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THE REAGAN BLOCK GRANT PROPOSALS AND CONGRESSIONAL REVISIONS

INTRODUCTION

Earlier this year, President Reagan proposed legislation to consolidate certain federal programs into blocks of funds that the states could spend for certain broadly-defined purposes. The five block grant bills would consolidate:

eleven categorical programs for preventive health into one block grant;

two categorical programs, emergency assistance and low-income energy assistance, into one block grant;

seventeen categorical programs for health services into one block grant;

thirteen categorical programs for social services into one block grant; and

forty-four categorical programs in education into two block grants, one for state education agencies and one for local education agencies.

The block grant proposals have been rejected by all the relevant House committees. If the House Rules Committee permits the required rule, an effort will be made to pass the proposals as amendments to the budget reconciliation bill, which is scheduled for a floor vote on June 22. In the Senate, the Labor and Human Resources Committee, led by Senators Hatch, Weicker, and Stafford, on June 10, passed four of the bills in substantially altered forms. The Senate Finance Committee, with primary jurisdiction over the social services block grant, passed a modified version of the bill on May 5. A floor vote on the budget reconciliation bill is scheduled in the Senate on June 22.

BACKGROUND

The Tenth Amendment to the Constitution provides that "The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the States respectively, or to the people." This is the most important constitutional statement of the uniquely American doctrine of federalism, that is, a division of governmental powers between different levels of government. President Reagan has for years called for a renaissance of federalism, a doctrine much attenuated by events of the Twentieth Century.¹

Today, the decisive element in governmental federalism seems to be the financial relationship between the different levels of government -- national, state, and local. The national government is now well established as the controlling partner in this relationship. Its means of control is the system of grants and assistance, and their accompanying regulations, directed to individuals, private institutions, state governments, and local governments. The President's first major proposal in this area is his plan to consolidate a handful of categorical grants into block grants.

There are three types of grants to state and local governments: categorical grants, block grants, and general revenue sharing.

Most federal grants are categorical. They are designed to provide aid for very specific purposes. Often, the details of the administration of categorical grants are designed by Congress itself; they are written into law and not left to the executive branch. Very little freedom is left to state and local governments as to how the categorical money can be spent. Categorical grants carry a heavy burden of federal regulation.

There are two basic kinds of categorical grants: formula grants and project grants. The Advisory Commission on Intergovernmental Relations, an agency of the federal government, distinguishes the two in the following manner:

When grant funds are allocated among recipients according to factors specified within enabling legislation or administrative regulations, the grant is considered a formula grant. Project grants are non-formula in nature -- potential recipients submit specific, individual applications in the form and at the times indicated by the grantor.²

¹ See Thomas R. Ascik, "Block Grants and Federalism: Decentralizing Decisions," Heritage Foundation Background No. 144, June 5, 1981.

² Categorical Programs: Their Role and Design, Advisory Commission on Intergovernmental Relations, 1977, p. 5.

General revenue sharing is a general aid program to states with few restrictions as to how the states can spend the funds.

The relatively recent phenomenon of block grants falls somewhere between the strict requirements of categorical grants and the permissive character of revenue sharing. ACIR regards five characteristics as essential to block grants:

- 1) Federal aid is authorized for a wide range of activities within a broadly defined functional area.
- 2) Recipients have substantial discretion in identifying problems, designing programs and allocating resources to deal with them.
- 3) Administrative, fiscal reporting, planning and other federally-imposed requirements are kept to the minimum amount necessary to ensure that national goals are being accomplished.
- 4) Federal aid is distributed on the basis of a statutory formula which results in narrowing federal administrators' discretion and providing a sense of fiscal certainty to recipients.
- 5) Eligibility provisions are statutorily specified and favor general purpose governmental units as recipients and elected officials and administrative generalists as decisionmakers.³

Although a few categorical grants have some of the characteristics of block grants, Congress has established only five bona fide block grants, all of them in recent years: the Partnership for Health Act (1966), the Safe Streets Act (1968), part of the CETA program (1973), part of the Housing and Community Development Act (1974), and Title XX of the Social Security Act (1974).

THE EMERGENCY HARDSHIP ASSISTANCE BLOCK GRANT -- H.R. 3469, S. 1089

Programs Consolidated

The bills propose to repeal the laws and regulations for the two categorical programs listed in Appendix A and substitute a block of funds, with minimal regulation, that the states could use in designing their own activities to carry out the same, and similar, objectives as the two repealed programs.

³ Block Grants: A Comparative Analysis, ACIR, 1977, p. 6.

Appropriations

For FY 1982, the Senate bill authorizes an appropriation of \$1,780,500,000, while the House bill authorizes \$1,398,800,000. These two figures can be compared to the FY 1981 combined appropriations for the two current programs of \$1,904,181,000.

