentages, are statistically significant and consistent. The higher the degree of clientele influence perceived by the administrator the more frequent the contacts with Federal regional personnel and with remaining national and other-state officials. Interestingly, perceived clientele influence does not show significant relationships with frequency of contact with local officials. This fact is further fragmentary evidence that in state-local interactions, power, self-interest, and group influence are subordinate elements in the perspectives and actions of state agency heads.

The meaning of the association between perceived clientele influence and national-level contacts might then be interpreted in several ways. Administrators who perceive clientele groups as influential may use them for either support or direct channeling of national-level requests initiated by the state agency. Alternatively, the high degree of influence by clientele groups may generate demands that require much more intergovernmental interaction to accommodate clientele claims. Further, those agency heads who perceive high clientele influence may be much the same ones whose experience (contacts) have confirmed the

interdependent character of the intergovernmental system. Clientele groups then become one additional important factor to be inserted in the equation of intergovernmental problem solving.

The career background variable of experience in Federal or local government is, with one exception, a relatively weak factor in relation to frequency of contacts. Previous Federal/local experience is not related to frequency of contact with any administrative officials — national, state, or local. However, previous local or Federal experience is related to the frequency of contact with U.S. Representatives and U.S. Senators. Administrators with previous national or local government experience are more likely than administrators without such previous experience to contact congressional officials (or their staffs) on a daily-weekly basis. While frequency of contacts with the predominantly contacted official at the national level (regional personnel) is not influenced by prior Federal or local service, the frequency of contact with the national policy-making officials who are infrequently contacted by state administrators is related to such previous experience. Perhaps previous other non-state employment highlights the importance of non-administrative vertical contacts, i.e., stepping outside the implicit role in which most professional administrators are attuned — of keeping administration separate from policy making. The stronger policy and political elements suggested by this exceptional pattern squares with the earlier finding that clientele influence is clearly associated with national-level contacts, including those with congressional sources.

The nature of the appointment process is consistently relevant in explaining administrator contacts. Some relationships are modest in magnitude, but they are statistically significant for frequency of contact with all national and local officials. The relationships are more clear and consistent wherever elected officials are found, i.e., national, city, and county. There is a notable degree of contact specialization, with elected state officials more likely to contact elected counterparts at the national and local levels. There is a hint that this specialization operates in reverse fashion for agency heads appointed by the governor or under civil service regulations. Note the higher rates of contact these two groups of administrators have with regional personnel and similar agency heads in other states. These patterns fit with our common

Table IV-10

Intergovernmental Contacts and State Administrator Attributes

**Percentage of State Agency Heads with Various Characteristics
Having Daily or Weekly Contact with National, Other State, and Local Officials**

Administrator Attributes	Types of Governmental Officials Contacted								
	Regional	National Agency Heads	Congress- ional	Other States Similar Agency	Other Agency	City Elected	City Appointed	Local Elected	County Appointed
Expansionism									
State: High	43%	13%	12%	30%	12%	33%	36%	36%	38%
None	27	10	5	21	7	24	24	28	28
Agency: High	41	12	12	29	11	31	34	35	36
None	26	10	5	20	7	30	28	29	28
Resource Constraints									
1st ranked	40	13	13	26	10	32	34	32	31
Unranked	35	10	8	25	8	28	31	33	34
Clientele Influence									
Highest	46	16	15	29	13	29	32	31	30
None	23	9	5	22	9	27	27	31	27
Federal or Local Job Experience									
Yes	36	14	15	29	11	31	33	34	34
No	36	12	9	25	9	29	31	31	32
Appointment									
Election	21	11	20	22	11	41	35	59	42
Governor (alone)	39	15	14	28	8	35	39	34	37
Board or commission	34	11	9	26	11	23	25	24	23
Civil service	41	10	5	29	19	29	34	30	36
Total Sample	36	12	10	26	10	28	28	31	29

sense notions and other data. They support the broader observation that there are selective but systematic patterns present in these intergovernmental interactions that appear in spite of the crude measurement handles we have on them.

AGENCY CHARACTERISTICS

Generally speaking, administrator attributes are of limited and selective utility in explaining patterns of contacts by state administrators with other officials in the intergovernmental system. And some of the relationships are intuitively tied to agency characteristics. Thus, the relationships of state and agency expansionism and client influence perceptions to more frequent contact with federal regional personnel may reflect a difference in orientation resulting from agency features, e.g., staff-generalist vs. line-functional. This is especially the case for appointment method, which appears as an administrator characteristic. It also involves agency distinctions in the sense that a state's legal/administrative structure prescribes certain appointment procedures for roughly similar agencies across most states.

These comments lead to the observation that agency characteristics should show more pronounced and potent patterns in explaining intergovernmental interactions. That is, specific features of an agency head's place in the institutional structure are expected to disclose more clearly factors underlying the development of intergovernmental interactions. The heavy significance of the intergovernmental fiscal relations also leads us to expect that fiscal and especially Federal aid variables would be most relevant. The data summarized in *Table IV-11* bear out several of our expectations.

Those results strongly suggest a combination of agency characteristics consistently associated with greater contact frequency with national officials and usually with state and local officials as well.

Size of agency budget is one of these characteristics. The heads of larger agencies are markedly more likely to have daily or weekly contact with national officials of every type. Nearly one-fourth of the heads of the largest agencies have daily or weekly congressional contacts. The differences are less dramatic with respect to local officials, but there, too, administrators of larger agencies have more frequent contacts. The pattern disappears

when horizontal (interstate) contacts are considered. State boundaries, as we suggest elsewhere, are intergovernmental barriers not easily surmounted. Among the heads of the largest agencies, congressional contacts are at a level equal to those of an interstate, common-agency character.

We have already acknowledged that size is closely linked to the three Federal aid measures. Size may therefore be a substitute or mediating variable for the Federal aid variables which we expect to exert powerful influences on contacts. Our expectations about Federal aid associations are confirmed. Some of the most marked contrasts in frequency of contact are between the administrators of agencies highly dependent on Federal aid and those with little or no dependence on Federal aid. The extreme case involves contacts with key national level officials for these administrators, i.e., Federal regional personnel. Nearly three-fourths (74%) of the highly dependent administrators contact regional personnel daily or weekly, while less than one-fourth (22%) of the administrators of agencies totally independent of Federal aid make such frequent contacts. A subsidiary and interesting question would be an effort to explain why as many as 22 percent of these agency heads have such frequent Federal regional contacts but do not receive Federal aid. The pattern of greater frequency of contact among highly dependent agency administrators holds for officials at all three levels.

This suggests an important aspect of the intergovernmental interdependency issue. A greater degree of fiscal interdependency appears to accompany a more interactive pattern of intergovernmental administrative behavior. The direction of causation might be raised as an issue. On the one hand, administrators make frequent contacts as part of a process of trying to generate more Federal aid support. The more intergovernmentally active thus become more successful aid recipients. On the other hand, it could be argued that greater dependence upon Federal aid leads to more frequent contacts. The administrator of an agency with a large proportion of its budget tied to Federal aid must make frequent contacts with Federal officials regarding the administration of the funds.

We suggest that both arguments are probably applicable and that the association between Federal aid dependency and more frequent intergovernmental interaction is a reciprocal one. That is, administrators of agencies already linked to an

Table IV-11

Intergovernmental Contacts and Agency Characteristics

Percentage of Administrators Heading Agencies with Various Characteristics Who Have Daily or Weekly Contacts with National, Other State, and Local Officials

Agency Characteristics	Types of Governmental Officials Contacted								
	Regional	National Agency Heads	Congressional	Other States Similar Agency	Other Agency	City Elected	Local City Appointed	County Elected	County Appointed
Budget Size									
Smallest	31%	6%	4%	26%	10%	23%	29%	27%	27%
Medium	40	13	12	26	9	30	28	37	35
Largest	43	16	23	23	10	33	35	36	39
Earmarked Revenues									
None	32	11	9	24	8	28	31	31	31
75%+	43	14	9	28	11	31	33	32	35
Federal Aid Dependency									
None	22	7	6	20	8	21	22	25	25
75%+	74	33	11	37	8	35	39	37	37
Diversity of Sources									
None	22	7	6	20	8	21	22	25	25
One	46	13	10	27	7	32	35	32	31
Seven	42	25	26	30	15	40	42	43	40
Complexity of Types									
None	22	7	6	20	8	21	22	25	25
One	38	13	10	26	11	35	41	36	39
Five	50	22	26	28	11	33	31	42	42
Functional Category									
Staff/fiscal	13	7	5	13	4	24	20	24	18
Staff/elected	13	5	9	16	10	34	29	53	40
Education	29	20	21	37	11	13	11	16	13
Welfare	43	12	22	18	12	16	19	24	36
Highways	47	8	16	28	10	53	57	52	58
Health	36	8	12	16	6	20	26	32	34
Total Sample	36	12	10	26	10	28	28	31	29

interdependent fiscal system are probably "pulled" into a more intensive and continuing interactive role. Also, agency heads holding certain policy perspectives and heading particular agencies, e.g., large ones, are "pushed" into the arena of intensive intergovernmental interactions. We should also note that these interactions are not confined to national-state exchanges. For example, aid dependency affects interstate as well as state-local contacts. This tends to confirm the interdependency thesis that intergovernmental relations need to be viewed as a closely related set of forces that require multipronged problem-solving strategies. In the words of ecologist Garrett Hardin, "You can never do just one thing."

The foregoing discussion is also applicable to the relationships between diversity and complexity of the agency's Federal aid on the one hand and frequency of intergovernmental contacts on the other. That is, diversity and complexity as well as dependence on Federal aid are associated with a more interactive role by the agency head across the entire range of intergovernmental officials, national, other state, and local.

We should mention the two categories of inference that may be drawn from the tabled data on Federal aid variables and contacts. The first is the degree and significance that receipt (as contrasted with non-receipt) of Federal aid makes in administrator contact patterns. With only a minor exception the differences between administrative recipients and non-recipients are large and significant. Federal aid *does* make a difference insofar as structuring intergovernmental contacts for state agency heads. But among those who receive Federal aid, is there a difference in their contact patterns that hinges on the degree or depth of aid involvement? Here the data, the differences, and the conclusions are less clear. Generally speaking, however, some noteworthy differences do persist among aid recipients with varying involvement. The most evident involve contacts with congressional sources and Federal agency heads where greater diversity and complexity are associated with higher contact rates.

Two broader observations follow from these aid-contact patterns. First, frequent interactions with top national policymakers remain the exception rather than the rule for state agency heads. Second, there is a combination of conditions that are conducive to departures from a traditional model that emphasizes the separation of adminis-

tration from the policy-making arena. Indirectly, these results could be construed as confirming the strong elements of policy making and politics in the conduct of intergovernmental programs.

The agency characteristics contributing to distinctive contact patterns have all been fiscal, i.e., budget, Federal aid. Another fiscal indicator, earmarked revenue, is not a consistent or significant factor in explaining contact patterns. There is a slight and significant relationship between earmarked funds and contacts with Federal regional personnel, a relationship that is not easy to interpret. Generally, however, dependence upon earmarked revenue is not associated with intergovernmental contacts. Rather, as the previous discussion has consistently concluded, the prominent agency features related to contacts are those that establish the agency's position in the Federal fiscal domain.

A further and final agency characteristic is the functional category classification. Table IV-11 provides tabulations which suggest that this variable is generally and significantly related to frequency of contact with other governmental officials. The contact patterns vary somewhat from one type of official to another, but the overall pattern is one that sets the generalist-staff agencies apart from the line-functional agencies. For example, the administrators of functional agencies such as education, welfare, and highways are more likely to have frequent contact with Federal regional personnel or with U.S. Representatives and Senators or their staff than the staff-generalist administrators.

This is consistent with the picket fence conceptualization of intergovernmental relations where functional specialist administrators are oriented toward vertical contacts, which are functionally and professionally focused and which cut across governmental levels. Generalist or staff administrators are less oriented toward vertical contacts because of their concentration of concerns within their own governmental jurisdiction. To the extent that the generalist state administrator emphasizes vertical contacts, they will be vertical "down" — i.e., contacts with local officials in the state. Overall, the interactions of the generalist agency administrator are not conditioned by or anchored to autonomous professional groups that span governmental jurisdictions.

The functional or professional feature varies with the type of official to be contacted. Local

school officials, for example, are the most frequent contact points for educational agency administrators. Education is a potent professional base around which strong and specialized official linkages exist and where other professional types are almost totally irrelevant. Staff-generalist administrators, while much less involved than education agency heads, are more likely than other administrators to have frequent contact with school officials.

In contacts with city and county officials, whether elected or appointed, two types of agency heads have the highest contact rates, highway and staff-elected officials. The prominence and extensiveness of the highway administrators are understandable given the ubiquitous nature of road-related functions in cities, counties, and the states. Less immediately explicable are the daily-weekly contact rates for the elected-staff administrators of 31 percent to 51 percent with local officials. When we recognize and emphasize that these are elected agency heads, their heavy local orientations become more understandable. Not only are they pursuing the programs of their respective agencies but they are actively cultivating their actual and potential electoral constituencies.

At least three themes appear to be most prominent in understanding the patterns of intergovernmental interaction as they are exposed to examination with agency variables. First, Federal aid receipt patterns exert a strong patterning influence on the frequency of state agency heads' contacts with virtually all other intergovernmental actors. Second, policy and political forces appear to enter and help explain several distinctive patterns of state-national and state-local contacts. Third, the broad distinction between staff-generalist and line-functional officials provides an additional and provisional basis for sorting out and comprehending the regularities in intergovernmental contacts.

C. State-Local Issues

As indicated in the analysis in Part I, the overall tenor of responses to these state-local issues is one of preference for a more predominant state role with respect to local government and particularly to urban problems. About three-fourths of the agency heads concurred on increased urban involvement, and majorities expressed agreement on three specific state-local policy items of increased state financial assistance, state property tax relief,

and state setting of performance standards. Only on the question of giving increased power to regional grant review agencies was there less than a majority in agreement. What administrator attributes and agency characteristics contribute to an understanding of the variation in responses to these five items by state administrators?

ADMINISTRATOR ATTRIBUTES

Programmatic Perspectives: Expansionism. There is one illuminating feature about the pattern of relationships between the state administrator's programmatic perspectives and views on state-local issues. (See *Table IV-12*.) None of the program perspectives on expansionism are related to responses on increased state involvement in urban problems. One might expect that administrators wanting the most overall state (or agency) program expansion would be more likely to favor increased state involvement in urban problems. The reverse expectation might apply for administrators who highly rank the lack of state fiscal resources as a constraint on their agency. These may be less likely to favor increased state involvement in urban problems, because that involvement would be an additional claim upon already limited resources as perceived by the agency head. These expectations are not substantially supported by the data. There are slight percentage point differences within the relevant pairs of proportions in *Table IV-12*, but these do not approach statistical significance, and in the case of resource constraints, the difference is in a direction opposite to the one we hypothesized.

One potential reason for the absence of relationships lies in the skewed distribution of responses to increased state involvement in urban problems. The overwhelming agreement by agency heads on this item suggests that it might be called a "red flag" issue for state administrators. One result of recent and heavy criticisms of state government for failing to lead in solving urban problems may be "knee jerk" reaction from state administrators. They may be responding in an unthinking and automatic fashion to this item as a conditioned reflex against state-leveled criticisms. A further factor contributing to explanatory as well as interpretative understanding of this item is its generality. Neither the nature of state involvement nor the character of the urban problems is specified. These conditions allow for wide ranging subjectivity on the part of respondents.

Table IV-12

State-Local Issues and State Administrator Attributes

Percentage of State Agency Heads with Various Characteristics Expressing Agreement on State-Local Issue Statements

Administrator Attributes	State-Local Issue				
	More State Involvement in Urban Problems	Provide Increased State Aid	Provide Property Tax Relief	Strict State Performance Standards	More Power to Regional Grant Review Agencies
Expansionism					
State: High	83%	65%	56%	65%	41%
None	78	44	56	47	31
Agency: High	83	61	56	61	40
None	78	48	58	48	34
Resource Constraints					
1st ranked	85	58	58	57	40
Unranked	80	52	52	59	38
Budget Review					
Governor	83	57	55	57	41
Legislature	81	57	54	61	42
Preferred Control					
Governor	84	55	56	56	39
Legislature	79	60	58	56	45
Independent commission	83	55	56	65	40
Clientele Influence					
Highest	81	46	52	50	44
None	81	56	53	58	35
Federal or Local Job Experience					
Yes	83	60	63	53	43
No	82	53	53	60	38
Appointment					
Election	79	54	68	51	39
Governor	83	54	53	58	40
Board or commission	79	53	51	61	38
Civil service	78	52	66	67	39
Total Sample	82	55	56	58	40

Less generality and potential ambiguity are present in the issue of increased state aid to local governments. For this specific issue, administrators who are pro-expansion at both state and own-agency levels are markedly more likely than administrators wanting no expansion to favor increased state aid to local units. Administrators' views on lack of state fiscal resources as an agency constraint are unrelated to this item, despite the fact that increased state aid to local units more explicitly involves the type of financial commitment that administrators constrained by lack of fiscal resources might be expected to oppose. The slight difference here (and for property tax relief) is the reverse of our expectations. The noteworthy associations between the two expansion variables and increased state aid lend support to our developing notion that an activist, assertive outlook by state agency heads may be an underlying dimension that structures their views on inter-governmental issues.

This activism component is not, however, supported by tabulations on the property tax relief item. The differences within the paired percentages are inconsequential. Apparently the role of the state in providing additional property tax relief is either not part of the spectrum of inter-governmental issues associated with activism attitudes, or else other variables are affecting the expected relationship. The latter circumstance could be important. The responding administrators come from states with widely differing property tax levels, and these state-type features (or "facts") could have an important bearing on administrators' views in the different states. We should also note that such state-specific effects could be present and affect the state aid item. If, for example, we looked only at administrators from states that were low in state aid, we might find the pronounced expansion-aid link even more dramatic.

Further encouragement for the expansion/activism attitude component is provided by the last two state-local issues, performance standards and powers of regional review agencies. In three out of the four pairs of percentages the numerical differences are at or exceed ten percentage points. Administrators desiring the greatest expansion are most in agreement with the imposition of strict state performance standards for local government services. These same pro-active agency heads are also in greater agreement with the granting of increased authority to regional agencies to review

applications for Federal grants. For both of these items the resource constraint variable does not disclose significant differences.

It is useful to speculate at least briefly on the reasons why the agency and state expansionism variables explain differences on the state aid, performance standards, and regional review items but are not related to the urban problems and property tax relief issues insofar as we have examined them. One criterion that divides the five issues into these two groups is one of administrative or organizational relevance. The three items related to expansionism have fairly direct implications for state administrators and their agencies. The two non-related items have, we submit, only general and at best indirect links to issues that state agency heads customarily confront. We are suggesting, in effect, that there may be at least two levels of issues involving state-local relations, general and operational, and that agency heads' attitudes contribute best to our understanding the latter.

Organizational Perspectives. Three aspects of the organizational relationships of the agency heads were examined for the contributions they might make to an understanding of views on state-local issues. Not unexpectedly, there is little to be gained from these state-level influence perspectives. The administrator's view of whether governor or legislature gives more detailed agency budget review, his preferences as to institutional control over the agency, and perceptions of degree of client influence on the agency are, with few exceptions, not associated with administrator attitudes on any of the state-local issues.

Career/Position Attributes. Federal-local governmental experience and appointment method are the final administrator attributes explored in this analysis of state-local issues. The paired percentages for non-state governmental experience show a significant difference only on the property tax relief issue. Administrators with such job experience (which tends to be heavily local) are more likely to agree with the need for state action to provide tax relief. Intergovernmental job experience adds virtually nothing to our search for an understanding of administrators' views on state-local issues.

Appointment method, elsewhere a recognized element in aid receipt and contacts, contributes little to our purchase on this set of dependable

variables. There are distinct percentage-point differences within the two sets of proportions on the tax relief and performance standards issues. Curiously, the elected and civil service agency heads are in highest and closest agreement on property tax relief. When it comes to strict performance standards, however, these two groups are farthest apart. Two-thirds of the civil servants favor strict

standards; about half of the elected administrators take the same position. Elected administrators' sensitivity to a "popular" issue like tax relief and their caution regarding a potentially volatile issue such as "strict performance standards" come through noticeably despite the crudeness of our methods and measurements. This mini-finding does not blunt the broad conclusion concerning

Table IV-13

State-Local Issues and Agency Characteristics

Percentage of Administrators Heading Agencies with Various Characteristics Expressing Agreement with State-Local Issue Statements

Agency Characteristics	State-Local Issue				
	More State Involvement in Urban Problems	Provide Increased State Aid	Provide Property Tax Relief	Strict State Performance Standards	More Power to Regional Grant Review Agencies
Budget Size					
Smallest	78%	52%	56%	53%	38%
Medium	85	57	62	65	43
Largest	87	60	59	56	36
Earmarked Revenues					
None	81	56	56	57	40
75% +	84	55	56	60	42
Federal Aid Dependency					
None	77	49	56	53	38
75% +	88	67	64	58	41
Diversity of Sources					
None	77	49	56	53	38
One	84	55	55	60	40
Seven	91	78	69	51	43
Complexity of Types					
None	77	49	56	53	38
One	84	53	51	59	40
Five	93	82	71	52	53
Functional Category					
Staff/fiscal	81	47	58	49	39
Staff/elected	80	53	63	51	33
Education	87	70	76	54	38
Welfare	86	61	65	68	43
Highways	82	46	46	39	28
Health	90	78	55	74	43
Total Sample	82	55	56	58	40

the range of administrator attributes and state-local issues examined here. The former group of independent variables lends precious little to our assessment of administrators' views on this group of state-local issues.

AGENCY CHARACTERISTICS

Initial inspection of the first two agency variables in *Table IV-13* does not increase our optimism about achieving improved insights. Neither agency budget size nor earmarked revenue discloses promising leads for explaining administrator opinions on state-local issues.

Federal Aid Involvement. But the three characteristics that directly measure aspects of the agency's involvement in the Federal aid system are significant for some of the state-local issues. Our discussion of intergovernmental contacts noted that dependence and complexity are all part of a more general dimension having to do with the degree of involvement of the agency in fiscal interdependencies.

That same dimension appears to be a relevant consideration here. For example, increasing the state's involvement in solving urban problems is widely supported. Nevertheless, administrators of agencies more highly dependent upon Federal aid, and with greater diversity or complexity of Federal aid receipt, are even more likely to favor increasing state involvement in urban problems. Proportions favorable among the most highly involved, aided administrators approach or exceed nine out of ten.

A similar pattern with even more pronounced differences holds for the specific issue of increased state aid to local governments. Administrators more deeply connected in the Federal aid matrix are much more likely to favor increased state aid to local units. About half of the non-involved or least involved administrators favor increased state aid. Among agency heads most involved with Federal aid two-thirds to four-fifths concur with the need for more state aid.

These findings point to the possible presence of an interdependency dimension as a factor conditioning attitudes on these issues. Apparently administrators of agencies which are more highly enmeshed in fiscal interdependencies with the national government are more likely to view the need for similar interdependencies between the state and local levels, as indicated by responses favoring

state-local policy suggestions that broadly imply, or more specifically propose, such state-local interdependencies.

If interdependency is present as an attitude dimension, we would expect patterns to appear on the property tax relief issue, another manifestation of state-local fiscal interdependency. The relationships tend to confirm our expectations, although they are not as sharp and clear as anticipated. The administrators of the more dependent agencies and those heading ones with diverse or complex aid receipt characteristics are uniformly more likely to favor property tax relief.

The issue of state performance standards for local government is of a somewhat different character. It deals less or not at all with fiscal interdependency between state and local levels. Rather, the issue, as noted earlier, focuses more on administrative and regulatory considerations. We might still expect the broad dimension of interdependency to apply. That is, administrators of agencies highly involved in national-state fiscal interdependencies would be more oriented toward state-local interdependence, fiscal or otherwise. However, there is little evidence to support the extension of the interdependency dimension beyond the fiscal domain. The three federal aid measures are not clearly and consistently associated with the performance standards variables.

Nor, for that matter, do the Federal aid indicators provide much explanation for variation in views on the power of regional review agencies. We had a rationale supporting expected relationships on the grounds of interdependency. The regional grant review system relies on the notion of rationality in concerted intergovernmental action. Support for more power in the hands of regional grant review agencies would be a logical part of an orientation that stresses intergovernmental interdependencies. We, therefore, expect that characteristics which identify the agency as more highly involved in fiscal interdependencies would be related to administrator support for the regional grant review issue. Only percentages for the complexity variable are sufficiently different to lend empirical support to our expectations, although the slight differences on dependency and diversity do run in the expected direction. In short, our hypothesis about intergovernmental interdependency both springs from and seems largely confined to the fiscal realm.

Functional Category. The functional classification of the agency tabulated by the various state-local issues provides the basis for several observations. For most issues the broad distinction between functional agency heads and generalist administrators is fairly clear. The generalist agency administrators are less likely than functional administrators in health, education, and welfare to favor property tax relief, increased state aid to local government, performance standards, and even increased state involvement in urban problems. Highway agency heads are a conspicuous exception, however.

Earlier we concluded that generalist administrators, especially elected ones, were more involved with state and local contacts, while functional specialists were more oriented toward the vertical functional patterns of national and local contacts. It seems surprising, therefore, that generalists should be less supportive of issues which suggest a greater state role *vis-a-vis* local units. Greater support for state action among some functional administrators might be explained in two ways.

First, certain functional specialists are much more involved with Federal aid than generalists. The interdependency argument would be relevant here. Functional administrators highly enmeshed in Federal-state fiscal interdependencies may be more convinced of the utility of increased state-local interdependence as measured by affirmative responses on these fiscal and non-fiscal issues. Second, the higher local-level contacts of the functional administrators with appointed local officials may provide interaction and information channels that are more persuasive to the functional administrators than to the generalist agency heads. Functional specialists would therefore be more convinced of the need for state action and respond accordingly. Third, the functional agency heads are among those less committed to state government as a distinct governmental entity when contrasted with the state orientation of the generalists. To the extent that these differing mind sets or orientations apply, we might expect the functional types to be least concerned about committing the state to more local-level involvement (i.e., more in agreement on the state-local issues) and the generalists most cautious about committing (or over committing) the state to increased local obligations.

We should hasten to acknowledge that none of

the above interpretations apply to or help explain why highway agency heads are so exceptional in their views on state-local issues. Almost without exception they present, as a group, the most "conservative" stance on increased state involvement. They are even less inclined to support state action than the generalist administrators. The forces contributing to highway administrators' distinctive views are not easily discerned. It would be easy, too easy, to explain them by reference to professionalism, protectionism, and indifference to intergovernmental affairs. More thought and analysis are needed to untangle the reasons for this unusual attitude set by a specific (but not singular) grouping of functional agency heads.

Our search for a clear understanding of the bases of administrators' views on state-local issues has not been especially fruitful. Selected independent variables such as Federal aid involvement are linked to state-local fiscal issues. The functional categorization of agencies highlights some attitude differences between functional and generalist administrators. But there appears to be no consistent set of independent variables that contributes to understanding agency heads' views on the full range (of only five) issues we have examined here.

D. State-National Issues: Authority Relationships and Federal Aid Issues

The shift from state-local issues to those involving state-national relationships provides us with a much broader range of policy variables on which to focus attention. The issues fall into the two groupings of state-national authority relationships and Federal aid issues. Within the latter category is a subset of three items centering on administrators' views on the funding levels of categorical grants, block grants, and general revenue sharing. The standard sets of independent variables grouped by administrator and agency characteristics will be explored across the full range of 11 state-national issue variables.

ADMINISTRATOR ATTRIBUTES

State-National Authority Issues. We noted in Part I that state agency heads are overwhelmingly in favor of channeling national-local contacts through the state. Agreement with channeling implies a view that the state's role is an important or central one in the U.S. federal system.

Program perspectives. To the extent that a key state role is implied by the channeling issue, we might expect administrator attitudes on expansionism to be positively related to pro-channeling responses. Expansion of state and agency programs also implies view of state prominence, if not predominance, in the intergovernmental system. A weak relationship does, in fact, appear for the state

expansion variable but not for agency expansion. Administrators favoring overall state program expansion are more likely to agree with state channeling of national-local relations. (See *Table IV-14.*) Perceptions of lack of state fiscal resources as an agency constraint are not associated with the channeling item, however. Variable support for channeling contacts through the state is appar-

Table IV-14

State-National Authority Relationships and Administrator Attributes

Percentage of State Agency Heads with Various Characteristics Expressing Agreement with State-National Issue Statements

Administrator Attributes	State-National Issue			
	Channel National Local Contacts Thru the State	Greater Decentralization to the States	Strict National Performance Standards	Assignment (or Separation) vs. Sharing Programs
Expansionism				
State: High	87%	86%	54%	48%
None	80	91	45	57
Agency: High	85	87	53	48
None	82	92	44	52
Resource Constraints				
1st ranked	88	88	53	49
Unranked	83	89	45	51
Preferred Control				
Governor	87	92	44	49
Legislature	84	85	51	50
Independent commission	83	84	56	50
Clientele Influence				
Highest	82	90	43	50
None	77	90	52	61
Federal or Local Job Experience				
Yes	85	90	46	48
No	85	86	51	50
Appointment				
Election	78	91	47	51
Governor	89	91	48	50
Board or commission	83	81	52	49
Civil service	91	90	50	58
Total Sample	85	88	49	50

ently viewed more as a matter of general principle rather than as a strategy that arises from own-agency aggrandizement. If state expansion perspectives are associated with channeling of relationships, then pro-decentralization views might also be related to a constellation of agency and state expansion perspectives.

There is a relationship between state expansion perspectives and decentralization. Surprisingly, however, the relationship, while slight, runs in the opposite direction from what might be presumed. Administrators wanting the most increase in state programs are more likely to disagree with increased decentralization. Expansionist attitudes, while associated with attitudes reflecting a more key role for the state in the intergovernmental system, do not imply expansion that usurps or takes over existing Federal activities or authority. As noted and discussed later, expansionist attitudes and views involving a more active role generally do not necessarily accompany a critical attitude toward the Federal authority or Federal aid relationships. To some extent the reverse appears to be true; i.e., activist, expansionist, pro-state attitudes suggest substantial recognition of Federal contributions and a more favorable attitude toward significant state-national linkages.

We should note that agency expansion views are not associated with attitudes on decentralization. Attitudes on agency expansion may be conditioned by at least two elements potentially at odds with each other. On the one hand, agency expansion might be, as suggested earlier, one component of a larger outlook on the critical role of the state generally. In this respect it would not be linked to a zero-sum perspective on expanding one's own agency at the expense of other state agencies or the national government. On the other hand, an expansionist attitude toward agency programs may reflect narrow, agency-centered, functional aggrandizement separate from notions of a broader state role. The latter aspect of agency expansion would be tied to attitudes and assumptions about maximizing agency interests in the existing intergovernmental system. These two conflicting interpretations of the agency expansion attitude may cancel each other out on an issue like decentralization. Consequently, no clear relationship between agency expansion views and greater decentralization (or other state-national issue) emerges.

Not only are the components of agency expansion uncertain but, as indicated in Part I, the mean-

ing of decentralization for administrators is by no means settled. In the context of widespread support for decentralization from the national government to the states, it appears inconsistent that more administrators would agree than disagree with strict national performance standards. The relationship between state expansion attitudes and performance standards clarifies and suggests an answer to that apparent inconsistency. Administrators who want no increase in overall state programs are more likely than pro-expansionists to favor national performance standards. (See Table IV-14.) National performance standards are not viewed as interfering national devices or impositions upon state autonomy or prerogatives by a majority of those administrators who exhibit activist, expansionist attitudes. We might speculate that national performance standards are viewed by expansionist state administrators as having potentials for increasing state participation in the intergovernmental system.

These speculations are reinforced by the relationship that appears between attitude on expansion of state programs and the separation rather than sharing of programs. On this issue administrators who prefer little or no increase in state programs overall are more likely than the pro-expansionists to favor the assignment (separation) of programs to one level or the other rather than sharing. Administrators desiring greater increases in state programs are more likely to disagree with the philosophy of sorting out programs.

Additional evidence supporting the state pro-activism and pro-national attitude convergence surfaces in the agency expansion variable. Relationships of this variable to the performance standards and assignment variables are consistent with the line of argument advanced above. There is even a significant positive association between agency expansion and preference for strict national performance standards. We might also add that the resource constraint variable in relation to the four dependent variables reveals differences that are consistent with the other expansion variables, although none of the associations are significant. There appears to be a constellation of expansionist, pro-state views linked with a greater recognition of closer, tighter, interdependent intergovernmental relations.

Organizational relationships. Are administrators' perceptions of important state-level or-

ganizational relationships associated with state-national authority issues? We might expect that administrators' perceptions of control and influence relationships would be relevant to these intergovernmental issues. Our anticipations are not clearly or consistently fulfilled.

The relationships involving governor/legislator review of budget requests are insignificant and insufficient to warrant presentation. The two variables of preferred control and clientele influence show interesting but isolated associations. Administrators who prefer gubernatorial control are more inclined to favor decentralization and less inclined to agree with the need for strict national standards. These relationships suggest that gubernatorially oriented administrators are more likely to exhibit the pro-state attribute features described above. However, these administrators do not exhibit other features developed throughout the previous analysis. The tendency to support increased linkages of interdependencies with the Federal government does not emerge. A reversal of outlooks in fact appears, and these governor-oriented administrators express views that are not compatible with pro-national and interdependency orientations. Similarly, administrators perceiving high clientele influence on their agency are also less inclined to support national performance standards. Apparently, administrators' views, of organizational relationship in their states do not tap the same cluster of attitudes observed previously. Not surprisingly, there appears to be a more state-protective or defensive stance that creeps into attitude patterns elucidated by these state-level independent variables.

The two administrator attributes of job experience and appointment method are questionable factors influencing attitudes on state-national authority relationships. We might again expect isolated or singular relational patterns to appear. However, not even selected and noteworthy differences stand out. Perhaps the one feature deserving comment is the fact that civil service appointed agency heads are the highest group favoring channeling national-local contacts and also most preferential toward assigning or separating programs. There appears to be a tinge of agency self-interest in these predominant response patterns.

This analysis of administrator characteristics and attitudes on state-national authority relationships indicates the presence of support for a more predominant state role combined with a cluster of

attitudes which emphasize national-state interdependencies rather than a usurping version of decentralization. However, other relationships suggest another dimension to the pro-state attitude which emphasizes state versus national concerns.

Federal Aid Issues. The most distinctive feature of relationships between Federal aid issues and administrator attributes is the extent to which these relationships extend and support patterns identified in the analysis of Federal-state authority relations. (See Table IV-15.)

Program perspectives. Two Federal aid issues, skewing and national interference, implicitly involve objectionable effects of Federal aid. These offer major opportunities for state-prerogative supports to express stronger anti-national sentiments. Instead, all three programmatic perspectives linked to expansionism are negatively associated with interference-oriented views. Pro-state expansionists are less inclined to see Federal aid as interfering in state affairs. Furthermore, there are no significant associations between the program variables and views that Federal aid unbalances state programs. Critical attitudes toward Federal interference, while preponderant for administrators overall, are more pronounced among anti-expansionist administrators.

We would like to obtain a complementary result by finding a positive relationship between one or more program perspectives and an implicitly positive feature of Federal aid, i.e., its stimulative effect on state programs. We are not rewarded in our search, since there are no significant links between higher expansion inclinations and agreement that Federal aid does stimulate state programs and services.

