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S. Hrg. 104-430

DUPLICATION, OVERLAP, AND FRAGMENTATION IN GOVERNMENT PROGRAMS

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Duplication, Overlap, and Fragmenta...

HEARING

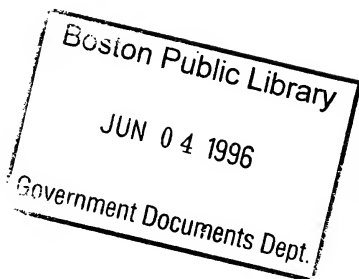
BEFORE THE

COMMITTEE ON
GOVERNMENTAL AFFAIRS
UNITED STATES SENATE
ONE HUNDRED FOURTH CONGRESS

FIRST SESSION

JUNE 7, 1995

Printed for the use of the Committee on Governmental Affairs



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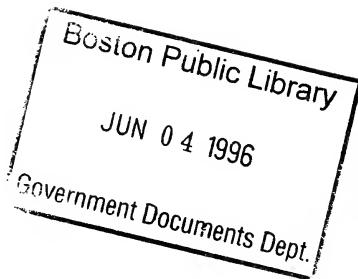
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DUPLICATION, OVERLAP, AND FRAGMENTATION IN GOVERNMENT PROGRAMS

WEDNESDAY, JUNE 7, 1995

U.S. SENATE,
COMMITTEE ON GOVERNMENTAL AFFAIRS,
Washington, DC.

The Committee met, pursuant to notice, at 10:04 a.m., in room 342, Dirksen Senate Office Building, Hon. William V. Roth, Jr., Chairman of the Committee, presiding.

Present: Senators Roth, Stevens, and Grassley.

OPENING STATEMENT OF CHAIRMAN ROTH

Chairman ROTH. The Committee will please be in order.

This morning's hearing is another in a series in which the Committee on Governmental Affairs is considering issues related to the restructuring of the Executive Branch of the Federal Government. Today, we are looking at duplication, overlap, and fragmentation in the jurisdiction of Federal agencies, programs, and delivery systems.

The impetus to this hearing is three recently-completed studies performed at my request by the General Accounting Office which examined agency spending patterns in various funding categories contained in the Federal budget. The studies show that despite efforts to downsize, streamline, and reinvent the Federal bureaucracy, massive duplication, overlap, and fragmentation remain rampant throughout the government.

It is obvious that, in many cases, the government's right hand does not know what the left hand is doing. The reports show that, on average, more than five different agencies perform related functions. For example, eight agencies have something to do with managing or regulating natural resources and the environment. Nine agencies perform some kind of education, training, or employment-related services. Fifteen perform some kind of income security function. So many agencies are involved in trade promotion that 19 are represented on the Trade Promotion Coordinating Committee.

GAO's work sheds timely light on the Department of Commerce, which is slated for elimination in both the Senate and House budget resolutions. Each of the four missions is performed by at least eight other departments and agencies.

Even within the same department or agency, there are multiple agencies or programs performing the same function. The Department of Agriculture has four agencies with roles in rural and community development. The budget subfunction "Advancement of

Commerce" is addressed by no fewer than 21 sub-departments within eight departments and agencies.

A certain amount of redundancy is understandable and can be beneficial if it occurs by design as part of a management strategy, for example, to foster competition or better service delivery to customer groups, or to provide emergency backup to prevent service disruptions during downtime.

But GAO's findings are not merely isolated examples of duplication or strategic redundancy in a few programs. The scale of duplication revealed in these reports reflects nothing less than uncontrolled bureaucratic expansion without considering whether existing channels could be modified to meet constituent needs.

Of course, it is also true that some new programs have been created due to failures in existing programs to meet the needs of underserved constituents. The root causes of these servicing gaps must be identified, and new, more cost-effective strategies found to meet customer needs without sticking the taxpayer with the costs of wasteful and redundant overhead.