Purposes and Uses

H.R. 3469 provides cash grants to states to enable them to assist families and individuals, "particularly those most in need," with home energy costs and income maintenance in emergencies. States may use grants to provide these recipients: home energy assistance, including low-cost weatherization; temporary financial assistance for food, clothing, and shelter; emergency medical care or social services; and "other related assistance." Of the funds received each year for the block grant, states may transfer up to 10 percent for use in programs provided for in the health services, disease prevention, or social services block grants. In addition to passing the monies through to local governments, states may also fund "community-based self-help organizations of demonstrated effectiveness." States may not, without a waiver from the Secretary of HHS, use the block grant funds for construction or capital improvement of buildings. There is no limitation as to how much of the funds the states may use in administering the grant.

S. 1089 provides grants to states to enable them to assist "low-income individuals" for the same purposes as the House bill except that medical care and social services are not included as possible uses of the grant money. The Senate bill allows the states to transfer any money "not needed" to the other block grants. The same limitation on the use of the funds for construction is included. Administrative expenses are limited to 5 percent at the state level and 10 percent at the local level.

State Administration

Only the Senate bill provides a role for state legislatures in the receipt of the block grant funds and in the awarding of the funds to recipients. The state legislatures are empowered to disapprove the receipt of the block grant funds entirely. After the first year, each state legislature is required to hold public hearings on the proposed use and distribution of the funds, expressly re-appropriate the funds through the legislative process, expressly approve the governor's plan for the allocation of the funds within the state, and make arrangements with the "faculty of a college or university" for evaluations of the programs conducted under the block grant.

Allotments

The House bill provides monies to each state by means of two separate allotments. The first allotment assumes that each

state's annual proportional share of congressionally-appropriated funds for the block grant would be 97.13326 percent of the proportional share of the funds that it received in FY 1981 under the categorical program for low-income energy assistance. The second allotment assures the state only 2.86674 percent annually of the proportional share of the funds received in FY 1981 under the categorical program for emergency assistance to needy families with children. Under the first allotment, states must " earmark " some of the funds to Indians currently receiving low-income energy assistance. Both allotments added together would constitute each state's share of the annual appropriation for the block grant.

For the first allotment, the Senate bill uses the same ratio as the House bill but the respective percentage is 66.66 percent. However, for the emergency assistance allotment, each state would receive a proportion of one-third of the annual congressional appropriation that is the same as the proportional share of the country-wide total of U.S. residents and families living "below the poverty line."

The Hatch-Weicker-Stafford Substitute

The Senate Labor and Human Resources Committee approved a substitute for S. 1089 that:

- * dropped the emergency assistance program out of the bill entirely, thus leaving that categorical program intact.
- * increased the FY 1982 appropriation for the low-income energy assistance program alone to \$1,875,000,000 -- as compared to its final FY 1981 appropriation of \$1,849,000,000 and as compared to S. 1089's proposed appropriation of \$1,780,500,000 for both programs.
- * assures that each state will receive the same percentage of each year's appropriation, as compared to all the other states, as it receives under the current allotment formula of the Home Energy Assistance Act.
- * requires the states to earmark "a reasonable amount" of the funds for energy crisis intervention.
- * requires the Secretary of HHS to reserve some of the funds in order to provide direct grants, if the Secretary concludes that Indians would be "better served" by circumventing the states.
- * enforces detailed requirements on the states before they can receive the funds, namely reports identifying the number of eligible recipients in each state; public relations campaigns designed to inform possible

recipients of the eligibility; assurances that states will give priorities to the elderly, the handicapped, and the poor; public hearings prior to the distribution of funds; assurances that the states will give "special consideration" to local government and non-profit agencies that are currently being funded under the Home Energy Assistance Act; assurances that if any of these currently-funded agencies are organized to conduct programs that a state, in its discretion under the new law, chooses to discontinue, the state would allow the agencies to re-organize for new purposes and still receive "special consideration"; elaborate accountability procedures; specific regulations restricting the freedom of the states if they choose to pay home energy suppliers directly; requirements that the states treat owners and renters equitably.

- * grants to the Secretary of HHS more enforcement, intervention, and audit authority than did S. 1089.
- * removes the role for state legislatures.

THE PREVENTIVE HEALTH SERVICES BLOCK GRANT -- H.R. 3222, S. 1028

Programs Consolidated

The bills propose to repeal the laws and regulations for the nine (Senate version -- eleven in the House version) categorical programs listed in Appendix B and substitute a block of funds, with minimal regulation, that the states could use in designing their own activities to carry out the same, and similar, objectives as the repealed programs.

Appropriations

For FY 1982, the Senate bill authorizes an appropriation of \$194 million, while the House bill authorizes \$241.9 million. These two figures can be compared to FY 1981 combined appropriations for the eleven programs of \$345,141,000.

Purposes and Uses

Under H.R. 3222, the states may use the block grant funds for health promotion and disease prevention activities including comprehensive public health services, preventing lead-based paint poisoning, controlling rodents, fluoridating water supplies, undertaking hypertension activities, preventing and controlling venereal disease and tuberculosis, providing family planning services, carrying out activities in relation to genetic diseases, deterring smoking and the use of alcohol among children and adolescents, and carrying out adolescent pregnancy activities. Additionally, a state could transfer up to 10 percent of the

block grant funds into the health services, social services, and home energy/emergency assistance block grants. States may not use funds for cash payments to individuals for construction and capital improvement of buildings. Additionally, a state may not transform the funds into its share of another federal program requiring a state-federal matching formula.