The foregoing discussion also leads us to expect a relationship between the program perspectives and views on channeling Federal aid to local units through the states. It suggests that pro-expansion administrators are more likely than the others to favor channeling Federal aid through the states. The differences within the paired percentages are in the expected direction, but only overall state expansion shows a significant difference. This positive relationship between state expansion and channeling, together with pro-state prerogatives it implies, is not necessarily anti-national. It seems more likely that the sentiments are part of the attitude complex that also includes support for more national-state interdependency. Support for Fed-

Table IV-15

Federal Aid Issues and State Administrator Attributes

Percentage of State Agency Heads with Various Characteristics Responding "Yes" or "Too Little" on Federal Aid Issues

Administrator Attributes	Federal Aid Issues						
	Channel Aid to Local Government Thru State	Aid Stimulates State Programs	Aid Skews or Unbalances State Programs	Aid Leads to National Interference	Funding Level too Categorical Grants	Block Grants	Little for: General Revenue Sharing
Expansionism							
State: High	89%	98%	81%	79%	47%	63%	57%
None	80	93	80	89	22	38	50
Agency: High	87	97	81	80	45	62	55
None	82	96	81	88	14	39	52
Resource Constraints							
1st ranked	88	98	82	76	44	58	54
Unranked	85	96	82	86	27	48	47
Preferred Control							
Governor	89	97	85	84	32	55	58
Legislature	80	97	75	79	43	54	50
Independent commission	84	97	80	77	39	49	46
Clientele Influence							
Highest	84	96	79	81	36	49	56
None	80	95	83	80	28	45	55
Federal or Local Job Experience							
Yes	82	96	81	82	37	59	52
No	88	97	82	81	37	51	54
Appointment							
Election	72	95	78	82	29	47	56
Governor	92	97	84	85	28	58	53
Board or commission	83	98	79	76	41	56	45
Civil service	88	98	87	81	36	45	54
Total Sample	86	97	82	81	36	54	53

eral aid channeling viewed in this context is less a manifestation of disfavor with the Federal role than it is a desire for increased cooperation between Federal and state governments on aid questions. (Later, however, we suggest in a different context, that there are negative connotations to the aid channeling issue such that a state versus national posture is present.)

Our observations about program perspectives and aid issues carry over into the analysis of the relationships between the program perspectives and the adequacy of funding levels for each of the major Federal funding strategies—categorical grants, block grants, and general revenue sharing. For these three items more than any others pro-expansionist views and support for more Federal-state interdependency (in the form of higher levels of funding) are clearest. Administrators desiring the greatest increases in state or agency programs are far more likely than other administrators to see existing funding levels as too little for both categorical grants and block grants. For general revenue sharing the differences are greatly reduced. (Among non-expansionist administrators nearly a majority feels that the funding level of categorical grants is already too much.) Administrators most concerned about the lack of state fiscal resources as a constraint on agency expansion are also more likely than other administrators to see funding levels as too little for all three aids. The absence of large and clearcut differences for revenue sharing may arise from the comparative novelty of this funding strategy. It may be that state administrators' attitudes have not yet solidified with respect to GRS.

Organizational relationships. As we consider the impact of organizational relationships upon Federal aid attitudes, it is important to recall the distinction developed in our analysis of state-national authority relationships. We found that pro-state expansionism was associated not with opposition toward Federal influence but with a more positive view of Federal-state linkages. Similarly, our analysis of the Federal aid issues disclosed that pro-state expansionism is associated with less negative (or more positive) views of Federal aid.

But organizational variables were related to the state-national authority issues in a way that suggested the presence of pro-state attitudes associated with avoidance of Federal-state interdepen-

dencies and with more negative views of national activity. That type of pro-state orientation emerged from the views of administrators who prefer gubernatorial control and who are presumably oriented chiefly toward horizontal state-level concerns. These "governors' men" are contrasted with administrators preferring legislative or independent commission control, and who are the more autonomous administrators oriented mainly toward program-based links between the state and national levels.

A similar set of patterns emerges here in the analysis of Federal aid issues. Administrators who prefer gubernatorial control are more likely than those preferring legislative or independent commission control to perceive Federal interference or skewing effects. In other words, the gubernatorially oriented administrators, who we have hypothesized to represent a more generalist state orientation, are more likely to see negative effects from Federal aid. They are also the most inclined to support channeling Federal aid through the states than are the other administrators. In this instance the channeling issue appears to have a negative, anti-Federal aid connotation for some administrators.

This association between gubernatorial orientation and distinctive views toward Federal aid persists with respect to the adequacy of the funding levels for the three major Federal aid strategies. The governors' men are lowest in support of categorical grants and the group most favorable to block grants and general revenue sharing. In these latter two aid strategies, these pro-state-focused administrators find greater compatibility between Federal policies allowing state discretion and their own views that harbor substantial doubts about Federal wisdom in the Federal aid field.

These findings are consistent with our hypothesis that the institutional preference variable is part of an underlying state-oriented dimension that is interlaced with the generalist versus functional specialist orientations. Administrators who are part of the generalist, gubernatorially oriented, pro-state complex are most likely to favor approaches like block grants and GRS that minimize or undercut the specialists' vertical relationships and replace them with state-oriented general interests. The two administrator attributes are significantly related to only a few of the Federal aid issues and usually the relationships are very weak. There are, however, fragmentary indications

to support and extend the immediately preceding discussion. For example, administrators appointed by the governor are more likely than any other type to perceive Federal interference and to favor channeling of Federal aid through the states. And gubernatorially appointed administrators are less likely than board or civil service-appointed administrators to want more funding of categorical grants. The other "generalist" officials, i.e., elected, are also least favorable toward categorical grants and most favorable to GRS. It again appears that orientation toward the governor, here based on appointment rather than control preference, involves a state generalist orientation that disposes administrators toward more critical views of Federal aid implications. This is especially true of the type of Federal aid that emphasizes vertical connections at the expense of horizontal linkages.

AGENCY CHARACTERISTICS

State-National Authority Relationships. Our analysis of administrator attributes and state-national authority issues yielded a dual perspective. On the one hand, state and/or agency expansionism and occasionally perceptions of resource constraints were associated with pro-state activism, e.g., channeling; but those attitudes were accompanied by views less negative toward Federal actions and more favorable toward increased state-national linkages. This attitudinal convergence might be termed the active-positive orientation. On the other hand, we also found administrators with gubernatorial links who are oriented to state-level concerns but are somewhat more negative toward Federal activity and interdependencies. This attitude orientation might be identified as active-negative.

Our expectations about the relationships between agency characteristics and state-national issues are conditioned by the dual orientations that have emerged so far. We hypothesize, for example, that the active-positive view of Federal-state relations would be mirrored in relationships between agency characteristics and the state-national authority items. More specifically, we would expect administrators heading agencies highly embedded in the interdependencies of Federal aid would tend to view state-national authority relationships from an active-positive perspective. That is, they would be more favorable to state channeling and other features of an expanded state role but also more

inclined toward national-state interdependence as indicated by favoring national standards and the sharing rather than separation of programs.

A fair amount of evidence supports these expectations. (See Table IV-16.) Administrators of larger agencies are more favorable to channeling and to national performance standards. Additionally, administrators of agencies scoring higher on Federal aid dependency, diversity, and complexity are more favorable on both the channeling and standards issues. The chief differences, however, are between those who do and do not receive Federal aid. Yet the most marked differences appear on the separation-sharing issue. The greater the agency involvement with Federal aid, the less inclined are those administrators to concur with assigning or separating programs among levels. These agency heads are, in effect, endorsing the sharing concept of interlevel cooperation in the provision of public services. The interdependencies of Federal aid arrangements appear to influence the administrator's attitude toward preferring program sharing and increased intergovernmental linkages over the assignment and sorting out of functions.

Interestingly, none of the Federal aid agency characteristics are significantly related to the decentralization item. The pattern established so far by the active-positive orientation suggests that administrators of the aid-involved agencies would be less likely to support decentralization. But no clear pattern emerges. This may be a continued reflection of the ambiguity of the decentralization issue. As noted previously, decentralization can have both "positive" and "negative" connotations. It may imply a movement away from or desire to cut down on national government activity. On the other hand, it may convey the positive "building up" of state (or local) capacities to achieve more effective cooperation and interaction with the national level. Our so-called active-positive orientation would be consistent with the latter interpretation but not the former. These conflicting possibilities make it more understandable that responses to the decentralization item are not clearly related to any of the agency characteristics in Table IV-16.

Previous analysis has suggested that the functional category of the administrator's agency might be associated with authority issues in ways complementary to the arguments advanced above. That is, administrators of functionally specialized, pro-

professionally dominated agencies would respond in patterns representative of the active-positive orientation. Administrators of generalist agencies would be most likely to give active-negative response and association patterns. The data here are very mixed and consistent patterns do not clearly

emerge. There is a tendency, for example, for appointed and elected staff administrators (generalists) to be more favorable toward the assignment rather than the sharing of programs. These response differences suggest an initial fit in the active-negative syndrome, but there are few or

Table IV-16

State-National Authority Relationships and Agency Characteristics

Percentage of Administrators Heading State Agencies with Various Characteristics Expressing Agreement with State-National Issue Statements

Agency Characteristics	State-National Issue			
	Channel National Local Contacts Thru the State	Greater Decentralization to the States	Strict National Performance Standards	Assignment (or Separation) vs. Sharing Programs
Budget Size				
Smallest	75%	88%	44%	48%
Medium	88	88	44	53
Large	90	87	53	54
Largest	92	89	53	40
Earmarked Revenues				
None	84	86	47	50
75% +	84	88	52	51
Federal Aid Dependency				
None	79	88	43	58
Less than 25%	86	87	56	45
75% +	90	85	52	45
Diversity of Sources				
None	79	88	43	58
One	87	87	51	44
Five or more	89	92	51	39
Complexity of Types				
None	79	88	43	58
One	88	88	52	48
Five or six	83	90	52	33
Functional Category				
Staff/fiscal	79	94	45	54
Staff/elected	74	86	55	50
Education	82	79	54	39
Welfare	90	88	53	47
Highways	92	97	37	44
Health	95	84	64	37
Total Sample	85	88	49	50

minor differences on the channeling and decentralization issues to confirm that these generalists are any more activist than other administrator groups.

On the decentralization and performance standards issues, differences between the two generalist categories and the differences among the four functional categories are so marked that contrasts between specialists and generalists are difficult to draw. One of the most distinctive response patterns is that established for the highway category. Administrators of these agencies are much more likely than others to favor decentralization and are least likely to favor national performance standards. These views may not be too surprising.

Highway administrators, typically individuals with technical or engineering backgrounds, are illustrative of a professional group that would prefer to establish standards of its own which might be derived without dominant or formal participation by any one level of government. Furthermore, highway programs in this country have developed a long history of state-local orientation. In some respects Federal highway programs are among the most decentralized of federally funded programs. It is not surprising then that this group should lead all groups in favor of decentralization. For these agency heads it represents a very congenial existing state of affairs.

The response pattern for health agency heads also deserves brief comment. These administrators are, as a group, most in favor of channeling, highest in favor of strict national standards, and lowest in favor of assigning or separating functions. In contrast to the "go-it-alone" or autonomous highway people, state health administrators represent the epitome of an active-positive orientation. They are committed to sharing, interdependency, national standards, and strong state involvement via channeling.

Federal Aid Issues. As we approach the series of relationships between agency characteristics and Federal aid issues, our expectations are similar to the patterns developed thus far. We anticipate that the active-positive and active-negative attitude complexes will again be evident.

The presence of an active-positive orientation is apparent in the numerous relationships presented in *Table IV-17*. Neither agency size nor earmarked revenues demonstrate promising or dramatic dif-

ference. To a noticeable extent administrators of larger agencies are more likely to favor state channeling of Federal aid to localities and to think that block grant funds are too little. This latter finding, especially given the high proportion (75%) expressing this view, is worthy of special emphasis.

It is not until we consider the three aid involvement indicators and the channeling issue that we encounter elements of the activism pattern. In each of the three instances, Federal aid involvement is positively related to views favoring channeling and its implications for an expanded state role. In the remaining relationships between the Federal aid variables and the stimulus, skewing, and interference issues, we locate only spotty support for the active-positive orientation. The heads of agencies heavily dependent (over 75%) on Federal aid express 100 percent concurrence on the stimulus effects of aid and are least inclined to think that Federal aid leads to interference. For both the diversity and complexity variables 99 percent of the respondents in the top categories on these variables feel that Federal aid stimulates state programs. This level of agreement is not significant, however, because virtually all administrators join in agreement on this issue.

In short, the analysis does not produce clearcut findings that Federal aid receipt (or degree of involvement) fosters the expected active-positive orientation. The absence of such relationships is difficult to evaluate. It is somewhat surprising, however, that Federal aid features do not appear to foster an enhanced state outlook together with a positive set of perspectives toward state-national relationships in the Federal aid sphere.

A close examination of the relationships between the Federal aid variables and funding adequacy for the three Federal funding mechanisms is warranted for two reasons. First, the results are instructive in their own right. Second, the findings shed some light on why the active-positive response orientation did not emerge out of the previous analysis.

The general pattern found among these nine associations is a positive relationship between receipt of some Federal and proportionately greater indication that all three aids are too little. There are slight reversals involving revenue sharing but these are not striking or significant. The most noteworthy differences involve categorical and block grants. Among administrators whose agencies receive Federal aid, there are consistent nega-

Table IV-17

Federal Aid Issues and Agency Characteristics

Percentage of Administrators Heading Agencies with Various Characteristics Responding "Yes" or "Too Little" on Federal Aid Issues

Agency Characteristics	Federal Aid Issues						
	Channel Aid to Local Government Thru State	Aid Stimulates State Programs	Aid Skews or Unbalances State Programs	Aid Leads to National Interference	Funding Level too Categorical Grants	Block Grants	Little for: General Revenue Sharing
Budget Size							
Smallest	75%	99%	75%	76%	31%	40%	49%
Medium	90	95	83	83	38	51	53
Large	89	99	78	80	38	60	51
Largest	93	97	86	85	34	75	49
Earmarked Revenues							
None	85	96	83	83	33	53	54
75%+	86	97	77	79	36	52	46
Federal Aid Dependency							
None	80	94	82	84	23	40	53
Less than 25%	88	97	81	79	42	55	56
75%+	91	100	77	74	38	62	50
Diversity of Sources							
None	80	94	82	84	23	40	53
One	88	97	81	77	47	52	53
Five+	91	99	88	85	39	78	61
Complexity of Types							
None	80	94	82	84	23	40	53
One	89	98	79	78	41	52	49
Five or six	86	99	81	81	23	81	68
Functional Category							
Staff/fiscal	88	99	83	86	16	52	55
Staff/elected	68	96	83	80	23	33	52
Education	87	100	79	74	38	75	48
Welfare	90	98	84	82	42	76	50
Highways	93	97	76	93	35	50	40
Health	88	99	88	79	31	78	61
Total Sample	86	97	82	81	36	54	53

tive relationships between dependency, diversity, and complexity and views on the funding adequacy of categorical grants. The most striking difference appears on the complexity variable. Among administrators receiving one type of Federal aid (e.g., formula or project grant) 41 percent think categorical grants are too little, whereas only 23 percent give a similar response among administrators whose agencies receive five or more types of aid. Greater dependency, diversity, and complexity seem to cause state agency heads to "turn off" on categorical grants.

The next column of percentages shows that state administrators clearly "turn on" to block grants, however defined. Again the complexity variable reveals the pattern most dramatically. The proportions indicating inadequate funding for block grants are 40, 52, and 81 percent respectively for administrators from agencies financed by none, one, or more than five types of Federal grants. Clearly the block grant holds great attractiveness for the apparently harried agency head deeply enmeshed in manifold Federal grant involvements. These findings are suggestive of the important, yet too-crude conclusions that simplicity correlates with satisfaction in the intergovernmental grant system. State administrators who must deal with multiple sources and types of aid are enthusiastic about an aid strategy that minimizes the complexities present in aid systems and strategies.

For these Federal aid issues we again find that the functional category makes a difference but in cross-cutting and diverse ways. With respect to the channeling, stimulus, skewing, and interference issues, the broad distinction between functionally specialized program agencies and general staff-type agencies does not disclose sharp or significant differences. On the stimulus issue the consensus is so great that differences according to agency category are almost nil. The skewing issue demonstrates no drastic differences, and on the interference issue the functional agencies differ more among each other than with the generalist agencies. A curious feature of the interference issue is that education administrators are less likely to perceive Federal aid as interference, while highway agency heads are preponderantly of this opinion. This seems unusual since highway programs have been an easily justified arena for Federal activity, while Federal involvement in education has had a more controversial and checkered history. This suggests that perceptions of Federal interference as

a result of Federal aid have more to do with differences in the stakes and perceptions of the professional groups which are influential in state agencies and less to do with historical/ideological perspectives as to the proper role for the Federal government. Overall then, the relationship between agency functional category and these four Federal aid issues indicates that differences between functional specialist and generalist agencies are not an important consideration.

However, the specialist versus generalist distinction does appear to make a difference on the funding level items. For the categorical and block grant strategies, administrators in the functional categories are usually more likely to favor high funding, i.e., respond "too little." Education, welfare, highway, and health agency heads want more categorical funding in respective proportions of 38, 42, 35, and 31 percent. The percentages for generalist agency administrators are lower — 16 percent for fiscal staff administrators and 22 percent for elected staff.

For block grants, the pattern is much the same, with the interesting modification that the highway administrators are far less likely to favor more block grant funding. One explanation for this is the dependence of highway funding on a system of categorical formula grants that until recently was virtually impregnable against suggestions for change. This, combined with the fact that a "block grant" strategy for "transportation" might involve highway agencies with urban public transit programs would indeed make the block grant strategy less attractive to highway agency heads.

Finally, it is important to note the shifting patterns when general revenue sharing responses are considered. For GRS the two generalist categories are equally as likely to feel that funding levels are inadequate. Data analyzed for the NSF report confirm, sharpen, and extend this finding. GRS, with its emphasis upon discretion and decentralization to the states and focus upon generalist state officials as the critical link in the sharing process, would appeal more to the generalist state agency administrators than to the functional specialists.

E. Federal Aid Perspectives: Effects, Satisfactions, Change Preferences

The presence and influence of Federal aid variables on a wide range of administrators' actions and perspectives have been prime themes pervad-

ing this paper. So central have aid variables been to our efforts at understanding intergovernmental dynamics that on a few occasions we have emphasized the absence of aid-related associations where we might expect to find them on a priori grounds. But the bulk of the analysis has involved groupings or subgroupings of agency heads drawn from the total respondent sample of nearly 1,600 state administrators. With few exceptions, the tabulations have included both Federal aid recipients and non-recipients, with contrasts often drawn between the actions or opinions of the two groups. Consistent with the comparable section in Part I we redefine the focal respondent group to include only those 1,000 administrators whose agencies received Federal aid.

Varying proportions of this total subgroup replied to the battery of opinion questions on Federal aid that have already been discussed from the standpoint of marginal tabulations and trends. The intent here is to subject those questions on Federal aid effects, satisfactions, and change preferences to the standard explanatory analysis using the regular administrator and agency dependent variables.

ADMINISTRATOR ATTRIBUTES

Federal Aid Effects. We noted in the analysis in Part I that response distributions for the five items on Federal aid effects varied considerably. Widespread agreement exists that Federal aid moneys are subject to the same financial controls as other state funds, and that Federal aid is uncertain, making revenue estimation difficult. On the other hand, about half of the recipients say that Federal supervision of grant programs has improved administrative standards, that Federal aid has had a stimulative effect on state fund raising, and that their agencies are less subject to supervision by the governor or legislature in federally financed activities. The sample proportions for the five variables appear in the bottom row of Table IV-18.

Cross-tabulations of these variables with the administrator attribute variables suggest that program perspectives, organizational relationships, and background attributes are quite selective in explaining response variations.

Standards of administration. Two administrator attributes show clear associations with aid recipients' views on whether Federal supervision has improved standards of administration and service.

State expansionism and preferred control are the two variables. Administrators favoring higher increases in overall state services are significantly more likely than administrators wanting no increase to agree that standards have been improved by Federal involvement. Agency expansionism shows a similar but not significant association. Also, administrators who prefer legislative and independent commission control are more likely to see improvements than administrators who prefer control by the governor.

The first relationship is consistent with a trend of explanation developed earlier, namely, program expansion attitudes are usually linked to a constellation of views that includes more favorable views of Federal aid and more support for increased national-state linkages, including strict national performance standards. The association between expansion and a greater tendency to see grant supervision contributing to better administration is expected.

Previous discussion also indicated a separate dimension of pro-state attitudes associated with less favorable or more critical views of Federal aid, especially aid that emphasizes specialized vertical linkages. The second relationship fits that pattern in the sense that aid recipients who prefer gubernatorial control (generalists) are less likely to hold views of the favorable administrative and service effects of Federal aid.

An additional observation should be made about the standards variable and appointment method. Those agency heads appointed by the governor (but not necessarily oriented toward him) are less favorable on this aid effect item. But the group least favorable are the agency heads who gained their positions via civil service arrangements. Members of this group are definitely not generalists as we have used the term. On the contrary, they are likely to be highly professional career specialists in a specific program field. How might the low estimates of this group be explained? We suggest as one possibility that the professionalism and expectations of this group are at a level where they can, according to rigorous criteria, more easily reject the proposition that Federal supervision has improved standards of administration and service.

Stimulus effects. Agency heads' views on the stimulus effects of Federal aid also build in part on previous explanatory efforts. We note initially the

Table IV-18

Federal Aid Effects and Administrator Attributes

Percentage of State Agency Heads Receiving Federal Aid with Various Attributes Who Respond "Yes" to Different Federal Aid Effects

Administrator Attributes	Federal Aid Effect Is to:			Federal Aid:	
	Improve Administrative Standards	Stimulate State Fund Raising	Promote Policy Autonomy	Is Subject to State Fiscal Controls	Seems Uncertain
Expansionism					
State: High	52%	54%	47%	88%	79%
None	37	41	50	84	71
Agency: High	49	54	46	89	79
None	39	44	52	79	71
Resource Constraints					
1st ranked	47	50	45	90	80
Unranked	49	48	50	85	73
Budget Review					
Governor	45	52	49	88	76
Legislature	52	51	53	88	77
Preferred Control					
Governor	43	54	45	87	76
Legislature	55	50	47	91	80
Independent commission	53	50	56	86	77
Clientele Influence					
High	51	60	60	88	74
None	44	42	47	84	59
Federal or Local Job Experience					
Yes	50	53	52	88	83
No	47	50	46	87	75
Appointment					
Election	50	32	52	91	77
Governor	46	54	45	87	74
Board or commission	53	45	57	85	79
Civil service	38	41	40	84	87
Total Sample	48	51	48	88	77

active-positive elements present in associations with the state and agency expansion variables. In place of the organizational variable of preferred control the clientele influence variable enters the explanatory picture. Administrators perceiving their agencies subject to high levels of clientele influence are substantially more likely to indicate that Federal aid stimulates state funding efforts. This is an intriguing and significant relationship well beyond the bounds of statistical considerations. It is highly suggestive of the role of interest groups in intergovernmental relationships, especially programmatic ones capable of operating at all levels of government.

Distinctive differences again appear for the appointment variable but in a pattern at variance with proportions for the standards variable. For example, elected agency heads are lowest in their views on stimulus effects, and governor-appointed administrators are highest in agreeing that Federal aid has stimulated state fund raising. A ready explanation for these contrasts eludes us.

Policy and fiscal autonomy. A persistent issue involved in assessing the effects of Federal aid on state governments is that of control. Two aspects of this issue are (1) fiscal and (2) policy supervision. The former, as indicated in the Part I analysis, was interpreted (as intended) quite narrowly by the respondents. An overwhelming proportion of the agency heads (nearly 90%) indicated that Federal aid is subject to the same fiscal controls as are regular state funds. From several standpoints, and not unexpectedly, there is only incidental and insignificant variation in the percentages on this factual-type variable.

More noteworthy and meaningful differences appear within the grouped percentages in the policy autonomy column of *Table IV-18*. Varying proportions of administrators respond to the question of whether their agency is less subject to gubernatorial or legislative supervision in federally financed activities than in other state-financed activities. This is clearly a question of considerable consequence for the impacts of Federal aid upon the state policy control structure. Two administrator attributes appear clearly linked to perceptions of reduced policy control and both variables, not unexpectedly, are ones that involve perceptions of organizational relationships. The first is preferred control; the second is clientele influence.

Administrators who prefer control by an independent commission are more likely than administrators preferring either gubernatorial or legislative control to say that they are less supervised in federally financed activities. The convergence of these autonomy-oriented responses leaves open the question of causality and/or reciprocal effects. It is not clear whether Federal aid "causes" these preferences for independence, or whether the preference for autonomy structures the administrators' perceptions of the effect of Federal aid. There are, of course, additional important confounding factors, such as the formal position of the agency head. The appointment variable reveals, for example, that administrators obtaining their positions by commission appointment similarly perceive that they are less subject to supervision in federally aided activities. Considerable detailed and systematic analysis would be involved in any effort to untangle these multiple and simultaneous relationships.

Agency heads who indicate clientele groups are highly influential on agency decisions perceive greater policy autonomy in federally aided areas than administrators perceiving lesser clientele influence. The convergency of perspectives indicative of autonomous administrative action deserves reemphasis. The fact that it occurs in conjunction with an interest group variable highlights potential concerns about program control and coordination by generalist officials. It also underscores the presence, at least at the perceptual level, of potential fragmentation in state government operations where Federal aid is involved.

Aid uncertainty. Federal aid recipients were asked whether Federal aid seemed uncertain and whether this uncertainty made it difficult to estimate annual revenues. More than three-fourths of the agency heads agreed. The margin giving an affirmative response plus the likelihood of continuing uncertainty makes it desirable to locate any particular administrator features associated with unusually high perceptions of uncertainty.

Two significant but weak relationships emerge. Administrators who perceive a high degree of client influence on their agency are more likely to see Federal aid uncertainties than administrators who perceive no client influence. This element of "pressure," or vulnerability, is implicit in many intergovernmental issues that involve greater interdependency and accompanying uncertainties.

Somewhat surprisingly, administrators who have had previous Federal or local government experience are more likely to perceive uncertainties from Federal aid than administrators without such previous experience. Rather than providing agency heads with mechanisms to minimize uncertainty, intergovernmental job experience serves to heighten administrators' awareness of the interdependencies of the Federal aid system and the uncertainties involved.

A supplementary comment is again warranted by the distinctive response pattern of the civil service agency heads. This group is more highly alerted to Federal aid uncertainty than any other. When this exceptional response is placed in the comparative context of the group's distinctive positions on the other aid effects items, we see an unusual configuration. The civil service administrators are low on the standards, stimulus, and autonomy variables and high on the uncertainty item. The combination of these departures from the norm is not easy to characterize. What does seem to emerge is a professionalized and policy complaint group that has a low estimate of Federal aid stimulus effects and a high level of concern over Federal aid uncertainty.

In addition to the distinctive civil service response pattern, a concluding comment should be made about the clientele influence variable. Among the several administrator attribute variables, it discloses the clearest, most consistent, and most significant relationship. Group support and clientele influences are everyday facts of life for state (and other) administrators. Relatively rarely are interest group roles noted, documented, and emphasized in intergovernmental studies.

Federal Aid Satisfactions and Change Preferences. We sought aid recipients' reactions to seven administrative and policy issues which are identified in the column headings of *Table IV-19* under the rubrics of satisfaction and change preferences. We continue our exploration of the contributions that administrator attributes make to understanding agency heads' varying responses to these items.

Federal administrator flexibility. An important part of making the intergovernmental grant system function smoothly hinges on the actual and perceived flexibility of the central participants. Perhaps the central participant is the Federal aid

administrator. Besides noting that somewhat less than half of the state agency heads feel that the Federal administrators are sufficiently flexible, we entertained several hypotheses about which attributes might help explain response variations.

Our expectation that high expansionism or activism might turn up low estimates of Federal flexibility are not borne out by the data. We thought that either of the active-positive or active-negative patterns might be in evidence. Instead, we find that organizational perceptions are associated with flexibility perceptions in intriguing but complex ways.

Perceptions and preferences linked to the governor are associated with lower ratings of Federal flexibility. This holds for agency heads who see the governor (rather than the legislature) exercising detailed budget review and who prefer to be under gubernatorial direction. Several lines of argument could be developed to specify further the influences that might be operating here. For example, these "governor's people" may be short-term, more political agency heads who, on occasion, are stifled, restricted, or frustrated by the multiplicity and nuances of Federal grant regulations. Alternatively, these governor-linked administrators may be reacting to program or policy-coordination efforts that have encountered obstacles or even opposition from the Federal grant personnel.

One of the most unusual associations involves that between clientele influence and Federal flexibility. The association is not evident from the tabulated percentages of 61 percent and 60 percent respectively for agency heads indicating high and no influence by clientele groups. These are the extremes of a U-shaped distribution where the percentages in the "slight" and "moderate" influence categories are around or below 40 percent. (Note the sample proportion of 43%).

It is intuitively easy to account for state agency heads who receive no client influence being more satisfied with the flexibility of Federal grant administrators. These agency chiefs are not faced with the demands and pressures of clientele influence, and they are perhaps rarely in a position of convincing Federal personnel to accommodate particular interests and concerns of clients. Ironically, however, a contact explanation may likewise account for agency heads receiving the most client influence and also finding grant administrators sufficiently flexible. Positioned in a situation where client demands frequently require a test of

Table IV-19

**Federal Aid Satisfaction/Dissatisfactions and Change Preferences
and State Administrator Attributes**

Percentage of State Agency Heads Receiving Federal Aid with Various Attributes
Who Are Satisfied or Favor Changes Concerning Federal Aid

Administrator Attributes	Satisfied with:			Preference for:			
	Flexibility of Federal Aid Administrators	Matching Arrange- ments	Apportion- ment Formulas	Major Aid Reallocation	Aid Funds Under State Controls	Increase Aid: Existing Programs	Expand Aid: New Programs
Expansionism							
State: High	43%	69%	49%	23%	87%	80%	85%
None	43	72	54	13	91	41	57
Agency: High	42	67	48	23	89	79	85
None	47	78	55	16	90	38	53
Resource Constraints							
1st ranked	40	70	47	22	89	77	82
Unranked	47	73	59	15	89	63	71
Budget Review							
Governor	38	70	47	21	90	73	78
Legislature	49	74	52	19	88	69	77
Preferred Control							
Governor	38	69	47	22	91	73	80
Legislature	51	69	50	17	88	74	80
Independent commission	47	70	53	17	87	70	78

Clientele Influence									
High	61	73	55	15	87	74	78		
None	60	80	56	31	86	67	69		
Federal or Local Job Experience									
Yes	42	69	43	20	91	73	79		
No	44	70	52	20	88	72	79		
Appointment									
Election	47	66	39	15	94	69	78		
Governor	41	73	51	23	88	67	78		
Board or									
commission	50	70	53	20	87	73	76		
Civil service	42	67	45	24	92	62	89		
Total Sample	43	69	49	20	89	72	79		

the grant administrator's flexibility, the state agency head may have frequently found satisfaction. Administrators who only occasionally test for flexibility either find it lacking or are not as likely to develop a long-run perspective on the flexibility of Federal grant administrators.

Matching and apportionment. Are there particular subgroups of state agency heads who exceptionally are satisfied or dissatisfied with the matching requirements and apportionment formulas under which they secure Federal aid? A fairly straightforward negative response can be given to the query. A few of the percentage differences are modest at best. The absence of any clear associations should not be surprising. We might anticipate that agency characteristics rather than personal attributes would be more likely to uncover variations. Matching and apportionment provisions are legal/institutional givens in most instances, and we would expect institutional-level variables to provide explanatory power.

Aid reallocation. The "strings" attached to Federal moneys are an issue on which public officials have widely varying views. To what extent do administrator attributes disclose as well as help explain state agency heads' opinions on this issue? The issue, as indicated earlier, was framed in terms of the extent to which the state administrators would change or reallocate funds if the Federal "strings" were eliminated. The proportions shown in Table IV-19 are those who would make major changes, defined as either "substantial" or "radical" in the question alternatives.

Only one variable, clientele influence, shows distinctive differences. Administrators assessing a high degree of clientele influence are substantially less likely to opt for major reallocation. If high clientele influence does in fact operate as a program or priority constraint on the agency head, then these results are illuminating. The administrators' internal flexibility may be a cost of securing external support and assistance from clientele groups.

This single significant association is one more than is present among the relationship tabulated for aid fund controls and the administrator attributes. There is practically no variation in agency heads' preference for placing Federal aid under regular state fiscal controls. Support is uniformly overwhelming among the several subgroups of administrators in Table IV-19.

Increase and expand aid. The two remaining change items involve increasing Federal aid for existing areas and expanding it to new areas. The state and agency expansion variables disclose expected and sharp differences. The active-positive pattern demonstrates its presence dramatically. The resource constraint variable also shows notable differences in the expected direction. An expansionist-activist view is positively associated with the enlargement of Federal aid to existing and new programs.

Remaining variables in the administrator attribute cluster reveal no consequential differences in aid enlargement preferences. It is instructive to note, however, the continued distinctive response pattern of civil service agency heads. These administrators are lowest in their preferences for increasing aid to existing programs and the highest group favoring expanding Federal aid to include new programs. One interpretation of this pattern is that these administrators have a more realistic assessment of fiscal/political realities and realize that tradeoffs are now necessary between incremental increases and expansion into new areas. A less charitable interpretation would call these views another case of bureaucratic imperialism searching for new worlds to conquer.

AGENCY CHARACTERISTICS

Administrator attributes have limited and selective associations with Federal aid features. We now turn to the agency-based independent variables to identify and assess their links to the aid-related dependent variables.

Federal Aid Efforts. Table IV-20 provides portions of the cross tabulation results on agency characteristics for the five aid effects variables.

Standards and stimulus effects. Two different pairs of agency variables show significant associations with the standards and stimulus variables. The two fiscal dependency features of high reliance on earmarked revenue and Federal aid are positively linked to estimates of improved standards. This is one of the rare instances in which the earmarked revenue variable demonstrates a relationship with any of the dependent variables. The policy significance of the relationship is not self-evident, but the added presence of the aid dependency link suggests one general observation.

If financing is a factor to which we can trace a causal link to attitude differences, then it takes a heavy "dose" (in the sense of fiscal reliance) to make a difference. This observation suggests the further comment that dollars (or finances) are perhaps a necessary condition for improved inter-governmental relations, but they are not a sufficient condition. Some commentators, especially those of a more conservative bent, do not acknowledge that finances are even a necessary condition.

The diversity and complexity variables are clearly associated with perceptions of stimulus effects attending the influx of Federal aid. The more diverse and complex the receipt of aid, the greater the inclination to indicate that the aid has been stimulative. The relationships are expected and logical. Five or more ropes pulling on a unit could be predicted to have more actual, potential, and perceived drawing power than a single strand.

Autonomy and uncertainty. The aid dependency variable produces subgroups with distinctly different views on the extent of governor-legislature supervision. Those most dependent on aid sense that they enjoy greater autonomy. The other two aid involvement variables (diversity and complexity) show similar tendencies but the differences are not significant. Neither aid-related nor other variables are associated with reports concerning the existence of state financial controls over Federal aid.

The policy autonomy issue is minimally illuminated by these agency characteristics. This is especially disappointing because the issue is so crucial. The possibility that Federal aid deters or neutralizes the state structures for administrative oversight and review is a central issue involving the intergovernmental effects of Federal aid. The modest link between involvement and perceptions of autonomy are suggestive but inconclusive.