GAO has highlighted a number of areas where new strategies and smarter use of information technology could drastically reduce costs while dramatically improving services. For example, over 25 percent of the Federal budget goes out in various forms of income payments to individuals on retirement and disability pensions; to the disadvantaged receiving housing, food, and nutrition assistance; to the temporarily displaced through unemployment and income security payments; and to Social Security recipients. The 15 agencies that administer these programs have almost 80,000 full-time equivalent employees and manage cash flows of nearly \$600 billion per year.

With today's information technology, one must ask, why does the government need 15 different agencies to administer payments to individuals? Why couldn't they, or at least some of them, be combined into a single delivery system with a smart card issued to each recipient and transactions processed through a single financial network?

In considering restructuring, the Committee intends to focus like a laser on eliminating gross duplication and seizing big payoff opportunities. We intend to be bold and not bullied into only nibbling at the edges of these enormous challenges.

Today, we will hear from the authors of the GAO studies about their findings. We will also hear from experts in the areas of Federal statistical, credit, and categorical grant programs, who will present case studies of overlap and fragmentation in the management and delivery of the Nation's critical information gathering and financial assistance programs.

These testimonies will highlight scores of redundant programs and overhead structures which should be serious candidates for elimination or consolidation. This information will be an important contribution to the work of this Committee as we develop a framework to shape future restructuring initiatives.

At this time, it is my pleasure to call upon Senator Stevens.

OPENING STATEMENT OF SENATOR STEVENS

Senator STEVENS. Thank you, Mr. Chairman.

I am pleased to join you this morning. I have not caught up with some of these reports that you have just mentioned but I do want to do that. I am here primarily to try to get into the duplication and the cost of administering these departments. I am not sure these are the people I should be addressing those questions to, but I will find that out as we go along.

Thank you very much.

Chairman ROTH. Thank you, Senator Stevens.

I would like to insert into the record the statement of Senator Glenn, who was unable to be with us this morning.

[The prepared statement of Senator Glenn follows:]

PREPARED STATEMENT BY SENATOR GLENN

Good Morning. I welcome today's witnesses and look forward to their testimony before the Committee's 3rd hearing on government reorganization.

Clearly, we need to reorganize, consolidate and even eliminate a number of the programs and operations of the Federal Government. However, the Federal bureaucracy is a complicated and far-flung enterprise and its reorganization and consolidation is necessarily complex and time-consuming. We all want a Federal Government that delivers better services at a lesser cost. We need to keep that objective in mind as we study the various reorganization proposals that will be made in the months ahead. Otherwise, we may end up with a shuffling and rearranging of the bureaucratic boxes that will not only fail to produce any budgetary savings, either in the short or long-term, but may also result in a deterioration of government services.

GAO's testimony for today's hearing raises some valid questions about duplication and overlap of government programs across a multitude of Federal agencies. For example, the natural resources and environment function is spread across 6 Cabinet departments, 18 different agencies, and numerous government commissions. In some cases, this duplication makes sense and is readily justified. Both the Department of Defense and Energy have environmental cleanup programs designed to address the unique environmental contamination problems faced by those department's facilities. But in other programs this duplication may be costly and create inefficiency. For example, do we really need both the Bureau of Reclamation and the Army Corps of Engineers to manage domestic water projects, or could that responsibility be handled by just one of the agencies? Or why shouldn't the Forest Service be located in the Interior Department along with the Bureau of Land Management and the Park Service, instead of being housed in the Agriculture Department?

These and other questions concerning government reorganization do not have sound-bite answers. The task is arduous and tedious. The past history of government reorganization efforts shows that effective reorganization requires both the Executive and Legislative Branches working together with the same commitment, otherwise the effort is doomed to failure. Often, the reduced costs and improved efficiencies of these reorganizations don't show up for years, and sometimes, in the short-term, costs actually go up. My fear is that after the Conference Report on the Budget Resolution is adopted a race will now be on to see who can be the biggest and the baddest agency-cutting samurai. I hope that as we proceed in the months ahead more thought will be given to ways to consolidate and eliminate Federal programs and agencies that both saves money and improves government effectiveness.

Chairman ROTH. I would now like to welcome our first witness, representing the General Accounting Office, Ms. Susan Irving, who is accompanied by Mr. Michael Curro.