Under S. 1028, a state may use the block grant funds for the same purposes provided by the House bill. The restrictions on the use of the block grant funds are the same as for the House bill. Only 5 percent of the funds could be transferred into the other block grants.

Allotments

Both bills provide the same formula for insuring that each state receives the same percentage of each year's appropriation for the block grant that it received for all of the consolidated programs in FY 1981. Thus, if an individual state received, say, 3 percent of all the monies appropriated for all the programs consolidated by the block grant in FY 1981, it would receive 3 percent of the block grant monies each year.

State Administration

The Senate bill requires the involvement of each state's legislature in the receipt of the block grant funds and in the awarding of the funds to recipients. The state legislatures are empowered to disapprove the receipt of the block grant funds entirely. After the first year, each state legislature is required to hold public hearings on the proposed use and distribution of the funds, expressly re-appropriate the funds itself, and expressly approve the governor's plan for the allocation of the funds within the state.

The Hatch-Weicker-Stafford Substitute

The substitute approved by the Senate Labor and Human Resources Committee did not change S. 1028 in any substantial way other than eliminating the role for state legislatures.

THE HEALTH SERVICES BLOCK GRANT -- H.R. 3224, S. 1027

Programs Consolidated

The bills propose to repeal the laws and regulations for the seventeen categorical programs listed in Appendix C and substitute a block of funds, with minimal regulation, that the states could use in designing their own activities to carry out the same, and similar, objectives as the seventeen repealed programs.

Appropriations

For FY 1982, the Senate bill authorizes an appropriation of \$844 million, while the House bill authorizes \$1,137,600,000. These two figures can be compared to FY 1981 combined appropriations for the seventeen current programs of \$1,388,111,000.

Purposes and Uses

Both bills provide cash grants to the states to enable them to provide programs of health services, including programs for migratory and seasonal agricultural workers, medically underserved populations, coal miners, and individuals at home; and programs for medical emergencies, mental health, alcoholism, and alcohol abuse, and drug abuse. The states may not use the block grant funds for inpatient services, cash payments to individuals, purchase or improvement of lands or buildings, or "satisfying any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds." A state may use the funds to purchase technical assistance for the planning and development of programs.

State Administration

The Senate bill provides the same role for state legislatures as the Senate versions of preventive health services and emergency hardship block grants.

Allotments

Both bills provide a formula for allotting funds to each state that is the same formula as that provided for in the preventive health services block grant.

The Hatch-Weicker-Stafford Substitute

The Senate Labor and Human Resources Committee approved a substitute for S. 1027 that:

- * raised the authorized appropriation to \$850,000,000.
- * dropped from the bill (thus leaving intact) the categorical programs of Drug Abuse Project Grants and Contracts, Alcoholism Project Grants and Contracts (while retaining the other alcoholism and drug abuse programs), and the Sudden Infant Death Syndrome Program.
- * included elaborate "earmarking" provisions requiring states to continue to fund for four more years (on a declining funding scale) the same local government and private, non-profit agencies that are currently receiving funds to operate community health centers, community mental health centers, and migrant health centers.

- * permitted states to transfer 2.5 percent of the funds in FY 1982, 5 percent of the funds in FY 1983, and 7.5 percent of the funds in FY 1984 and 1985 to programs providing preventive health services and child health services.
- * removed the role for state legislatures.

THE SOCIAL SERVICES BLOCK GRANTS -- H.R. 3483 AND SENATE COMMITTEE PRINTS

Programs Consolidated

The House bill proposes to repeal the laws and regulations for the thirteen categorical programs listed in Appendix D and substitute a block of funds, with minimal regulation, that the states could use in designing their own and similar activities to carry out the same, and similar, objectives as the thirteen repealed programs.

Appropriations

For FY 1982, the House bill authorizes an appropriation of \$3.8 billion -- as compared to FY 1981 appropriations of \$5,030,626,000.

Purposes and Uses

The House bill would allow the states to use federal monies to design their own programs aimed at fostering individual self-sufficiency, independent living, and the promotion and preservation of families. In order to effect these purposes, states would be authorized to create programs in child care, day care, services for individuals in foster care, protective services, foster care maintenance payments, adoption assistance payments, emergency room and board, home management and maintenance services, preparation and delivery of meals, health support services, family planning, transportation, rehabilitation, training and related services, employment services, legal services, delinquency prevention services to minors in the justice system, and information, referral, and counseling services.

States could transfer up to 10 percent of the funds each year into the block grants for health services, preventive health services, or energy/emergency assistance. The state governments could reallocate the money to local governments or "give clear consideration to community-based self-help organizations of demonstrated effectiveness." Block grant funds could not be used for the purchase or improvement of land or buildings, subsistence payments, payments for room and board, "make-work" programs, primary medical care, public education, or for social services provided in a hospital or nursing home.