There are, however, distinctive contrasts in response patterns on Federal aid uncertainty. Agency size, aid diversity, and aid complexity (all are intercorrelated) are positively related to perceptions of aid uncertainty. At a common-sense level we would anticipate the presence of these relationships. An administrator awaiting the separate decisions of several Federal funding agencies is objectively faced with a more uncertain situation than one who deals with only one Federal aid source (provided, of course, that the funding probabilities are approximately equal). Similar logic

Table IV-20

Federal Aid Effects and Agency Characteristics

Percentage of Administrators Heading Agencies Receiving Federal Aid with Various Characteristics Who are Satisfied or Favor Changes Concerning Federal Aid

Agency Characteristics	Federal Aid Effect Is to:			Federal Aid:	
	Improve Administrative Standards	Stimulate State Fund Raising	Promote Policy Autonomy	Is Subject to State Fiscal Controls	Seems Uncertain
Budget Size					
Smallest	49%	47%	46%	82%	76%
Medium	42	60	48	88	73
Large	55	44	54	92	83
Largest	47	53	47	91	87
Earmarked Revenues					
None	40	52	45	89	78
75% +	57	49	49	86	76
Federal Aid Dependency					
25% or less	43	43	45	87	77
75% +	64	52	57	80	77
Diversity of Sources					
One	47	48	43	88	71
Five or more	43	61	48	88	87
Complexity of Types					
One	46	47	42	86	74
Five or six	48	67	49	89	89
Functional Category					
Staff/fiscal	56	39	63	79	84
Staff/elected	36	36	43	86	71
Education	51	36	63	89	100
Welfare	42	80	39	90	62
Highways	55	42	46	87	89
Health	60	63	41	93	87
Total Sample	48	51	48	88	77

applies to agency heads receiving several as contrasted with few types of aid. To specify these relationships in greater depth it would be important to control for other variables, especially agency size.

Functional category. Our discussion of the five effects variables has carefully and purposely avoided commentary on the response patterns by

the functional category of the agencies. The presence of sharp differences among the percentages on each issue (i.e., vertically) is evident and deserves comment. Also pertinent, however, are distinctive response patterns viewed horizontally, i.e., by functional category.

On two issues, stimulus and policy autonomy, it is possible to identify the generalist-specialist break (with the curious joining of the education

Table IV-21

Federal Aid Satisfaction/Dissatisfactions and Change Preferences and Agency Characteristics

Percentage of Administrators Heading Agencies Receiving Federal Aid with Various
Characteristics Who Are Satisfied or Favor Changes Concerning Federal Aid

Agency Characteristics	Satisfied with:			Preference for:			
	Flexibility of Federal Aid Administrators	Matching Arrange- ments	Apportion- ment Formulas	Major Aid Reallocation	Aid Funds Under State Controls	Increase Aid: Existing Programs	Expand Aid: New Programs
Budget Size							
Smallest	57%	63%	53%	16%	85%	66%	77%
Medium	48	76	55	21	89	70	76
Large	35	69	47	20	91	77	79
Largest	15	54	33	31	96	76	78
Earmarked Revenues							
None	45	69	49	22	89	70	79
75%+	39	75	51	21	89	71	77
Federal Aid Dependency							
25% or less	52	70	50	19	91	66	75
75%+	50	84	50	18	84	76	85
Diversity of Sources							
One	50	78	57	16	89	70	77
Five or more	27	50	35	27	87	84	85

Complexity of Types	50	75	58	17	89	62	73
One							
Five or six	27	47	40	30	89	81	87
Functional Category							
Staff/fiscal	44	83	41	18	90	40	41
Staff/elected	50	42	39	7	100	58	75
Education	44	74	53	25	88	80	79
Welfare	10	26	33	38	94	89	90
Highways	34	86	61	15	93	67	66
Health	40	56	46	21	85	81	90
Total Sample	43	69	49	20	89	72	79

agency heads with the generalists). The generalists are substantially less inclined to perceive or acknowledge the stimulus effects of Federal aid. Both the education and highway administrators, however, are low on this item. A reverse set of views operates on policy autonomy, where the generalists (and education heads) see aid as permitting autonomy, while the remaining three major functional heads are comparatively low in perceiving autonomy.

An additional substantial divergence appears on the uncertainty issue. All (100%) of the education heads indicate that Federal aid seems uncertain, while less than two-thirds of the welfare administrators give a similar response. The origins of this difference may be legal/institutional, namely, the number, variety, and project character of educational aid funding strategies compared with the open-ended, formula features of welfare aid.

Curiously enough, the welfare agency heads are highest in rating the stimulative effects of aid. The other group high on stimulus effects are health administrators. The same agency heads rank as the top group in believing that Federal aid has improved administrative and service standards. The health officials are in sharp contrast with the welfare heads on the standards issue; only 42 percent of the latter concur with this aid effect, whereas 60 percent of the former group agree.

The explanatory power of agency characteristics, like administrator attributes, also appears to be selective. The policy-pertinence of these associations with the aid effects variables, however, seems to weigh heavier. We shall see if the same holds true for the remaining Federal aid views of state agency heads.

Federal Aid Satisfactions and Change Preferences: (a) *Aid satisfaction.* One theme in our prior discussion was the association between more Federal aid involvement and a tendency to perceive favorable or positive effects traceable to the aid, e.g., stimulus, improved standards. That theme appears to be wrong or seriously qualified by the several relationships prevailing in Table IV-21. Agency size and aid involvement are inversely related to aid satisfaction measures, and the differences are quite clear and significant in most instances.

Satisfaction with the flexibility of Federal aid administrators drops dramatically as the size of the agency increases. Only 15 percent of the state ad-

ministrators heading the largest agencies indicate that Federal personnel are sufficiently flexible. Similar but less dramatic differences are found for the diversity and complexity variables. Furthermore, generalists are somewhat more favorable on the flexibility issue than functional agency heads. The most striking departure, however, appears in the welfare category where only 10 percent give a favorable response.

With the exception of aid dependency, relationships quite similar to those for flexibility emerge on the matching and apportionment issues. Size, diversity, complexity, and functional category variables are associated with administrators' views on these resource items. Satisfaction with matching and apportionment arrangements decline as agency size and Federal aid involvement increase. Among the functional categories, welfare administrators are the least satisfied, while highway agency heads are among the most satisfied. In the latter case, the administrators' views are undoubtedly a product of the special and highly favorable matching requirements for highways. The low evaluations by welfare agency heads probably stem from the exceptional floor and ceiling matching provisions that have historically governed Federal fiscal participation in welfare programs.

What can be said about these relationships which show aid involvement to be associated with less satisfaction, despite previous evidence to the contrary? The answer lies partly in the nature of the issues presented to the respondents. These are not items for which dissatisfaction would necessarily imply disfavor or dislike of Federal aid generally. Rather, these items probe specific aspects of Federal aid as it is apportioned and administered. Administrators who are deeply involved with Federal aid would, almost by definition, be more aware of and sensitive to existing policy in these areas. Where any problems exist, they would probably also have a greater stake in and commitment to making changes that produce higher levels of satisfaction.

Seen in this light, the relationships in *Table IV-21* are more understandable. They are less inconsistent with the theme that greater involvement in Federal aid is associated with a tendency to see positive benefits from Federal aid and favor more Federal-state linkages. There is room in that theme for the aid-involved administrators to be more aware of and adamant about specific features that

should be improved. This explanation applies equally well to our discussion of change preferences.

(b) *Change preferences.* The associations between preferences for change in Federal aid and agency characteristics parallel the foregoing discussion. Administrators of agencies more involved with Federal aid are more likely to prefer changes in existing aid allocations, increased aid to present programs, and expanded aid to new programs. Thus, administrators of agencies with the most diverse and complex aid patterns are significantly inclined to prefer a major reallocation of Federal funds if there were no Federal constraints. There is also a positive association between agency size and a preference for a major reallocation of aid funds if Federal "strings" were relaxed. The functional administrators, excepting highways, are distinguishable from the generalists in their preferences for shifting funds. Administrators in the welfare, education, and health categories, in that order, favor funding reallocations.

We observe again that there are almost no differences of note in administrator views on whether Federal funds should be subject to state fiscal controls. For funding increases or expansions, however, important variations arise. All three involvement variables indicate a consistent, if not always statistically significant, set of associations.

Those relationships perhaps best capture and summarize a pattern that emerged earlier. The greater the administrators' agency involvement with Federal aid, the more pro-aid the administrator tends to be. Despite the identified areas of dissatisfaction indicated earlier, the stake that these agency heads have in Federal aid inclines them toward a strong change orientation in which substantial segments want more aid for both existing and new programs. Proportions well in excess of 75 percent of the most aid-involved administrators prefer aid enlargements. For those less dependent and less involved with aid, the proportions are three-fourths or less.

Finally, we find that the functional categories reveal familiar differences. Once again, the functional administrators are markedly more likely to favor increased Federal aid. Except for highway administrators, who continue to be different from the other functional specialists, all the functional categories in *Table IV-21* show 80 percent or more

of the administrators in favor of increased or expanded Federal aid. Generalists are much less likely to favor the enlargement of a Federal funding presence.

Welfare agency heads are at the top in favoring larger Federal funding approaches. The row percentages for this functional category also reveal these administrators as least satisfied on flexibility, matching, and apportionment and highest in preferring a reallocation. This response pattern probably confirms the "welfare mess" from another constituency's perspective, i.e., the state welfare administrators. Our survey and our data were not finely tuned so as to point in the direction of solutions. It is not encouraging, however, that more Federal dollars appear to be the dominant preferred change among the welfare agency heads.

This section on the Federal aid perspectives of recipients points up diverse, selective, and contrasting sets of findings. Perhaps the most promi-

nent summary theme is the duality of views held by state administrators. The dualities arise from degrees of aid involvement, formal position, and aid outlook. The first divides the deeply involved from those who have lesser and limited involvement. The second divides the generalists from the functional specialists but continues to recognize the sharp differences among the major functional types, e.g., education, welfare, highways. The third division stems from the cleavage in outlooks toward Federal aid, views that are linked to the previous two divisions. On the one hand, the heavily involved and the functional specialists express affirmative views on the effects and needed changes in Federal aid. On the other hand, the same groups are also those least satisfied with present administrative and financing arrangements. The cross-current and confluence of these patterns suggest that the time for creative policy making is ripe in the field of Federal aid.

Footnotes

¹See Deil S. Wright and others, *Assessing the Impacts of General Revenue Sharing in the Fifty States: A Survey of State Administrators* (Final report to the National Science Foundation, Institute for Research in Social Science, The University of

North Carolina, June 30, 1975). The data were collected in a mail questionnaire survey during the spring and summer of 1974.

²Council of State Governments *Federal Grants-in-aid* (Chicago: 1949), pp. 273-280.

Chapter V

SURVEY OF FEDERAL ADMINISTRATORS OF GRANT PROGRAMS

ACIR's survey of Federal grant administrators was conducted in the late spring of 1975. The questionnaire sought administrators' views on several general issues relative to individual grants and the grant system:

- The quality of the individual grant programs considered from the standpoint of both design and administration.
- The state-local role in the administration of the grants.
- The impact of recent Federal improvement efforts.
- The effect of other recent changes affecting Federal domestic policy and administration.
- Possible modifications in the grant system.

SUMMARY OF PRINCIPAL FINDINGS

I. The Quality of Individual Categorical Grant Programs

Evaluation of Program Elements

□ In measuring their grant programs against 34 elements "considered necessary for the design and administration of categorical grant programs so that they are effective and foster healthy inter-governmental relations," an average of 11 percent of the Federal grant administrators responding found the need for substantial improvement in

their programs, 29 percent saw room for moderate improvement, and 60 percent thought things were about as good as they could be. This suggests a general level of contentment of the administrators with their individual categorical grant programs.

□ The need for substantial improvement was seen as greatest in the area of more adequate program authorizations and appropriations and more adequate funding for administration and authorization of staff. These are essentially Congressional responsibilities.

□ Also rated high among the elements needing improvement were three elements that require action by states and localities: better organization and staffing by state and local recipients; states' exercise of more effective influences on local government when they channel Federal aid to localities; and recipients' better coordination of grant-aided activity with other state or local activities.

□ The two elements that Federal grant administrators believed require self-improvement by the administering agencies were monitoring of recipients' conformance with plans, procedural requirements, and performance standards, and expeditious issuance of regulations, guidelines, and policy interpretations.

□ Grant administrators in HEW-SRS and to a lesser extent Justice and Labor felt more strongly than the average that improvement is needed in grant design and administration.

IN-SERVICE TRAINING FOR STATE AND LOCAL PERSONNEL

□ The large number of grant administrators who did not regard in-service training activities as relevant to their programs suggests that grantor agencies as a whole could give more attention to such training, particularly for that available under the *Intergovernmental Personnel Act (IPA)*.

□ For agencies using IPA, effectiveness clearly needs to be upgraded.

II. The Quality of the State-Local Role

PERSONNEL ISSUES

□ Forty-three percent of the administrators felt that state and local personnel problems affect the administration of their grant programs. The percentage was substantially higher for administrators of the larger money programs.

□ Comparison with answers to a similar question in a 1964 survey indicates that Federal grant administrators in 1975 found state and local grantees' personnel practices noticeably improved over 1964.

□ Eighteen percent of the administrators felt that state or local agency personnel had an excessively high turnover rate. This also represents a substantial improvement over administrators' ratings in a 1964 survey.

GRANT RECIPIENTS' OVERALL CAPACITY

□ Among the various types of grant recipients, Federal grant administrators believed that overall capacity is highest among "other" recipients, identified as universities, non-profit organizations, and various kinds of local special districts. Next in descending order were states, school districts, cities, and counties.

CHANNELING GRANTS TO LOCALITIES THROUGH THE STATES

□ The channeling of applications from localities and of grants to localities through the states is not very extensive and appears to have declined markedly from the pattern reported in a 1964 survey. This suggests that the expansion in number of project grants since 1964 has featured a direct Federal-local relationship. When channeling has been used, it has not tended to discourage local participation, according to these Federal officials.

WITHHOLDING OF FUNDS, SUSPENSION OF PAYMENTS

□ The threatened or actual withholding or suspension of payments to enforce recipient compliance has not languished because of non-use. However, the practice seems to have declined somewhat since 1964, when grant administrators were also surveyed on this question.

III. The Effects of Recent Federal Change Efforts

CONFORMANCE OF REGIONAL BOUNDARIES

□ Federal grant administrators expressed skepticism about the value of regional boundary conformity as evidenced by the relatively large proportion (46%) who did not think the boundary policy applied to them, and the fact that only one-fourth to one-third thought the change had brought improvement. Improvements were more noticeable among project than formula grants.

REDUCTION OF GRANT APPLICATION TIME

□ About one-third of the administrators thought that the Federal effort to reduce the time for processing grant applications had achieved good results. About one-sixth thought the results were negative.

FEDERAL MANAGEMENT CIRCULARS

□ Federal administrators registered different reactions to the various parts of FMC 74-7, the circular standardizing grant administration requirements. Four-fifths or more said they saw improvement or no appreciable effect stemming from all but one of the areas identified under the circular. For that one area — standardization of project application forms — 39 percent reported a negative effect. In another area, standardization of pre-application procedures, 18 percent of the administrators registered a negative effect. These two items are key measures in the efforts to cut red tape. Thus, despite a positive or no effect seen from much of FMC 74-7, the substantial negative effect seen in these two items suggests the existence of a good deal of skepticism in the grant administering bureaucracy toward the standardization objectives of FMC 74-7.

□ Well over one-half of the grant administrators thought that their programs had been improved by the new cost allocation requirements and process under FMC 74-4. The negative effect reported was negligible.

□ About one-third reported that auditing practices had improved as a result of FMC 73-2. Except for the 5 percent who perceived a negative effect, the remainder reported no effect.

□ Almost one-third also thought that the Treasury circular requiring transmittal of grant information to the states (T.C. 1082) had improved grant administration. Overall, they rated the circular at about the average level of their rating of all the circulars.

□ Thirty-nine percent of the responding administrators felt that the project notification and review system of OMB Circular A-95 had brought improvements to their programs. Eighteen percent saw negative effects, mainly from the increases in processing time.

FEDERAL REGIONAL COUNCILS

□ Federal administrators thought that the inter-program coordination efforts of the Federal regional councils (FRCs) had produced a very modest degree of improvement. Nine out of 10 reported no appreciable effect at all. The few administrators of block grants as a group were more optimistic about the FRCs than the administrators of categorical grants.

□ The administrators had the same general view of FRCs' effect on relations with states and localities: a modest improvement.

DECENTRALIZATION MEASURES SINCE 1969

□ Among formula grant administrators, over one-half reported that since 1969 their programs had decentralized the authority to appoint personnel and major responsibility for program review and investigation of complaints. On the other hand, only 9 percent began rotating central office staff to the field, 18 percent increased the share of supergrades in the field, and 20 percent decentralized power to disapprove plans and plan amendments. The percentages reporting action on other specified decentralization changes lay between those two extremes.

□ Among the formula program officials reporting decentralization actions, 51 percent said that these had brought improvement to their program.

□ From 43 to 63 percent of project grant administrators reported action in all but two of the 12 kinds of decentralization developments specified. This indicates a significant effort to decentralize the administration of project grants.

□ Well over one-half of these officials reported that these decentralization measures had brought improvement in program administration.

□ Negative reports came in some cases where the concept of decentralization was not given adequate support either by inadequate staffing or failure to give decentralization enough time to prove itself.

MINIMUM PROCEDURES FOR PROJECT (DISCRETIONARY) GRANT PROGRAMS

□ A large majority of project grant officials reported that their programs complied with recommendations of the Administrative Conference of the United States (ACUS) for minimum procedures to safeguard against abuse of discretion: 83 percent said that they published procedures to be followed by grant applicants; 63 percent issued a public statement of the specific results they expected the grant to achieve; and 69 percent said they published criteria or standards used in selection of grantees.

GRANT CONSOLIDATION

□ Only 18 of 274 grant administrators responding said that their grant programs had been involved in statutory consolidations in the past five years. The bulk of this occurred in the Office of Education. The administrators had a mixed view of the effects of the mergers on achievement of the separate objectives of the merged programs.

IV. The Impact of Other Recent Changes

REORGANIZATION

□ Over one-half of the programs represented in the survey had been involved in one or more reorganizations since January 1970; almost one-third experienced two or more.

□ About the same percentage felt the reorganizations had enhanced their programs (37%) as felt that they had retarded them (35%).

IMPOUNDMENTS

□ Of 268 administrators responding, 38 percent said that their programs had been subjected to impoundments in the past ten years. These occurred most frequently in HEW-PHS, HEW-OE, Agriculture, and EPA.

□ About one-third reported a serious hampering of program functioning by the impoundments, one-half reported moderate hindrance, and one-sixth saw no appreciable effect.

GENERAL REVENUE SHARING (GRS)

□ Grant administrators believed that the provision of unrestricted GRS funds to state and local governments has not tended to undercut their programs' bids for continued support as categorical block grants.

□ Consistent with that view, state and local recipients have used little of their GRS moneys to meet the program needs of the categorical and block grant programs.

V. Opinions on Possible Modifications in the Grant System

CHANNELING AID REQUESTS THROUGH STATE BUDGET BUREAUS

□ Nineteen percent of the grant officials believed that the administration of Federal aid programs would be improved by channeling all state and local requests for Federal aid through state budget bureaus or similar central units. This represents a decided shift from the 2 percent who responded similarly to a parallel question in a 1964 survey.

EQUALIZATION FACTOR IN DISTRIBUTION OF GRANT FUNDS

□ Thirty-four percent of the respondents thought that their program should give greater recognition to variations in the financial capacity of state and local governments — an increase of 10 percent over the response in a 1964 survey.

□ The agency breakdown suggests that the increase in number of grant programs with social objectives probably affects the increased sentiment for equalization.

INCENTIVES FOR IMPROVED ADMINISTRATION AND PERFORMANCE

□ Twenty-four percent of the officials responding thought that if incentive payments were added to their program to encourage adoption of higher administrative and performance standards by recipients, administration would be improved. Twenty-one percent thought that services to the public would be enhanced. These were about one-half the percentages that responded positively to similar questions when asked in 1964, suggesting growing disenchantment with such incentives.

BLOCK GRANTS AND INTERFUND TRANSFERS

□ Only 18 percent of the Federal grant administrators believed that special revenue sharing or block grants would help states and localities meet their program needs better than narrow categorical grants and/or the provision for transfer of funds between narrow categorical grants. Forty-three percent felt that transfer of funds between narrow categorical grants would help. These responses indicate the continuing appeal of the categorical grant to the vast majority of Federal grant administrators.

THE QUESTIONNAIRE AND THE RESPONSE

The survey questionnaire was addressed to a list of officials taken from the Office of Management and Budget's (OMB) 1974 *Catalog of Federal Domestic Assistance*, updated with information on additions and deletions supplied by OMB. These officials were identified as being in charge of programs listed in the Catalog as "project" or "formula" grants and for which state and/or local governments or agencies thereof were eligible. The questionnaire was addressed to the official designated in the Catalog as the "information contact" in the headquarters office. It was intended that answers be provided by the administrator of the individual program — the individual who had programwide responsibility for day-to-day operations. In view of the fact that in some instances the "information contact" might not be the administrator, the addressee was requested to forward the questionnaire to the appropriate person for response.

It was recognized that a single administrator might end up preparing two or more questionnaires, either because he was listed as the "information contact" in the Catalog for several programs, or several questionnaires were referred to him by others. To help minimize any skewing that might result from multiple responses by the same person, the directions for the questionnaire emphasized that the respondent should consider each of his responses in terms of the specific program cited on the first page of the questionnaire. In reviewing the responses, ACIR staff observed that where one person responded to more than one questionnaire, his answers to some of the questions varied from questionnaire to questionnaire, suggesting that he did take seriously the request to consider the questions in the light of the individual program under review.¹

A total of 440 questionnaires was mailed. The response was as follows:

Valid returns	276
Blank or inadequate returns	72
No response	36
Questionnaire inapplicable	<u>56</u>
	440

A number of the "blank" returns were for programs which had only recently begun and therefore had had insufficient experience to report on. Most, however, were cases of the addressee believing that the questions were entirely or almost entirely inapplicable to his or her program. The 56 listed above as "questionnaire inapplicable" were so construed by ACIR staff. The great bulk of these were training or research programs whose recipients were institutions of higher education. They had been included in the original list under the rule that "agencies of state or local governments" were to be regarded as within the scope of the study; state or local universities often qualify as such agencies. Upon further consideration, however, it was concluded that, while state and local universities or colleges might so qualify, the programs themselves were usually narrowly defined research or training projects with few if any of the characteristics of grants that involve inter-governmental problems.

Excluding the 56 inapplicables reduced the universe to 384. The 276 responses amounted to a 72 percent return. Table V-1 distributes the 276 valid returns according to seven variables which were used for cross-tabulation purposes. The four block

grant programs from which responses were received were Comprehensive Health Service (HEW-PHS), Community Development (HUD), Law Enforcement Assistance (Justice), and *Comprehensive Employment and Training Act* (Labor).

A number of the questions are relevant to both categorical and block grants. However, the principal focus of the questionnaire is on experience with categorical grants, which were defined in the questionnaire as all Federal grants other than the four specified block grants and general revenue sharing. The questionnaire also distinguished the two kinds of categorical grants — formula and project — as follows:

Formula grants — entitlement is determined according to a formula established by statute or regulation.

Project grants — given in response to an application. Sometimes called "discretionary."

Some programs listed in the Catalog combine features of both formula and project grants. A fourth category — formula-project — was therefore used as one of the bases for cross-tabulation. Examination of these programs revealed great variation as to administering department or agency, the manner in which the formula and project features are combined, and the proportion of funds allocated to each component. Consequently, while the category is retained in the tabulations, few explanatory generalizations can be made about these programs as a category.

The questionnaire was directed mainly at obtaining subjective judgments. However, in a number of cases administrators were asked factual questions. While the focus of the following analysis is on the interpretation of the judgmental responses, the factual material is introduced as appropriate to provide perspective for the question and/or answer.

PART I. THE QUALITY OF INDIVIDUAL CATEGORICAL GRANT PROGRAMS

Evaluation of Program Elements

The questionnaire listed 34 "principal elements considered necessary for the design and administration of categorical grant programs so that they are effective and foster healthy intergovernmental

Table V-1

Distribution of Federal Questionnaire Responses by Seven Variables

A					
Administering Department or Agency	Number	Percent			
			Planning Program	10	3.6
			development	18	6.5
			Research	27	9.8
			Research and demonstration	6	2.2
Agriculture	26	9.4	Services	123	44.6
Commerce	18	6.5	Training	25	9.1
HEW-PHS ¹	34	12.3	Goods	8	2.9
-OE ²	67	24.3	Materials	<u>2</u>	<u>0.7</u>
-OS ³	8	2.9		276	100.1
-SRS ⁴	5	1.8			
HUD ⁵	7	2.5			
Interior	9	3.3			
Justice	6	2.2			
Labor	9	3.3			
DOT ⁶	12	4.3			
ARC ⁷	9	3.3			
EPA ⁸	17	6.2			
All other ⁹	<u>49</u>	<u>17.8</u>			
	276	100.1			

B					
Type of Grant	Number	Percent			
Formula	64	23.2			
Project	196	71.0			
Formula-project	12	4.3			
Block	<u>4</u>	<u>1.4</u>			
	276	99.9			

C					
Process Aided	Number	Percent			
Demonstrations	17	6.2			
Equipment	6	2.2			
Facilities	34	12.3			

D					
Program Function	Number	Percent			
Agriculture	14	5.1			
Business and Commerce	22	8.0			
Community development	16	5.8			
Consumer protection	5	1.8			
Cultural affairs	9	3.3			
Disaster prevention and relief	8	2.9			
Education	70	25.4			
Employment, labor, manpower	11	4.0			
Environmental quality	18	6.5			
Food and nutrition	7	2.5			
Health	50	18.1			
Housing	5	1.8			
Income security and social services	15	5.4			
Information and statistics	1	0.4			

Table V-1 continued

			F		
			State-Local Matching	Number	Percent
Law, justice and legal services	6	2.2			
Natl. resources	7	2.5			
Science and technology	1	0.4	50 percent or more	39	14.1
Transportation	11	4.0	1 to 49 percent	117	42.4
	<u>276</u>	<u>100.1</u>	0	117	42.4
			Not determined	<u>3</u>	<u>1.1</u>
				276	100.0

E

Program's FY 1975 Dollar Obligations			G		
			Program's Primary Recipient	Number	Percent
\$0-\$999,999	25	9.1	State	85	30.8
\$1,000,000-4,999,999	62	22.5	Local	39	14.1
\$5,000,000-24,999,999	90	32.6	State and local	84	30.4
\$25,000,000-99,999,999	51	18.5	Institution of higher education	52	18.8
\$100,000,000-499,999,999	30	10.9	Other non-profit	<u>16</u>	<u>5.8</u>
\$500,000,000-999,999,999	3	1.1		276	99.9
\$1 billion and over	9	3.3			
Not separately identifiable	<u>6</u>	<u>2.2</u>			
	276	100.2			

¹HEW-PHS — Department of Health, Education, and Welfare - Public Health Service I (see Catalog).

²HEW-OE — HEW Office of Education.

³HEW-OS — HEW Office of the Secretary.

⁴HEW-SRS — HEW Social and Rehabilitation Service.

⁵HUD — Department of Housing and Urban Development.

⁶DOT — Department of Transportation.

⁷ARC — Appalachian Regional Commission.

⁸EPA — Environmental Protection Agency.

⁹All other — Department of Defense, HEW National Institutes of Health, HEW National Institute of Education, HEW Public Health Service II (see Catalog), Civil Service Commission, Coastal Plains Regional Commission, Equal Employment Opportunity Commission, Four Corners Regional Commission, National Foundation on the Arts and Humanities, New England Regional Commission, Community Services Administration, Upper Great Lakes Regional Commission, Veterans Administration, Water Resources Council, ACTION, American Revolution Bicentennial Administration, Old West Regional Commission, and Pacific Northwest Regional Commission.

relations." These elements were developed by ACIR staff from observation of the grant system and a study of the literature. Federal grant administrators were asked to register their judgments on the degree to which they felt their respective programs could be improved with respect to each element. The results are tabulated in Table V-2. The unweighted mean of the administrators' evaluations of all 34 elements shows that an average of 11 percent found the need for substantial improvement in the identified elements of their program,

29 percent saw room for moderate improvement, and 60 percent thought things were about as good as they could be. Looking at the individual elements, the need for substantial improvement was seen as greatest in the area of more adequate program authorizations and appropriations (element (5) — 52%) and more adequate funding for administration and authorization of staff (element (6) — 41%). Combining the need for substantial improvement with the need for moderate improvement, a total of 60 percent or greater was

Table V-2

**Federal Grant Administrators' Views on the Quality of Elements
in the Design and Administration of Their Individual Programs**

Summer 1975

Key

- N — number of administrators responding to the element.
- A — individual grant program could be substantially improved in regard to this element.
- B — could be moderately improved.
- C — is about as good as it could be.

Element	N	A	B	C
1. Program purposes are clearly defined in statute.	253	9%	22%	69%
2. Eligible recipients are appropriate for program and clearly defined in statute.	253	4	17	79
3. Degree of administrative discretion for implementation of Congressional intent is clearly specified in statute.	252	6	29	65
4. Apportionment formula and/or matching ratio are consistent with statutory purpose.	220	5	9	86
5. Authorization and appropriation are adequate to achieve purpose.	253	52	27	21
6. Appropriation for administration and authorization for staff are adequate for implementation.	253	41	32	28
7. Statutory reporting, accounting, and auditing requirements are adequate for control.	252	8	25	66
8. Statutory performance requirements are consistent with program purpose.	248	8	18	74
9. Reviews by substantive and appropriations committees of Congress are adequate.	248	8	23	68
10. Congress makes needed and timely revision of authorizing statute.	242	14	23	63
11. Regulations, guidelines, and policy interpretation are adequate to carry out Congressional intent.	254	8	22	69
12. Regulations, guidelines, policy interpretations give recipients maximum discretion consistent with achieving Congressional intent.	254	8	22	69
13. Regulations, guidelines, and policy interpretations are clear.	255	9	38	53
14. Agency issues regulations, guidelines, and policy interpretations expeditiously.	256	14	51	35

Table V-2 continued

15. Processing of applications, plans, and other documents is expeditious.	256	5	33	62
16. Agency's reports to Congress on program's strengths and weaknesses are submitted in timely fashion.	236	12	21	67
17. Agency proposes necessary statutory changes to Congress.	238	13	23	64
18. Agency provides necessary technical assistance.	250	16	37	47
19. Agency effectively monitors recipients' conformance with plans, procedural requirements, and performance standards.	250	15	49	36
20. Monitoring assures that funds intended to be additive are not substitutive.	229	7	34	59
21. State and local recipients employ adequate organization and staff.	239	15	51	34
22. When funds to localities are channeled through the state, good local performance is fostered by the state through addition of funds, technical assistance, or setting of higher standards.	158	16	46	38
23. Recipients effectively coordinate grant-aided activity with other state or local activities.	227	10	55	36
24. Congress was sensitive to possible program impact on state and local governments in designing the legislation.	224	4	24	73
25. Congress consulted with state and/or local governments in preparing legislation.	211	9	18	73
26. Congress seeks advice of state and local governments in making legislative changes.	203	6	26	67
27. Congress makes efforts to avoid fluctuation of funding.	232	14	27	59
28. In designing the program, Congress was careful not to undermine the role of general purpose units of local government and elective, generalist policymakers.	209	3	11	86
29. Agency consults with local governments in preparing regulations and guidelines.	219	6	28	66
30. Agency seeks state and local advice on changes in regulations and guidelines.	239	8	21	72
31. Agency strives to give recipients maximum access to policymakers for expediting actions and rendering policy decisions.	253	3	18	79
32. Agency seeks active coordination with other departments and agencies affecting recipients' overall programs.	246	6	35	59
33. Agency gives preference to general purpose local units and elective general policymakers.	161	3	15	82
34. Within statutory limits, agency strives to stimulate program innovation.	252	4	19	77

registered for elements (5) and (6) and in addition for: monitoring more effectively plans, procedural requirements and performance standards ((19) — 63%); expeditious issuance of regulations, guidelines, and policy interpretations ((14) — 65%); better organization and staffing by state and local recipients ((21) — 66%); states' exercise of more effective influence on local government performance when they channel aid to localities ((22) — 62%); and recipients' more effective coordination of grant-aided activity with other state or local activities ((23) — 65%).

At the other end of the spectrum, there was greatest satisfaction that the apportionment formula and/or matching ratio were consistent with the statutory purpose (element (4) — 86% indicating that this element was "about as good as it could be"); that Congressional action in designing the program took care not to undermine general purpose units of local government and elective general policymakers (element (28) — 86%); and that the agency gave preference to general purpose local units and elective general policymakers (element (33) — 82%). Almost as high ratings of contentment were registered for the appropriateness of eligibility requirements ((2) — 79%); consistency of statutory performance requirements with program purpose ((8) — 74%); Congress's sensitivity to program impact on states and localities in designing the legislation ((24) — 73%) and Congress's consultation with those units in preparing legislation ((25) — 73%); agencies' efforts to get state and local advice on regulation and guidelines changes ((30) — 72%) and their efforts to give recipients access to policymakers for expediting actions and rendering policy decisions ((31) — 79%); and agencies' efforts to stimulate program innovation within statutory limits ((34) — 77%).

The unweighted mean of 60 percent registered for satisfaction with the way things are suggests a general level of contentment of the administrators with their individual categorical grant programs. It is interesting to note that the two elements which were considered most in need of improvement (5 and 6) are essentially Congressional responsibilities — appropriations and staff authorizations. Of the five other elements that received a combined substantial and moderate "improvement needed" rating, three (21, 22, and 23) required improvement on the part of state or local governments. The two remaining clearly require

self-improvement by the administering agencies: (19) — monitoring, and (14) — more expeditious issuance of regulations, guidelines, and policy interpretations. Perhaps it is natural that the administrators would most easily see the mote in someone else's eye. On the other hand, it speaks well for their self-awareness that so many acknowledge discontent with their efforts to monitor and efficiently issue policy documents, activities which are central to their grant administering responsibility.

DEVIATIONS FROM THE NORMS

The overall averages for the 276 respondents conceal some interesting and perhaps significant variations among the program administrators. These variations can be explored by breaking down the responses according to certain independent variables: department or agency, type of grant (formula, project, formula-project), process aided (e.g., training, service, demonstration, research), and dollar amount of FY 1975 obligations. Looking at the elements identified above as "needing substantial or moderate improvement" in the judgment of the administrators:

- On element 5 (adequacy of authorization and appropriation to achieve purpose), HEW-SRS, Interior, and DOT administrators saw much less need than the average for substantial improvement, whereas administrators responding from Justice saw much more need.
- On element 6 (adequacy of appropriation for administration and authorization for staff), the program administrators in Interior and DOT saw much less need for substantial modification, whereas those responding from Justice and Labor saw much more. From the standpoint of the type of process aided, training and demonstration grants administrators also saw much more need than the overall average for substantial modification in this area.
- The preponderance of respondents felt that substantial or moderate improvements were needed to expedite agency issuances of regulations, guidelines, and policy interpretations (element 14). HEW-SRS, ARC, and EPA felt stronger than the overall average on this point. Again from the standpoint of process, so did the administrators of research and demonstration grants.

