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ANNUAL SYMPOSIUM AND MEETING OF THE CONFERENCE FOR FEDERAL STUDIES

The Conference for Federal Studies sponsored its fifth annau symposium in September at the APSA Convention held at the Palmer House Hotel in Chicago. The topic of this year's symposium was "The Media and the Intergovernmental System." The participants in the round table discussion were Delmer Dunn, Professor of Political Science and Director of the Institute of Government at the University of Georgia; Paul Delaney, Chicago-based correspondent of the New York Times; Dan Nimmo, Professor of Political Science at the University of Tennessee; and Daniel J. Elazar, Director of the Center for the Study of Federalism. The participants addressed themselves to questions about current explanations for the present "state of the art," and suggestions for improving the situation. Based upon the interest which the symposium generated among those in attendance, the Conference for Federal Studies is exploring other vehicles and forums for pursuing this topic in the future. We naturally welcome suggestions from our members and readers.

A short business meeting of the Conference followed the symposium. Several members attended. Current projects were reviewed, new personnel were introduced, and suggestions for future activities were presented. Some members suggested enlarging the clearing-house function of the Conference. Those in attendance were reminded that the CFS Notebook is an under-utilized vehicle for that particular function. In addition to the annual listing of members' research, the Notebook accepts for publication more detailed descriptions of projects as well as requests for information from other individuals involved in similar research. We

hope that many members will utilize the Notebook for this purpose and that many others will attend the next annual meeting of the Conference in Washington in September 1977.

FIRST GRADUATE STUDENT INTERN GOES TO JOINT CENTER IN BASEL

This fall, the Center for the Study of Federalism with the assistance of the Conference Group on German Politics chose the first graduate student intern to spend a semester at the Joint Center for Federal and Regional Studies in Basel, Switzerland. Robert C. Sorensen, a Ph.D. Candidate from Columbia University, left for Basel in October. At the Joint Center, Mr. Sorensen will engage in research for his dissertation and will participate in the Joint Center's program of conferences and seminars. His work there will focus on citizen participation in the advanced industrial nations of Western Europe.

With the expected success of Mr. Sorensen's internship, the Center is hoping that additional sources of funding can be found to continue and expand this program in the future. The Joint Center for Federal and Regional Studies, which has been described in previous newsletters, offers a unique opportunity for graduate students (and faculty members) studying federalism and intergovernmental relations, urbanization, and regional organization from a comparative or European perspective. Housed in a 17th century estate owned by the Canton of Basel-stadt, the Joint Center has several projects currently underway which may interest researchers specializing in any one of the above mentioned fields. Anyone desiring more information about these positions or the program of the Joint Center should contact the Project Director of the Center for the Study of Federalism at Temple University.

A REMINDER

This edition of the CFS Notebook marks the end of another volume year for PUBLIUS and the Notebook. While renewal notices were sent to all Conference members earlier, we will take this opportunity to remind everyone who has not renewed their membership in the Conference to do so at their earliest convenience. We were very pleased with the contents of both publications during the previous year and look forward to future issues and articles of similar high quality. Several special issues of PUBLIUS are planned for the coming year. We hope that all present members, and many additional ones, will share these achievements with us in the year ahead.

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RESEARCH NOTE

The Coming Erosion of Support for Block Grants

by Leonard Robins and Charles Backstrom

The movement to convert categorical into block grants seems to be continuing to accelerate. Despite initial skepticism about the likelihood of action, Congress has passed a whole series of block grants in recent years. Listing their creation chronologically, Congress combined several public health categorical grants into the 314(d) health block grant (1966), created the Law Enforcement Assistance Administration to administer a block grant (1968), and converted most of the grants-in-aid in manpower (1973) and community development (1974) into block grants.

It would be a mistake, however, to conclude from these actions that this trend will continue until nearly all categorical grants are converted into block grants. Using the 1976 proposal of President Ford to convert 16 federal health programs into a block grant as a case study, we shall demonstrate that the apparent support for such conversions is subtly eroding and the block grant trend has, in fact, probably peaked.[1]

The passage of block grants has typically occurred in response to pressures from outside Congress rather than as a result of genuine support within Congress. But the proponents have not been strong enough to give the block grant concept its full potential effect.