Allotments

The House bill provides a formula for assuring that each state receives the same percentage of each year's appropriation for the block grant that it received for all of the consolidated programs combined with its percentage of foster care maintenance payments under Title IV of the Social Security Act and of social services under Section 1108(a) of the Social Security Act -- all of these percentages in FY 1981.

Senate Action

In the Senate, jurisdiction over the programs in the bill was shared between the Finance Committee and the Labor and Human Resources Committee. On June 10, the Finance Committee reported a modified and scaled-down version of the social services block grant that included the consolidation of seven programs: Title XX social services, Title XX day care, Title XX training, child welfare services, child welfare training, foster care, and adoption assistance. As under the House bill, the amount allotted to each state every year would be based on its proportional share of funds received under the consolidated programs in FY 1981. But the Committee inserted a strong "categorical" element into the block grant with respect to adoption assistance, foster care, and child welfare services. Under the threat of losing part of their block grant, states would be required to maintain these programs at a spending level of 75 percent of the FY 1981 level. For the whole block grant, the Committee authorized an appropriation reduction to 75 percent of the FY 1981 level.

The Labor and Human Resources Committee failed to form a block grant from the other six programs in the original proposal. Instead, it reorganized the Community Services Administration into a quasi-block grant with "categorical earmarking" that assures both that the states will be required to maintain almost exactly the same kind of programs of community services that the federal program provides now and that the states will find it very difficult to fund any other local government agencies and non-profit groups besides the ones now receiving federal funds under the current program.

The Committee authorized an appropriation of \$354,375,000 for community services for FY 1982 -- as compared to the final FY 1981 appropriation of \$476,687,000.

THE ELEMENTARY AND SECONDARY EDUCATION CONSOLIDATION ACT -- H.R. 3645, S. 1103

(The House and Senate bills are identical.)

Programs Consolidated

Title I of the Act proposes to consolidate eleven categorical programs into a block grant, while Title II of the Act proposes

to consolidate thirty-three programs into another block grant. (See Appendix E for a list of the programs consolidated under both titles.)

Appropriations

For Title I, the Act authorizes an appropriation of \$3,790,124,000 -- as compared to combined FY 1981 appropriations for the eleven programs of \$4,203,076,000. For Title II, the Act authorizes an appropriation of \$565,070,000 for FY 1982 -- as compared to combined FY 1981 appropriations for the thirty-three programs of \$580,443,000.

Purposes and Uses

Title I, Financial Assistance to Meet Special Educational Needs, would allow state and local governments to develop programs to improve educational achievement, especially in basic skills and career preparation, and programs for educationally-deprived children, handicapped children, children in schools undergoing desegregation, migratory children, adults lacking basic skills, and for children in institutions for neglected or delinquent children or in adult correctional institutions.

Title II, Improvement of School Resources and Performance, would allow the states to design programs for more effective instructional and management practice in elementary and secondary education, for improvement of student achievement especially in basic skills, for educational services, for students with special needs, and for state oversight and management functions.

Allotments to the States and Re-Allotments by the States to Local Educational Agencies (LEAs)

From congressional appropriations for Title I for each year:

One percent would be reserved to the Secretary of Education to provide direct federal funding of education programs in insular areas and for Indian education programs.

Eighty-seven percent of the appropriations would be allotted to the states for mandatory re-allotment ("passthrough") to the education agencies of local government (LEAs). Seventy-five percent of the 87 percent would be allotted to the states according to the number of low-income children and the state's average expenditure per student. Twenty-five percent of the 87 percent would be allotted to the states on the basis of each state's share of the country's school age population together with the current federal funding in each state for handicapped and emergency school aid programs.

For FY 1982, each LEA in a state would have the right to receive the same proportion of the block funds that it received under current funding under Title I of the Elementary and Secondary

Education Act (ESEA). For FY 1983, each LEA would be entitled to receive 75 percent of the amount it received in FY 1982.

The remaining 13 percent of each year's appropriation would be allotted to the states for direct education services, designed and operated at the state level, or for support of grants and contracts. Eighty percent of the 13 percent would be allotted to each state on the basis of the number of children in state-operated or subsidized schools for handicapped, neglected or delinquent children, multiplied by each state's average expenditure per student. However, for FY 1982, each state would receive the same proportion for programs of this kind as it received under Title I of ESEA in FY 1981, and for FY 1983, each state would be guaranteed 75 percent of the amount it received in FY 1982. Twenty percent of the 13 percent would be allotted to each state on the basis of the number of adults without high school diplomas. However, for FY 1982, each state would maintain its share of the funds appropriated in FY 1981 under the Adult Education Act. For FY 1983, each state would be guaranteed 75 percent of the FY 1982 funding plus an extra amount based on the number of adults without high school diplomas.