- On the issue of effective agency monitoring of recipients' conformance with plans, procedural requirements, and performance standards (element 19), administrators of grants in Agriculture, HEW-PHS, HEW-OS, HEW-SRS, Justice, Labor, and DOT felt especially strongly that improvements are needed, whereas those in Commerce and ARC felt little improvement was needed.
- On the issue of state and local employment of adequate organization and staff (element 21), HEW-SRS, HUD, and ARC respondents were most bearish. Also as a group, administrators of formula grants had a much more jaundiced view of state and local capacity than the project grant managers. In the eight programs with FY 1975 obligations of \$1 billion or more, the administrators were also very bearish on this point.
- On the issue of state channeling, a substantial majority felt the need for strengthening the state's role (element 22); this view was markedly strong among the grant administrators responding from HEW-OS, HEW-SRS, and HUD, and was well below average in ARC.
- The need for improving state and local recipients' coordination of grant-aided activity with their other activities (element 23) was strongly supported by administrators of programs in HEW-SRS, HUD, Justice, and EPA. Far less emphasis was given in Interior, DOT, and ARC.
- Program administrators in HEW-OE, HEW-SRS, Justice, and Labor were markedly less sure than the majority that Congress had the impact on state and local governments in mind in designing grant legislation (element 24). From the vantage point of type of process aided, the administrators of training programs shared this gloomier view.
- On the similar issue of Congress's consultation with states and localities in preparing grant program legislation (element 25), HEW-OS, HEW-SRS, and HUD were noticeably more pessimistic than the majority.
- With regard to agencies' seeking state and local advice on regulation and guideline changes (element 30), HEW-SRS, Justice, and Labor felt definite improvement was needed. According to type of process aided, this view was shared by administrators of demonstration, program development, and training grant programs.
- On the issue of agencies giving preference to general purpose local units and elective general policymakers (element 33), HEW-OE, HEW-OS, Justice, and CSA thought improvement was seriously needed, contrary to the overall position. This view was shared by the administrators of grants for equipment, program development, and research and demonstration.
- Finally, contrary to the consensus, grant administrators in HEW-SRS, Labor, and EPA felt their agencies needed to do more to stimulate program innovation (element 34). Interestingly, this view was shared by formula grant administrators as a group, but definitely not by project grant administrators as a group.

Looking now at the elements identified above as being generally as good as they could be on an overall basis:

- HEW-SRS and Justice were noticeably less satisfied than the total group that eligible recipients are appropriate and clearly defined (element 2). From the standpoint of type of process aided, the administrators of training grants shared this skepticism.
- On the issue of the apportionment formula and/or matching ratio (element 4), only HEW-SRS indicated a substantially less sanguine view than the whole group.
- On the issue of the consistency of statutory performance requirements with program purpose (element 8), HEW-SRS and Labor expressed dissenting reactions.

Overall, analyzing the answers by such independent variables as administering agency, process aided, type of grant (formula, project, or formula-project), and size of dollar obligation for FY 1975 reveals only a few consistent patterns of deviation from the overall average: grant administrators in HEW-SRS and to a lesser extent Justice and Labor felt more strongly than the average that improvement is needed in grant design and administration. In a few cases, deviations were discernible according to differences in process aided or size of FY 1975 dollar obligation, but the number was not large enough to suggest a consistent pattern. There

clearly was no pattern of difference discernible between the administrators of formula grants as a group and the administrators of project grants.

In-Service Training for State and Local Personnel

Central to the effective implementation of grant programs is the competence of state and local personnel responsible for delivering services supported by the grant funds. One question sought to

probe administrators' opinions on the effectiveness of in-service training efforts over the past three years for such employees. They were asked to rate separately (a) training provided under the provisions of the Intergovernmental Personnel Act (IPA), and (b) all other in-service training for such employees supported at least in part from their program funds. The results by department or agency are presented in Table V-3.

A "non-applicable" (NA) response ("question does not apply") is taken to mean that the program did not engage in the training activity. In regard to

Table V-3

Federal Grant Administrators' Views on the Effectiveness of In-Service Training for Employees of State and Local Grant Recipients, by Department or Agency

Summer 1975

Key: N — number of administrators responding.
 A — training very effective.
 B — moderately effective.
 C — ineffective.
 D — question does not apply.

Department or Agency	Intergovernmental Personnel Act Training					All Other In-Service Training				
	N	A	B	C	D	N	A	B	C	D
Agriculture	21	24%	10%	14%	52%	26	8%	58%	4%	31%
Commerce	13	8	8	0	85	13	0	8	0	92
HEW-PHS	30	0	7	0	93	31	0	32	0	68
-OE	56	2	20	25	54	62	19	50	8	23
-OS	8	0	13	0	88	8	0	50	0	50
-SRS	5	0	20	60	20	5	0	40	60	0
HUD	7	0	43	0	57	7	0	57	0	43
Interior	9	0	33	11	56	9	11	44	0	44
Justice	5	0	20	20	60	5	0	80	20	0
Labor	6	0	33	33	33	6	0	50	50	0
DOT	12	8	8	25	58	12	17	42	0	42
ARC	9	0	11	22	67	9	0	44	0	56
EPA	15	0	27	7	67	15	20	20	7	53
All other	43	2	7	9	81	43	0	19	2	79
Total	239	4%	15%	14%	67%	251	8%	39%	6%	47%

IPA training, administrators of programs in the following major agencies registered a NA response higher than the mean (67%): Commerce (85%), HEW-PHS (93%), and HEW-OS (88%). In regard to all other training, the NAs above the mean (47%) were Commerce (92%), HEW-PHS (68%), HEW-OS (50%), ARC (56%), and EPA (53%). It seems fair to conclude from the large percentage of NAs that grant administering agencies could give more attention to in-service training, particularly for that available under IPA.

Eliminating the NA responses, the breakdown by department or agency is shown in Table V-4. It seems that for those agencies using IPA, effectiveness clearly needs to be upgraded, inasmuch as about one-half of the grant programs using IPA (43%) rate it ineffective. The agency breakdown signals where improvements are needed in those agencies providing in-service training for state and local personnel: for IPA: HEW-OE, HEW-SRS, Labor, DOT, ARC; for all other training: HEW-SRS and Labor.

Table V-4

Federal Grant Administrators' Views on the Effectiveness of In-Service Training for Employees of State and Local Grant Recipients, Excluding "Non-applicables": by Department or Agency

Summer 1975

Key: N — number of administrators responding.
 A — training very effective.
 B — moderately effective.
 C — ineffective.

Department or Agency	Intergovernmental Personnel Act Training				All Other In-Service Training			
	N	A	B	C	N	A	B	C
Agriculture	10	50%	20%	30%	18	11%	83%	6%
Commerce	2	50	50	0	1	0	100	0
HEW-PHS	2	0	100	0	10	0	100	0
-OE	26	4	42	54	48	25	65	10
-OS	1	0	100	0	4	0	100	0
-SRS	4	0	25	75	5	0	40	60
HUD	3	0	100	0	4	0	100	0
Interior	4	0	75	25	5	20	80	0
Justice	2	0	50	50	5	0	80	20
Labor	4	0	50	50	6	0	50	50
DOT	5	20	20	60	7	28	72	0
ARC	3	0	33	67	4	0	100	0
EPA	5	0	80	20	7	43	43	14
All other	8	13	38	50	9	0	88	11
Total	79	11%	46%	43%	133	15%	74%	11%

PART II. THE QUALITY OF THE STATE-LOCAL ROLE

In the partnership administration of Federal grants, state and local governments play a critical role. How do Federal grant administrators assess their performance in this role? The questionnaire asked the administrators their views on state and local personnel problems and whether personnel turnover is excessive. It also asked how they rated the overall capacity of state and local government recipients in implementing the individual programs. In addition, questions were posed on the effect of channeling Federal funds to local governments through the states. Finally, the questionnaire probed the administrators' experience with withholding of funds or suspension of payments over the past five years.

In several cases, similar questions had been asked of grant administrators by the Senate Subcommittee on Intergovernmental Relations in 1964,² making it possible to determine whether there had been any attitudinal changes in 11 years.

State and Local Personnel Problems

The questionnaire asked:

Among the most commonly cited deficiencies which undermine good administration of aid programs at the state and local levels are low salaries, inadequate training programs, overly stringent civil service requirements, or the lack of any merit system. Have any of these problems affected the administration of this program?

Of the 248 responses, 106 or 43 percent were "Yes" and 142 or 57 percent, "No." Table V-5 shows how the administrators responded by department or agency.

A high percentage of "Yes" answers was given by administrators of the large money programs. Thus, 88 percent of the administrators of programs of FY 1975 obligations of \$1 billion and over said "Yes," compared to 67 percent of the administrators of programs of \$500 to \$999 million, and 58 percent of the administrators of programs of \$100 to \$499 million.

Those answering "Yes" were asked to identify the problems encountered. The number of times different deficiencies were noted was as follows:

low salaries	63
inadequate training program	40
overly stringent merit system	41
lack of a merit system	13
unresponsive personnel system	5

The 1964 survey by the Senate Subcommittee on Intergovernmental Relations asked a similar question but asked respondents specifically to indicate "Yes" or "No" whether each of the first four deficiencies listed above was causing a problem. The results of the 1964 survey and the 1975 survey are compared in Table V-6.

Probably the 1964 questionnaire made it easier for the respondents to register their views than did the 1975 questionnaire, since identification of the kind of deficiency existing required only a check mark. Even so, the fact that 43 percent of the 1975 respondents found deficiencies in at least one

Table V-5

Federal Grant Administrators' Views on Whether State and Local Recipients Have Personnel Deficiencies: by Department or Agency

Summer 1975

Department or Agency	N	Yes	No
Agriculture	25	72%	28%
Commerce	13	23	77
HEW-PHS	26	62	38
-OE	65	29	71
-OS	8	25	75
-SRS	5	80	20
HUD	5	80	20
Interior	9	33	67
Justice	4	50	50
Labor	5	80	20
DOT	12	50	50
ARC	9	89	11
EPA	16	44	56
All other	46	24	76
	248	43%	57%

Table V-6

Percentage of Federal Grant Administrators Citing Personnel Deficiencies in State and Local Government

1964 and 1975

Personnel Deficiency	1964	1975
Low salaries	79%	25%
Inadequate training programs	69	16
Overly stringent merit requirements	19	17
Lack of a merit system	38	5

Source: 1964 data — U.S. Senate, Subcommittee on Intergovernmental Relations, *The Federal System as Seen by Federal Aid Officials*, 89th Cong., 1st Sess. (Washington, D.C.: U.S. Government Printing Office, December 15, 1965), p. 58; 1975 data — ACIR questionnaire survey.

category compared to 79 percent in 1964 and the strikingly lower percentage specifying the various types compared with 1964 (except for overly stringent merit requirements) warrant a conclusion that Federal grant administrators in 1975 find state and local grantees' personnel practices noticeably improved over 1964.

Personnel Turnover

In a closely related question, administrators were asked:

Is there an excessively high turnover rate of state or local agency personnel with whom you deal in this program?

Of 233 responses, 18 percent were "Yes;" 82 percent were "No." The response from four of the major departments or agencies registered a relatively high "Yes" vote: HEW-PHS (36%), HEW-SRS (80%), HUD (80%), and Justice (60%). These four also had indicated a large "Yes" response on the previous question on personnel deficiencies (Table V-5).

Table V-7

Federal Grant Administrators' Ratings of Overall Capacity of State and Local Government Grant Recipients: by Type of Recipient

Summer 1975

Key: N — number of responding grant administrators.
1-5 — descending scale of rated overall capacity (i.e., (1) is highest).

Type of Recipient	N	1	2	3	4	5	Total
States	159	24%	28%	30%	12%	7%	101%
Local governments							
Cities	69	15	20	37	17	11	100
Counties	62	14	19	38	18	12	101
School districts	44	14	26	39	11	10	100
Other	63	38	21	22	13	5	99

Note: Because the programs vary with respect to their eligible recipients, with some grants, for example, going only to states, or local governments, or school districts, the number of total possible responses varies among the different recipients. This accounts in part for the variation in N value.

The Senate Subcommittee survey of 1964 had asked a similar question: "With respect to your aid program, is there a high turnover rate of state or local agency personnel with whom you deal?" Of the 86 administrators answering, 41 percent said "Yes;" 59 percent, "No."³ This suggests a definite improvement in the turnover problem during the 11-year period in the opinion of Federal grant administrators.

Overall State and Local Recipients' Capacity

In another related but broader question, the administrators were asked:

Please rate the overall capacity of state and local government recipients in implementing this program on a scale of (1) to (5), with (1) the highest. Indicate the percentage of recipients that fall under each rating. Consider such factors as the number and competence of assigned staff, adequacy of other administrative resources, organizational structure, and commitment of the chief executive and legislature to the program.

The combined ratings of all respondents are presented in Table V-7. In the overall rating, the "other" category of recipients scored highest, followed in order by states, school districts, cities, and counties. Among the "other" types of recipients that were identified by respondents were universities (13 specified), non-profit organizations (7), and several kinds of local special districts (7), including soil and water conservation districts, irrigation districts, transit operating authorities, and local development districts.

Table V-8 shows how the grant administrators in the different departments and agencies rated the several kinds of recipients. Looking at the rating by department or agency and type of recipient, one can measure a department's or agency's relative evaluation by identifying those instances where the rating exceeds the governmentwide average by a certain margin, using the median of departmental figures to avoid giving undue weight to the department or agencies with most programs. For example, the median (1) and (2) rating for the states was 31% + 26% = 57%. Using a deviation of 10 percent, any department or agency that rated

states at 67 percent or more could be considered as giving states a clear above-average rating. On the other hand, a rating of 10 percent above the (4) and (5) combined state's rating (10% + 4%) would be considered a clear below-average assessment.

Using this rough method, the above- and below-median ratings for each of the types of recipients are as follows:

	Above median ratings	Below median ratings
States	Commerce Interior Justice ARC	HUD EPA
Cities	Commerce HEW-PHS HUD Labor All other	HEW-OS HEW-SRS HUD Justice DOT EPA
Counties	Commerce HEW-PHS HEW-OE Labor ARC All other	Agriculture Justice DOT EPA
School districts	HEW-OE ARC All other	Agriculture Justice EPA
Other	Interior EPA All other	HEW-SRS HUD

The ratings of recipients' capacity can also be broken down according to whether the respondents administer formula, project, formula-project (combined) or block grants. The results are shown in Table V-9.

The capacity of the recipients taken as a whole rates highest in the opinion of the block grant administrators, next highest in the view of the formula grant administrators, and lowest in the opinion of the administrators of combined formula-project grants.

Examining the ratings by type of recipient, it appears that the overall higher rating of recipients

given by the formula grant administrators is accounted for by the higher scores they give to counties and school districts, compared to those given by the project grant administrators.

Channeling Grants to Local Governments Through the States

In an effort to evaluate the role of local governments in the grant system, two questions were directed to the administrators of project grants which have local government recipients. They were similar to questions posed by the Senate Subcommittee on Intergovernmental Relations in 1964. The first was:

(a) Do applications for this program channel through the state rather than come directly from local governments? (b) If "Yes" to what extent has channeling affected local participation: substantially reduced, moderately reduced, no effect.

Forty-four or 36 percent of the 122 responding to (a) said they did channel applications through the state. When a similar question was asked by the Senate Subcommittee on Intergovernmental Relations in 1964, 60 percent of the grant administrators responding said they channeled applications through the states.⁴

Thirty-nine of the 44 responding to part (a) answered part (b), indicating as follows:

	Number	Percent
Channeling of Applications:		
— substantially reduced local participation	4	10%
— moderately reduced	6	15
— no effect	29	74

Substantial reductions of participation were seen by one administrator in HEW-PHS, one in HEW-OE, and two in multistate regional commissions other than the Appalachian Regional Commission.

The second question asked on channeling was:

(a) Do your aid funds channel through the state rather than go directly to local governments? (b) If "Yes" to (a), is channeling required by Federal statute or regulation? (c) If "Yes" to (a), to what extent has channeling of funds affected local participation: substantially reduced, moderately reduced, no effect.

Of the 115 responding to part (a), 25 (22%) said they did channel funds through the state to localities. This compared to 65 percent responding to a similar question in 1964.⁵ Fourteen (56%) of the 25 responding "Yes" to part (a), said in response to part (b) that the fund channeling was required by Federal statute or regulation.

On part (c), 21 of the 25 who said their funds were channeled evaluated the effects as follows:

	Number	Percent
Channeling of Funds:		
— substantially reduced local participation	1	5%
— moderately reduced	3	14
— no effect	17	81

The one administrator who saw a substantial reduction was in HEW-PHS, and the three who saw moderate reduction were in DOD.

Under this question, respondents were asked to comment if they wished. Two administrators in the National Foundation on the Arts and Humanities said that state channeling increased local participation in their programs.

These questions and answers on state channeling indicate that the practice, with respect to local applications and the flow of funds, is not very extensive, and had declined markedly from the pattern reported in 1964. This suggests that the expansion in number of project grants since 1964 has featured a direct Federal-local relationship. When channeling has been used, however, the responses indicate that it has not generally tended to discourage local participation. The comments from the National Foundation on the Arts and Humanities suggest, indeed, that encouragement or discouragement may depend on what role the state is asked to take in the program.

Table V-8

**Federal Grant Administrators' Ratings of Overall Capacity of State and Local Grant Recipients: by Department or Agency of Administrators and by Type of Recipients
Summer 1975**

Key: N — number of responding grant administrators.
1-5 — descending scale of rated overall capacity
(i.e., (1) is highest).

A. States

	N	1	2	3	4	5
Agriculture	20	25%	27%	33%	10%	5%
Commerce	9	33	39	19	7	2
HEW-PHS	12	33	30	23	13	0
-OE	36	16	24	44	12	4
-OS	6	38	21	33	8	0
-SRS	5	42	10	28	18	2
HUD	1	30	20	15	20	15
Interior	7	44	33	4	3	16
Justice	5	26	48	14	8	4
Labor	5	3	36	47	9	5
DOT	10	28	22	32	8	12
ARC	7	49	19	23	5	4
EPA	14	8	17	28	19	27
All other	<u>22</u>	<u>19</u>	<u>37</u>	<u>23</u>	<u>18</u>	<u>4</u>
Total	159					
Median department or agency		31%	26%	26%	10%	4%

B. Cities

	N	1	2	3	4	5
Agriculture	6	5%	23%	53%	13%	7%
Commerce	4	50	3	44	4	0
HEW-PHS	8	29	21	30	21	0
-OE	9	9	21	50	15	4
-OS	2	0	0	25	75	0
-SRS	1	5	5	40	50	0
HUD	1	30	20	15	20	15
Interior	1	0	0	100	0	0
Justice	3	33	0	33	0	33
Labor	2	0	50	50	0	0
DOT	6	11	13	32	20	24

Table V-8 Continued

ARC	0	—	—	—	—	—
EPA	12	7	20	28	13	30
All other	14	16	30	32	19	3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	69					
Median department or agency		9%	20%	33%	15%	3%

C. Counties

	N	1	2	3	4	5
Agriculture	5	7%	7%	47%	35%	4%
Commerce	3	0	70	25	5	0
HEW-PHS	9	33	19	23	25	0
-OE	7	6	31	33	24	6
-OS	2	0	0	75	25	0
-SRS	1	5	20	55	20	0
HUD	0	—	—	—	—	—
Interior	0	—	—	—	—	—
Justice	3	0	0	67	0	33
Labor	2	50	0	50	0	0
DOT	6	9	12	34	21	24
ARC	1	20	20	60	0	0
EPA	11	7	17	30	14	32
All other	12	18	21	43	15	4
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	62					
Median department or agency		7%	18%	45%	18%	2%

D. School Districts

	N	1	2	3	4	5
Agriculture	2	0	0%	50%	50%	0%
Commerce	0	—	—	—	—	—
HEW-PHS	1	0	0	100	0	0
-OE	27	17	32	39	10	2
-OS	1	0	0	100	0	0
-SRS	0	—	—	—	—	—
HUD	0	—	—	—	—	—
Interior	0	—	—	—	—	—
Justice	1	0	0	0	0	100
Labor	0	—	—	—	—	—
DOT	0	—	—	—	—	—
ARC	1	50	50	0	0	0

Table V—continued

EPA	3	0	0	0	0	100
All other	8	13	31	43	14	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	44					
Median						
department or agency		0%	0%	41%	0%	0%

E. Other

	N	1	2	3	4	5
Agriculture	14	38%	13%	27%	17%	6%
Commerce	0	—	—	—	—	—
HEW-PHS	4	23	28	33	17	0
-OE	13	31	26	22	11	11
-OS	1	0	0	100	0	0
-SRS	1	5	30	25	40	0
HUD	1	40	20	10	20	10
Interior	1	100	0	0	0	0
Justice	3	40	13	27	13	7
Labor	0	—	—	—	—	—
DOT	6	20	23	35	10	13
ARC	3	25	37	25	8	5
EPA	11	66	14	10	10	0
All other	5	40	40	0	20	0
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total	63					
Median						
department or agency		35%	25%	25%	12%	3%

**Withholding of Funds,
Suspension of Payments**

One clue to state and local recipients' performance under the grant system is the Federal grantors' experience in threatening or actually executing the withholding of grant funds or the suspension of payments. The following question was asked:

(a) Has your agency, within the last five years, initiated formal action to withhold funds or suspend payments in this program because of state or local unwillingness or inability to comply with statute or regulations? (b) Has your agency, within the last five years, actually withheld funds or suspended payments in such cases?

Of the 264 responding to part (a), 73 or 28 per cent answered that they did initiate action to withhold funds or suspend payments in the last five years. Of 260 answering part (b), 68 or 26 percent said they actually did withhold or suspend payments. When a question similar to part (b) was asked by the Senate Subcommittee on Intergovernmental Relations in 1964, 38 percent of the grant administrators responding said "Yes."

The breakdown by department or agency for the two parts of the question asked in 1975 is presented in Table V-10. The parallelism between number of actions initiated and carried out, department by department, indicates that once initiated, a withholding or suspension of payment action was very likely to be executed. While more would need to be

Table V-9

**Federal Grant Administrators' Ratings of Overall Capacity of State and Local Grant Recipients:
by Type of Grant Administered**

Summer 1975

Key: N — number of responding grant administrators.
1-5 — descending scale of rated overall capacity
(i.e., (1) is highest).

	N	1	2	3	4	5
States						
Formula	48	31%	22%	31%	11%	5%
Project	100	23	30	28	12	7
Formula-project	9	7	32	36	17	8
Block	2	8	10	68	10	5
Cities						
Formula	6	13	25	39	16	7
Project	59	16	19	36	18	11
Formula-project	3	2	5	73	10	10
Block	1	0	100	0	0	0
Counties						
Formula	7	21	16	34	22	6
Project	51	12	19	39	18	12
Formula-project	3	1	36	40	10	13
Block	1	100	0	0	0	0
School districts						
Formula	100	20	25	40	12	4
Project	32	13	25	38	11	13
Formula-project	2	0	50	50	0	0
Block	—	—	—	—	—	—
Other						
Formula	16	35	22	24	12	6
Project	44	39	21	20	14	5
Formula-project	3	40	8	40	8	4
Block	—	—	—	—	—	—
Total						
Formula	87	29	22	31	12	5
Project	287	21	24	31	15	9
Formula-project	20	9	27	44	12	7
Block	4	29	30	34	5	3

known about the actions in terms of the causes and the dollars involved to understand their full effect, it does seem fair to conclude that these instruments of Federal enforcement are not languishing because of non-use. The comparable figure for 1964, however, indicates that the practice has declined somewhat. Assuming that Federal requirements are reasonable and are fairly applied, it also suggests continuing shortcomings in state and local performance.

When the responses are examined according to the type of grant, the results appear as indicated in *Item 1*.

The proportion of programs involved in initiating and concluding actions is about the same for formula and project grants, but about twice as great for the formula-project group.

Finally, a breakdown of responses by dollar size of program obligations for FY 1975 suggests that the larger programs tend to use withdrawal or sus-

pension more than the smaller programs (see *Item 2*).

PART III. THE EFFECTS OF RECENT FEDERAL CHANGE EFFORTS

The explosion in the number and complexity of categorical grant programs in the mid- and late-1960s generated efforts in both Congress and the Administration to reform the categorical grant system or major parts of it. Many of these measures were aimed at administrative simplification and standardization, such as the *Intergovernmental Cooperation Act of 1968* and the Federal Assistance Review (FAR) program initiated by the Nixon Administration in 1969. The questionnaire asked Federal grant administrators their assessment of the effects of these recent efforts to improve the system.

Table V-10

Federal Grant Programs and Withholding or Suspension of Payments in Past Five Years: by Department or Agency Summer 1975

Key: N — number of responding grant administrators.

Department or agency	(a) Action Initiated			(b) Action Concluded		
	N	Yes	No	N	Yes	No
Agriculture	26	38%	62%	26	42%	58%
Commerce	17	24	76	17	24	76
HEW-PHS	33	21	79	33	21	79
-OE	65	23	77	63	18	82
-OS	8	25	75	7	29	71
-SRS	5	40	60	5	20	80
HUD	5	20	80	5	20	80
Interior	9	44	56	9	22	78
Justice	5	60	40	5	60	40
Labor	7	14	86	7	14	86
DOT	12	67	33	12	58	42
ARC	9	33	67	9	22	78
EPA	17	18	82	17	29	71
All other	46	28	72	45	22	78
Total	264	28%	72%	260	26%	74%

Item 1

Type of grant	(a) Action Initiated			(b) Action Concluded		
	N	Yes	No	N	Yes	No
Formula	64	30%	70%	64	22%	78%
Project	186	25	75	182	26	74
Formula/project	12	50	50	12	42	58
Block	2	100	0	2	100	0

Conformance of Regional Boundaries

One of the most criticized features of the grant administration system in the mid-1960s was the crazy-quilt of Federal regional organizations that grant applicants had to deal with. The FAR group gave early attention to this problem and recommended, and the President directed, the establishment of ten standard regions for the major domestic departments and agencies.

The ACIR questionnaire asked Federal grant administrators to indicate whether they thought this conformance of regional boundaries had produced substantial improvement in the administration of their individual programs, produced moderate improvement, had no appreciable effect, had a negative effect, or was not applicable. Of the 266 responding, 46 percent said the standardization of boundaries did not apply to their programs. These apparently were cases where grant administration was centralized rather than regionalized, or the

agency's boundaries did not conform with the standard boundaries, or the agency's boundaries already were entirely, or largely, in conformity.

The 144 who said the change applied to their programs judged its effect on the administration of their grants as follows:

	Percent
substantial improvement	6%
moderate improvement	23
no appreciable effect	63
had a negative effect	8
	<hr/> 100%

The breakdown by department or agency is presented in Table V-11.

Item 2

FY 1975 obligations (\$000,000)	(a) Action Initiated			(b) Action Concluded		
	N	Yes	No	N	Yes	No
\$0- \$0.9	22	14%	86%	21	19%	81%
1.0- 4.9	58	19	81	57	19	81
5.0- 24.9	88	26	74	87	21	79
25.0- 99.9	50	26	74	49	24	76
100.0- 499.9	29	55	45	29	55	45
500.0- 999.9	3	33	67	3	33	67
1,000.0 and over	8	38	62	8	25	75

Item 3

	Change applicable					Not applicable
	N	A	B	C	D	NA
Formula	41	0%	12%	63%	24%	23
Project	90	10	28	60	2	96
Project-formula	10	0	20	80	0	2
Block	3	0	33	67	0	1
	144	6%	23%	63%	8%	122

The breakdown of responses by type of grant is as indicated in Item 3, using the same column headings as in Table V-11.

OMB Circular A-105 establishes the standard Federal regions and provides guidelines for adapting field structures, regional offices, and subregional structures to the regional pattern. It sets forth the following objectives of the standard Federal region policy:

- to enhance departments' effectiveness by increasing opportunities for coordination with complementary actions by other Federal agencies with related missions,
- to provide more opportunity for securing management improvement and economy through such measures as establishment of common administrative support or central service facilities,
- to create a more consistent basis for strengthening interagency coordinating mechanisms, and
- to provide better Federal support for state and local officials through a more compatible field structure and greater opportunities for intergovernmental coordination.

The responses to the ACIR questionnaire do not by themselves enable one to make a conclusive judgment as to whether these objectives are being adequately fulfilled. However, several points do suggest something less than an enthusiastic verdict, including:

- the relatively large porportion (46%) of grant administrators who did not think the change in boundary policy applies to them. It would seem that grant administrators, of all people, would be alert to the potential impact of the boundary

policy. If the change did in fact apply to them, but they were not aware of it, that fact speaks poorly for top management's efforts to convey the significance of the change and to make it operative in accordance with the declared objectives.

- the relatively small percentage of those who saw substantial (6%) or moderate (23%) improvement. Thus, only between one-fourth and one-third saw noticeable good results.

The breakdown of responses by type of grant indicates that favorable effects are occurring more noticeably among the project grant programs than formula grant programs. Recipients of project grants probably stand to benefit more from simplification and standardization of regional administrative structures than formula grant recipients, because they deal with more grants, and the problems of linkages between different kinds of project grants are more critical for coordination purposes. On the positive side, therefore, the higher rate of improvement reported by project grant administrators indicates that the boundary policy change is having an impact where it should.

Reduction of Process Time for Grant Applications

Under the heading of cutting red tape, the FAR program focused its attention on reducing process time for grant applications. As one report on FAR stated:

The days, weeks, and sometimes months required to prepare and process applications for Federal assistance have not only been a source of frustration for prospec-

tive recipients but also have unnecessarily delayed availability of funds. Through a governmentwide review and reform of procedures, several departments and agencies have reduced significantly the application processing time for certain programs.⁶

The ACIR questionnaire asked Federal grant administrators to evaluate the effect of the effort to reduce processing time on their program in the same manner as they had evaluated the regional boundary issue. Of the 263 responding, 30 percent said the processing effort did not apply to their programs. The remaining 70 percent (185 respondents) judged the effect on their program administration as follows:

	Percent
substantial improvement	3%
moderate improvement	29
no appreciable effect	50
had a negative effect	18

The results are shown by department or agency in Table V-12.

The percentage who saw improvement were about the same as on the common boundary question, but those reporting no appreciable effect were a noticeably smaller proportion and those indicating a negative effect were a noticeably larger percentage. The reporters of negative effects were concentrated in the programs of two agencies: HEW-PHS (10 of 29 programs — 34%), and HEW-OE (18 of 57 programs — 32%). Since re-

Table V-11

**Federal Grant Administrators' Views on Effect of Conformance of Regional Boundaries on Their Grant Program: by Department or Agency
Summer 1975**

Key: N — number of respondents who said change applied to their programs.
 NA — number who said it did not apply.
 A — boundary conformance produced substantial improvement in administration.
 B — produced moderate improvement.
 C — had no appreciable effect.
 D — had a negative effect.

Department or Agency	N	Change Applicable				Not Applicable NA
		A	B	C	D	
Agriculture	12	0%	0%	50%	50%	14
Commerce	8	0	38	62	0	10
HEW-PHS	26	8	15	77	0	4
-OE	34	3	12	68	18	30
-OS	7	0	29	71	0	1
-SRS	1	0	0	100	0	4
HUD	6	17	67	17	0	1
Interior	5	0	0	100	0	4
Justice	6	17	34	50	0	0
Labor	3	67	33	0	0	5
DOT	10	0	40	60	0	2
ARC	2	0	0	100	0	5
EPA	5	0	80	20	0	12
All other	19	11	26	63	0	30
Total	144	6%	23%	63%	8%	122

spondents were not asked to explain their replies, we can only speculate on the reasons that they felt the streamlining had an adverse effect. One possible explanation could be their belief that they sacrificed a degree of control or essential information by the simplification of the application process. This theory is supported by the observations made by several of the departmental grants coordinators interviewed by ACIR staff as a supplement to the questionnaire survey.

As might be expected, the issue of simplification of the application process is more significant for project grants than for the other type, as indicated in the breakdown of responses by grant type (see Item 4).

Put differently, only 43 percent of the project grant administrators found the change applicable to their program, and 45 percent of the formula-project administrators reported no effect on their programs, compared to 74 percent of the formula grant administrators.

Standardization and Simplification of Grant Procedures Through Management Circulars

The principal instruments for achieving the legislative and administrative objective of streamlining the grants administration process were a group of administrative circulars, in most cases

Table V-12

Federal Grant Administrators' Views of Effect on Their Grant Programs of Effort to Reduce Application Processing Time: by Department or Agency Summer 1975

Key: N — number of respondents who said change applied to their programs.
 NA — number who said it did not apply.
 A — reduction in processing time produced substantial improvement in administration.
 B — produced moderate improvement.
 C — had no appreciable effect.
 D — had a negative effect.

Department or Agency	N	Change Applicable				NA
		A	B	C	D	
Agriculture	10	0%	0%	100%	0%	16
Commerce	10	0	80	20	0	7
HEW-PHS	29	0	0	66	34	2
-OE	57	0	19	54	32	6
-OS	7	0	71	29	0	1
-SRS	2	0	50	50	0	3
HUD	4	25	75	0	0	3
Interior	6	0	17	83	0	3
Justice	6	0	67	33	0	0
Labor	3	67	33	0	0	5
DOT	11	0	45	55	0	1
ARC	3	0	0	100	0	4
EPA	16	0	81	13	6	1
All other	21	14	24	43	19	26
Total	185	3%	29%	50%	18%	78

Item 4

Type of Grant	Change Applicable					Not Applicable
	N	A	B	C	D	NA
Formula	39	0%	13%	74%	13%	24
Project	134	4	33	43	20	50
Formula-project	11	0	45	45	10	1
Block	1	0	0	100	0	3

issued initially by OMB with responsibility later transferred to the Office of Federal Management Policy of GSA but finally returned to OMB. The questionnaire asked Federal grant administrators for their judgments on how the various circulars had worked in regard to each of their grant programs:

As part of the FAR effort, OMB, GSA, and the Treasury Department have issued circulars designed to improve certain key aspects of grant administration. . . . Please give your assessment of how each of the following provisions of these circulars has affected this program. . . . (A) produced substantial improvement, (B) produced moderate improvement, (C) has had no effect, (D) has had negative effect, (E) is not applicable.

FMC 74-7 — UNIFORM ADMINISTRATIVE REQUIREMENTS FOR GRANTS-IN-AID TO STATE AND LOCAL GOVERNMENTS

This circular is designed to standardize 15 areas of administration of grants and to inhibit agencies in imposing "excessive" requirements. Questionnaire respondents were asked to evaluate the effect of six such areas or clusters of areas. The results are shown in Table V-13.

Of the varying number of respondents who said the specified provisions of FMC 74-7 were not applicable, a certain number (about 30) made grants exclusively to institutions of higher education. FMC 74-7 does not apply to such grants. Neither does it apply to grants to school districts, which accounts for another ten to 40 non-applicables, depending on the questions. In addition,

the nature of the question itself excluded some grants. For example, many programs do not involve single state agencies (item 3), and formula grant programs which do not require grantees to apply for funds on a project basis are excepted from the provisions dealing with standard application forms (items 4 and 5). Finally, there may have been some grant administrators who were not familiar with the circulars.

Considering only those programs whose administrators found the circular provisions applicable, a relatively small percentage (2 to 9%) saw a substantial improvement from the circular. On the other hand, when substantial and moderate improvement are combined, except for the single state agency item, the totals range from 28 to 52 percent. An explanation for the relatively low impact of the single state agency waiver provision is the number of states that have established umbrella agencies in the human services areas where single state agency requirements are often found. Umbrella agencies have obviated the need for waivers in many of these cases.

That over one-half the programs indicated some degree of improvement from the changes covered by catch-all item (6) seems impressive, though it is doubtful that a consensus could be found on what percentage really signifies success. Even the percentage for items (1), (2), (4), and (5) reflect favorably on the effect of those parts of FMC 74-7. On the other hand, the 39 and 18 percent negative effect registered on the standardized application and pre-application forms and procedures (items (5) and (4)) is some cause for concern. These two items are key measures in the efforts to cut red tape. The relatively large proportion of grant administrators who believe they have actually hurt the cause of good grant administration rather than helped it suggests the existence of a good deal of skepticism

Table V-13

**Federal Grant Administrators' Views on Effect of Certain Provisions
of FMC 74-7 on their Grant Programs**

Summer 1975

Key: N — number of respondents who said provision(s) of FMC 74-7 applied to their programs.