The strategy which Congressional opponents have generally used against the block grant idea is not to urge repeal, but rather to dilute the impact of block grants by one form or another.

Previously reported research by one of the current authors demonstrated how this phenomenon occurred in the first block grant.[2] Section 314(d) of the Partnership for

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[1]"Text of President Ford's State of the Union Message," Minneapolis Tribune, January 20, 1976, p. 4C.

[2]Leonard Robins, "The Impact of Converting Categorical into Block Grants: The Lessons from the 314(d) Block Grant in the Partnership for Health Act," Publius, Winter 1975, Volume 6, Number 1, pp. 49-70.

Health Act has remained essentially unchanged since it was passed in 1966. Its budget has not grown in several years which means that, in real terms, the resources channeled through it have actually declined. In addition, in recent years Congress has enacted a series of "parallel" grant programs on the old categorical model (for example family planning) and expanded several ongoing programs (for example venereal disease control) that conceptually should be included in a general public health grant. Had Congress not wanted to assume specific policy direction in the health field, it could simply have expanded the appropriations for the existing 314(d) block grant directly. Channeling the bulk of increasing health funding to new categorical programs has lessened the impact of the one existing block grant program.

Congress has acted differently with respect to LEAA. It has not enacted major new competing programs in the field of law enforcement. It has, however, added provisions which limit the degree of discretionary use of LEAA funds. It has added categorical restrictions to the block grant, mandating minumum expenditure percentages on corrections and juvenile delinquency.[3]

Now a new negative political element may be developing. Opposition to block grants may be growing amongst those who should be their strongest supporters, namely the officials who would be their administrators. If this occurs the whole movement is likely to sour. We examine this potential development here by reporting on research into reactions to the Ford health block grant proposal.

Certain aspects of the Ford health block proposal deserve special attention.

First, in its aggregate size, the proposal would diminish the federal role in health. The impressive $10 billion price tag of the program is hardly generous. Under ordinary budget patterns the sixteen categoricals would have received

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[3]A comprehensive description of these and other trends in grants-in-aid will shortly be released by the Advisory Commission on Intergovernmental Relations. The working title is, The Intergovernmental Grant System: Problems, Processes, and Alternatives.

much more money without any programmatic changes.[4]

It is clear that the block grant was intended to be a device of budgetary control as well as a device for increasing flexibility in the usage of funds. What better way to do this than in a form which appear innovative and uses large numbers?

Second, the proposal combines very different kinds of health programs--personal health services and preventative health programs. Moreover, one of the personal services is a relative giant among fifteen pygmies. Medicaid alone takes up approximately 90 percent of the funds of the whole block grant (see Table I).

Third, just as has been seen in other block grants, this new block proposal also has certain conditions attached to it. The key one is the requirement that 90 percent of the grant be spent on personal health services, obviously insuring expenditures on Medicaid in some way or an other. This constraint hardly looks like the vaunted flexibility of a block grant.

Last, the Ford health grant proposal significantly changes the distribution of funds among the states. After ten years under the new formula some states would receive a one percent or smaller fund increase while other states would receive a several hundred percent increase in funds (see Table II).

In sum, this is a block grant with many controversial characteristics. Our research attempted to measure the perceptions of and reactions to the new grant on the part of state health departments.

Looking for a changing climate of acceptance of block grants, we focused our inquiry on state health officials attitudes toward block grants. We were especially interested in seeing what happens when a perception develops that gains in administrative flexibility associated with block grants are counterbalanced by programmatic restrictions resulting from the cut in national funds typically associated with block grants.

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[4]"Congress Cool to Health Block Grant Plan," Congressional Quarterly, February 28, 1976, p. 490. This article presented a thorough discussion of views on the Ford proposal from Congressional and interest group sources that confirms some of the reactions we tapped in our research.