From the congressional appropriations for Title II for each year:

One percent would be reserved for the Secretary of Education to provide direct federal funding of education programs in insular areas and for Indian education programs.

The remainder would be allotted to each state on the basis of its school-age population except that no state would receive less than 0.6 percent of the total amount. However, for FY 1982, each state would be guaranteed the same proportion of the funds that it received under the consolidated programs in FY 1981. For FY 1983, each state would be guaranteed 75 percent of the FY 1982 amount plus an additional share based on its school-age population.

The Substitute of the Labor and Human Resources Committee

The Committee:

- * provided for only one block grant rather than two.
- * dropped all the programs in Title I, except Title VI of ESEA, from the block grant altogether, thus removing 87.7 percent of the funds from block grant.
- * dropped the programs under the Education for the Handicapped Act, originally in the Title II block grant, out of the block grant altogether.
- * consolidated Title VI of ESEA with the remaining programs.

- * increased the appropriations for Title II to \$584,650,000 -- which represents an increase of current funding by \$4.21 million.
- * retained the 1 percent "set-aside" for insular areas but not for Indians.
- * provided for an additional required set-aside of 5 percent of each year's appropriation to maintain the federal subsidy of education research and education research organizations.
- * provided that the remaining 94 percent of each year's appropriation would be allotted to the states according to the same formula as the original Title II of the Act.
- * required each state to re-allocate 85 percent of the 94 percent to LEAs.
- * required LEAs to retain three categories of programs: basic skills, educational improvement and support services, and special projects, in order to be eligible to receive the re-allocations from the states. For the basic skills category, LEAs are required to maintain the identical programs as currently authorized by Title II of ESEA. For the educational improvement and support services category, LEAs have greater freedom but are required to maintain the same kind of programs as currently authorized by Title IV (educational improvement), Title V (state leadership), Title VI (emergency school aid) of ESEA; Section 3(a)(1) (pre-college science teacher training) of the National Science Foundation Act of 1950; and Part A and Section 532 of Title V (teacher corps and teacher centers) of the Higher Education Act. For the special projects category, LEAs are given the same freedom but are required to maintain the same kind of programs as currently authorized by Title III (special projects), Title VIII (community schools), and Title IX (women's educational equity, gifted and talented children, ethnic heritage studies) of ESEA; the Career Education Incentive Act; the Drug and Alcohol Abuse Education Act; and Title V-B (head start follow-through) of the Economic Opportunity Act of 1964.

ANALYSIS AND CONCLUSION

The Social Services Block Grant

President Reagan had proposed to abolish the Legal Services Corporation altogether. As a tradeoff, he proposed to allow states to fund legal services on a discretionary basis under the social services block grant, even though none of the consolidated programs provided legal services. The relevant committees in both houses rejected the abolition of the Legal Services Corporation, so there was no longer any need to consider including legal services under the block grant.

As pointed out at the beginning of this paper, Title XX of the Social Security Act is already a block grant, albeit one with many categorical elements. So, the action of the Senate Finance Committee that included Title XX in the block grant did not substantially alter that program at all. With regard to foster care, child welfare services, and adoption assistance, the language detailing the kind of services that the states must provide almost insures that these programs will remain unchanged -- that is, that the states will have little room for substantive reform -- and additionally provides a high likelihood that the state governments will re-allocate the funds to the same local government agencies and non-profit groups currently receiving the funds, since these groups are already organized to carry on such programs. Overall, the action of the Senate Finance Committee represents little more than a prospective funding reduction for the programs covered.

The block grant for community services passed by the Labor and Human Resources Committee is hardly a block grant at all. Probably some administrative overhead will be pared away by the bill, but the detailed requirements on the states for the provision of what amounts to the same kind of community services as provided under current federal law effectively negates one of the main purposes of a block grant, namely, to decentralize decisions regarding the solutions to social problems.

Additionally, the establishment by law of a priority in the receipt of funds for local government agencies and non-profit groups now providing community services is a remarkable change. Under the current federal grant system, the actual recipients of funds are determined by the executive branch. Normally, the same groups will be chosen as recipients year after year, with the result that these groups develop some legal rights to the receipt of funds, or, at a minimum, some legal rights to priorities in the receipt of funds. Nevertheless, the executive branch still maintains ample administrative authority to change the recipients and to fund new recipients. The action of the Labor and Human Resources Committee elevates any existing rights to federal funds enjoyed by currently-funded groups to the authority of statutory law -- as compared to administrative practice -- and thereby provides such groups with a vastly-increased power to demand funds from the states.

The Health Services Block Grant

With regard to the categorical set-asides for community health centers, community mental health centers, and migrant health centers, the action of the Senate Labor and Human Resources Committee provides the same elevated statutory rights for currently funded groups as described above in the community services block grant. The removal from the bill of the Drug Abuse Project Grants and Contracts, Alcoholism Project Grants and Contracts, the Sudden Infant Death Syndrome Program, represents a political victory for the special interests currently being funded under these programs.