NA — number who said it did not apply.

A — provision produced substantial improvement in administration.

B — produced moderate improvement.

C — had no appreciable effect.

D — had a negative effect.

	Provision(s) Applicable					Provision(s) Not Applicable
	N	A	B	C	D	NA
(1) Recipients no longer required to have separate bank accounts for grant funds.	174	6%	22%	69%	3%	88
(2) Minimizing time between Federal disbursement and grantee use of funds.	201	5	31	61	2	57
(3) Waiver of single state agency requirement.	124	2	15	76	8	139
(4) Standardized preapplication procedure.	147	5	33	45	18	116
(5) Standardized forms for application, review, and approval of project grants.	186	8	25	28	39	76
(6) Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention.	193	9	43	38	10	67

toward FMC 74-7 in the grants-administering bureaucracy.

Analysis of the responses by department or agency throws further light on the administrators' views on FMC 74-7. It appears that in relation to the median government-wide view on the effect of FMC 74-7:

- better than average improvement was seen by program administrators in Commerce, HUD, Justice, Labor, and EPA;
- no effect was seen to predominate in Agriculture and ARC; and
- a predominant negative effect was seen in HEW-OE;

In the five other department or agencies and the "all other" groups, the appraisals were too mixed to suggest a general tendency.

The procedures involved in administering formula grants are different from those of project grants. Formula grants are given as a matter of entitlement and do not require the application and reapplication process of project grants. It is therefore of interest to examine the responses to the questions on FMC 74-7 to see whether there were any notable differences between administrators of the two kinds of grants. The data are summarized in Table V-14.

Two points stand out. First, the formula grant administrators saw a high negative effect for the provisions on separate bank accounts, single state agency, application, review, and approval process, and standardized procedures for payments, matching shares, and budget revisions. Second, the project grant administrators saw a noticeably more favorable effect on their programs than the formula

grant administrators did resulting from the provisions on disbursement time, single state agency, and other standardized procedures.

FMC 74-4 — COST PRINCIPLES APPLICABLE TO GRANTS AND CONTRACTS WITH STATE AND LOCAL GOVERNMENTS

Federal grant administrators were asked to evaluate the impact of FMC 74-4 on their programs. This circular prescribes a uniform method for determining costs in the expenditure of grant funds. The responses by department or agency of the grant program are shown in Table V-15. The circular does not apply to publicly financed educational institutions, and this accounts for about one-third of the "non-applicable" responses. No explanation was obtained for the remaining two-thirds.

Well over one-half (56%) of the respondents thought that their programs had been substantially or moderately improved by the new cost allocation requirements and process. The favorable experience was particularly apparent among the administrators of programs in Agriculture (70%), Interior (71%), Justice (100%), Labor (80%), and DOT (87%). Governmentwide the combined percentage of substantial and moderate improvement was a stronger endorsement than the grant officials had registered for any of the provisions under FMC 74-7. The negative effect reported was negligible.

The breakdown of the responses by type of grant is shown in Item 5.

Improvement from the circular was clearly seen more in the formula than in the project or formula-project grants.

Item 5

Type of grant	Provisions Applicable					Provisions not Applicable
	N	A	B	C	D	NA
Formula	43	21%	51%	28%	0%	20
Project	137	9	42	47	1	47
Formula-project	8	13	50	38	0	4
	<u>188</u>					<u>71</u>

Table V-14

**Federal Grant Administrators' View on Effect of Certain Provisions
of FMC 74-7 on Their Grant Programs: by Type of Grant
(Formula, Project, Formula-Project, Block)**

Summer 1975

Key: N — number of respondents who said provision(s) of FMC 74-7 applied to their programs.

NA — number who said it did not apply.

A — provision produced substantial improvement in administration.

B — produced moderate improvement.

C — had no appreciable effect.

D — had a negative effect.

	Provision(s) Applicable					Provision(s) Not Applicable
	N	A	B	C	D	NA
1) Separate Bank Accounts						
Formula	40	8%	28%	65%	0%	24
Project	124	6	19	71	4	60
Formula-project	8	0	25	63	12	4
Block	2	0	50	50	0	0
2) Disbursement Time						
Formula	48	4%	19%	77%	0%	15
Project	143	6	34	56	3	39
Formula-project	8	0	25	75	0	3
Block	2	0	100	0	0	0
3) Single State Agency						
Formula	38	0%	8%	71%	21%	25
Project	81	2	19	77	2	105
Formula-project	4	0	0	100	0	8
Block	1	0	0	100	0	1
4) Preapplication procedures						
Formula	26	0%	23%	69%	8%	38
Project	113	5	36	40	19	71
Formula-project	5	0	20	40	40	7
Block	3	33	0	33	33	0
5) Application, Review, Approval Process						
Formula	34	0%	26%	32%	41%	29
Project	141	11	26	26	38	44
Formula-project	9	0	11	44	44	3
Block	2	0	50	0	50	0

Table V-14 Continued

6) Other Standardized Procedures						
Formula	41	5%	32%	39%	24%	23
Project	139	10	47	37	6	43
Formula-project	11	9	27	55	9	1
Block	2	0	50	0	50	0

FMC 73-2 — AUDIT OF FEDERAL OPERATIONS AND PROGRAMS BY EXECUTIVE BRANCH AGENCIES

The primary objectives of circular FMC 73-2 are "to promote improved audit practices, to achieve more efficient use of manpower, to improve coordination of audit efforts, and to emphasize the need for early audits of new or substantially changed programs." As applied to grant programs, particular stress is given to reliance on non-Federal audits in order to promote most effective use of audit resources. This circular has been in effect longer than FMC 74-7 and FMC 74-4, having been originally issued by BoB in 1965.

As with the other circulars, the grant administrators were asked to evaluate the impact on their programs. The responses by department or agency are presented in Table V-16.

Over one-third of the respondents thought that their programs had shown substantial or moderate improvement because of improved audit practices. This is about the same as their overall ratings of the impact of FMC 74-7, but less than their ratings of FMC 74-4. Registering high percentages of improvement were HEW-SRS (100%), Justice (80%), and DOT (75%).

The breakdown of responses by type of grant is shown below in item 6.

A slightly larger proportion of the formula grant administrators reported improvements than project grant administrators, and the combined formula-project grants reported by far the best experience of all three.

TREASURY CIRCULAR 1082 — NOTIFICATION TO STATES OF GRANT-IN-AID INFORMATION

Under this circular, agencies are required to notify the appropriate state central information agency of each grant awarded and subsequent related transactions. The Federal grant administrators evaluated its effect on their programs as shown in Table V-17.

Sixty-one of the responding programs are not listed in the *Catalog of Federal Domestic Assistance* as requiring notification to states under T.C. 1082. This accounts for the bulk of the 70 non-applicable.

Unlike the preceding three circulars cited, T.C. 1082 is intended more for the direct benefit of state/local recipients and for the indirect, long-run benefit of the programs themselves. Yet the administrators of almost one-third of the grant programs (30%) believe the circular has improved their grant administration.

Item 6						
Type of Grant	Change Applicable					NA
	N	A	B	C	D	
Formula	51	8%	31%	47%	14%	10
Project	139	9	24	65	-2	37
Formula-project	10	0	70	30	0	2
	200					49

OMB CIRCULAR A-95 — EVALUATION, REVIEW, AND COORDINATION OF FEDERAL AND FEDERALLY ASSISTED PROGRAMS AND PROJECTS

OMB Circular A-95 implements section 204 of the *Demonstration and Metropolitan Development Act of 1966* and Title IV of the *Intergovernmental Cooperation Act of 1968*. It aims to encourage the establishment of a project notification and review system to facilitate coordinated

planning on an intergovernmental basis for specified Federal assistance programs, help coordinate direct Federal development programs with other levels of government, and help secure state and local views on the environmental impact of certain Federal or federally aided projects. With such a significant potential impact on these Federal grant programs, the ACIR questionnaire survey sought to find out from the grant administrators what has really happened, in their judgment. They were asked to evaluate the effect of the circu-

Table V-15

Federal Grant Administrators' Views on Effect of FMC 74-4 on Their Grant Programs, by Department or Agency

Summer 1975

Key: N — number of respondents who said provision(s) of FMC 74-4 applied to their program.

NA — number who said it did not apply.

A — provision produced substantial improvement in administration.

B — produced moderate improvement.

C — had no appreciable effect.

D — had a negative effect.

Department or agency	Provision(s) Applicable					Provision(s) Not Applicable
	N	A	B	C	D	NA
Agriculture	20	10%	60%	30%	0%	5
Commerce	13	0	62	38	0	2
HEW-PHS	23	4	48	48	0	9
-OE	41	24	22	54	0	24
-OS	6	33	33	33	0	0
-SRS	4	0	50	50	0	1
HUD	5	40	0	60	0	0
Interior	7	14	57	29	0	2
Justice	5	0	100	0	0	0
Labor	5	20	60	20	0	4
DOT	11	9	64	27	0	1
ARC	5	20	40	0	40	4
EPA	17	0	65	35	0	0
All other	28	7	29	64	0	19
Total	190	12%	44%	43%	1%	71
Median department or agency		10%	54%	37%	0%	

lar in the same manner as they assessed the impact of the three circulars on administrative improvement. The replies are summarized in Table V-18, overall and by department and agency.

The large number of "non-applicables" is accounted for by the fact that A-95 applies only to programs that have a significant effect on area and community development or require a state plan. These are listed in Appendixes I and II of the *Catalog of Federal Domestic Assistance*. Many of the programs represented by responses to the

questionnaire are not included in the lists.

Thirty-nine percent of those who believe the circular applies to their program felt it has improved the program — substantially or moderately. The most sanguine about the impact are Commerce (70%), EPA (69%), Agriculture (67%), and ARC (66%). It is perhaps significant that EDA, which represented about half the responding programs from Commerce, and ARC have strong commitments to planned areawide development. Moreover, the environmental impact — a factor

Table V-16

**Federal Grant Administrators' Views on Effect of FMC 73-2
on Their Grant Programs: by Department or Agency**

Summer 1975

- Key:** N — number of respondents who said provision(s) of FMC 73-2 applied to their programs.
 NA — number who said it did not apply.
 A — provision produced substantial improvement in administration.
 B — produced moderate improvement.
 C — had no appreciable effect.
 D — had a negative effect.

Department or agency	Provision(s) Applicable					Provision(s) Not Applicable
	N	A	B	C	D	NA
Agriculture	22	0%	23%	41%	36%	2
Commerce	14	7	36	57	0	1
HEW-PHS	25	0	24	76	0	7
-OE	51	20	22	57	2	10
-OS	6	0	17	83	0	0
-SRS	4	25	75	0	0	1
HUD	2	50	0	0	50	3
Interior	7	0	14	86	0	2
Justice	5	0	80	20	0	0
Labor	4	0	25	50	25	4
DOT	12	8	67	25	0	0
ARC	4	25	25	50	0	3
EPA	17	0	6	94	0	0
All other	29	7	34	59	0	16
Total	202	8%	28%	58%	5%	49
Median department or agency		4%	25%	54%	0%	

Table V-17

**Federal Grant Administrators' View of Effect of Treasury Circular 1082 on Their Grant Programs: by Department or Agency
Summer 1975**

Key: N — number of respondents who said provision(s) of Treasury Circular 1082 applied to their program.

NA — number who said it did not apply.

A — provision produced substantial improvement in administration.

B — produced moderate improvement.

C — had no appreciable effect.

D — had a negative effect.

Department or Agency	N	Provision(s) Applicable				Provision(s) Not Applicable
		A	B	C	D	NA
Agriculture	16	0%	50%	50%	0%	9
Commerce	14	7	7	86	0	1
HEW-PHS	19	0	16	84	0	14
-OE	45	7	22	64	7	19
-OS	8	0	50	50	0	0
-SRS	3	33	67	0	0	2
HUD	6	0	0	100	0	1
Interior	7	0	14	86	0	2
Justice	5	0	20	80	0	0
Labor	4	0	25	75	0	5
DOT	11	0	9	91	0	1
ARC	5	0	0	100	0	2
EPA	15	7	67	27	0	1
All other	35	9	17	74	0	13
Total	193	5%	25%	69%	2%	70
Median department or agency		0%	19%	78%	0%	

involved in the review process — is critical to the administration of EPA programs. The most negative attitudes are those in HEW-OE (36%), and HEW-PHS and HEW-OS (33% each). Several of the respondents who indicated a negative impact said that the A-95 process caused delays or slowed down the application procedures.

The responses are distributed according to type of grant as shown in *Item 7*.

This breakdown does not seem to indicate any significant difference associated with type of grant.

Federal Regional Councils

Following the standardization of the regional boundaries of major grant-administering departments and agencies was the formation of Federal Regional Councils (FRCs) in each of the ten regional headquarters cities. As part of the move toward decentralization, these councils are intended to enable state and local officials to work more closely with the Federal authorities who make up the membership of the councils, and facilitate coordi-

Item 7

Type of Grant	Change Applicable					Not Applicable
	N	A	B	C	D	NA
Formula	35	6%	31%	40%	23%	29
Project	124	8	32	44	15	62
Formula-project	7	0	29	43	29	5

Table V-18

Federal Grant Administrators' View on the Effect of OMB Circular A-95 on Their Grant Programs: by Department or Agency

Summer 1975

Key: N — number of respondents who said provision(s) of OMB Circular A-95 applied to their programs.

NA — number who said it did not apply.

A — provision produced substantial improvement in administration.

B — produced moderate improvement.

C — had no appreciable effect.

D — had a negative effect.

Department or Agency	N	Provision(s) Applicable				Provision(s) Not Applicable
		A	B	C	D	NA
Agriculture	12	42%	25%	25%	8%	13
Commerce	10	0	70	30	0	5
HEW-PHS	21	5	29	33	33	13
-OE	39	5	28	31	36	25
-OS	6	0	33	33	33	2
-SRS	1	0	0	100	0	4
HUD	6	17	33	50	0	1
Interior	4	0	25	75	0	5
Justice	5	0	0	100	0	0
Labor	4	0	25	50	25	5
DOT	9	0	22	56	22	3
ARC	9	33	33	11	22	0
EPA	13	0	69	15	15	3
All other	31	0	26	74	0	17
Total	170	7%	32%	42%	18%	96
Median department or agency		0%	33%	41%	12%	

nation among Federal agencies at the regional level.

The ACIR questionnaire survey asked the Federal grant administrators to evaluate how several aspects of the FRCs' interprogram coordination efforts had affected the administration of their grant programs. The arithmetic means of the total responses are summarized in Table V-19.

The total response indicates a very modest degree of improvement which is quite uniform among the four aspects of interprogram coordination examined. Certainly the improvement is modest compared with the effects that were reported on some parts of the management circulars. Looking at the departmental breakdown, the HUD and HEW-OS administrators reported noticeably above-average improvement effects on all four coordination aspects examined, and Labor reported even more favorably on the development of

problem-solving strategies and the elimination of interprogram frictions.

Project grants involve more dealings between recipients and regional officials and among regional representatives of the various programs, and thus project grant administrators may perceive different effects of interprogram coordination efforts than administrators of other grant types. Therefore, it is worth looking at a breakdown of responses by type of grant, as in Table V-20.

Except for the fourth type of effort, evaluation, the project grant administrators clearly saw a more favorable impact of the FRCs' efforts than did the formula grant administrators. Even so, the percentage reporting on improvement was modest. It is of interest that two of the four block grant administrators found improvement in each of the aspects of coordination.

Table V-19

**Federal Grant Administrators' Views on the Effect of Federal Regional Councils on Their Grant Programs
Summer 1975**

Key: N — Number of responses.
A — produced substantial improvement.
B — produced moderate improvement.
C — had no appreciable effect.
D — had a negative effect.

Aspects of FRCs' Interprogram Coordination Efforts	N	A	B	C	D
(1) Definition of interprogram problems	249	1%	9%	89%	2%
(2) Development of strategies to solve interprogram problems	249	—*	8	91	1
(3) Elimination of interprogram frictions and objections	249	1	7	89	2
(4) Evaluation of results of (1) — (3)	246	—*	8	90	1

*Less than 0.5 percent.

Table V-20

Federal Grant Administrators' Views on the Effects of Federal Regional Councils on Their Grant Programs: by Type of Grant

Summer 1975

Key: N — Number of responses.
 A — produced substantial improvement.
 B — produced moderate improvement.
 C — had no appreciable effect.
 D — had a negative effect.

1) Definition of Interprogram Problems

	N	A	B	C	D
Formula grants	60	0%	3%	93%	3%
Project	174	1	9	89	1
Formula-project	11	0	27	73	0
Block	4	0	50	50	0
Total	249				

2) Development of Strategies to Solve Interprogram Problems

Formula	60	0%	2%	98	0%
Project	174	1	9	89	1
Formula-project	11	0	9	91	0
Block	4	0	50	50	0
Total	249				

3) Elimination of Interprogram Frictions and Objections

Formula	60	0%	2%	97%	2%
Project	174	2	9	87	2
Formula-project	11	0	0	100	0
Block	4	0	50	25	25
Total	249				

4) Evaluation of Results of (1) — (3)

Formula	59	0%	7%	92%	2%
Project	173	1	8	90	1
Formula-project	10	0	0	100	0
Block	4	0	50	50	0
Total	246				

To probe another intergovernmental aspect of the functioning of the FRCs, the ACIR questionnaire survey asked:

In general . . . how would you evaluate the effect of the FRCs on your agency's relations with state and local governments in this program?

Overall, the results of 245 responses were as follows:

produced substantial improvement	—%*
produced moderate improvement	8
has had no appreciable effect	87
has had negative effect	5

*Less than 0.5 percent

The results broken down by department or agency are presented in Table V-21.

Distributed according to the type of grant, the results of the responses are as follows:

Table V-21

Federal Grant Administrators' Views on the Effects of Federal Regional Councils on Relations with State and Local Governments: by Department or Agency
Summer 1975

Key: N — Number of responses.
 A — produced substantial improvement.
 B — produced moderate improvement.
 C — had no appreciable effect.
 D — had a negative effect.

	N	A	B	C	D
Agriculture	21	5%	10%	76%	10%
Commerce	17	0	6	94	0
HEW-PHS	29	0	17	83	0
-OE	60	0	0	83	17
-OS	8	0	25	75	0
-SRS	5	0	0	100	0
HUD	7	0	0	100	0
Interior	9	0	0	100	0
Justice	5	0	0	100	0
Labor	7	0	14	71	14
DOT	11	0	27	73	0
ARC	9	0	0	100	0
EPA	17	0	6	94	0
All other	40	0	8	93	0
Total	245	*%	8%	87%	5%
Median department or agency		0%	6%	94%	0%

*Less than 0.5 percent.

Type of Grant	N	A	B	C	D
Formula	58	0%	3%	84%	12%
Project	171	1	9	88	2
Formula-project	12	0	8	83	8
Block	4	0	0	75	25

It seems fair to conclude that the FRCs affect grant programs' relations with state and local governments in about the same way they affect the programs' approaches to interprogram coordination in the regions: a modest improvement, noticeable more among the project grant programs than the formula grant programs.

Decentralization Measures Since 1969

The FAR effort to "move government closer to the people" included, in addition to standardization of regional boundaries and creation of FRCs for coordination purposes, the placing of more decision-making authority for grant programs in regional offices. In the ACIR questionnaire survey, grant administrators were asked to indicate which of a list of decentralization actions applied to developments in their programs since 1969, the year FAR was initiated. Separate lists were prepared for formula and project grant administrators because of the different administrative procedures involved, although some actions listed were common to both.

DECENTRALIZATION AS SEEN BY FORMULA GRANT ADMINISTRATORS

Table V-22 presents the responses of the formula grant administrators. Over one-half of those responding reported that since 1969 their programs had decentralized the authority to appoint personnel (item 4 — 52%), and major responsibility for program review (item 8 — 52%), and for investigating complaints (item 10 — 51%). Nearly one-half delegated authority to regions/areas for financial management (item 11 — 49%) and major responsibility for technical assistance (item 9 — 48%); established the requirement that bureau field staff report directly to department or agency regional staff rather than bureau headquarters staff (item 5 — 46%); and increased the share of total program staff in the field (item 1 — 44%). On the other hand, only 9 percent began rotating central

office staff to the field (item 3), 18 percent increased the share of supergrades in the field (item 2), and 20 percent decentralized power to disapprove plans and plan amendments (item 7). The less sensitive authority to approve plans and amendments was moved out of Washington in about one-third of the cases reported (item 6 — 30%).

Further analysis by department or agency indicates some wide variations in experience on decentralization. Table V-23 presents by item and department or agency the total number of programs responding and the percentage of "Yes" responses in each case. Part A shows that HEW-OE, Agriculture, HEW-PHS, and DOT had the largest influence on the averages shown in Table V-23 because of their percentage of responses in the total: an average of 43, 13, 9, and 9 percent for all 11 items combined. Part B shows that HEW-OE had an overall low "Yes" response rate (25%). This, plus HEW-OE's large share of the total responses, means that it kept the "Yes" rates from being substantially higher than they were.

In contrast to the low rate of decentralization activity reported by HEW-OE program administrators, the other three agencies with six or more programs responding (Agriculture, HEW-PHS and DOT) reported fairly high rates of decentralization with varying degrees of consistency among the items.

It should be noted that the question specified decentralization developments "since 1969," since the objective was to determine what effect the FAR effort had had. Several respondents indicated that their programs had taken certain of the actions prior to FAR (one or more programs in HEW-OE, HEW-SRS, HEW-PHS, and Agriculture). Several other administrators (in HEW-OE and Agriculture) indicated that their programs had no regional administration. Finally, several mentioned statutory inhibitions on taking some of the decentralization actions (HEW-OE, HEW-OS). All these factors tended to keep the "Yes" vote down.

On the basis of the responses to this question it is difficult to sustain any other generalizations. It may seem that the newer programs tend to show more recent decentralization activity. Yet, newer programs represented in the response group are few in number (Commerce, Justice, EPA). Also, the great bulk of formula grant administrators who responded were from the older agencies (Agriculture, HEW-PHS, HEW-OE), and those who re-

Table V-22

**Proportion of Federal Formula Grant Programs in Which Certain
Decentralization Developments Occurred Since 1969,
According to Grant Administrators**

Summer 1975

Key: N — number of administrators responding.
Yes — the development did occur in the program since 1969.
No — the development did not occur in the program since 1969.

Development	N	Yes	No
1) Increase in proportion of total staff located in regional or area offices.	69	44%	56%
2) Increase in proportion of supergrade staff located in regional or area offices.	68	18	82
3) Initiation of practice of rotating headquarters executive staff to regional/area offices.	65	9	91
4) Delegation to regional/area of authority to appoint personnel.	67	52	48
5) Requirement that bureau program staff in regional/area office be immediately responsible to regional/area representative of department or agency rather than directly to bureau head at headquarters.	67	46	54
6) Delegation to regional/area office of authority to approve plans and plan amendments.	64	30	70
7) Delegation to regional/area offices of authority to disapprove plans and amendments.	64	20	80
8) Delegation to regional/area staff of major responsibility for program review.	67	52	48
9) Delegation to regional/area staff of major responsibility for technical assistance.	66	48	52
10) Delegation to regional/area staff of major responsibility for investigation of complaints.	65	51	49
11) Delegation to regional/area staff of major responsibility for financial management (accounting, budget form, and executive auditing).	67	49	51

ported decentralization activity were not uniformly with new programs. In brief, there is no readily apparent logical pattern to explain the responses.

Evaluation of Decentralization Efforts. Following the question on what decentralization actions their programs had taken since 1969, the administrators

were asked to indicate their judgement "on the degree to which the above developments, taken together, have affected the administration of this program." Of the 75 who had responded at all to the previous question, 50 indicated that their program had experienced at least one of the 11 decentralization actions. Of these 50, 47 evaluated those actions as follows:

Table V-23

**Total Number of Responses and Percentage of "Yes" Responses
on Questions Relating to Decentralization in Formula Grant Programs
by Department or Agency and Type of Decentralization Action**

Summer 1975

A. Number of Total Responses by Item

for item explanation see Table V-22

Department or Agency	1	2	3	4	5	6	7	8	9	10	11	Mean Percent of All Items
Agriculture	11	10	8	10	9	9	9	9	9	9	9	13%
Commerce	1	1	1	1	1	1	1	1	1	1	1	1
HEW-PHS	6	6	6	6	6	6	6	6	6	6	6	9
-OE	29	29	29	29	29	26	26	29	28	29	29	43
-OS	2	2	2	2	2	2	2	2	2	2	2	3
-SRS	4	4	4	4	4	4	4	4	4	2	4	6
Interior	3	3	3	3	3	3	3	3	3	3	3	4
Justice	1	1	1	1	1	1	1	1	1	1	1	1
DOT	6	6	5	5	6	6	6	6	6	6	6	9
EPA	2	2	2	2	2	2	2	2	2	2	2	3
All other	4	4	4	4	4	4	4	4	4	4	4	6
Total	69	68	65	67	67	64	64	67	66	65	67	98%

B. Percentage "Yes" Responses by Item

Department or Agency	1	2	3	4	5	6	7	8	9	10	11	Mean of "Yes" Response Rates
Agriculture	36	50	25	60	56	11	11	67	67	67	67	47
Commerce	100	0	0	100	100	100	100	100	100	100	100	82
HEW-PHS	17	0	0	67	83	67	67	67	67	67	67	58
-OE	48	17	0	52	34	4	4	31	29	31	28	25
-OS	50	0	0	50	100	50	0	100	100	100	100	59
-SRS	75	0	0	50	75	100	0	100	50	100	100	59
Interior	33	0	0	0	0	0	0	33	33	33	33	33
Justice	100	100	100	100	100	100	100	100	100	100	100	100
Labor	—	—	—	—	—	—	—	—	—	—	—	—
DOT	50	17	60	80	33	67	50	83	83	83	67	61
EPA	50	0	0	50	100	100	100	100	100	100	100	73
All other	25	25	0	0	0	0	0	0	0	0	0	5

	Number	Percent
produced substantial improvement	6	13%
produced moderate improvement	18	38
had no appreciable effect	17	36
had negative effect	<u>6</u>	<u>13</u>
	47	100%

Of those reporting no appreciable effect, eight reported that three or fewer of the decentralization actions occurred in their programs. The remainder of those giving an evaluation had, with few exceptions, reported seven or more actions, indicating some kind of detectable effect could have been expected.

The questionnaire solicited comments on the respondents' evaluations. Observations by those who reported a negative effect included:

Regional offices are inadequately staffed. — HEW-PHS

Fragmented authority and because of lack of sufficient staff and the problem of coordination. — HEW-OE

None of those reporting substantial improvement commented.

Comments from those reporting a moderate improvement included:

Most developments were a part of program since its inception in 1950, but have been emphasized or updated since 1969. — Agriculture

To the extent that ten rather than six . . . specialists are available to work with the states, there have been some improvements. However, these ten individuals have had little or no support staff and are isolated in the regional offices. There is inadequate machinery in the regions and in Washington to assure consistency in the administration . . . Efforts to remedy this situation have resulted in a cooperative OPS between the Washington office and the regional DHEW-OE offices. Closer and better communications among the re-

gional offices and between Washington and the regions have resulted. — HEW-OE

Provides closer overview on more frequent basis of state and local programs. Therefore grant negotiations have run smoother and chances for rubber stamp approval, without sufficient productivity, should be less. — EPA

Those who found no appreciable effect from the decentralization actions made the following comments:

Program was decentralized from the beginning. — HEW-PHS

Program, as authorized, provides minimum opportunity for impact by central or regional staff. Very small program (six grantees). — HEW-PHS

Size of staff limits effectiveness. Delegating authority is of little consequence if staff is inadequate. — HEW-OE

To summarize decentralization developments in the formula grant programs since 1969, as reported by the responding grant administrators, there appears to have been a significant amount of activity, and where decentralization has occurred, substantial or moderate improvement has resulted in over half the cases. Yet, in two key areas — providing executive-supergrade staff for the field offices and decentralizing authority over plans and plan amendments — the least improvement was reported.

DECENTRALIZATION AS SEEN BY PROJECT GRANT ADMINISTRATORS

A similar set of questions on decentralization was addressed to the administrators of project grants, with differences reflecting the differences in administrative process. Table V-24 summarizes the responses.

There were from 160 to 170 responses on each item listed. Some of the administrators gave reasons for not responding to all or some of the items. Chief among these was that their program had never been regionalized but rather was ad-

ministered nationwide from headquarters. Administrators who mentioned this point were in HEW-OE, HEW-PHS, Labor, and EPA. Other reasons given for not responding were that the program was already decentralized or the program was too new for much to have been done.

The table shows that the most frequent action reported was delegation of authority to review grant applications (item 6 — 63%). Also at the 50 percent or higher level were actions to delegate

major responsibility for program review (item 9 — 55%) and for technical assistance (item 10 — 55%), and to require bureau field staff to report directly to department or regional office staff rather than bureau headquarters staff (item 5 — 54%). In the 40-50 percent range were an increase in proportion of total staff located in the field (item 1 — 48%) and the delegation of authority to appoint personnel (item 4 — 48%), to commit grant funds (item 8 — 46%), approve grant ap-

Table V-24

Proportion of Federal Project Grant Programs in Which Certain Developments Occurred Since 1969, According to Grant Administrators

Summer 1975

Key: N — number of administrators responding.
 Yes — the development did occur in the program since 1969.
 No — the development did not occur in the program since 1969.

Development	N	Yes	No
1) Increase in proportion of total staff located in regional or area offices.	167	48%	52%
2) Increase in proportion of supergrade staff located in regional or area offices.	162	18	82
3) Initiation of practice of rotating headquarters executive staff to regional/area offices.	166	10	90
4) Delegation to regional/area of authority to appoint personnel.	168	48	52
5) Requirement that bureau program staff in regional/area office be immediately responsible to regional/area representative of department or agency rather than directly to bureau head at headquarters.	160	54	46
6) Delegation to regional/area office of authority to review grant applications.	163	63	47
7) Delegation to regional/area office of authority to approve grant applications.	164	43	57
8) Delegation to regional/area office of authority to commit grant funds.	162	46	54
9) Delegation to regional/area staff of major responsibility for program review.	164	55	45
10) Delegation to regional/area staff of major responsibility for technical assistance.	164	55	45
11) Delegation to regional/area staff of major responsibility for investigation of complaints.	166	52	48
12) Delegation to regional/area staff of major responsibility for financial management (accounting, reporting, budget form and execution, and auditing).	170	43	57

plications (item 7 — 43%), and to assume financial management responsibilities (item 12 — 43%). As with the formula grant administrators, least action was taken to increase the share of supergrade staff in the field (item 2 — 18%), and to rotate central office staff to the regional or area offices (item 3 — 10%).

Table V-25, Part A presents the number of total responses submitted by each department or agency for each item. The right hand column indicates the mean percentage of total responses attributable to each unit considering all items, permitting an assessment of an individual department's or agency's influence in the total picture. Clearly weighing mostly heavily were HEW-OE (19%), HEW-PHS (18%), Agriculture (8%), and Commerce and EPA (7% each). Again, as in the case of the responses on formula grant decentralization efforts, the relatively low rate of "Yes" responses by HEW-OE, as indicated in Part B of the table, means that HEW-OE kept the overall "Yes" rates from being higher. The other "high influence" departments or agencies, on the other hand, had high overall rates of "Yes" responses with varying degrees of consistency.

Evaluation of Decentralization Efforts. The project grant administrators also were asked to evaluate "the degree to which the above (decentralization) developments, taken together, have affected the administration of this program." Of the 175 who had responded to one or more of the listed decentralization developments, 114 marked "Yes" for at least one of the developments. Of these, 102 made evaluations, as follows:

	Number	Percent
produced substantial improvement	25	25%
produced moderate improvement	34	33
had no appreciable effect	29	28
had negative effect	<u>14</u>	<u>14</u>
	102	100%

Of the 29 reporting no appreciable effect, ten indicated that four or fewer of the decentralization actions occurred in their programs. The remaining 73, with few exceptions, had claimed five or more

actions, indicating some kind of detectable effect could have been expected.

The project grant administrators were asked to comment on the decentralization experience in their programs. Observations by those who gave a negative overall assessment included:

The regional offices were inadequately staffed. — HEW-PHS

Program was decentralized and then brought back to central office. — HEW-OE

Comments from those reporting substantial improvement included:

No historical basis for comparison. However, it is agreed that highly decentralized system (to local, even below regional) is essential in the effective management of this program. — Agriculture

Regional technical assistance, monitoring, application processing and recommendations for funding work well since beginning of program (3 years ago). They also comply with regional/centralization requirements of (program legislation). — HEW-OE

The additional responsibilities assigned in the last five years have allowed regional offices to better design and execute supporting services to (program) grantees. — HEW-OS

Delegation of authority to regional offices has greatly improved the responsiveness of the program. — Interior

Authority to RDs has reduced paperwork, duplication of effort — provided more efficient and effective service to grantees — more accountability to state and local governments at a level closer to them — authority should be expanded and maintained in regional offices, not only in CSA RDs but all other Federal agencies. — CSA

Comments from those who reported moderate improvement included:

Table V-25

Total Number of Responses and Percentage of "Yes" Responses on Questions Relating to Decentralization in Project Grant Programs, by Department or Agency and Type of Decentralization Action

Summer 1975

A. Number of Total Responses by Item

for item explanation see Table V-24

Department or Agency	1	2	3	4	5	6	7	8	9	10	11	12	Mean Percent of All Items
Agriculture	14	14	14	14	13	14	14	14	14	14	14	14	8%
Commerce	10	10	10	13	13	13	13	13	13	13	13	13	7
HEW-PHS	30	30	30	30	30	28	28	27	27	27	30	30	18
-OE	32	31	31	31	31	31	31	31	31	31	31	31	19
-OS	6	6	6	5	6	6	7	7	7	7	7	6	4
-SRS	1	1	1	1	1	1	1	1	1	1	1	1	—
HUD	5	5	5	5	5	5	5	5	5	5	5	5	3
Interior	5	5	5	5	5	5	5	5	5	5	5	5	3
Justice	4	4	4	4	3	4	4	4	4	4	3	3	2
Labor	6	5	6	6	6	5	5	5	6	6	6	6	4
DOT	7	7	7	7	7	7	7	7	7	7	7	7	4
ARC	1	1	1	1	1	3	3	3	3	3	3	3	1
EPA	15	15	15	15	9	10	10	9	10	10	10	16	7
All other	31	28	31	31	30	31	31	31	31	31	31	30	19
Total	167	162	166	168	160	163	164	162	164	164	166	170	99%

B. Percentage "Yes" Responses by Item

Department or Agency	1	2	3	4	5	6	7	8	9	10	11	12	Mean of "Yes" Response Rates
Agriculture	57%	21%	36%	57%	54%	64%	57%	57%	57%	64%	64%	57%	54%
Commerce	70	20	0	62	69	77	15	38	77	77	23	15	45
HEW-PHS	47	20	0	73	73	71	68	63	63	67	73	63	57
-OE	31	16	0	35	42	58	23	35	35	32	39	32	32
-OS	67	0	0	100	100	67	43	43	43	71	57	50	53
-SRS	0	0	0	0	0	100	0	0	100	0	100	100	33
HUD	80	80	20	80	80	100	80	80	80	80	80	80	75
Interior	20	0	0	0	0	40	40	40	40	40	40	40	25
Justice	50	50	50	50	33	75	75	75	75	75	33	67	59
Labor	67	60	33	67	67	60	60	60	67	67	67	67	62
DOT	43	0	14	14	57	57	43	43	57	57	57	43	40
ARC	100	100	0	0	100	33	0	0	33	33	33	100	44
EPA	60	7	20	40	67	90	50	44	80	70	80	31	53
All other	32	7	6	29	33	45	39	35	45	45	39	23	32
Total	48%	18%	10%	48%	46%	63%	43%	46%	55%	55%	52%	43%	44%

Consistency in review and application of program policies and guidelines somewhat of a problem. Lack of management information system is a problem — HEW-PHS

Program decentralized only 1½ years and expertise in regional offices not yet optimum. Once regional expertise is developed, closer liaison and monitoring should be very beneficial. — HEW-PHS

Regional staff development has been slow. — DOT

Improvement of OCD-DHEW advisory role is attributed less to organizational factors than to improved personal communications. — ARC

Decentralization has resulted in different regional interpretations and management of program so that it is difficult to maintain national consistency. — EPA

Among comments received from those who saw no appreciable effect from the decentralization actions:

The redelegation of authority has less effect on administration than personnel responsible for program administration. — HEW-OE

(Statute) requires that funding decision be made in Washington. — HEW-OE

Program is highly technical in nature. DHEW regional offices now review applications and comment on awards to be made without expertise in subject area. Procedure delays by one to two months bringing (program) services to communities throughout the U.S. — HEW-OE

The R & D program has always been a centralized activity and no changes have occurred in its location or responsibilities. — HEW-OS

Because of organizational structure of the regional offices, no identifiable component is provided for this grant program. — Labor

To summarize the decentralization activity since 1969 among project grant programs, according to their administrators as reported in this survey:

□ From 43 to 63 percent of the programs reported action in all but two of the 12 kinds of decentralization developments specified. This indicates a significant effort to decentralize the administration of project grants. The two exceptions, involving shifting of top level staff to the field, appear to be the most difficult to accomplish.