TABLE I

Programs Included In The Financial Assistance For Health Care Act*

Programs	Millions of Dollars 1976	1977
Medicaid	$8,262	$9,292
Health Services		
Comprehensive Health Grants to States	68	--
Community Health Centers	155	155
Maternal and Child Health Services	223	210
Family Planning	79	79
Migrant Health	19	19
Emergency Medical Services	25	25
Alcohol Drug Abuse and Mental Health		
General Mental Health Centers	160	131
Alcoholism Community Programs	80	79
Preventive Health		
Venereal Disease	20	20
Immunization	5	5
Rat Control	5	5
Lead-Based Paint	4	4
Health Resources		
Health Planning	66	90
Construction	--	--
Developmental Disabilities	54	54

Source: Adapted from The Nation's Health, February 1976, p. 1.

TABLE II

Comparison of State Allocations Under Present Health Categoricals and Proposed Block Grant (In Millions of Dollars)

States	Present Categoricals 1976	First Year, Block Grant 1977	Tenth Year, Block Grant 1986	Percent Increase 1976 to 1986
Alabama	$ 156.0	$ 171.5	$ 418.6	$ 168
Alaska	11.5	11.8	11.6	1
Arizona	12.5	13.8	59.1	373
Arkansas	111.1	122.2	261.8	136
California	1,124.8	1,155.2	1,219.4	8
Colorado	92.1	94.5	139.2	51
Connecticut	110.5	113.5	111.0	1
Delaware	12.9	14.2	26.2	103
District of Columbia	74.2	76.3	74.6	1
Florida	164.5	181.0	521.4	217
Georgia	235.7	259.3	453.7	92
Hawaii	29.3	30.1	40.1	37
Idaho	31.1	34.2	55.0	77
Illinois	458.1	470.5	479.4	5
Indiana	157.8	173.6	255.0	62
Iowa	86.8	95.5	186.3	115
Kansas	70.9	78.0	142.7	101
Kentucky	152.4	167.7	371.4	144
Louisiana	160.5	176.6	541.5	237
Maine	64.4	70.9	106.6	66
Maryland	169.7	174.3	187.8	11
Massachusetts	354.1	363.6	355.8	1
Michigan	461.4	473.9	463.8	1
Minnesota	193.3	198.6	271.4	40
Mississippi	116.4	128.0	448.8	286
Missouri	104.7	115.2	339.5	224
Montana	25.8	28.4	59.7	131
Nebraska	40.6	44.7	102.4	152
Nevada	15.7	17.3	27.8	77
New Hampshire	25.7	26.4	38.9	51

TABLE II (continued)

States	Present Categoricals	First Year, Block Grant	Tenth Year, Block Grant	Percent Increase 1976 to 1986
New Jersey	$ 244.4	$ 251.0	$ 250.4	$ 2
New Mexico	34.6	38.0	151.5	333
New York	1,666.4	1,711.4	1,674.8	1
North Carolina	174.2	191.6	501.1	188
North Dakota	21.1	23.2	46.3	119
Ohio	302.3	310.4	476.0	57
Oklahoma	134.6	148.1	233.7	74
Oregon	78.3	86.1	132.9	70
Pennsylvania	451.9	464.1	714.7	58
Rhode Island	60.6	62.2	60.9	1
South Carolina	103.6	113.9	321.1	210
South Dakota	23.2	25.5	77.7	235
Tennessee	160.9	177.0	410.6	155
Texas	503.8	554.2	931.8	85
Utah	38.6	42.5	88.0	128
Vermont	32.0	32.9	50.4	58
Virginia	140.0	154.0	320.2	129
Washington	137.5	141.2	167.2	22
West Virginia	49.6	54.6	218.6	341
Wisconsin	276.1	283.5	313.7	14
Wyoming	8.0	8.8	22.9	186

Source: State allocations from Congressional Quarterly, February 28, 1976, p. 491. Computations ours.

We predicted that if state and local officials understand the probable funding consequences of block grants, then support for the block grant mechanism will dramatically decline.

A short questionnaire was sent to the chief health officers of the fifty states on April 13, 1976. A follow-up was sent June 11. A total of thirty-nine states had responded as of August 1. Among other things, they were asked to make a choice between increased flexibility or increased funding for grant-in-aid programs, and to explain their choice. They were also invited to make general observations about the Ford proposal to convert health categoricals into a block grant.