Ms. Irving, your written statement will, of course, be included in the record. I would ask that you take 10 minutes to summarize your remarks. Please proceed.

TESTIMONY OF SUSAN J. IRVING,¹ ASSOCIATE ISSUES AREA DIRECTOR, BUDGET ISSUES, ACCOUNTING AND INFORMATION MANAGEMENT DIVISION, GENERAL ACCOUNTING OFFICE; ACCOMPANIED BY MICHAEL J. CURRO, ASSISTANT DIRECTOR, BUDGET ISSUES, ACCOUNTING AND INFORMATION MANAGEMENT DIVISION, GENERAL ACCOUNTING OFFICE

Ms. IRVING. Thank you, Mr. Chairman.

As you noted, I am accompanied today by Michael Curro, who led the team producing these reports.

It is a pleasure for us to be here as part of your series of hearings looking at both the broad and under-surface issues as you think about restructuring and reorganizing the Federal Government. Three weeks ago, the Comptroller General was here and you all discussed some of the broad lessons learned from previous efforts, the need to focus on organizing goals, the need to decide what the Federal role will be in several areas, and then to select the appropriate structure, vehicle, and organization for implementing that role.

The three reports that we have had the pleasure to produce for you since January, we believe, show in a very real sense—the what, the who, and the how. Using budget functions as a proxy for national mission areas, it shows in which areas the Federal Government has chosen to spend funds, which departments do that on behalf of the Federal Government, and how they do it, that is what tool is used.

I think there are a few overview points that it is important for all of us to keep in mind. These are not news but they are worth noting.

This first very large pie chart shows us that four agencies dominate spending in the Federal Government. In a very real sense, the Department of Defense, the Social Security Administration, Health and Human Services, and Treasury, because it pays interest on the debt, are responsible for almost three-quarters of the obligations the Federal Government makes every year.

The next circle repeats that point showing that spending is concentrated in a few areas, National defense, Social Security, interest on the debt, and health.

These two charts are useful mostly to remind us that although the budget debate and the restructuring debate, overlap, they are different debates. Where you can improve organization and focus of the government may not be where you save the most money.

The picture in front of you, this grid with all the blue boxes, which is also before you in the back of my testimony, shows the results of an active and responsive government. As new needs have been identified or new target groups who were being underserved were identified over time, Congress chose to assign additional tasks to multiple agencies. But what may have made sense at the time as a conscious decision for targeting or experimentation may well today look to us like massive overlap and fragmentation.

Across the top of that chart are the budget functions, so that if you look down in a column, what you see in blue are the number of different agencies that make obligations in each of those func-

¹The prepared statement of Ms. Irving (with attachments) appears on page 39.

tions. Just the fact that there are lots of blue square tells us that we have a lot of players in most functions.

If you look across, what you see may be more a picture of fragmentation; this shows the number of different mission areas in which each department is expected to play. The very top line, we see that the Department of Agriculture has activities in ten different budget missions. My point is not that this picture is right or wrong but rather that it tells us what may be worth looking at.

The reports we have presented to you, Mr. Chairman, permit multiple lines of inquiry and hints, rather like peeling layers off a surprise ball when you were a child.

I would like today to make a few observations and then devote most of the time, of course, to any particular areas of interest to the Members of the Committee.

In part because you mentioned it, let me start with the income security column, where you, as you aptly noted, see 15 agencies making obligations. That picture is both informative and misleading, because half of those agencies are running employee pension programs for the Federal Government. The Department of Defense, the Office of Personnel Management, AID, State, the judicial branch, the legislative branch, each runs its own employee pension system. There may well be opportunities for consolidating administration, determination, and processing in those opportunities, but when we look carefully we see a different picture than assuming all 15 were doing poverty support.

Of course the other eight do, in fact, deal with people that I think the public debate thinks of as receiving income support, and we provide that support through multiple agencies in multiple ways. We spend money on cash assistance, either directly like the Earned Income Tax Credit, or through States in AFDC. We send people vouchers for housing or Food Stamps. We do direct provision of services. And we spread those through multiple agencies. That was, I think, at the time, a conscious decision, but it bears reexamination today.