Preventive Health Services Block Grant

With regard to the Adolescent Pregnancy Program, the Senate Committee's refusal to consolidate this program into the block grant and its decision to include the purposes of the program as an activity that the states could fund under the block grant means that the family planning lobby has gained an additional source of funds. Additionally, the Senate Committee's refusal to include, as the House bill did, the Genetic Disease and Adolescent Pregnancy Programs in the bill at all, represents a political victory for the special interests currently being funded under these programs.

The Emergency Hardship Assistance Block Grant

The action of the Senate Labor and Human Resources Committee dropping the emergency assistance program from the block grant left this bill as a reorganization of the low-income energy assistance program along quasi-block grant lines with a strong categorical mandate to maintain the same kind of programs and with new statutory rights for recipient groups currently being funded.

Education Block Grant

As can readily be seen from the changes of the Senate Labor and Human Resources Committee, the education block grant is no longer a block grant at all. With the removal of Title I of ESEA, the largest federal education program, the new grant fashioned by the Committee becomes simply a collection of a few relatively unimportant education programs. And the Committee exempted even those programs from the decision-making authority of state and local education officials by requiring the three categories of set-asides described above. The removal of Title I of ESEA and the Education for Handicapped Act from the block grant altogether represents a huge political victory for the recipient lobbies currently being funded under those laws. Additionally, the Department of Education had planned to include bilingual education in the original block grant, but the protests from that recipient lobby caused the Department to back off before the original bill was even drafted.

In General

President Reagan's block grant proposals were bona fide attempts to follow through on one of his long-standing political pledges: returning decision-making authority about the solutions to social problems to the states. The passage of the original proposals would have been (and still might be, depending on the action of the full House and Senate) a genuine reversal of the fifty-year trend whereby the federal government has nationalized nearly all local social problems and rendered the Tenth Amendment negatory.

Only one of the proposals, the preventive health services block grant, survived Senate committee action as a block grant. The social services and education block grants, involving some of the flagship programs of the Great Society and the powerful Democrat Congresses of the early 1970s, were the most ambitious proposals and were the victims of the most vehement, and successful, opposition from the recipient lobbies.

Of all the cabinet departments, the Department of Education is the most suitable candidate to be entirely transformed into one large block grant. Much disagreement exists over whether many of the programs in the two health and in the social services block grants are effective and whether they should exist at all. These programs have long histories of controversy. The recipient lobbies are afraid that once state legislators, liberated from the federal mandate, have the opportunity to make their own decisions concerning the relative merits of some of these programs, they might decide not to fund them at all.

But no one disagrees about whether education should exist. The basic problems in the field of education are indeed uniform, more or less, in every state. There is disagreement, however, about the solutions to these problems. The more than 200 programs of the Department of Education represent a centralized decision about the solutions to problems in education. It appears that the education lobby, although powerful at both the national and state levels, opposes the de-centralization of decision-making authority in education, and this opposition is reflected in the action of the Senate Labor and Human Resources Committee.

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APPENDIX A

Programs Consolidated Under
Emergency Assistance Block Grant

| <u>Program</u> | <u>Kind of Grant*</u> | <u>Carter FY 1981 Approp.</u> | <u>Final FY 1981 Approp.</u> |
|-----------------------------------|---------------------------|-----------------------------------|----------------------------------|
| Emergency Assistance ¹ | F | \$ 55,181,000 | \$ 55,181,000 |
| Low-Income Energy Assistance | F | <u>1,850,000,000</u> | <u>1,849,000,000</u> |
| TOTAL | | \$1,905,181,000 | \$1,904,181,000 |

¹ Dropped from block grant program under Hatch-Weicker-Stafford substitute.

*F = formula grant.

APPENDIX B

Programs Consolidated Under the
Preventive Health Services Block Grant

| <u>Program</u> | <u>Kind of Grant*</u> | <u>Carter FY 1981 Approp.</u> | <u>Final FY 1981 Approp.</u> |
|---------------------------------------|---------------------------|-----------------------------------|----------------------------------|
| High Blood Pressure Control | P | \$ 43,400,000 | \$ 20,000,000 |
| Health Incentive Grants | F | 36,000,000 | 9,000,000 |
| Risk Reduction and Health Education | P | 23,818,000 | 21,741,000 |
| Venereal Disease | P | 48,115,000 | 47,637,000 |
| Immunization | P | 30,707,000 | 30,422,000 |
| Fluoridation | P | 6,846,000 | 6,813,000 |
| Rat Control | P | 13,564,000 | 13,538,000 |
| Lead-Based Paint Poisoning Prevention | P | 10,832,000 | 10,805,000 |
| Genetic Disease ¹ | P | 13,145,000 | 13,145,000 |
| Family Planning Services | P | 162,047,000 | 162,047,000 |
| Adolescent Pregnancy ¹ | P | <u>10,038,000</u> | <u>9,993,000</u> |
| TOTAL | | \$398,512,000 | \$345,141,000 |

¹ Included in House bill only.