□ The most successful departments or agencies in decentralizing were HUD, Labor, HEW-PHS, Agriculture, HEW-OS, and EPA. Almost the least successful was HEW-OE, which administered the largest number of responding programs.

□ Fully one-fourth of those which reported some kind of decentralization action felt that the action had produced substantial improvement in their program; well over one-half reported either substantial or moderate improvement. Such ratings seem to bear out the hopes of those who support decentralization as a measure for facilitating administration as well as improving program responsiveness.

□ The few comments submitted by administrators who reported negative effects suggest that in at least some cases the concept of decentralization was not given adequate support, either by inadequate staff support or a failure to give it enough time to prove itself.

□ Comparing the separate responses of the administrators of formula grant programs and those of project grant programs, there seems to be a remarkable and perhaps unexpected similarity between the two groups, both as to the extent and kind of decentralization that have occurred since 1969 and their evaluation of its impact on their program.

Minimum Procedures for Project (Discretionary) Grant Programs

In 1974 the Administrative Conference of the United States (ACUS), recommended that every Federal agency administering discretionary assistance under a domestic program identify publicly the specific results it expects the assistance to achieve; to develop criteria based on that formulation for awarding aid; and to utilize public procedures for developing and enforcing the program's

Table V-26

Federal Project Grant Programs' Adherence to Recommendations of ACUS on Discretionary Grants: by Department or Agency

Summer 1975

Key: A — publish procedures for applying for grants.
 B — publish statement of expected results from grants.
 C — publish criteria for selecting grantees.

Department or Agency	A		B		C	
	Number Responding	"Yes" Answers	Number Responding	"Yes" Answers	Number Responding	"Yes" Answers
Agriculture	14	86%	14	72%	13	85%
Commerce	15	93	15	80	13	62
HEW-PHS	26	77	22	77	22	82
-OE	37	89	36	61	35	94
-OS	7	86	7	57	7	29
-SRS	1	100	1	100	1	0
HUD	5	100	5	0	5	100
Interior	5	80	5	60	4	50
Justice	4	75	3	67	3	67
Labor	5	80	4	100	6	83
DOT	5	80	6	67	6	50
ARC	7	57	7	43	7	0
EPA	11	100	11	100	12	100
All other	43	74	42	45	43	51
Total	185	83%	178	63%	177	69%

criteria and other requirements. The recommendation was based on the Commission's view that:

in dispensing assistance agencies should not be free to act completely within their own discretion, *ad hoc*, unguided by standards and insulated from the complaints of those who dispute the propriety of agency decisions. Such unchanneled discretion not only creates the occasion for arbitrary action, but also prevents the agencies from giving their programs the effective policy direction essential for the achievement of statutory aims.⁷

The ACIR questionnaire survey sought to ascertain the extent to which the grant programs have

carried out the ACUS's recommendations. It asked first whether the agency had published procedures to be followed by potential grant recipients in applying for a grant, and if so, whether such publication was required by statute or regulation. Of the 185 who responded, 83 percent answered "Yes." Of those who then answered the second part, 46 percent stated such publication was required by statute or regulation.

Next the administrators were polled on whether their agency had issued a public statement of the specific results they expected the grant to achieve, and if so, whether such a statement was required by statute or regulation. Sixty-three percent of the 178 responding answered "Yes." Of the 111 who answered the second part, 32 percent said the statement was required by statute or regulation.

Finally, the questionnaire asked whether the programs published criteria or standards, and priorities among criteria or standards, for the selection of grantees under each grant program. And again, a follow-up question asked whether such publication was mandated by regulation or statute. Of the 177 answering the first part, 69 percent said their agency did publish criteria or standards. Of the 115 responding to the second part, 41 percent indicated publication was required by statute or regulation.

Table V-26 summarizes the responses to all three questions by department or agency. The relatively high proportion of positive responses to questions on compliance with the ACUS recommendations is consistent with responses to a similar line of questioning by the ACUS in early 1975. Twelve departments and agencies told the Conference that their assistance programs substantially complied with its recommendations or that the recommendations had no relevance to their programs.⁸

Grant Consolidation

Grant consolidation tends to correct the proliferation of narrow categorical grants which have similar or identical objectives. In another question focused on recent reform activity, the questionnaire survey asked Federal grant administrators whether their grant programs had been involved in statutory consolidation in the past five years. Of 274 responses, 18 indicated there had been such consolidations. They were asked to identify the mergers. Those cited mainly involved Office of

Education programs (11). The complete list, as described by the respondents, is shown in Exhibit 1.

The administrators were asked how they would rate the consolidation in terms of achievement of the objectives of the individual programs consolidated. Ten responded as follows:

enhanced achievement of some objectives, did not appreciably affect achievements of other	3
did not appreciably affect achievement of any of the objectives	3
enhanced achievement of some, retarded the achievement of others	4

Administrators of five of the Office of Education programs (items 5, 6, 7, 8, and 11) said the mergers took effect July 1, 1975, so it was too early to assess the effects.

To summarize, it appears that statutory consolidation has been rare in the past five years. The bulk of it has occurred in one agency, OE, as a consequence of one piece of legislation (the Educational Amendments of 1974 — P.L. 93-380). In many of the educational programs the merger was too recent to permit evaluation of effects. In the remainder, the administrators have a mixed view of the effects of the mergers on achievement of the separate objectives of the merged programs.

Joint Funding Simplification Act

A final question relating to recent efforts to reform the administration of categorical grants involved the 1974 *Joint Funding Simplification Act*

Exhibit 1

Department or Agency	Program	Consolidation Action
1. HEW-OE	Construction of Public Libraries.	Title IV A and B, Library Services to the Physically Handicapped and State Institutional Library Services, was consolidated into Title I, Library Services.
2. HEW-OE	Dropout Prevention.	P.L. 93-380, Title IV-C, FY '76.
3. HEW-OE	Library Services — Grants for Public Libraries.	Same as (1) above.

4.	HEW-OE	Library Services — Inter-Library Cooperation.	Same as (1) above.
5.	HEW-OE	School Library Resources, Textbooks, and other Instructional Materials.	ESEA Title II, School Library Resources, Textbooks, and other Instructional Materials, combined with NDEA Title III, Strengthening Instruction thru Equipment and Minor Remodeling.
6.	HEW-OE	Strengthening Instruction thru Equipment and Minor Remodeling.	Same as (5) above.
7.	HEW-OE	Strengthening State Departments of Education — Grants for Special Projects.	ESEA II, III, IV, Sec. 807 and 808, NDEA III.
8.	HEW-OE	Strengthening State Departments — Grants to states.	ESEA III, NDEA III, ESEA III, ESEA V, ESEA IV, Sec. 808 and 807.
9.	HEW-OE	Supplementary Education Centers and Services — Special Programs and Projects.	Sec. 306 funds consolidated under Part C of Title IV, P.L. 380 with ESEA Title V, ESEA Title VIII, Sec. 807 and 808, and Title III, Sec. 305.
10.	HEW-OE	Supplementary Educational Centers and Services, Guidance, Counseling, and Testing.	This program is being consolidated with ESEA Title V and VIII, Sec. 807 and 808 (under P.L. 93-380, Title IV, Part C).
11.	HEW-OE	School Health and Nutrition Services for Children from Low-Income Families.	ESEA Title III: Title V; Title VIII — Dropout Prevention and Health and Nutrition.
12.	Justice	Law Enforcement Assistance — Educational Development.	Creation of National Criminal Justice Educational Consortium.
13.	Labor	CETA	All MDTA and EOA programs combined into Comprehensive Employment and Training Act (CETA).
14.	DOT	Highway Research, Planning, and Construction.	Topics Program was merged into broader urban system and urban extension program.
15.	EPA	Water Pollution Control — State and Interstate Program Grants.	Environmental programs: air quality, water quality, water quality, solid waste disposal.

(P.L. 93-510). This Act is designed to overcome many of the problems encountered by state and local recipients when trying to administer programs funded from more than one Federal source. It permits a single application, single audit, and single point of Federal contact for such projects.

The questionnaire asked: “. . . does your agency have specific plans to cooperate with one or more other agencies in a jointly funded project involving this program?” Of 262 responses, 30 (11%) said “Yes.” As might be expected, 28 of the 30 were administrators of project or formula-project grant programs. Program administrators reporting specific plans were mostly in HEW-OE (5), Agriculture (4), DOT (3), and Commerce and HEW-OS (2 each).

Most of the “Yes” respondents identified the other agency or agencies with which they said they were making plans for joint funding. One program administrator said that his program’s statutory authority did not permit joint funding. Several noted that implementing regulations had not yet been issued, so formulation of plans was not possible.

PART IV. THE IMPACT OF OTHER RECENT CHANGES

The administration of Federal grant programs has been affected by systemic developments other than the various efforts to improve grant administration discussed in the preceding section. These broader, government-wide changes include general revenue sharing, the struggle between Congress and the President over budgetary control generally and impoundments specifically, and the continuing efforts at departmental reorganization. To obtain a fuller picture of the environment within which Federal grants have been administered in recent years, the ACIR questionnaire survey asked the grants administrators about their experiences with these recent developments.

Reorganization

The questionnaire defined “reorganization” as “the reassignment of responsibility for administering a grant program to a new organizational unit (bureau); a reassignment of the administering unit (bureau) to a different agency; or alteration of the internal structure of the unit (bureau) which is

Table V-27

Number of Reorganizations Experienced Since January 1970 by Organizations Administering Federal Grant Programs

Frequency of Reorganization Since January 1970	Grant Administering Units	
	Number	Percent
0	122	44.2%
1	65	23.6
2	50	18.1
3	21	7.6
4	14	5.1
5	4	1.4
Total	276	100.0%

substantial enough to require publication in the Federal Register.” The grant administrators were asked how many times since January 1970 their grant program had been involved in a reorganization.

The results are presented in Table V-27. Over one-half of the programs (55.8%) had been involved in one or more reorganizations, and almost one-third (32.2%) experienced two or more.

The administrators then were asked how the reorganizations had affected achievement of their programs’ objectives. One-hundred-fifty of the 154 who reported reorganizations responded, with the results by department or agency shown in Table V-28. Overall, about the same percentage felt the reorganizations had enhanced their programs’ efforts (14 + 23 = 37%) as felt they had retarded them (22 + 13 = 35%). HEW-OE and HEW-PHS clearly had the most programs which underwent reorganizations (52 and 23, respectively), and their experience was skewed on the unfavorable side. The next most active in reorganization was EPA, whose experience leaned to the favorable side.

Considering that only 28 percent of the programs registered no appreciable effect, at least one conclusion may be drawn: that reorganizations are likely to have an impact one way or the other. Further, considering the even balance between pluses and minuses, it seems that the chances are 50-50 that the program effects will be positive.

Impoundments

The questionnaire asked: Have appropriations for this program been impounded in the past ten years? If "Yes," what was the approximate percentage of appropriations impounded over the total ten-year period; and please indicate how, in your judgment, the impoundments have affected achievement of your program's statutory objectives during this period.

Of the 268 administrators responding, 101 or 38 percent said that their programs had been subjected to impoundments in the past decade. The breakdown by department or agency is presented

in Table V-29. Clearly, impoundments occurred most frequently in the programs of HEW-PHS, HEW-OE, Agriculture, and EPA, according to grant administrators in those departments or agencies. The responses on the amounts of appropriations impounded were incomplete or otherwise suspect and could not be aggregated in a meaningful way.

Table V-30 shows, by department or agency, how 100 of those reporting impoundments evaluated their effect on achievement of program objectives. About one-third reported a serious hampering of their programs, one-half reported moderate hindrance, and one-sixth saw no appreciable effect. In each of the four departments or

Table V-28

Federal Grant Program Administrators' Assessment of Effects of Reorganizations on Their Programs

Summer 1975

Key: N — number of administrators responding.
 A — reorganization substantially enhanced achievement of objectives.
 B — moderately enhanced.
 C — no appreciable effect.
 D — moderately retarded.
 E — substantially retarded.

Department or Agency	N	A	B	C	D	E
Agriculture	7	14%	43%	29%	14%	0%
Commerce	5	0	20	40	20	20
HEW-PHS	23	9	4	43	35	9
-OE	52	15	10	19	29	27
-OS	7	0	43	57	0	0
-SRS	5	20	20	60	0	0
HUD	4	0	0	25	75	0
Interior	1	0	0	100	0	0
Justice	5	20	80	0	0	0
Labor	1	100	0	0	0	0
DOT	4	25	50	25	0	0
ARC	7	14	43	14	29	0
EPA	14	0	57	7	21	14
All other	15	33	27	40	0	0
Total	150	14%	23%	28%	22%	13%
Median department or agency		14%	24%	27%	7%	0%

Table V-29

Federal Grant Administrators Reporting Impoundments Affecting Their Programs in Past 10 Years: by Department or Agency

Summer 1975

Department or Agency	Number Responding to Question	Those Responding Who Reported Impoundments	
		Number	Percent
Agriculture	26	10	38%
Commerce	16	4	25
HEW-PHS	33	25	76
-OE	66	40	61
-OS	8	1	13
-SRS	4	0	0
HUD	7	0	0
Interior	9	1	11
Justice	6	0	0
Labor	7	1	14
DOT	12	2	17
ARC	9	2	22
EPA	17	6	35
All other	48	9	19
Total	268	101	38%

agencies reporting the highest incidence of impoundments — HEW-PHS, HEW-OE, Agriculture, and EPA — 80 percent or more of the programs reporting saw serious or moderate hindrance of program operations from the impoundments.

Among the comments made by those who discerned serious hampering of their programs were:

Disrupted the orderly processing of applications from deserving communities.
— Agriculture

Uncertainty of the amount of funding and late availability of funding has caused serious disruption of ongoing programs and has delayed the beginning of new programs designed to meet statutory priorities. — HEW-OE

There has been only one instance of impounding, which caused enormous dislo-

cation to grantees, lowering of morale at all levels and greatly increased program work load. — HEW-OE

Funding constraints have affected abilities of states to program projects, resulting in inefficiency, higher prices, personnel cuts, etc. — DOT

Lost credibility with academic institutions and state agencies. — EPA

Comments from those who saw their programs moderately hindered included:

Delayed getting new programs underway, personnel problems in hiring and maintaining good staff. — HEW-PHS

FY '68 withholding of about \$10 million (about ½ of appropriation) had little effect on first year of funding. FY '73 im-

poundment with release (\$28.6 M or about 40% of appropriation) in FY '74 under court order led to funding of many low priority projects and less effective use of funds withheld from continuation awards. — HEW-PHS

Obligation and expenditure of funds were delayed for one year. This created problems when combined with a reorganization of FY '74 and a reduction in FY '75 appropriations. — HEW-OE

Funds impounded for short period of time, then released. — EPA

And among the reactions from those reporting no appreciable effect from impoundments were these:

\$13.7 million of FY '73 impounded funds were released within four months pursuant to a court order. — HEW-PHS

Delay was based as much on policy reasons as on fiscal reasons. Funds were not actually needed until policy issues were resolved. — DOT

Impoundment prevented decrease in funds in subsequent year as it was carried

Table V-30

**Federal Grant Administrators' Evaluations of
Impact of Impoundments of Past Ten Years;
by Department or Agency**

Summer 1975

Key: N — number of administrators responding to question.
A — impoundments seriously hindered program.
B — moderately hindered.
C — had no appreciable effect.

Department or Agency	N	A	B	C
Agriculture	10	40%	40%	20%
Commerce	4	25	25	50
HEW-PHS	23	17	74	9
-OE	41	29	56	15
-OS	1	0	100	0
-SRS	0	—	—	—
HUD	0	—	—	—
Interior	1	0	100	0
Justice	0	—	—	—
Labor	1	0	100	0
DOT	2	50	0	50
ARC	2	0	50	50
EPA	6	67	17	17
All other	9	67	22	11
Total	100	32%	52%	16%
Median department or agency		25%	50%	15%

over to compensate for fiscal year budget cutback. — EPA

General Revenue Sharing

There are two ways of looking at general revenue sharing (GRS): as new money for state and local recipients to use to supplement funds that continue to flow from categorical and block grant sources or as money which will gradually supplant categorical or block grant funds. Support for both points of view could and can be found in Congress, the Administration, and outside the government. In any case, the flow of GRS funds since the 1972 legislation could have an effect on categorical grant programs, and the questionnaire survey sought to plumb grant administrators' views on the subject.

First, they were asked: "What effect do you think general revenue sharing has had on the appropriation for this grant program — caused reduction, no effect, caused increase?" Of the 264 answers, five percent said GRS caused a reduction in appropriations, 94 percent said it has no effect, and less than one percent (one respondent) said it caused an increase. Reductions were perceived in four programs in HEW-PHS and in two programs each in Agriculture, Commerce, and HEW-OE. Four programs in the "all other" category of departments and agencies used in this analysis saw some reduction in appropriations.

Two administrators who detected reductions commented as follows:

Though attempts have been made to cut the appropriation, the funding level has held constant, aside from the reduction caused by inflation. The failure of revenue sharing money to be spent on health has been used as an argument for maintaining our funding level. — HEW-PHS

The general revenue sharing approach was used to justify an attempt at reduction, which partially succeeded. — HEW-OE

The grant administrators were then asked: "In your opinion, to what extent have states and localities met this program's needs by using general revenue sharing funds for that purpose — substantial, moderate, small, not at all?" Of the 249

responding, 3 percent answered "moderate," 32 percent "small," and 65 percent "not at all." HEW-PHS, HUD, and Interior indicated "small" with a frequency substantially above the average: 55 percent, 67 percent, and 63 percent, respectively.

Two conclusions seem warranted from this data: (1) the grant administrators believe that the provision of unrestricted GRS funds to state and local governments has not tended to undercut their programs' bids for continued support as categorical or block grants, and (2), consistent with that conclusion, state and local recipients have used little of their GRS moneys to meet the program needs of the categorical and block grant programs. This may suggest the continuing success of program administrator-clientele alliances in maintaining support for their separate categorical programs.

PART V. OPINIONS ON POSSIBLE MODIFICATIONS IN THE GRANT SYSTEM

A final group of questions attempted to elicit the views of the grant administrators on several kinds of changes that are sometimes proposed for altering the nature or the administration of the categorical grant system. They dealt with encouragement of state procedures for coordinating all state and local aid requests, use of equalization factors in distributing grant funds, provision of incentives to improve administration and performance, and movement toward block grants and interfund transfers. Three of the questions were similar to ones that were posed in earlier surveys, permitting a gauging of possible shifts in attitudes over time.

Channeling Aid Requests Through State Budget Bureaus

In its 1964 report on the views of Federal aid officials on the Federal system, the Senate Subcommittee on Intergovernmental Relations asked: "Would the administration of Federal aid programs be improved by channeling all state and local requests for Federal aid through state budget bureaus (or equivalent coordinating and review units)?"⁹ The objective was to gauge sentiment for using Federal grants to facilitate the development

of an integrated state budgetary process. The sentiment expressed was very weak. Ninety-eight percent of the 41 respondents said "No." As the subcommittee reported: "Virtually all of the responding Federal administrators indicated a preference for the pattern of relationship currently employed in the administration of their programs."

Virtually an identical question was put to Federal grant administrators in the ACIR's 1975 survey. The replies are summarized by department or agency in Table V-31. The overall "Yes" answer of 19 percent indicates a decided shift in opinion in 11 years — about a fifth of the respondents seeing an improvement resulting from such a state coordinative effort compared to the earlier 2 percent. Since the highest "Yes" votes were registered by agencies that deal primarily through the states — HEW-PHS, ARC, and Justice (LEAA) — one is tempted to see that feature as conditioning these respondents' views. Yet, Interior, Labor, and DOT, where programs are also state oriented, responded with 100 percent "No." Federal administrators, it would appear, have differing perceptions

of their state professional counterparts and the value of state coordinating units and processes.

Taking the responses by type of grant reveals the following:

	Percent Yes
formula programs	17%
project programs	18
formula-project programs	42
block grants	25

As in earlier questions, while formula and project grant administrators responded very similarly, the combined formula-project grant program administrators differed markedly. Perhaps the greater complexity of administering the combined type of grant accounts for the different reaction, causing the affected Federal administrators to believe that better state central coordination will smooth the administrative path within the states.

Equalization Factor in Distribution of Grant Funds

The Senate subcommittee's 1964 study also asked grant administrators: "Should your aid program give greater or lesser recognition to variations in the financial capacity of states and local governments?" The question sought to find out whether the administrators thought that states with low fiscal capacity need a higher level of national aid than do the more prosperous states. Twenty-four percent of the 48 grant administrators responding said they thought the programs should give greater recognition to fiscal capacity, and 76 percent opted for no change. None called for less recognition of the varying fiscal capacity of state and local governments.

Essentially the same question was posed in the ACIR's survey. Overall, 34 percent marked "greater," 3 percent "lesser," and 64 percent "no change." Thus, there has been a shift of 10 percent in those who would favor more equalization in the grant formulas or matching ratios. As the agency breakdown shows in Table V-32, above-average votes for more equalization were registered in agencies administering programs aiding the disadvantaged, such as ARC (67%), HEW-OS (38%), and HEW-SRS (50%). The "all other" group was influenced by high ratings for more equalization by multi-state regional commissions (in addition

Table V-31

Federal Grant Administrators' Views on Channeling Aid Requests through State Budget Offices: by Department or Agency

Summer 1975

Department or Agency	N	Yes	No
Agriculture	26	8%	92%
Commerce	17	24	76
HEW-PHS	31	45	55
-OE	66	8	92
-OS	8	25	75
-SRS	4	25	75
HUD	6	17	83
Interior	9	0	100
Justice	6	33	67
Labor	9	0	100
DOT	12	0	100
ARC	9	44	56
EPA	17	18	82
All other	41	29	71
	261	19%	81%

Table V-32

**Federal Grant Administrators' Views on Equalization
Factor in Grants-in-Aid, by Department or Agency**

Summer 1975

Key: N — number of responding grant administrators.
A — program should give greater recognition
to equalization factor.
B — lesser recognition.
C — no change.

Department or Agency	N	A	B	C
Agriculture	25	20%	4%	76%
Commerce	17	29	12	59
HEW-PHS	27	19	0	81
-OE	61	41	5	54
-OS	8	38	0	62
-SRS	5	40	0	60
HUD	6	17	0	83
Interior	9	22	0	78
Justice	6	50	0	50
Labor	7	29	0	71
DOT	12	42	0	58
ARC	9	67	0	33
EPA	17	6	0	94
All other	38	47	3	50
Total	247	34%	3%	64%

to ARC) and Community Services Administration. This suggests that the increase since 1964 in number of grant programs with social objectives probably affects the increased sentiment for equalization. On the other hand, high ratings were also given by Justice (50%), HEW-OE (41%), and DOT (42%), whose services are not primarily or heavily directed at the disadvantaged.

By type of grant, administrators' views on greater or lesser recognition of equalization are as follows:

	N	A	B	C
formula programs	63	37%	3%	60%
project programs	169	30	3	67
formula-project programs	11	64	0	36
block programs	4	50	0	50

Again, there is little difference between formula and project grant administrators' responses.

**Incentives For Improved Administration
and Performance**

Another question from the 1964 Senate subcommittee report with respect to changing the grant system was:

Could incentive payments be added to your aid program to encourage the adoption of standards above the minimum required for basic eligibility? If yes, would this improve administration? If yes, would the use of incentive payments increase services to the public?¹⁰

department, HUD, did a large share of the administrators look more favorably on the use of block grants than on the use of interfund transfers. This may reflect that department's recent inauguration of its community development block grant and its previous experience with the multipurpose Model Cities program. In any case, the near unanimous preference for loosening up the strings somewhat less than under a block grant or special revenue sharing indicates the continuing appeal of the categorical grant to the vast majority of Federal grant administrators. On the other hand, the fact that 42 percent overall believe that interfund transfers would help suggest a widespread willingness to ease up on narrow functionalism.

The tabulation in Item 8 shows how the "Yes" responses differed by type of grant. There is not much to choose between the formula and project grants, but the combined formula-project grants,

like the HUD group noted above, much prefer the block grant approach to the interfund transfer approach. The fact that there is not more difference between the views of the formula grant administrators and the project grant administrators may be surprising in one sense. The great expansion of categoricals in the past decade and the ills of the categorical system associated with it are usually laid primarily at the door of the project grant, leading some to think that the administrators of those grants must vigorously defend their continued categorical status. These survey results seem to indicate that the project administrators are no more dedicated to resisting the breakdown of the categorical walls than are the formula administrators. It may be the reverse, in fact, since the formula grants are generally older and bigger, hence more likely to represent more of the long-standing entrenched functional interests.

Item 8				
	A		B	
	Total Responses	Percent Yes	Total Responses	Percent Yes
formula	54	17%	56	43%
project	160	16	161	46
formula-project	11	36	11	9
block	2	100	2	100

Footnotes

¹In the analysis below, it may be stated that "x number of administrators responded." This form is used for convenience rather than the more accurate but more complex "administrators of x number of programs responded."

²U.S. Senate, Subcommittee on Intergovernmental Relations, *The Federal System as Seen by Federal Aid Officials*, 89th Cong., 1st Sess. (Washington, D.C.: U.S. Government Printing Office, December 15, 1965).

³U.S. Senate, Subcommittee on Intergovernmental Relations, *op. cit.*, p. 65.

⁴U.S. Senate, Subcommittee on Intergovernmental Relations, *op. cit.*, p. 11.

⁵*ibid.*

⁶U.S. Office of Management and Budget, *Responsive Federalism. Report to the President on the Federal Assistance Review* (January 1973), p. 7.

⁷Administrative Conference of the U.S., Recommendation 74-2: *Procedures for Discretionary Distribution of Federal Assistance* (Adopted May 30-31, 1974).

⁸The Bureau of National Affairs, Inc., *Federal Contract Report*, March 10, 1975, p. A-11.

⁹U.S. Senate, Subcommittee on Intergovernmental Relations, *op. cit.*, p. 52-54.

¹⁰U.S. Senate, Subcommittee on Intergovernmental Relations, *op. cit.*, p. 19.

had been in the earlier survey. One can speculate whether the gloomier view is related in any way to the vastly greater number of administrators responding in 1975, the unsatisfactory experience with earlier incentive programs alluded to in some degree in the subcommittee report, or other causes. In any case, there does not seem to be a rising tide of support for incentive payments.

Table V-33 presents the responses by department or agency. Administrators who answered "Yes" to either part were asked to indicate why they felt that way. A sample of comments of those who thought incentives would improve grant administration:

Most states need improvement in administrative functions. Any inducement would be beneficial. Should be on an objective basis. — *Agriculture*

We have begun doing this with this year's grants and have found that our grantors attempt to change and/or improve the efficiency of their operations when they know it makes a difference. — *HEW-PHS*

Would help states to overcome resistance to change in training efforts and expenditures for these efforts. — *HEW-SRS*

State and local civil rights agencies are understaffed and have limited budgets. To increase standards through incentive payments may be the only tool to accomplish task. — *EEOC*

Why not; every man has his price, albeit some manage well gratis. — *CSA*

Although they were not invited to, some respondents wrote why they disagreed with the idea of incentives for improved administration:

I disagree with this concept, since it would be difficult to evaluate and monitor and since recipients should have the responsibility of improving administration. — *HEW-PHS*

Legalized bribery. — *HEW-OE*

Among the comments from those who thought

incentive payments would stimulate better service to the public were:

Program "add-ons," refinements and outreach efforts would benefit program recipients. — *Agriculture*

Improved evaluation would provide better basis for local decision making with respect to continuing the program. — *HEW-OE*

Decrease in the time lag for implementation of projects. — *ARC*

Improved administration and performance standards should make programs more accountable to clients — accountability usually equals improved services. — *CSA*

Federal funding has been totally inadequate. States would be responsive to incentive payments. — *HEW-SRS*

By type of grant, the "Yes" responses were distributed as follows:

	A	B
formula	31%	31%
project	22	19
formula-project	17	8
block	25	25

A notably higher percentage of formula grant administrators than project grant administrators favored addition of incentive payments.

Block Grants and Interfund Transfers

High on the list of suggestions for enhancing the discretion of state and local governments in the intergovernmental grant system is the greater use of block grants and provision for transfer of funds between narrow categorical grants. Four block grants are now in operation. The proposed *Allied Services Act* contains provisions for transfer of up to 30 percent of the funds from one category to another; a similar provision, limited to a maximum of 15 percent, was proposed by the ACIR for health services grants in 1961, before enactment of the *Partnership for Health* block grant.

Table V-34

Federal Grant Administrators' Views on the Effects on Their Individual Programs of Special Revenue Sharing (SRS) or Block Grants, Categorical Grants, and Categorical Grants with Provision for Interfund Transfers, by Department or Agency

Summer 1975

Key: N — number of responding grant administrators.
 A — percent who believe SRS or block grants would be more effective for their program than categorical program or categorical program with interfund transfer option.
 B — percent who believe interfund transfer option would help make their categorical program more effective.

Department or Agency	N	A	N	B
Agriculture	23	35%	21	52%
Commerce	17	6	14	36
HEW-PHS	28	4	29	41
-OE	55	7	57	42
-OS	8	38	8	63
-SRS	4	0	4	25
HUD	5	100	6	50
Interior	9	11	9	44
Justice	3	0	3	67
Labor	5	20	5	40
DOT	11	18	12	42
ARC	6	17	6	67
EPA	15	20	15	33
All other	38	26	41	41
Total	227	18%	230	42%
Median department or agency		14%		42%

In an effort to ascertain how grant administrators viewed these kinds of change, the questionnaire asked first:

Would special revenue sharing or block grants rather than narrow categorical grants and/or the provision for transfer of funds between narrow categorical grants help states and local governments to meet their needs more effectively in the area of this program?

Of the 227 administrators responding to the question, 18 percent said "Yes."

The second part of the question was:

Would provision for transfer of funds between narrow categorical grants help?

Forty-three percent of the 230 respondents to this part answered "Yes."

Table V-34 summarizes the results for both questions by department or agency. In only one

department, HUD, did a large share of the administrators look more favorably on the use of block grants than on the use of interfund transfers. This may reflect that department's recent inauguration of its community development block grant and its previous experience with the multipurpose Model Cities program. In any case, the near unanimous preference for loosening up the strings somewhat less than under a block grant or special revenue sharing indicates the continuing appeal of the categorical grant to the vast majority of Federal grant administrators. On the other hand, the fact that 42 percent overall believe that interfund transfers would help suggest a widespread willingness to ease up on narrow functionalism.

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⁵*Ibid.*

⁶U.S. Office of Management and Budget, *Responsive Federalism. Report to the President on the Federal Assistance Review* (January 1973), p. 7.

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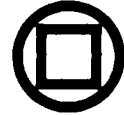
Appendix

QUESTIONNAIRES USED IN SURVEY

Municipal Year Book County Year Book

1140
Connecticut
Avenue
Northwest
Washington DC
20036

International
City
Management
Association



FEDERAL GRANTS-IN-AID – 1975

This questionnaire is being sent to both municipalities and counties. Please answer the questions as they pertain to your local government only.

This questionnaire deals with Federal grants-in-aid, which for purposes of this survey include (1) those grants that come directly from the Federal government to localities, and (2) those that pass through State governments to localities, with or without State money added to the Federal money. *General revenue sharing is excluded from Federal grants-in-aid.*

Federal grants-in-aid are of two broad types: (1) *block grants*, consisting of grants under the Safe Streets, Partnership for Health, Comprehensive Employment and Training (CETA), and Housing and Community Development Acts, and (2) *categorical grants*, consisting of all the remaining grants. Categoricals in turn are of two general types: (a) formula grants – entitlement is according to a statutory or regulatory formula, and (b) project grants – given in response to specific applications for federal program funds.

1. Did your municipality/county receive any federal grants-in-aid (as defined above) for the fiscal year which included July 1, 1969 and/or the fiscal year which included July 1, 1974? YES NO 7

If your answer to Question 1 is "NO," you need not answer the remainder of this survey. Please sign the last page of the survey and return it. Enclosed is a prepaid envelope for your convenience.

2. What was your total municipal revenue for the fiscal years which included July 1, 1969 and July 1, 1974: (Indicate "0" if no funds received)

	<u>FY including 7/1/69</u>	<u>FY including 7/1/74</u>
Total Municipal/County Revenue	\$ _____ (8-14)	\$ _____ (15-21)

Of these totals how much received was from the following sources:

Federal grants-in-aid:		
Block grants	\$ _____ (22-28)	\$ _____ (29-35)
Categorical grants:		
Model cities	\$ _____ (36-42)	\$ _____ (43-49)
Economic Opportunity	\$ _____ (50-56)	\$ _____ (57-63)
All other	\$ _____ (64-70)	\$ _____ (71-77)
Total Federal grants-in-aid	\$ _____ (7-13)	\$ _____ (14-20)

3. Please indicate the approximate number of separate **categorical grant** programs from which you received funds shown in question 2:

	<u>FY 1969</u>	<u>FY 1974</u>
Number of categorical grant programs	_____ (21-22)	_____ (23-24)

4. If you were permitted to allocate the Federal **categorical grant** funds freely among programs, would you allocate them differently from the way they are now allocated? YES NO ²⁵

If "YES," how different do you think the reallocation would be? (Check one)

- 1. Slightly ²⁶
- 2. Moderately
- 3. Substantially
- 4. Completely

5. Do you think your receipt of Federal **categorical grants** has had any effect on the amount of local money (not counting any required matching funds) spent in your municipality/county on the programs affected? YES NO ²⁷

If "YES," Please specify the **three specific Federal programs** which were most affected and whether the local money was increased or decreased as a result of receiving Federal monies. (Circle one)

<u>Federal categorical grant program (Specify)</u>	<u>Local Money</u>	
	<u>Increased</u>	<u>Decreased</u>
²⁸ <input type="checkbox"/> 1. _____	1	2 ³¹
²⁹ <input type="checkbox"/> 2. _____	1	2 ³²
³⁰ <input type="checkbox"/> 3. _____	1	2 ³³

6. If the Federal government suddenly cut off **categorical grants**, for which you now provide local matching funds:

- a. Would your municipality/county shift some of those local matching funds to other programs? YES NO ³⁴
- b. Would you fund with 100% local funds any of the programs formerly receiving Federal money? YES NO ³⁵

7. Do you think any of the Federal **block grants** have had any effect on the amount of local money (not counting any required matching funds) spent in your municipality/county on the programs affected? YES NO ³⁶

If "YES," please indicate in Column A if you received the block grant; in Column B which block grants had an effect and in Column C whether in those cases local money was increased or decreased:

Block grant program	A Grant received (Circle one)		B Had an effect? (Circle one)		C Local Money (Circle one)	
	Yes	No	Yes	No	Decreased	Increased
a. Law Enforcement Assistance (LEAA)	1	2 ³⁷	1	2 ³⁸	1	2 ³⁹
b. Partnership for Health	1	2 ⁴⁰	1	2 ⁴¹	1	2 ⁴²
c. Comprehensive Employment and Training	1	2 ⁴³	1	2 ⁴⁴	1	2 ⁴⁵
d. Housing and Community Development	1	2 ⁴⁶	1	2 ⁴⁷	1	2 ⁴⁸

8. If the Federal government suddenly cut off LEAA and Partnership for Health block grants for which you now provide local matching funds:

- | | <u>LEAA</u> | <u>Partnership for Health</u> |
|---|--|--|
| a. Would your municipality/county shift some of those local matching funds to other programs? | YES <input type="checkbox"/> NO <input type="checkbox"/> ⁴⁹ | YES <input type="checkbox"/> NO <input type="checkbox"/> ⁵⁰ |
| b. Would you fund with 100% local funds any of the programs formerly receiving Federal money? | YES <input type="checkbox"/> NO <input type="checkbox"/> ⁵¹ | YES <input type="checkbox"/> NO <input type="checkbox"/> ⁵² |

9. Does your municipality/county share in the non-federal cost of AFDC? YES NO ⁵³

If "YES," has Federal assumption of the adult categories (SSI) under public assistance led to any discernible fiscal relief for your government? YES NO ⁵⁴

If "NO," please explain _____

10. How have the Federal government's requirements for administration of grant funds, and its monitoring of those requirements, affected the following local conditions: (Circle one for each condition.)