It is also worth going below the surface for the relative size and importance of an agency to a mission and vice versa. If we looked at the Department of Transportation and the transportation function, what we would see is two perfect gray circles, the Department of Transportation dominates that budget function. It is almost the only player on it, and it is almost the only thing the Department of Transportation does. On the surface, at least, it is not a fragmented agency.

In contrast, if we turn to the Department of Agriculture and the agriculture function we get a different picture. If we look at the agriculture function, the Department of Agriculture is, indeed, the primary player. But the man from Mars looking at the Department of Agriculture would not conclude it was in the farm support business. The Agriculture subfunction accounts for barely a third of the Agriculture Department's obligations. Forty-five percent of the obligations the Department of Agriculture makes are in child nutrition, Food Stamps, and nutrition support.

Again, my point here is not whether this was a correct or incorrect design but merely that agencies have accreted missions so that

we now have a picture where many different agencies play in many different fields and each field has many different agencies.

Finally, if we can turn up the last picture, these reports allow us to look at the tools the Federal Government uses. I think as we move to looking at restructuring, reorganization, and program consolidation, it is going to be important for us to recognize that different agencies apply different sets of tools to the same challenge.

Let me make just two overall observations from this. This chart (which is attachment 12 to the written testimony) uses something in the budget called object class to look at the way we spend money. The first thing you can see is that about 12 percent of the obligations in the Federal Government are for direct Federal employees, their salaries and benefits, and that those Federal employees leverage a huge amount of money. That is about equal to the amount of money we spend for contractual services, both the individuals who are contractors and the equipment they provide.

But the dominant mode of Federal operation is to mail checks, either to States or to localities or to individuals. What is listed as insurance, the large yellow wedge there, is not what you think of as insurance on your business but it is retirement insurance: income security, including Social Security, and unemployment insurance. The grants and subsidies category includes AFDC, Medicaid, education grants to the States, transportation grants, Food Stamps, everything else we mail either to States, individuals, or localities. So in a very real way, the Federal Government as someone once said, mails checks and rules.

Now, if we looked below the surface, we would see great variation in this. In Justice, you would see a greater percentage of salaries. Federal justice tends to be federally administered by Federal employees. In law enforcement, we would again see salaries. In Energy, the circle would be almost entirely composed of contractors. In Veterans, you would see a mixture between direct provision and grants.

For each budget function and for each agency, we see a different pattern which tells us something about the way the Federal Government has chosen to exercise its role.

Let me just step back a minute. What do I think this tells us and why do I think it helps in this? As you all look at reorganizing and restructuring the Federal Government, when you see many agencies playing in the same area and one agency spread over many, looking below the surface makes us realize that just because the mission area is labeled the same, the agencies may not really think they are in the same business.

For example, the natural resources function outside environmental protection is dominated by Interior, Agriculture, Commerce and DOD's Corps of Engineers. Are they all in the same business? Do they all think of their role the same way? If not, and if we are uncomfortable with that, then merging them, moving them all to a single agency raises the question of which definition of the mission does Congress wish to instruct the agency to adopt, or of whether one home is more congenial for that definition? Does Congress wish to refocus the whole nature of the Federal role in natural resources and what is the appropriate agency structure for that role and what is the appropriate tool to use to exercise that role?

Do we wish to operate through States, through direct Federal activity, or other things?

I think looking below the surface and at the implications of any reorganization or combination for the actual implementation of a program is one of the great strengths this Committee has brought to the debate, that is thinking beyond just moving boxes.

Mr. Chairman, in the interest of time and in reaching all of your interests, I will stop there and open it up to anything you all would like to pursue.

Chairman ROTH. Thank you very much, Ms. Irving.

I would like to continue to concentrate on these 15 different agencies that are performing a so-called income security function. I wonder what your recommendations would be. How and what kind of consolidation do you think can be accomplished in this mission area? What opportunities are there for using information technology and streamlined management techniques to streamline the administration, check writing, better oversight of program goals? Can we use a smart card and begin to consolidate? Is there a real purpose behind the different requirements of these different programs that deal with the same area?