*F = formula grant

P = project grant

APPENDIX C

Programs Consolidated Under the
Health Services Block Grant

| <u>Program</u> | <u>Kind of Grant*</u> | <u>Carter FY 1981 Approp.</u> | <u>Final FY 1981 Approp.</u> |
|---|-----------------------|-----------------------------------|----------------------------------|
| Community Health Centers | | | |
| 1. Primary Health Centers | P | \$ 325,000,000 | \$ 325,000,000 |
| 2. Primary Health Care | P | 7,000,000 | 3,476,000 |
| 3. Black Lung Services | P | 4,500,000 | 4,500,000 |
| Migrant Health | P | 43,400,000 | 43,400,000 |
| Home Health Services | P | 4,000,000 | 0 |
| Maternal and Child Health | | | |
| 1. Grants to States | P&F | 357,400,000 | 357,400,000 |
| 2. SSI | P&F | 30,000,000 | 30,000,000 |
| Hemophilia | P | 3,300,000 | 3,300,000 |
| Sudden Infant Death Syndrome | P | 2,802,000 | 2,802,000 |
| Emergency Medical Services | P | 30,000,000 | 30,000,000 |
| Program Management | N/A | 29,904,000 | 28,683,000 |
| Mental Health and Substance Abuse Service | | | |
| 1. Mental Health Services | P | 324,272,000 | 285,730,000 |
| 2. Drug Abuse Project Grants and Contracts ¹ | P | 164,500,000 | 160,245,000 |
| 3. Drug Abuse Grants to States | P | 30,000,000 | 12,000,000 |
| 4. Alcoholism Project Grants and Contracts ¹ | P | 73,000,000 | 70,738,000 |
| 5. Alcoholism Grants to States | P | 50,000,000 | 20,000,000 |
| 6. Program Management | N/A | <u>11,312,000</u> | <u>10,837,000</u> |
| TOTAL | | \$1,490,390,000 | \$1,388,111,000 |

¹ Dropped from block grant program under Hatch-Weicker-Stafford substitute.

*P = project grant
F = formula grant

APPENDIX D

Programs Consolidated Under the
Social Services Block Grant-H.R. 3483

| <u>Program</u> | <u>Kind of Grant*</u> | <u>Carter FY 1981 Approp.</u> | <u>Final FY 1981 Approp.</u> |
|-----------------------------------|-----------------------|-----------------------------------|----------------------------------|
| Title XX Social Services | P | \$2,700,000,000 | \$2,700,000,000 |
| Title XX Day Care | P | 200,000,000 | 200,000,000 |
| Title XX State and Local Training | F | 75,000,000 | 75,000,000 |
| Child Welfare Services | F | 163,550,000 | 163,550,000 |
| Child Welfare Training | P | 11,000,000 | 5,200,000 |
| Foster Care | P | 349,202,000 | 349,202,000 |
| Adoption Assistance | P | 5,000,000 | 5,000,000 |
| Child Abuse | P | 22,928,000 | 6,878,000 |
| Runaway Youth | P | 11,000,000 | 10,000,000 |
| Development Disabilities | P | 50,681,000 | 50,681,000 |
| OHDS Salaries and Expenses | P | 64,938,000 | 64,634,000 |
| Rehabilitation Services | F | 930,619,000 | 923,794,000 |
| Community Services Administration | P | <u>489,902,000</u> | <u>476,687,000</u> |
| TOTAL | | \$5,073,820,000 | \$5,030,626,000 |

*P = project grant

F = formula grant

APPENDIX E

Programs Consolidated Under
Education Block Grant

The programs with an asterisk (*) are those dropped from the block grant by the Senate Labor and Human Resources Committee. The Committee's action removes 87.7 percent (\$4,194,798,000) of the FY 1981 funds from the block grant -- leaving only \$588,721,000. As already mentioned, the Committee authorized a FY 1982 appropriation of \$584,650,000 for the scaled-down version.

| | Carter FY 81 <u>Funding</u> (in thousands) | Final FY 81 <u>Funding</u> (in thousands) |
|--|---|--|
| <u>Title I of Block Grant: Financial Assistance to Meet Special Educational Needs</u> | | |
| Grants for Disadvantaged (Elementary and Secondary Education Act, Title I) | | |
| *- Basic Grants to Local Education Agencies (Section 111) | \$2,824,880 | \$2,511,317 |
| *- Concentration Grants (Section 117) | 142,142 | 100,000 |
| *- State Agency Migrant Grants (Sections 143, 144) | 288,000 | 266,400 |
| *- State Agency Handicapped Grants (Section 146) | 165,000 | 152,625 |
| *- State Agency Neglected and Delinquent Grants (Sections 151, 153) | 37,750 | 33,975 |
| Emergency School Aid (Emergency School Aid Act, Title VI, ESEA) ¹ | | |
| - Basic Grants to Local Educational Agencies (Section 606a) | 107,800 | 33,400 |
| - Special Programs and Projects (Section 608a) | 83,583 | 75,859 |
| - Magnet Schools, Pairing and Neutral Site Schools (Section 608(a)(1), (2) & (3)) | 30,000 | 30,000 |
| Education for the Handicapped (Education for the Handicapped Act) | | |
| *- State Grant Program (Part B, Section 611) | 922,000 | 874,500 |
| *- Preschool Incentive Grants (Part B, Section 619) | <u>25,000</u> | <u>25,000</u> |
| Subtotal | 4,746,155 | 4,205,076 |
| <u>Title II of Block Grant: Financial Assistance of School Resources and Performance</u> | | |
| Grants for Disadvantaged (Elementary and Secondary Education Act, Title I) | | |
| *- State Administration (Section 194) | 47,000 | 34,000 |
| *- Evaluation (Section 183) | 10,000 | 6,000 |
| Improving Local Educational Practice (Elementary and Secondary Education Act, Title IV-C) | | |
| | 91,400 | 66,130 |