	<u>Improved</u>	<u>No effect</u>	<u>Worsened</u>	<u>(Please explain)</u>
a. Overall administrative capability (e.g., personnel standards, organization). . . .	1	2	3	_____ 55
b. Levels of service of the programs receiving Federal aids	1	2	3	_____ 56

11. On the following scale, please indicate how much personal supervision the *chief administrative officer* gives to federally-aided activities compared to activities financed solely by the municipality: (Check one)

- 1. More
- 2. Less
- 3. About the same

12. Listed below are the major sources of local government revenue. Estimating the annual yield from each of these sources presents various degrees of difficulty:

A. Please rank 1 and 2 the two revenue sources which create the most difficulty for your municipality/county to estimate for budget planning purposes, considering the dollar amount involved as well as the degree of uncertainty. (1 = most difficult; 2 = second most difficult)

- | | |
|--|---------------------------------------|
| 58- ___ a. Property taxes | 64- ___ g. Liquor store revenue |
| 59- ___ b. Sales taxes | 65- ___ h. Insurance trust revenue |
| 60- ___ c. Income taxes | 66- ___ i. State grants |
| 61- ___ d. Other taxes | 67- ___ j. State shared taxes |
| 62- ___ e. Charges and miscellaneous resources | 68- ___ k. Federal categorical grants |
| 63- ___ f. Utility revenues | 69- ___ l. Federal block grants |

B. For each of the two revenue sources ranked above, please indicate the single most important cause of the uncertainty:

1. For the most difficult _____

2. For the second most difficult _____

13. In recent years the Federal Office of Management and Budget (OMB) and General Services Administration (GSA) have issued various circulars designed to standardize, simplify, and improve Federal grant administration: OMB Cir. A-102 (superseded by GSA's FMC 74-7), OMB Cir. A-87 (GSA's FMC 74-4), OMB Cir. A-73 (GSA's FMC 73-2), and OMB Cir. A-95.

Below are listed each of the circulars and one or more changes to be effected by the circulars. Please indicate in column A whether you are aware of the circular. In column B indicate whether such changes have occurred. For changes circled "YES" in column B, indicate in column C whether the change has improved grant administration.

Federal circulars	A		B		C	
	Aware of circulars? (Circle one)		Change occurred? (Circle one)		(If "YES" in col. B) Improved grant administration? (Circle one)	
	YES (1)	NO (2)	YES (1)	NO (2)	YES (1)	NO (2)
1. FMC 74-7 (OMB A-102)	1	2 ⁷⁰				
a. Recipients no longer required to have separate bank accounts for grant funds			1	2 ⁷¹	1	2 ⁷²
b. Minimizing of time between Federal disbursement and grantee use of funds			1	2 ⁷³	1	2 ⁷⁴
c. Preapplication procedures stan- dardized			1	2 ⁷⁵	1	2 ⁷⁶
d. Standardized forms for application, review, and approval of project grants			1	2 ⁷⁷	1	2 ⁷⁸
e. Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention			1	2 ⁷	1	2 ⁸
2. FMC 74-4 (OMB A-87)	1	2 ⁹				
Uniform method for determining costs			1	2 ¹⁰	1	2 ¹¹
3. FMC 73-2 (OMB A-73)	1	2 ¹²				
Improved audit practices			1	2 ¹³	1	2 ¹⁴
4. OMB A-95	1	2 ¹⁵				
Referral to general purpose local governments of grant applications from special districts			1	2 ¹⁶	1	2 ¹⁷

14. Are you aware of the existence of the Catalog of Federal Domestic Assistance, prepared by the Federal Office of Management and Budget? YES NO ¹⁸

If "YES," do you find that it is an adequate aid in identifying and obtaining Federal assistance? YES NO ¹⁹

If "NO," what improvements are needed? _____

15. The following are frequently identified as problem areas in the design and administration of Federal **categorical grants** (*not block grants*). Using the list below please follow the instructions on the next page.

- A. Inadequate provision for consultation with State and local officials in the development of legislative proposals.
- B. Inadequate provision for consultation with State and local officials in development of regulations and guidelines.
- C. The complexity and volume of paper work involved in the application, review and approval process for project grants.
- D. The time involved in application, review and approval process for project grants.
- E. The complexity of reporting, accounting, and auditing requirements.
- F. Variations in reporting, accounting, and auditing requirements.
- G. The strictness of performance standards.
- H. The detail of performance standards.
- I. Consistency of planning requirements among programs.
- J. The strictness of Federal officials in monitoring performance.
- K. Getting clear and prompt policy interpretations from Federal grant administrators.
- L. Centralization in Washington of decisions regarding application, review and approval of project grants.
- M. Centralization in Washington of policy interpretations.
- N. Time required for issuance of implementing regulations and guidelines.
- O. Frequency and timing of changes in program priorities.
- P. Cost and procedure for obtaining information on grants available and requirements for eligibility and performance.
- Q. Cost and procedure for obtaining information on how much and what kinds of Federal money is flowing into local communities.
- R. The narrowness of scope and the number of program categories.
- S. Variations in fund distribution formulas.
- T. Variations in fund allocation formulas (i.e., allocation among projects within States).
- U. The limitations on eligible grant recipients.
- V. Variations in matching fund provisions.
- W. The number of conditional grants to local units that must channel through the States.
- X. The bypassing of general purpose local governments in funding public and private nonprofit organizations, special districts and public authorities operating in areas similar to local government.
- Y. Other (specify) _____

Follow these instructions:

- I. In column A below list the five problem areas (using the letters from the list at the left) that, in your judgement constitute the most serious problems for your municipality/county.
- II. Then in column B, indicate on a scale of 1 to 5, the problem's degree of seriousness (1 = moderately serious; 5 = most serious).
- III. In column C, indicate whether you believe that each of the five problems has improved or become worse in the past five years. (1 = improved; 2 = same; 3 = worse).
- IV. In column D, please indicate whether the problem pertains more to formula grants (F), more to project grants (P), or equally to both (B). Formula grants are grants to which the recipient is entitled according to a distribution and allocation formula set forth in Federal and/or State statute and/or regulation. Project grants are grants for which the recipient must submit an application for review and approval by a Federal and/or State administrator.
- V. For each of the five problems you noted, indicate in column E, whether the problem pertains more to those grants that come to you from the Federal Government directly (F), or more to those that come to you through the State (S), or equally to those that come through either route (E).

A Problem area (Letter)	B Order of seriousness (Circle one)					C Problem improved or worsened (Circle one)			D Problem pertains to grants (Circle one)			E Problem pertains to grants (Circle one)						
	1 = Moderately serious 5 = Most serious					Improved	Same	Worse	Formula	Project	Both	Federal	State	Equally				
	1	2	3	4	5	1	2	3	F	P	B	F	S	E				
20	1	2	3	4	5	21	1	2	3	22	F	P	B	23	F	S	E	24
25	1	2	3	4	5	26	1	2	3	27	F	P	B	28	F	S	E	29
30	1	2	3	4	5	31	1	2	3	32	F	P	B	33	F	S	E	34
35	1	2	3	4	5	36	1	2	3	37	F	P	B	38	F	S	E	39
40	1	2	3	4	5	41	1	2	3	42	F	P	B	43	F	S	E	44

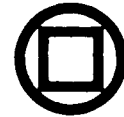
44. Does your municipality/county have one or more full-time employees assigned the job of coordinating grants-in-aid? YES NO 45

If "YES," where are they assigned in the organization structure? (i.e., department name) _____

Municipal Year Book County Year Book

1140
Connecticut
Avenue
Northwest
Washington DC
20036

International
City
Management
Association



STATE GRANTS-IN-AID – 1975

This questionnaire is being sent to both municipalities and counties. Please answer the questions as they pertain to your local government only.

This questionnaire deals with State grants-in-aid which for purposes of this survey include only those grants funded exclusively from State revenue sources. They include general support grants and categorical grants. Categorical grants include: (a) formula grants – entitlement is according to a statutory or regulatory formula, and (b) project grants – given in response to specific applications for state program funds.

1. Did your municipality/county receive any state grants-in-aid (as defined above) for the fiscal year which included July 1, 1969 and/or the fiscal year which included July 1, 1974? YES NO ?

If your answer to Question 1 is "NO," you need not answer the remainder of this survey. Please sign the last page of the survey and return it. Enclosed is a prepaid envelope for your convenience.

2. What was your total municipal/county revenue for the fiscal years which included July 1, 1969 and July 1, 1974. (Indicate "0" if no funds received)

	<u>FY including</u> <u>7/1/69</u>	<u>FY including</u> <u>7/1/74</u>
Total Municipal/County Revenue	\$ _____ (8-14)	\$ _____ (15-21)
Of these totals how much received was from the following sources:		
State grants-in-aid:		
General support grants	\$ _____ (22-27)	\$ _____ (28-33)
Categorical grants		
1) Formula	\$ _____ (34-39)	\$ _____ (40-45)
2) Project	\$ _____ (46-51)	\$ _____ (52-57)
Total State grants-in-aid	\$ _____ (58-64)	\$ _____ (65-71)

3. If you were permitted to allocate the State categorical grant funds freely among programs, would you allocate them differently from the way they are now allocated? YES NO ⁷²

If "YES," how different do you think the reallocation would be? (Check one)

- ⁷³ 1. Slightly
- 2. Moderately
- 3. Substantially
- 4. Completely

4. Do you think State categorical grants have had any effect on the amount of local money (not counting any required matching funds) spent in your municipality on the program affected? YES NO ⁷

If "YES," please specify which three programs were most affected and whether the local money was increased or decreased. (Circle one)

<u>State Categorical Grant Program (Specify)</u>	<u>Local Money</u>	
	<u>Increased</u>	<u>Decreased</u>
⁸ <input type="checkbox"/> 1. _____	1	2 ¹¹
⁹ <input type="checkbox"/> 2. _____	1	2 ¹²
¹⁰ <input type="checkbox"/> 3. _____	1	2 ¹³

5. If the State suddenly cut off State categorical grants, for which you now provide local matching funds:

- a. Would your municipality/county shift some of those local matching funds to other programs? YES NO 14
- b. Would you fund with 100% local funds the programs formerly receiving State money? YES NO 15

6. How have the State government's requirements for administration of grant funds, and its monitoring of those requirements, affected the following local conditions? (Circle one for each condition)

	<u>Improved</u>	<u>No effect</u>	<u>Worsened</u>	<u>(Please explain)</u>	
a. Overall administrative capability (e.g., personnel standards, organization)	1	2	3		16
b. Levels of service of the programs receiving State funds?	1	2	3		17

7. On the following scale, please indicate how much personal supervision the *chief administrative officer*, gives to State-aided activities compared to activities financed solely by the municipality: (Check one)

- ¹⁸ 1. More
2. Less
3. About the same

8. The following are sometimes identified as problem areas in the design and administration of State grants. Using the list below please follow the instructions on the next page.

- A. Degree to which distribution formulas reflect program needs and fiscal effort.
- B. Strictness of performance standards required as conditions of the grants.
- C. Strictness of State officials in monitoring conformance with performance standards.
- D. Complexity of reporting, accounting, and auditing requirements.
- E. Degree to which State aids constitute a coherent system, e.g., the variety of apportionment formulas, and the mixture of formula and narrow-purpose project grants.
- F. The certainty of flow of State grant funds as it affects estimation of revenue and expenditures for the next fiscal year.
- G. Time required for State officials to issue implementing regulations and guidelines.
- H. Inadequate consultation with local officials in development of legislative proposals.
- I. Inadequate consultation with local officials in development of regulations and guidelines.
- J. Other (specify) _____

Follow these instructions:

- I. In column A below, list the three problem areas (using the letters from the list on the previous page) that in your judgement, constitute the most serious problems for your municipality/county for each type of grant.
- II. Then in column B, indicate on a scale of 1 to 5, the problem's degree of seriousness (1 = Moderately serious; 5 = Most serious).
- III. Finally in column C, indicate by circling one number whether you believe that each of the three problems has improved or become worse in the past five years (1 = Improved; 2 = Same; 3 = Worse).

	A Problem area (Letter)	B Order of seriousness (Circle one)					C Problem improved or worsened (Circle one)		
		1 = Moderately serious	2	3	4	5 = Most serious	Improved	Same	Worse
General support grants	_____ 19	1	2	3	4	5 20	1	2	3 21
	_____ 22	1	2	3	4	5 23	1	2	3 24
	_____ 25	1	2	3	4	5 26	1	2	3 27
Formula grants	_____ 28	1	2	3	4	5 29	1	2	3 30
	_____ 31	1	2	3	4	5 32	1	2	3 33
	_____ 34	1	2	3	4	5 35	1	2	3 36
Project grants	_____ 37	1	2	3	4	5 38	1	2	3 39
	_____ 40	1	2	3	4	5 41	1	2	3 42
	_____ 43	1	2	3	4	5 44	1	2	3 45

Please feel free to use this space and additional pages if necessary to comment on any of the above questions, or on the overall functioning of the State grant system, its strengths, weaknesses, etc.

If you have any questions regarding this survey instrument call Al Richter or Dave Beam at ACIR, (202) 382-3221.

THANK YOU!

NAME _____ TITLE _____

Advisory Commission on
Intergovernmental Relations
726 Jackson Place, N.W.
Washington, D.C. 20575

PLEASE NOTE:

This questionnaire is addressed to the official listed in OMB's 1974 Catalog of Federal Domestic Assistance as "information contact" in the headquarters office for the program titled:

We would like the questionnaire to be answered by the administrator of this program -- the individual who has program-wide responsibility for day-to-day operations. We understand that in some instances the "information contact" official may not be the administrator. In that case, we will appreciate your cooperation in forwarding the questionnaire to the appropriate person.

An administrator may be responsible for several programs, and therefore receive several questionnaires. Because answers to many questions may differ from program to program, we ask that a questionnaire be answered for each program.

Please direct any questions to Al Richter (202) 382-3221.

Questionnaire Survey on
THE ADMINISTRATION OF FEDERAL GRANTS TO STATE AND LOCAL GOVERNMENTS

The questionnaire is divided into four sections according to whether the questions relate to:

All grant programs	Section I
Formula and project grant programs (not block grants)	Section II
Formula grant programs only	Section III
Project grant programs only	Section IV

We request that you answer and return all sections which apply to the program named on the preceding sheet. Example: if the program involves a project grant, complete sections I, II and IV.

The term "grants" as used in the questionnaire refers only to grants to State and local governmental units (and agencies thereof), not to grants which go only to other recipients, such as individuals or private agencies.

The several kinds of grant are defined as follows:

- (1) Block grants consist of the non-discretionary grants under the Safe Streets, Partnership for Health, Comprehensive Employment and Training, Housing and Community Development, and Social Services acts.
- (2) Categorical grants consist of all the remaining grants (other than general revenue sharing). For this questionnaire, they are of two general types:
 - (a) Formula grants -- entitlement is determined according to a formula established by statute or regulation.
 - (b) Project grants -- given in response to an application. Sometimes called "discretionary".

I. FOR ALL GRANT PROGRAMS

1. The Federal Assistance Review (FAR) program launched in 1969 aimed to overhaul the way in which Federal assistance is rendered by streamlining, simplifying, and speeding up the flow of Federal grant funds. Please indicate your judgment on the degree to which each of the following FAR actions has affected the administration of this grant program by circling the appropriate number: (1) produced substantial improvement, (2) produced moderate improvement, (3) has had no appreciable effect, (4) has had negative effect, (5) is not applicable.

- | | | | | | |
|---|---|---|---|---|---|
| (1) Conformance of regional boundaries. | 1 | 2 | 3 | 4 | 5 |
| (2) Reduction of process time for grant applications. | 1 | 2 | 3 | 4 | 5 |

2. As part of the FAR effort, the Office of Management and Budget (OMB), General Services Administration (GSA), and the Treasury Department have issued circulars designed to improve certain key aspects of grant administration: OMB Circular A-102 (superseded by GSA's FMC 74-7), OMB Circular A-87 (GSA's FMC 74-4), OMB Circular A-73 (GSA's FMC 73-2), OMB Circular A-95, and OMB Circular A-98 (Treasury Circular 1082).

Please give your assessment of how each of the following provisions of these circulars has affected this program by circling the appropriate number: (1) Produced substantial improvement, (2) produced moderate improvement, (3) has had no effect, (4) has had negative effect, (5) is not applicable.

FMC 74-7 (OMB A-102)

- | | | | | | |
|--|---|---|---|---|---|
| (1) Recipients no longer required to have separate bank accounts for grant funds. | 1 | 2 | 3 | 4 | 5 |
| (2) Minimizing time between Federal disbursement and grantee use of funds. | 1 | 2 | 3 | 4 | 5 |
| (3) Waiver of single State agency requirement. | 1 | 2 | 3 | 4 | 5 |
| (4) Standardized preapplication procedures. | 1 | 2 | 3 | 4 | 5 |
| (5) Standardized forms for application, review, and approval of project grants. | 1 | 2 | 3 | 4 | 5 |
| (6) Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention. | 1 | 2 | 3 | 4 | 5 |

FMC 74-4 (OMB A-87)

- | | | | | | |
|---|---|---|---|---|---|
| (7) Uniform method for determining costs. | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|

FMC 73-2 (OMB A-73)

(8) Improved audit practices. 1 2 3 4 5

Treas. 1082 (OMB A-98)

(9) Notice to States of grant awards. 1 2 3 4 5

OMB A-95

(10) Referral to State, local, regional, and metropolitan units of applications for specific Federal grants for evaluation and comment. 1 2 3 4 5

3. (a) Another important part of the FAR program was establishment of Federal regional councils (FRCs). Please indicate how each of the following aspects of the FRCs' interprogram coordination efforts has affected the administration of this grant program: (1) produced substantial improvement, (2) produced moderate improvement, (3) has had no appreciable effect, (4) has had negative effect. (Circle one)

(1) Definition of interprogram problems. 1 2 3 4

(2) Development of strategies to solve interprogram problems. 1 2 3 4

(3) Elimination of interprogram frictions and objections. 1 2 3 4

(4) Evaluation of results of (1) - (3). 1 2 3 4

(b) In general, using the same scale as above, how would you evaluate the effect of the FRCs on your agency's relations with State and local governments in regard to this program? 1 2 3 4

4. Do you believe that the administration of Federal aid programs would be improved by channeling all State and local requests for Federal aid through State budget bureaus (or equivalent coordinating and review units)?

YES() NO()

5. Do you believe that this program should give greater or lesser recognition to variations in the financial capacity of State and local governments?

greater ()
lesser ()
no change ()

6. If incentive payments were added to this program to encourage adoption of administrative and performance standards above the minimum required for basic eligibility:

(a) Do you believe that they would improve administration? YES() NO()

(b) If "YES", why? _____

(c) Do you believe that they would improve services to the public? YES() NO()

(d) If "YES", why? _____

7. (a) Has your agency, within the last five years, initiated formal action to withhold funds or suspend payments in this program because of State or local unwillingness or inability to comply with statute or regulations? YES() NO()

(b) Has your agency, within the last five years, actually withheld funds or suspended payments in such cases? YES() NO()

8. (a) Among the most commonly cited deficiencies which undermine good administration of aid programs at the State and local levels are low salaries, inadequate training programs and overly stringent civil service requirements or the lack of any merit system. Have any of these problems affected the administration of this program? YES() NO()

(b) If "YES", which problems? _____

9. Is there an excessively high turnover rate of State or local agency personnel with whom you deal in this program? YES() NO()

10. How would you rate the effectiveness of in-service training efforts over the past three years for employees of State and local government recipients of funds from this program: (1) very effective, (2) moderately effective, (3) ineffective, or (4) does not apply.

Rate separately (a) training provided under the provisions of the Intergovernmental Personnel Act, and (b) all other in-service training for such employees supported at least in part from your program funds. (Circle)

(a) Intergovernmental Personnel Act training.	1	2	3	4
(b) All other training.	1	2	3	4

11. Please rate the overall capacity of State and local government recipients in implementing this program on a scale of (1) to (5), with (1) the highest. Indicate the percentage of recipients that fall under each rating. Consider such factors as the number and competence of assigned staff, adequacy of other administrative resources, organizational structure, and commitment of the chief executive and legislature to the program.

	<u>(1)</u>	<u>(2)</u>	<u>(3)</u>	<u>(4)</u>	<u>(5)</u>	<u>Total</u>
States	_____	_____	_____	_____	_____	<u>100%</u>
Local governments: cities	_____	_____	_____	_____	_____	<u>100%</u>
Counties	_____	_____	_____	_____	_____	<u>100%</u>
School districts	_____	_____	_____	_____	_____	<u>100%</u>
Other (specify)	_____	_____	_____	_____	_____	<u>100%</u>

12. Congress has occasionally consolidated two or more small grants into a package short of a block grant. Examples are the libraries and learning resources program and the educational support and innovation program (P.L. 93-380, Title IV).

(a) Has your grant program been involved in such a merger in the past five years? YES() NO()

If "YES"

(b) Please identify briefly the programs consolidated:

(c) How would you rate the effects of the consolidation in terms of the achievement of the objectives of the individual programs consolidated. (Check one)

- enhanced achievement of all the separate objectives ()
- enhanced achievement of some, did not appreciably affect achievement of others ()
- did not appreciably affect achievement of any of the objectives ()
- enhanced achievement of some, retarded the achievement of others ()
- retarded achievement of all objectives ()

13. Pursuant to the 1974 Joint Funding Simplification Act (P.L. 93-510), does your agency have specific plans to cooperate with one or more other agencies in a jointly funded project involving this program?

YES() NO()

If "YES", please identify the other program(s) and agencies involved:

14. For purposes of this question, "reorganization" is defined as the reassignment of responsibility for administering a grant program to a new organizational unit (bureau); a reassignment of the administering unit (bureau) to a different agency; or alteration of the internal structure of the unit (bureau) which is substantial enough to require publication in the Federal Register.

(a) How many times since January 1970 has this grant program been involved in a reorganization? _____

(b) How have these reorganizations affected achievement of the objectives of your grant program? (Check one)

- substantially enhanced ()
- moderately enhanced ()
- no appreciable effect ()
- moderately retarded ()
- substantially retarded ()

15. (a) Have appropriations for this program been subject to impoundment in the past 10 years?

YES() NO()

(b) If "YES", what was the approximate percentage of appropriations impounded over the total 10 year period. _____%

(c) If "YES", please indicate how in your judgment, the impoundments have affected achievement of this program's statutory objectives during this period:

- seriously hindered ()
- moderately hindered ()
- no appreciable effect ()

Comment: _____

16. (a) What effect do you think general revenue sharing has had on the appropriation for this grant program?

- caused reduction ()
- no effect ()
- caused increase ()

Comment: _____

(b) In your opinion, to what extent have States and localities met this program's needs by using general revenue sharing funds for that purpose?

- substantial ()
- moderate ()
- small ()
- not at all ()

II. FOR CATEGORICAL (FORMULA AND PROJECT) GRANT PROGRAMS

1. Below are listed principal elements considered necessary for the design and administration of categorical grant programs so that they are effective and foster healthy intergovernmental relations. Please indicate your judgment on the degree to which this program could be improved with respect to each element by circling the appropriate number, as follows: (1) could be substantially improved, (2) could be moderately improved, (3) is about as good as it could be.

- | | | | |
|---|---|---|---|
| (1) Program purposes are clearly defined in statute. | 1 | 2 | 3 |
| (2) Eligible recipients are appropriate for program and clearly defined in statute. | 1 | 2 | 3 |
| (3) Degree of administrative discretion for implementation of Congressional intent is clearly specified in statute. | 1 | 2 | 3 |
| (4) Apportionment formula and/or matching ratio are consistent with statutory purpose. | 1 | 2 | 3 |
| (5) Authorization and appropriation are adequate to achieve purpose. | 1 | 2 | 3 |
| (6) Appropriation for administration and authorization for staff are adequate for implementation. | 1 | 2 | 3 |

- | | | | |
|---|---|---|---|
| (7) Statutory reporting, accounting, and auditing requirements are adequate for control. | 1 | 2 | 3 |
| (8) Statutory performance requirements are consistent with program purpose. | 1 | 2 | 3 |
| (9) Reviews by substantive and appropriations committee of Congress are adequate. | 1 | 2 | 3 |
| (10) Congress makes needed and timely revision of authorizing statute. | 1 | 2 | 3 |
| (11) Regulations, guidelines, and policy interpretation are adequate to carry out Congressional intent. | 1 | 2 | 3 |
| (12) Regulations, guidelines, policy interpretations give recipients maximum discretion consistent with achieving Congressional intent. | 1 | 2 | 3 |
| (13) Regulations, guidelines, and policy interpretations are clear. | 1 | 2 | 3 |
| (14) Agency issues regulations, guidelines, and policy interpretations expeditiously. | 1 | 2 | 3 |
| (15) Processing of applications, plans, and other documents is expeditious. | 1 | 2 | 3 |
| (16) Procedural requirements and performance standards are monitored effectively. | 1 | 2 | 3 |
| (17) Agency's reports to Congress on program's strengths and weaknesses are submitted in timely fashion. | 1 | 2 | 3 |
| (18) Agency proposes necessary statutory changes to Congress. | 1 | 2 | 3 |
| (19) Agency provides necessary technical assistance. | 1 | 2 | 3 |
| (20) Agency effectively monitors recipients' conformance with plans, procedural requirements, and performance standards. | 1 | 2 | 3 |
| (21) Monitoring assures that funds intended to be additive are not substitutive. | 1 | 2 | 3 |
| (22) State and local recipients employ adequate organization and staff. | 1 | 2 | 3 |
| (23) When funds to localities are channeled through the State, good local performance is fostered by the State through addition of funds, technical assistance, or setting of higher standards. | 1 | 2 | 3 |

- | | | | |
|--|---|---|---|
| (24) Recipients effectively coordinate grant-aided activity with other State or local activities. | 1 | 2 | 3 |
| (25) Congress was sensitive to possible program impact on State and local governments in designing the legislation. | 1 | 2 | 3 |
| (26) Congress consulted with State and/or local governments in preparing legislation. | 1 | 2 | 3 |
| (27) Congress seeks advice of State and local governments in making legislative changes. | 1 | 2 | 3 |
| (28) Congress makes efforts to avoid fluctuation of funding. | 1 | 2 | 3 |
| (29) In designing the program, Congress was careful not to undermine the role of general purpose units of local government and elective, generalist policy makers. | 1 | 2 | 3 |
| (30) Agency consults with local governments in preparing regulations and guidelines. | 1 | 2 | 3 |
| (31) Agency seeks State and local advice on changes in regulations and guidelines. | 1 | 2 | 3 |
| (32) Agency strives to give recipients maximum access to policy makers for expediting actions and rendering policy decisions. | 1 | 2 | 3 |
| (33) Agency seeks active coordination with other departments and agencies affecting recipients' overall programs. | 1 | 2 | 3 |
| (34) Agency gives preference to general purpose local units and elective general policy-makers. | 1 | 2 | 3 |
| (35) Within statutory limits, agency strives to stimulate program innovation. | 1 | 2 | 3 |

2. In a 1973 report, Setting National Priorities: The 1974 Budget, The Brookings Institution identified several basic criticisms of categorical grants as a type. Please indicate below whether you agree or disagree with these criticisms as they apply to categorical grant programs in general.

- (1) Fragmentation of grants dissipates Federal leverage over State and local decision making. Agree() Disagree()
- (2) There is a tendency to provide separate grants to finance purchase of specific kinds of supplies or resources rather than simply to finance a service. Agree() Disagree()

3. (a) Would special revenue-sharing or block grants rather than narrow categorical grants and/or the provision for transfer of funds between narrow categorical grants help States and local governments to meet their needs more effectively in the area of this program? YES() NO()

(b) Would provision for transfer of funds between narrow categorical grants help? YES() NO()

III. FOR FORMULA GRANT PROGRAMS ONLY

1. Is the formula used to distribute funds in this program based on statute, regulation or both?

statute ()
regulation ()
both ()

2. (a) The FAR program included measures to decentralize authority to the regions. Please indicate which of the following statements apply to developments in this program since 1969:

(1) Increase in proportion of total staff located in regional or area offices. YES() NO()

(2) Increase in proportion of supergrade staff located in regional or area offices. YES() NO()

(3) Initiation of practice of rotating headquarters executive staff to regional/area offices. YES() NO()

(4) Delegation to regional/area of authority to appoint personnel. YES() NO()

(5) Requirement that bureau program staff in regional/area office be immediately responsible to regional/area representative of Department or agency rather than directly to bureau head at headquarters. YES() NO()

(6) Delegation to regional/area office of authority to approve plans and plan amendments. YES() NO()

(7) Delegation to regional/area offices of authority to disapprove plans and plan amendments. YES() NO()

(8) Delegation to regional/area staff of major responsibility for program review. YES() NO()

- (9) Delegation to regional/area staff of major responsibility for technical assistance. YES() NO()
- (10) Delegation to regional/area staff of major responsibility for investigation of complaints. YES() NO()
- (11) Delegation to regional/area staff of major responsibility for financial management (accounting, reporting, budget form and executive auditing). YES() NO()

(b) Please indicate your judgment on the degree to which the above developments, taken together, have affected the administration of this program.

- produced substantial improvement()
- produced moderate improvement ()
- have had no appreciable effect ()
- have had negative effect ()

Comment: _____

IV. FOR PROJECT GRANT PROGRAMS ONLY

1. (a) The FAR program included measures to decentralize authority to the regions. Please indicate which of the following statements apply to developments in this program since 1969:

- (1) Increase in proportion of total staff located in regional or area offices. YES() NO()
- (2) Increase in proportion of supergrade staff located in regional or area offices. YES() NO()
- (3) Initiation of practice of rotating headquarters executive staff to regional/area offices. YES() NO()
- (4) Delegation to regional/area of authority to appoint personnel. YES() NO()
- (5) Requirement that bureau program staff in regional/area office be immediately responsible to regional/area representative of Department or agency rather than directly to bureau head at headquarters. YES() NO()

- (6) Delegation to regional/area office of authority to review grant applications. YES() NO()
- (7) Delegation to regional/area office of authority to approve grant applications. YES() NO()
- (8) Delegation to regional/area office of authority to commit grant funds. YES() NO()
- (9) Delegation to regional/area staff of major responsibility for program review. YES() NO()
- (10) Delegation to regional/area staff of major responsibility for technical assistance. YES() NO()
- (11) Delegation to regional/area staff of major responsibility for investigation of complaints. YES() NO()
- (12) Delegation to regional/area staff of major responsibility for financial management (accounting, reporting, budget form and execution, and auditing). YES() NO()

(b) Please indicate your judgment on the degree to which the above developments, taken together, have affected the administration of this grant program.

- produced substantial improvement()
- produced moderate improvement ()
- have had no appreciable effect ()
- have had negative effect ()

Comment: _____

2. (Only for administrators of project grants that have local government recipients)

(a) Do applications for this program channel through the State rather than come directly from local governments? YES() NO()

(b) If "YES" to (a), to what extent has channeling affected local participation?

- substantially reduced()
- moderately reduced ()
- no effect ()

Comment: _____

3. (Only for administrators of project grants that have local government recipients)

(a) Do your aid funds channel through the State rather than go directly to local governments? YES() NO()

(b) If "YES" to (a), is channeling required by Federal statute or regulation? YES() NO()

(c) If "YES" to (a), to what extent has channeling of funds affected local participation?

- substantially reduced()
- moderately reduced ()
- no effect ()

Comment: _____

4. The Administrative Conference of the United States (ACUS) has recommended that agencies administering discretionary (project) grants should publish the procedures to be followed by potential grant recipients in applying for a grant.

(a) Has your agency published such procedures for this program? YES() NO()

(b) If "YES", please cite the document: _____

(c) If "YES", is such publication required by statute or regulation? YES() NO()

5. The ACUS has also recommended that agencies administering project grants should publicly state the specific results which they expect the assistance to achieve.

(a) Has your agency issued such a statement for this program? YES() NO()

(b) If "YES", please cite the document: _____

(c) If "YES", is such a statement required by statute or regulation? YES() NO()

6. The ACUS further recommended that agencies administering project grants should publish criteria or standards, and priorities among criteria or standards, for the selection of grantees under each grant program.

(a) Has your agency issued such publications for this program? YES() NO()

(b) If "YES", please cite the documents: _____

(c) If "YES", is publication required by statute or regulation? YES() NO()

(a) Your name _____

(b) Title _____

(c) Phone number _____

(d) How long have you held this office? _____

(e) How many other persons have held the office since January 1970? _____

THANK YOU!

INSTITUTE FOR RESEARCH IN SOCIAL SCIENCE
University of North Carolina
Chapel Hill, N. C. 27514

Dear State Administrator:

You know the critical role that top State administrators play in American government today. But who else is aware of the responsibilities and activities of executives who direct important State agencies like yours? Few persons, not even many State executives, know much about what State agency heads do, who they are, or what they think.

Answers to some of these questions were provided from the results of a survey of State executives in 1963-64. An enclosure provides the title page and tabular data on nearly 1,000 State department and agency directors from that survey. Ten years have passed and dramatic changes have occurred in State government. Current information on State administrators is virtually non-existent. You are the only source of that information. That is why I ask you to respond to the questionnaire inside this cover letter.

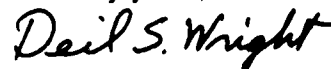
This questionnaire is being sent to top State administrative officials in all 50 states. Based on past experience a high degree of nationwide interest and response are expected. Your participation is not simply important; it is vital to understanding the position and operation of State government in our federal system. The questions cover three areas: (1) your role and functioning in State government, (2) your contacts and relationships with other levels of government, and (3) your education, career, and professional attributes.

Will *you* please take time to complete the conveniently designed questions? They are short, direct, and can be answered with check marks, numbers, or other simple designations. Where opinion questions are posed there obviously are no right or wrong answers.