Ms. IRVING. This is a really interesting area for exploration. It is hard to believe there are not any opportunities; there must be some.

I think probably for looking systematically, the first thing we might do is divide income security activities by nature. For instance, Congress has chosen to have different pension programs for the military, for civilian employees, for State Department Foreign Service Officers; judges, Presidents and legislators have separate systems. Nonetheless, the calculation of benefits for a pension program when you seek to retire, I think, tends to be a one-shot calculation. That is, you do not need a monthly update on a person's income. You need a monthly update on their address. If pension calculations depend on years of service and other standard elements, it seems possible that, even if one wished to have separate pension systems there could be great potential for automation and administrative consolidating of some of the almost arithmetic functions.

GAO has certainly taken the position that looking at things like electronic funds transfer and increased automatic deposit and things like that, in many areas of benefits, is something that should be explored.

After Federal pensions, one could analyze a second category within income security: needs-related but dependent on a connection to the workforce. The two examples are the Earned Income Tax Credit and Unemployment insurance. I do not know to what extent we already are using technology the way we should be in those. The EITC, as you all are well aware from your Finance Committee experiences, is subject to a lot of other problems connected, I think, to the IRS's information resource technology problems. On that I will defer to my colleagues who have done much more detailed study on that.

A final group of programs are those that provide more traditional assistance to the poor. These include AFDC, Medicaid, housing, and Food Stamps. It seems to me that there are a whole series of

decisions that need to be made when we think about streamlining, consolidating, and automating.

One is, in fact, whether we still like the idea that we choose to segment the needs of that population and address them in a variety of ways through vouchers, cash, something else, or whether we would rather use a single tool.

Another is how often we want someone to be in touch with these people.

How much of this aid can be automated, it seems to me, depends in part on how much we wish to demand certain behavioral responses from or activities by recipients and what it is you want done at intake.

Chairman ROTH. Mr. Curro, do you have any comment?

Mr. CURRO. No, sir.

Chairman ROTH. Let me ask you this. Because of the fragmentation, how do we know whether one person is receiving too much or too little from all the various agency programs?

Ms. IRVING. It is interesting, because I think in all programs, even beyond income security, the location of responsibility is inconsistent in the Federal Government. To some degree, we impose on the States requirements for demanding that they have done quality control or fraud control.

We leave most of that determination to the States.

I think at a broader level the question of responsibility for targeting is an example where Federal fragmentation may, in fact, result in fragmentation of responsibility. Is anyone looking at what do we want the poverty population as a whole to get and in what ratios? That is, I think, hard to locate at the Federal level.

Chairman ROTH. We are going to have a series of votes, I fear, this morning, so I am going to run and vote. Senator Stevens?

Ms. IRVING. I used to work here, Senator. I appreciate the courtesy of the explanation.

Senator STEVENS [presiding]. Ms. Irving, I have looked over just briefly the study that you made. Let me tell you, as background, my State has a Department of Administration. No department is allowed to handle any of the administrative aspects of employment, hiring, firing, payment, retirement, or anything else. It all goes through one department. Have we ever looked at that in the Federal Government? How much duplication is there department by department and program by program in terms of administrative costs?

Ms. IRVING. I do not think anyone has ever done the kind of systematic detailed examination that the first part of your question implies.

Senator STEVENS. I am thinking about introducing a similar proposal here. How long would it take you to make such a study?

Ms. IRVING. My off-the-cuff answer is it depends on the level of detail, but we would be glad to sit down and talk with you about that.

I think one thing that is clear from looking at what I will call the object class pie charts in these reports is that there has got to be potential there. For example, you see grants show up in most agencies. Each of those agencies has at least one, and if you go to subdepartments, probably more than one, grant administration op-

eration. Obviously, some grant determination has to be program-specific, but does it all have to be program specific?

I know that we have people in GAO who have looked at travel administration in the Department of Defense and compared it to what some of the private sector does in travel administration. Mr. Stanton in the next panel may be able to speak to the potential for consolidation of credit programs.