| | <u>Carter</u> <u>FY 81</u> <u>Funding</u> | <u>Final</u> <u>FY 81</u> <u>Funding</u> |
|---|---|--|
| Strengthening State Educational Management (Elementary and Secondary Education Act Title V-B) | 51,000 | 42,075 |
| Emergency School Aid (Emergency School Aid Act) | | |
| - Special Programs and Projects (Section 608a) | 2 | 2 |
| - Grants to Nonprofit Organizations (Section 608b) | 7,500 | 5,000 |
| - Educational Television and Radio (Section 611) | 6,450 | 4,450 |
| Training and Advisory Services (Civil Rights Act) (Title IV) | 45,675 | 37,111 |
| Women's Educational Equity (Elementary and Secondary Education Act, Title IX-C) | 10,000 | 8,125 |
| School Libraries and Instructional Resources (Elementary and Secondary Education Act Title IV-B) | 171,600 | 161,000 |
| Education for the Handicapped (Education for the Handicapped Act) | | |
| *- Severely Handicapped (Part C, Sections 621 and 624) | 5,000 | 4,375 |
| *- Early Childhood Education (Part C, Section 623) | 20,000 | 17,500 |
| *- Regional Vocational, Adult, and Postsecondary Programs (Part C, Section 625) | 4,000 | 2,950 |
| *- Innovation and Development | 20,000 | 15,000 |
| *- Regional Resources Centers (Part C, Section 621) | 9,750 | 7,656 |
| *- Special Education Personnel Development (Part D, Sections 631, 632, 634) | 58,000 | 43,500 |
| Career Education Incentives (P.L. 95-207, Section 4) | 15,000 | 10,000 |
| Community Schools (Elementary and Secondary Education Act, Title VIII Sections 809, 810, and 812) | 10,000 | 3,138 |
| Consumers' Education (Elementary and Secondary Education Act, Title III-E) | 3,617 | 1,356 |
| Law-related Education (Elementary and Secondary Education Act, Title III-G) | 1,000 | 1,000 |
| Basic Skills Improvement (Elementary and Secondary Education Act, Title II) | | |
| - State Grants Programs | 35,000 ³ | 31,500 ³ |
| - Discretionary Programs | | |
| Follow Through (Headstart-Follow Through Act) | 44,250 | 26,250 |
| Gifted and Talented (Elementary and Secondary Education Act, Title IX-A) | 6,280 | 5,652 |

| | <u>Carter FY 81 Funding</u> | <u>Final FY 81 Funding</u> |
|---|-------------------------------------|------------------------------------|
| Alcohol and Drug Abuse Education (Alcohol and Drug Abuse Education Act) | 3,000 | 2,850 |
| Arts in Education (Elementary and Secondary Education Act, Title III-C) | 3,500 | 3,150 |
| Metric Education (Elementary and Secondary Education Act, Title III-B) | 1,840 | 1,380 |
| Ethnic Heritage Studies (Elementary and Secondary Education Act, Title IX-E) | 3,000 | 2,250 |
| Cities in Schools (Elementary and Secondary Education Act, Title III-A, Section 303(d)(1)) | 3,050 | 2,745 |
| PUSH for Excellence (Elementary and Secondary Education Act, Title III-A, Sections 303(d)(1)) | 1,000 | 825 |
| Teacher Corps (Higher Education Act, Title V-A) | 30,000 | 22,500 |
| Teacher Centers (Higher Education Act, Section 532) | 13,000 | 9,100 |
| Pre-College Science Teacher Training (National Science Foundation Act of 1950) | <u>2,500</u> | <u>1,875</u> |
| Subtotal, Title II | <u>732,812</u> | <u>580,443</u> |
| TOTAL, Elementary and Secondary Education Consolidation Act | \$5,478,967 | \$4,783,519 |

- ¹ Per the action of the Senate Labor and Human Resources Committee, the three programs under Emergency School Aid were consolidated with the remaining programs in Title II.
- ² Special Programs and Projects appears in Title I also. The total appropriation for this program is listed under Title I, above.
- ³ State Grant Programs and Discretionary Programs combined.

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