State health officials were not directly asked if they perceived the block grant mechanism as implying a gain in flexibility at the cost of a loss of funds. Instead, however, they were asked which they would prefer if faced with a choice between increased flexibility or increased funding. The results (see Table III) demonstrate that the vast majority of the states would choose increased funding.

TABLE III

Choice of State Health Officers
Between Flexibility and Funding

Choice	Number of Responses
Increased Flexibility	10
Increased Funding	24
Uncertain	4
No Relevant Response	1
	N=39

In commenting on their answers only one respondent denied the assumption of a trade-off in block grants between flexibility and funds, and two questioned it, while eighteen indicated acceptance of its validity. It is not surprising that state health officials generally understand this relationship. First, prior research on the 314(d) grant had been made available to them. Therefore, evidence that block grants may well mean less money had been demonstrated to them. Second, in its various publications the American Public Health Association has strongly stressed the negative budgetary consequences of block grants in general and of this block grant in particular.[5]

In seeking to explain why states have differing views on the relative desirability of flexibility versus funding, the formula by which funds are to be allocated seems to be of great importance. Those states that benefited from the new formula as compared to the old one generally preferred increased flexibility to increased funding. Conversely, those states that were disadvantaged by the new formula typically preferred increased funds to increased flexibility (see Table IV).

TABLE IV

Choice of Flexibility or Funding by Relative Advantage under Block Formula
(Number of States)

Choice	Fund Increase 1976-1986						
	1-10%	10-50%	50-100%	100-200%	200-300%	over 300%	Total
Prefer Flexibility	0	0	5	3	0	1	9
Prefer Funding	6	3	5	6	3	1	24
Uncertain	1			1	1		3
No Response		1			2		3
TOTALS	7	4	10	10	6	2	39

[5]"1977 Federal Health Budget Analysis,"The Nation's Health, March 1976, pp. S1-S8.

In addition, an open-ended question seeking to determine the overall views of state health officials about the Ford grant proposal showed that, of those who commented, a majority disapproved of it (see Table V). Again, officials in those states generally favored by the formula approve of the Ford program, and those who are hurt by it tend to oppose it.

TABLE V

Overall Evaluation of the Health Block Grant Proposal

Evaluation	Number of Respondents
Approve	9
Disapprove	15
Undetermined	15
	N=39

Another small group of states made the comment that this block grant did not increase flexibility. Under the proposal, as previously mentioned, 90 percent of the funds have to be spent on personal health services (overwhelmingly Medicaid). Given this distorted emphasis on one category of programs--personal health services--great latitude in spending a small amount of money on a wide variety of programs did not seem like significant flexibility to these officials. In the words of one of them,

> This so-called "block grant" immediately becomes categorical by the requirement that a minimum of 90 percent must be expended for "personal health care." The requirements imposed on the state health plan in some respects are more demanding, detailed, and restrictive than those for some present grants.

In this context, it is important to reemphasize how atypical Medicaid is compared to the other programs combined in the block grant. It is apparent that many of the officials who would have favored the block grant turned into

opponents because they felt it seriously erred in combining Medicaid--an open-ended, personal health service program--with much smaller preventive health programs operating on fixed budgets. Many feared this combination would mean the destruction of what they considered to be more important preventive health programs.

It should also be noted that a few officials who opposed the Ford health block grant mentioned the administrative problems it would cause them. They said that because the programs in their states were administered by several state agencies, a major problem would occur within their states' bureaucracies over the allocation of block grant funds if the new program were passed. In the words of one of the respondents,

> [These programs are] operated by some eleven agencies and thus would result in considerable internecine warfare if their federal funding was amalgamated.

In those particular states, a little less flexibility was fine.

Despite the current buzz-work enthusiasm for block grants, the erosion of support among the natural constituency for such grants, shown here, if typical of other areas as well, will be fatal to the whole concept.

If budgetary control is the primary motivating force behind many block grants and not just the one we studied (this is our current impression) then their support will ultimately be limited to those whose primary value is fiscal conservatism. Given the attitudes revealed in this study, we may never know whether the block grant is an intrinsically good idea. That opponents of block grants would seek to oppose them via attempts at recategorization is not surprising. That their friends, in the guise of forwarding the concept, would actually be hurting it is somewhat of a surprise.

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