Only *you* can properly and validly respond. You can do so in a rapid and expeditious manner.

Your cooperation is appreciated and the returned questionnaire is eagerly awaited.

Sincerely yours,



Deil S. Wright
Research Professor

All responses are confidential. State and Position Nos. _____
 Only aggregate results will be published.

Questions About Your Position and Your Agency

- Please indicate the nature of the appointment or approval process by which you came to your present post.

_____governor with legislative consent	_____department head
_____governor without legislative consent	_____popular election
_____board or commission with governor's consent	_____other (Please indicate)
_____board or commission without governor's consent	_____
- How often do you have phone or face-to-face contacts with the following individuals in the course of carrying out your official duties?

<i>Individuals Contacted</i>	<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Less Than Monthly</i>	<i>Never</i>
Governor	_____	_____	_____	_____	_____
Legislators	_____	_____	_____	_____	_____
Personnel of other agencies	_____	_____	_____	_____	_____
Clientele (persons served)	_____	_____	_____	_____	_____
Citizens—public at large	_____	_____	_____	_____	_____
- How do you divide your time—in approximate percentage terms among:
 - Internal Management: routine administration %
 - Policy Development and Presentation: relations with governor, legislators, and boards %
 - Public support: promoting programs with clientele and interest groups. %
- How many hours per week do you work on the average? _____(hours)
- What is the annual salary for the State position you hold? _____(thousands of \$)
- How large is your agency in terms of:
 - Total number of persons under your direction? _____
 - Size of agency's current *annual* budget? (millions of \$) _____
- Are your agency's activities and programs financed in part by legally "earmarked" revenues? _____Yes _____No
 - IF YES, by how much? _____under 25%; _____25-49%; _____50-74%; _____75% or more

Questions About Programs, Priorities, and Performance

- Do you think that the current overall level of programs, services, and expenditures provided by your State should be expanded and increased? _____Yes _____No
 - IF YES, by how much? _____up to 5%; _____5-9%; _____10-14%; _____15% or more
- Regarding the specific programs and services performed by your agency, should your State expand its activities? _____Yes _____No
 - IF YES, by how much? _____up to 5%; _____5-9%; _____10-14%; _____15% or more
- What do you judge to be the most important limits or constraints on the growth and expansion of your agency? Rank as many of the following as possible (1 = most limiting, 2 = next most limiting, etc.)

_____no clear need for expansion	_____lack of governor's support
_____lack of public opinion support	_____lack of legislative support
_____the state lacks fiscal resources	_____lack of political party support
_____other agencies more influential	_____lack of interest group support
- Within the past four or five years what changes or shifts have taken place in the ordering of priorities among programs within your agency?

_____none	_____minor shifts	_____moderate shifts	_____major shifts
-----------	-------------------	----------------------	-------------------
- New ideas and proposals for improvement of programs come from a variety of sources and locations. Listed below are sources from which innovative improvements may originate. Would you rank as far as possible these sources in the order in which you feel they contribute NEW IDEAS relevant to your agency and its program. (1 = primary source, etc.)

_____other states	_____legislators	_____sources within your agency
_____national government	_____governor	_____professional association(s)
_____local governments	_____other state agencies	

6. State administrators are often aware of program developments in their fields in other States. Insofar as your own field is concerned, would you please identify and rank other States (by name or abbreviation) according to: (Please rank according to your best judgments.)
- 6a. Which States have the most OUTSTANDING program(s) in your field?
 1. _____ 2. _____ 3. _____ 4. _____
- 6b. Which States' officials are ones from whom you seek ADVICE and COUNSEL related to your program(s)?
 1. _____ 2. _____ 3. _____ 4. _____
- 6c. Which States are ones you COMPARE with in assessing your program progress or performance?
 1. _____ 2. _____ 3. _____ 4. _____

General Revenue Sharing (GRS)

Questions about the "State and Local Fiscal Assistance Act of 1972."

1. During 1973 were your agency's finances or program levels favorably influenced by the availability of GRS funds?
 Yes No Don't know
2. Did you take any actions or make any efforts during 1973 to obtain GRS funds for your agency? Yes No
 IF YES:
 2a. Did you personally talk with any of the following about obtaining GRS funds?
 (check any applicable)
 governor clientele group(s)
 legislator(s) administrative superior(s)
 state budget personnel professional associates
3. Has your agency received any direct allocations of GRS money? Yes No
 IF YES: 3a. How much was allocated? \$ _____ (million)
4. Have you requested GRS funds for your agency for Fiscal 1974-75? Yes No
 IF YES: 4a. What do you think are the chances of your securing GRS funds?
 poor fair good excellent
5. To the best of your knowledge were regular or normal budget decision processes used to allocate your State's GRS money or was a special procedure used?
 normal budget process special procedure don't know
6. In your judgment was there more conflict and competition over the allocation of your State's GRS money in 1973 than normally occurs during the regular budget process?
 The amount of conflict and competition was:
 more over GRS about the same less over GRS Don't know
7. In deciding on the use of your State's GRS monies, who played the leading or most influential roles? Please rank as many actors as possible in order of their respective influence on GRS allocations. (1 = most influential, etc.)
 Don't know local government officials
 State Senator(s) interest groups
 State Representative(s) department or agency heads
 The Governor state budget staff
8. What do you judge to be the major impacts of GRS in your state to date?
 (check any you think apply)
 tax reduction more funds to aid local governments
 prevention of tax increase avoidance of debt increase
 increased capital outlays lessened debt increase
 more funds for social programs replace Federal cutbacks
 more funds for environmental programs
9. Do you agree or disagree with the idea of General Revenue Sharing?
 Strongly Agree Agree Undecided Disagree Strongly Disagree

Questions on Agency Relationships and Influences

1. Generally speaking, do you find that the governor or the legislature exercises the greater control and oversight over your agency?
 Governor Legislature Each about the same

2. Who exercises the more detailed review of your budget requests?
 Governor Legislature Each about the same
3. Who has the greater tendency to reduce your budget requests?
 Governor Legislature Each about the same
4. Who do you find more sympathetic and supportive of the aims and purposes of your agency?
 Governor Legislature
5. Suppose that your State's governmental structure were reorganized and you were able to select who should exercise the greater control over your agency. Which of the following would you choose?
 Governor Legislature Independent Commission
6. How influential is the governor in making important decisions affecting your agency?
 no influence slightly influential moderately influential highly influential
7. How influential are legislators in making important decisions affecting your agency?
 no influence slightly influential moderately influential highly influential
8. How influential are clientele support groups in making important decisions affecting your agency?
 no influence slightly influential moderately influential highly influential
9. About what proportion of the draft legislation in the legislature relating to your agency originates or is initiated from within your agency? %
10. Has your State experienced a major State reorganization within the past ten years?
 Yes No Don't know
IF YES:
 - 10a. In general, how would you rate the overall results of the reorganization?
 poor fair good excellent
 - 10b. Did the reorganization directly affect your agency? Yes No
IF YES. Were the effects on your agency:
 poor fair good excellent
11. Do you think that your State is presently in need of a major reorganization?
 Yes No Don't know
IF YES:
 - 11a. Should your agency be included in such a reorganization?
 Yes No Don't know

Intergovernmental Relationships

Advisory Commission on Intergovernmental Relations (ACIR)

1. Have you ever heard of the ACIR? Yes No
IF YES:
 - 1a. Have you ever had personal contacts with ACIR members or staff?
 Yes No
 - 1b. Have you read any ACIR reports? Yes No
 - 1c. Has the ACIR been useful in connection with your agency's program(s)?
 Yes No
 - 1d. How would you judge the overall quality of the work done by the ACIR?
 poor fair good excellent

Council of State Governments (COSGOV)

2. Have you ever heard of COSGOV? Yes No
IF YES:
 - 2a. Have you ever had personal contacts with COSGOV staff? Yes No
 - 2b. Have you read any COSGOV reports? Yes No
 - 2c. Has COSGOV been useful in connection with your agency's programs?
 Yes No
 - 2d. How would you judge the overall performance of COSGOV?
 poor fair good excellent

National Officials

3. How often do you personally have phone or face-to-face contacts with each type of National official listed below?

<i>National Officials</i>		<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Less Than Monthly</i>	<i>Never</i>	
3a.	Top level administrative officials (agency heads and their top staff)	___	___	___	___	___	
3b.	Lower level administrative officials (regional personnel) ..	___	___	___	___	___	
3c.	U.S. Senators (or their staff) ..	___	___	___	___	___	
3d.	U.S. Representatives (or their staff)	___	___	___	___	___	
3e.	White House or OMB staff ..	___	___	___	___	___	
<i>Local Officials</i>							
4.	How often do you personally have phone or face-to-face contact with elected and appointed officials of local government units?					<i>Less Than Monthly</i>	<i>Never</i>
<i>Local Officials</i>		<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Less Than Monthly</i>	<i>Never</i>	
4a.	County officials						
	(1) elected	___	___	___	___	___	
	(2) appointed	___	___	___	___	___	
4b.	Municipal or town officials						
	(1) elected	___	___	___	___	___	
	(2) appointed	___	___	___	___	___	
4c.	School officials						
	(1) elected	___	___	___	___	___	
	(2) appointed	___	___	___	___	___	
<i>Officials in other States</i>							
5.	How often do you personally have phone or face-to-face contacts with officials in other states?					<i>Less Than Monthly</i>	<i>Never</i>
<i>Officials in other States</i>		<i>Daily</i>	<i>Weekly</i>	<i>Monthly</i>	<i>Less Than Monthly</i>	<i>Never</i>	
5a.	Administrators of an agency like or comparable to yours ..	___	___	___	___	___	
5b.	Administrators of other types of agencies	___	___	___	___	___	
5c.	Legislators in other states ..	___	___	___	___	___	

State-National Relationships

To what extent do you agree or disagree with the following statements? Mark the space above the abbreviated opinion category that best corresponds to your view. (SA = Strongly Agree, A = Agree, U = Undecided, D = Disagree, SD = Strongly Disagree)

- | | | | | | |
|--|-----|-----|-----|-----|-----|
| 1. The National government should provide more financial support for sub-State regional forms of government, e.g., COG's, LRO's, EDD's. | ___ | ___ | ___ | ___ | ___ |
| | SA | A | U | D | SD |
| 2. The National government should set strict performance standards for federally-funded programs administered by the States. | ___ | ___ | ___ | ___ | ___ |
| | SA | A | U | D | SD |
| 3. There should be greater decentralization of authority and responsibility from the National government to the States. | ___ | ___ | ___ | ___ | ___ |
| | SA | A | U | D | SD |
| 4. The National government should act in those areas where the States fail to perform their responsibilities. | ___ | ___ | ___ | ___ | ___ |
| | SA | A | U | D | SD |
| 5. It is important that contacts and relationships between the National government and local units of government be channeled through the State. | ___ | ___ | ___ | ___ | ___ |
| | SA | A | U | D | SD |
| 6. As U. S. society becomes more complex, the duties of all levels of government must increase. | ___ | ___ | ___ | ___ | ___ |
| | SA | A | U | D | SD |

7. Most public programs should be assigned to either the National government or the States instead of having many programs shared by both governments.
8. An important reason for the expansion of Federal programs in recent years is the failure of the States to act.

SA A U D SD

SA A U D SD

Federal Aid Issues

1. Do you feel that most or all Federal aid to local governments should be channeled through the State? ___Yes, channeled ___No, not channeled
2. Has Federal aid led to National interference in affairs that are the appropriate domain of the State? ___Yes ___No
3. Does Federal aid tend to unbalance or skew the overall character of State programs (i.e., are unaided programs strapped for funds)? ___Yes ___No
4. Has Federal aid helped the States provide programs that would not otherwise be offered? ___Yes ___No
5. Federal financial aid is of three broad types: (1) categorical grants, (2) block grants, and (3) GRS. How do you feel about the current levels of these three funding strategies in general and *apart from any particular impact on your agency?*
 - 5a. categorical grants: ___too little, ___about right, ___too much
 - 5b. block grants: ___too little, ___about right, ___too much
 - 5c. General Revenue Sharing: ___too little, ___about right, ___too much

State-Local Issues

To what extent do you agree or disagree with the following statements? Mark the space above the abbreviated opinion category that best corresponds to your view. (SA = Strongly Agree, A = Agree, U = Undecided, D = Disagree, SD = Strongly Disagree)

Financial Issues

1. State financial assistance to local units should be substantially increased.
2. The State should provide substantial relief from local property taxes.
3. The State should provide financial support for regional agencies, e.g., COG's.
4. Local units should be responsible for raising all funds necessary to support local services.
5. More taxing authority should be given to cities.
6. More taxing authority should be given to counties.

SA A U D SD

SA A U D SD

SA A U D SD

SA A U D SD

SA A U D SD

SA A U D SD

State Power and Local Autonomy

1. More home rule should be granted local units.
2. Strict standards should be set by the State for the performance of local government services.
3. The State should establish special authorities to deal with urban problems affecting more than one local unit, e.g., transportation, water and air pollution.

SA A U D SD

SA A U D SD

SA A U D SD

- | | | | | | | |
|--|--|----|---|----|---|----|
| 4. The State should exercise more power to realign the boundaries of local units. | <table border="0"> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">SA</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">A</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">U</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">D</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">SD</td> </tr> </table> | SA | A | U | D | SD |
| SA | A | U | D | SD | | |
| 5. The State should give regional grant review agencies more power over applications for federal grants. | <table border="0"> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">SA</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">A</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">U</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">D</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">SD</td> </tr> </table> | SA | A | U | D | SD |
| SA | A | U | D | SD | | |
| 6. The involvement of the States in finding solutions to urban problems should be substantially increased. | <table border="0"> <tr> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">SA</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">A</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">U</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">D</td> <td style="border-top: 1px solid black; border-bottom: 1px solid black;">SD</td> </tr> </table> | SA | A | U | D | SD |
| SA | A | U | D | SD | | |

Administrators Receiving Federal Aid

If your agency receives any type of Federal financial assistance (other than GRS) will you please respond to the questions below. If no Federal aid is received please proceed to the next section on Career and Professional Experience.

1. Please indicate what type of financial assistance your agency receives from the Federal government. (check wherever appropriate)

<input type="checkbox"/> formula grant(s)	<input type="checkbox"/> contract(s)
<input type="checkbox"/> project grant(s)	<input type="checkbox"/> any non-matching grants
<input type="checkbox"/> block grant(s)	<input type="checkbox"/> loans or loan guarantees
2. From how many different Federal departments and agencies does your agency receive financial assistance? (Circle appropriate number.)

1	2	3	4	5	6	7 or more
---	---	---	---	---	---	-----------
3. What proportion of your agency's budget comes from Federal funds?

<input type="checkbox"/> under 25%	<input type="checkbox"/> 25-49%	<input type="checkbox"/> 50-74%	<input type="checkbox"/> 75% or more
------------------------------------	---------------------------------	---------------------------------	--------------------------------------

Effects of Federal aid on your agency:

1. Has Federal supervision of grant programs improved standards of administration and service? Yes, improved No, worsened No effects
2. In practice, is your department or agency less subject to supervision by the governor and the legislature in federally-financed activities than in activities financed solely by the State? Yes No
3. With respect to the amount of money raised by your State, do you think Federal aid has increased, decreased, or had no effect on the level of funds raised by your State?
4. Do you feel that Federal grant administrators are sufficiently flexible in applying Federal standards to programs operated by your agency? Yes No, not flexible enough Too flexible
5. Does Federal aid seem uncertain, making it difficult to estimate revenues for the next fiscal year? Yes No
6. In place of categorical aids, if your agency were given an equal amount of money without "strings" attached, would you allocate the money differently from the way Federal aid funds are now being allocated?

<input type="checkbox"/> Yes, allocate differently	<input type="checkbox"/> No, same allocation as now		
6a. IF YES, how different would your reallocation be?			
<input type="checkbox"/> slightly	<input type="checkbox"/> moderately	<input type="checkbox"/> substantially	<input type="checkbox"/> radically

Present features and potential changes in Federal aid:

1. Are Federal aid monies subject to the same financial controls as other State funds? Yes No
2. Should Federal aid monies be subject to the same financial controls as other State funds? Yes No
3. Are existing provisions on matching arrangements satisfactory? Yes No
4. Are existing provisions on the apportionment formulas for funds among the States satisfactory? Yes No
5. Should Federal aid for existing grant programs be: increased, decreased, or stay the same?
6. Should Federal aid be expanded to include support of *new programs* for your agency? Yes No

Career and Professional Experience

1. Would you please indicate the *number of years* you have been employed:
 - 1a. in State government in this State? _____ (years)
 - 1b. in this agency? _____ (years)
 - 1c. in your current position? _____ (years)
2. *How old* were you when you *first held*:
 - 2a. Any governmental position (national, State, or local?) _____ (age)
 - 2b. A position in State government? _____ (age)
3. In how many *other* agencies of this State's government have you served? (Circle appropriate number) 0 1 2 3 4 5 or more
4. Have you ever held a position in State government in some other State(s)?
 ___Yes ___No *IF YES*: 4a. In how many states? _____
 4b. For how many years? (Total) _____
5. Have you ever held an elected or appointed position in the Federal or local government? ___Yes ___No
 5a. *IF YES*, please indicate the years of service by unit and position.

	<i>Years (Elected)</i>	<i>Years (Appointed)</i>
City or town	_____	_____
County	_____	_____
School District	_____	_____
Federal Government (non-military) ..	_____	_____
6. For how long did you hold the position *immediately prior* to your present post? (Mark the number of years before the appropriate type of prior position.)

___subordinate post, this agency	___in the military
___another agency in this State	___in the State legislature
___agency in another State	___private industry
___in a unit of local government	___self employed
___in Federal Government (non-military)	___none of these
7. Is your present position under civil service or a merit system? ___Yes ___No
8. During the time you have held your current position have you received job offers from any of the following? (check wherever appropriate)

___other states	___Federal government
___local governments	___private business
9. Are you a member of one or more professional societies or associations?
 ___Yes ___No *IF YES*: 9a. To how many associations do you belong?
 (Circle proper number) 0 1 2 3 4 or more
 9b. How many times in the last ten years have you held an office in any professional association?
 (Circle proper number) 0 1 2 3 4 or more
10. About how many times a year do you travel out of State to: (Circle proper number)
 - 10a. attend a *professional* convention or conference? 0 1 2 3 4 5 or more
 - 10b. attend a *job-related* meeting or session? 0 1 2 3 4 5 or more
11. Are you licensed or certified by a professional association or licensing body?
 ___Yes ___No *IF YES*: 11a. What is its name(s) _____

Background Characteristics

1. Where were you born? (City and State) _____
2. When were you born? (year) _____
3. What is your sex? ___Male ___Female
4. What is your race? ___Caucasian ___American Indian
 ___Black ___Oriental
5. What was the population size of the community in which you:

	<i>Were born?</i>	<i>Lived mostly before age 18?</i>	<i>Lived mostly after age 18?</i>
Rural or under 2,500	_____	_____	_____
2,500-9,999	_____	_____	_____
10,000-49,999	_____	_____	_____
50,000-249,999	_____	_____	_____
250,000 or over	_____	_____	_____

6. Generally speaking, do you consider yourself to be a ___Democrat, ___Republican or an ___Independent?
 6a. If Independent, are you closer to the ___Democratic or ___Republican party?
7. Have you campaigned for or contributed to the support of a candidate for an elected public office? ___Yes ___No
 7a. IF YES, did you do so in the last campaign for governor? ___Yes ___No

Education

1. How much education have you had? How much education did your father have?
- | | <i>Yourself</i> | <i>Your Father</i> |
|--------------------------|-----------------|--------------------|
| Some high school or less | _____ | _____ |
| High school graduate | _____ | _____ |
| Some college | _____ | _____ |
| Bachelor's degree | _____ | _____ |
| Graduate study | _____ | _____ |
| Graduate degree | _____ | _____ |

2. If you hold one or more college degrees please indicate:
- | <i>Degree(s)</i> | <i>Major</i> | <i>Institution</i> |
|------------------|--------------|--------------------|
| _____ | _____ | _____ |
| _____ | _____ | _____ |
| _____ | _____ | _____ |

3. Other than the degrees or specialties indicated in (2) above, what formal training (including in-service) have you had in any of the following fields? (check as many as are appropriate)
- | | | |
|----------------|--------------------------|--------------------------|
| ___Accounting | ___Forestry-conservation | ___Public Administration |
| ___Agriculture | ___Journalism | ___Public Health |
| ___Business | ___Law | ___Recreation |
| ___Education | ___Management | ___Social Work |
| ___Engineering | ___Medicine | |

4. What is your father's occupation? (If retired or deceased please indicate his former occupation or chief line of work.) _____

5. Did your father ever hold any elected or appointed position in any unit of government? ___Yes ___No
 5a. IF YES, check any that are appropriate in each group.
- | | | |
|--------------|--------------|------------|
| ___elected | ___full-time | ___Federal |
| ___appointed | ___part-time | ___State |
| | | ___Local |

**If You Are An Elected Official: Please complete the questions on the next page.
 If You Are NOT An Elected Official: This finishes the Questionnaire.
 Thank You for Your Cooperation.**

Questions Exclusively for Elected Officials

1. How many other elected State-level positions have you held? (Circle appropriate number) 0 1 2 3 4 5 or more
2. How many elected positions at the local level have you held? (Circle appropriate number) 0 1 2 3 4 5 or more
3. Do you think your office should continue to be popularly elected? ___Yes ___No
4. Please rank, insofar as possible, the reasons you consider chiefly responsible for your election. (Rank them in order of greatest importance—1 = first, etc.)

- | | |
|--|-------------------------------------|
| ___financial support | ___personal prominence of your name |
| ___party organization support | ___issues and platforms |
| ___your personal organization | ___interest group support |
| ___your experience (apart from incumbency) | ___other (please specify) |
| ___gubernatorial support | _____ |
| ___gubernatorial or presidential "coattails" | |

5. In your present post do you serve in a legally constituted "executive council" or similar type of post which makes decisions on the conduct and administration of State government? ___Yes ___No

IF YES:

- 5a. How important do you feel these decisions are?
___very important ___important ___not very important ___unimportant
- 5b. Do you think this council should be:
___increased in power; ___left unchanged; ___decreased in power; ___abolished

Thank you for your cooperation.

Advisory Commission on
Intergovernmental Relations
726 Jackson Place, N.W.
Washington, D.C. 20575

Questionnaire Survey on

FEDERAL GRANTS TO STATES AND STATE AIDS TO LOCAL GOVERNMENTS

This questionnaire is in two parts. Part I deals with Federal grants-in-aid to the State government. Included in these grants are funds that the State passes through to local governments, with or without money added by the State from its own sources. Excluded are general revenue sharing funds.

Part II deals with State grants-in-aid to local governments that consist exclusively of State money, but excluding State funds that are add-ons to Federal grants.

May 1975

I. FEDERAL GRANTS-IN-AID

Federal grants-in-aid as the term is used here are of two broad types: (1) block grants, consisting of grants under the Safe Streets, Partnership for Health [sec. 314(d)], Comprehensive Employment and Training (CETA), and Housing and Community Development acts, and (2) categorical grants, consisting of all the remaining grants. Categoricals in turn are of two general types: (a) formula grants--entitlement is according to a statutory or regulatory formula, and (b) project grants--given in response to an application, and sometimes called "discretionary".

1. How much did your State government receive in Federal grant funds (other than general revenue sharing) in fiscal year 1974 for the functions listed below? Please show actual figures if possible. If it is not possible, please give us your best estimate. Check here whether figures are actual or estimated .

	<u>Categorical grants</u>		<u>Block grants</u>	<u>Total</u>
	<u>Formula</u>	<u>Project</u>		
Education (excl. job training)	\$ _____	\$ _____	\$ <input type="checkbox"/>	\$ _____
Public welfare ¹	_____	_____	<input type="checkbox"/>	_____
Highways	_____	_____	_____	_____
Health and hospitals ²	_____	_____	_____	_____
Criminal justice	_____	_____	_____	_____
Housing and community development	<input type="checkbox"/>	_____	_____	_____
Job training and employment (manpower, i.e., CETA)	_____	_____	<input type="checkbox"/>	_____
All other	_____	_____	<input type="checkbox"/>	_____
Total	\$ _____	\$ _____	\$ _____	\$ _____

¹ Support of and assistance to needy persons contingent upon their need. Includes Medicaid.

² Health includes health research, clinics, nursing, immunization, and other categorical, environmental, and general public health activities, including school health services provided by non-school health agencies. Hospitals include establishment and operation of hospital facilities, provision of hospital care, and support of public or private hospitals, but excludes vendor payments to Hospitals under Medicaid.

2. Please indicate what percentage of these Federal funds was passed through to local governments (broken down by type of local government) in fiscal year 1974 and what percentage was retained for State use (total of each column should equal 100%). Check here whether figures are actual or estimated .

	<u>Educ</u>	<u>Pub Welf</u>	<u>Hwys</u>	<u>Hlth Hosp</u>	<u>Crim Just</u>	<u>Hsg C D</u>	<u>Job Trng</u>	<u>All Other</u>
Percentage passed thru to:								
Municipalities	___%	___%	___%	___%	___%	___%	___%	___%
Counties	___	___	___	___	___	___	___	___
Townships	___	___	___	___	___	___	___	___
School districts	___	___	___	___	___	___	___	___
Special districts	___	___	___	___	___	___	___	___
Percentage retained by State:	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

3. Of the total Federal funds passed through to local governments, what percentage was distributed on a formula basis, what percentage on a project basis? Check here whether figures are actual or estimated .

	<u>Educ</u>	<u>Pub Welf</u>	<u>Hwys</u>	<u>Hlth Hosp</u>	<u>Crim Just</u>	<u>Hsg C D</u>	<u>Job Trng</u>	<u>All Other</u>
Formula	___%	___%	___%	___%	___%	___%	___%	___%
Project	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>	<u>100%</u>

4. Please indicate by function the amount of State funds, if any, that were added to the specific Federal program funds passed through to local governments. Show actual figures if possible. Check here whether figures are actual or estimated .

Education	\$ _____	Housing & Com. develop.	\$ _____
Public Welfare	_____	Criminal Justice	_____
Highways	_____	Job training	_____
Health & Hospitals	_____	All other	_____
		Total	\$ _____

5. (a) With regard to Federal pass-through funds, were there any on which the State did not add procedural conditions, such as accounting, reporting, and auditing requirements? YES() NO()

(b) Were there any on which the State did not add program performance standards? YES() NO()

(c) If "YES" in either case, please estimate the percentage of the total pass-through funds on which the State did not add conditions. _____%

(d) Were there any differences in the types of procedural or performance requirements imposed by the State in programs where it added State money to the Federal grant, as opposed to those where it merely served as an administrative conduit? YES() NO()

6. Of the total Federal funds passed through to local governments, what percentage was:

- (a) Mandated by the Federal government to be passed-through? _____%
- (b) Mandated by State law to be passed-through? _____%
- (c) Passed-through at the discretion of State administrators? _____%

Check here whether figures are actual or estimated .

7. For the total amount of Federal funds shown in answer to question 1, please indicate how much the State contributed in matching funds (cash and in-kind). Check here whether figure is actual or estimated . \$ _____

8. Please indicate whether you agree or disagree with the following statements:

- (a) In-kind matching produces little or no actual contribution of State resources for the aided programs. Agree() Disagree()
- (b) In-kind or zero matching strengthens the discretionary power of the Governor and the administrators and weakens the legislature's control over the State budget and programming. Agree() Disagree()

9. In recent years the Federal Office of Management and Budget (OMB), General Services Administration (GSA), and Treasury Department have issued circulars designed to standardize and simplify grant administration: OMB Cir. A-102 (superseded by GSA's FMC 74-7), OMB Cir. A-87 (GSA's FMC 74-4), OMB Cir. A-73 (GSA's FMC 73-2), and OMB Cir. A-98 (Treas. Cir. 1082).

Below are listed each of the circulars and one or more changes to be effected by the circulars. Please indicate in Column A whether you are aware of the circular. In column B indicate whether such changes have occurred. For those you have "YES" in Column B, indicate in column C whether the change has improved grant administration.

	A		B		C	
	Aware of Circulars?		Change Occurred?		Improved grant Administration?	
	<u>YES</u>	<u>NO</u>	<u>YES</u>	<u>NO</u>	<u>YES</u>	<u>NO</u>
FMC 74-7 (OMB A-102)	()	()				
a. Recipients no longer required to have separate bank accounts for grant funds.....			()	()	()	()
b. Minimizing of time between Federal disbursement and grantee use of funds.....			()	()	()	()
c. Waiver of single State agency requirement.....			()	()	()	()
d. Preapplication procedures standardized.....			()	()	()	()
e. Standardized forms for application, review, and approval of project grants.....			()	()	()	()
f. Standardized procedures for payments, determining matching shares, budget revisions, reporting grants close out, record retention.....			()	()	()	()
FMC 74-4 (OMB A-87)	()	()				
g. Uniform method for determining costs.....			()	()	()	()
FMC 73-2 (OMB A-73)	()	()				
h. Improved audit practices.....			()	()	()	()
Treas. 1082 (OMB A-98)	()	()				
i. Notice to States of grant awards.....			()	()	()	()

10. (a) (For States where local governments share in the non-Federal cost of public assistance). Has Federal assumption of the adult categories under public assistance (SSI program) led to any discernible fiscal relief for localities?

YES() NO()

(b) If "NO", please explain _____

11. (a) Federal aid is sometimes granted for local activities previously financed only by State aid or on a State-local basis. Has this happened in your State in the past five years? YES() NO()
DON'T KNOW()

(b) If "YES", please indicate the areas involved and the changes, if any, it has caused in the level of funding, distribution formula, eligibility criteria, and other conditions applicable to the aided activities.

12. (For States which, since January 1970, have enacted measures authorizing their localities to impose local income or sales taxes:)

Please explain, if possible, why the State provided financial assistance in that form instead of providing more State aid or assuming direct responsibility for provision of local services.

13. (a) Is there any agency of your State administration that reviews and evaluates periodically the State aid (Federal and State funds to localities) program on an overall systematic basis, rather than on a program-by-program basis? YES() NO()

(b) If "YES", what is its name and where is it located in the administrative structure?

(c) If "NO", is there any move underway to establish such an agency? YES() NO()

14. (a) Does your State legislature have a unit responsible for reviewing and evaluating State aid? YES() NO()

(b) If "YES", what is its name? _____

(c) If "NO", is there any move underway to establish such an agency? YES() NO()

15. (a) Are you aware of the existence of the Catalog of Federal Domestic Assistance, prepared by the Federal Office of Management and Budget? YES() NO()

(b) If "YES", do you find that it is an adequate aid in identifying and obtaining Federal assistance? YES() NO()

(c) If "NO", what improvements are needed? _____

BUDGETARY IMPACT OF FEDERAL GRANTS

16. (a) What proportion of State applications for Federal grants does the Governor or other central administrative official approve or disapprove:

All() Some() None()

(b) If "Some", are Safe Streets and Partnership for Health grants included?

Safe Streets: YES() NO()

Partnership for Health: YES() NO()

17. (a) What proportion of State acceptance of Federal grant awards does the Governor or other central administrative official approve or disapprove:

All() Some() None()

(b) If "Some", are Safe Streets and Partnership for Health grants included?

Safe Streets: YES() NO()

Partnership for Health: YES() NO()

18. (a) What proportion of Federal grants to the State are included in the executive budget as part of the Governor's recommended level of spending for each agency or program?

All() Some() None()

(b) If "Some", are Safe Streets, and Partnership for Health grants included?

Safe Streets: YES() NO()

Partnership for Health: YES() NO()

19. (a) When Federal funds are passed through to local governments, is the approval of the Governor or other central administrative official required?

YES() NO()

(b) If "YES", for what grant programs? _____

(c) What percentage of total Federal pass-through funds are the funds approved by the Governor or other central administrative officials? _____%

Check here whether figure is actual or estimated .

21. (a) What proportion of Federal grant funds does the legislature include in the appropriation bill:

All() Some() None()

(b) If "Some", are Safe Streets and Partnership for Health grants included?

Safe Streets: YES() NO()

Partnership for Health: YES() NO()

20. Please describe any significant changes that have been made since January 1967 in the executive budget process to monitor the impact of Federal grants on State budget and programs.

22. If your answer to question 21 (a) was "All" or "Some", does this mean that Federal grants above the amount appropriated may not be spent without the approval of the legislature or one of its committees or staff?

YES() NO()

23. If your answer to question 21 (a) was "All" or "Some" --

(a) Does the legislature establish sub-program allocations for formula grants in order to specify priority activities?

YES() NO()

(b) Does it establish such allocations for: Safe Streets grants?

YES() NO()

For Partnership for Health grants?

YES() NO()

(c) Does it specify the basis for fund allocation and recipient eligibility, when funds are passed through to local governments on a project basis?

YES() NO()

(d) Does it make such specifications for project grants under --

Safe Streets: YES() NO()

Partnership for Health: YES() NO()

24. (a) What proportion of State applications for aid must be submitted for review by a legislative committee or staff agency prior to transmission to the Federal agency:

All() Some() None()

(b) If "Some", are Safe Streets and Partnership for Health grant applications included?

Safe Streets: YES() NO()

Partnership for Health: YES() NO()

(c) If "All" or "Some", does the committee have approval authority?

YES() NO()

25. Does the legislature require that each new legislative proposal be accompanied by a statement of the estimated impact of the proposed legislation on the eligibility and need of the State and local governments for Federal grants?

YES() NO()

26. Please describe any significant changes that have been made since January 1967 in the legislative budget process to control the impact of Federal grants on the State budget and programs.

II. STATE AIDS TO LOCAL GOVERNMENTS

The following questions relate only to grants to localities that consist exclusively of State money. They do not pertain to State funds that are add-ons to Federal grants.

1. In fiscal year 1974, what amount of State grants was distributed as general support grants, as functional formula grants (i.e., entitlement according to a formula), and as project grants (i.e., response to an application)? What was the functional breakdown of the latter two? Please show actual figures if

possible. If it is not possible, please give us your best estimate. Please check here whether figures are actual or estimated .

	General support	Formula grants	Project grants
Education	\$ _____	\$ _____	\$ _____
Public welfare	_____	_____	_____
Highways	_____	_____	_____
Health & Hospitals	_____	_____	_____
Other	_____	_____	_____
Total	\$ _____	\$ _____	\$ _____

2. Approximately what percentage of the dollar amount of formula and project grants required local matching?

_____ %

Formula _____

Project _____

3. Approximately what percentage of the dollar amount of State aid formula grants was for activities which the State mandated localities to perform (i.e., on which the localities had no discretion)? _____ %

4. Please indicate what you think are the most serious problems of the State aid system, if any:

a. _____

b. _____

c. _____

5. What official in your State is best able to provide information concerning conditions attached to State aid programs on an overall basis:

_____ Name

_____ Title

_____ Address

Prepared by:

Name _____

Title _____

Address _____

THANK YOU!

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(NOVEMBER 1976)

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what is ACIR?

The Advisory Commission on Intergovernmental Relations (ACIR) was created by the Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of Federal, state, and local government and the public.

The Commission is composed of 26 members—nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

Each Commission member serves a two year term and may be reappointed.

As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all important functional and structural relationships among the various governments, the Commission has also extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long range efforts of the Commission has been to seek ways to improve Federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and as specific as state taxation of out-of-state depositories; as wide ranging as substate regionalism to the more specialized issue of local revenue diversification. In selecting items for the work program, the Commission considers the relative importance and urgency of the problem, its manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a fruitful contribution toward the solution of the problem.

After selecting specific intergovernmental issues for investigation, ACIR follows a multistep procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts, and interested groups. The Commission then debates each issue and formulates its policy position. Commission findings and recommendations are published and draft bills and executive orders developed to assist in implementing ACIR policies.