Senator STEVENS. We can get to the substantive changes. I have always believed we should not have all these reimbursement forms and everyone processing them. We find here in the Senate we have four or five people processing whether you can get \$2.50 back for a cab ride. That has to go.

Ms. IRVING. Yes.

Senator STEVENS. One of my problems is I have a 10-hour flight going to and from Alaska. I read too much. One of the things I am certain of right now is that industry is moving much faster than our Federal Government in utilizing the combinations of new systems, such as computers and telecommunications.

I do not think we have tied together the ability to receive data and process it and utilize it the way industry has. I think if you want to look at Wal-Mart, they will teach you a lesson on how to eliminate not just desks but whole divisions of a major company.

I think, as we reorganize this government, we have to find some way to utilize the new systems, and that is why I think we ought to turn to categories of functions. One would be administrative. One is sort of just general commerce but it is really agriculture and commerce and transportation, at least, and maybe more.

I am not seeing that. I am not seeing a generic proposal. I am seeing, eliminate some departments, and I agree that some of them can go, but I do not think we are trying to consolidate functions so they can be handled by similar programs and primarily computerized, mainly because I think people are afraid of how many people would really be laid off if we did it that way.

Have you ever looked at the impact of total use of technology in employment on a government entity?

Ms. IRVING. I do not believe so, sir, but I will check. I would have to check in some of the program divisions.

Senator STEVENS. Your recommendations really go to functions, as I understand it.

Ms. IRVING. That is right. This report is really to explore the broad area and point to areas to pursue in the future. We believe that the pictures showing the different tools used by the Federal Government do, in fact, offer pointers toward some of the issues you are raising. It is not clear all these separate maintenance functions are necessary, even if programs are targeted to specific people or areas. It seems to us that distinctions can be made between the policy level and the service delivery level and between the policy level and, if you want, the administrative functioning level.

Senator STEVENS. I am afraid I am going to have to go vote. I will be back. Thank you very much.

Ms. IRVING. Thank you.

Senator STEVENS. The Committee will take a short recess.

[Recess.]

Chairman ROTH. I think Senator Grassley will be back in a few minutes, but in the meantime, as you know, both the House and Senate budget resolutions call for eliminating the Commerce Department. As Figure 11 in GAO's testimony shows, Commerce has significant spending in two of its four missions. GAO's report shows at least seven other agencies perform commerce-related missions.

How extensive is the duplication of effort that you found as you broke down the problem to the subfunction level? In reorganizing these functions, should we focus on the customer being served or should it be the function being performed? Which would you give priority? What options best ensure accomplishment of the mission, and particularly the question of accountability for results?

Ms. IRVING. Mr. Chairman, I have been giving this a fair amount of thought since we begun doing this work. It occurs to me that we need not fall into the trap of assuming we have to have the same organization at the Federal policy level and at the service delivery level. When we look at the policy level and the Federal level—we instinctively, I think, would like some function consolidation. We would like the activities and programs in the same mission to be in the same place. But then we worry about what happens out there, if someone who comes in and has to go to four different department field offices.

Here in the end of the 20th and the beginning of the 21st century, why should that person have to go to four different field offices? Perhaps it would be possible to structure service delivery in a way that could coordinate for a taxpayer and still have a functional perspective at the Federal level.

I have not gone beyond beginning to think about this. However, it does seem to me that consistent with this Committee's focus on thinking broadly and systematically, is considering whether at some level you are going to organize around functions while paying attention to the need to coordinate service delivery.

As to accountability for results: for many things the Federal Government does, it is very difficult because we administer through other people and we are only part of the response. Again, I think measurement will vary with the nature of the activity. In some cases an output proxy that we are going to hold them responsible for is appropriate because we are quite comfortable about the link between output and outcomes; in others perhaps we can measure ultimate results.

For instance, in R&D it is very hard to measure results in any sort of real time, so we would need to set different kinds of standards; we also are probably comfortable with some duplication in R&D because it is not a linear process.

But I think Ms. Norwood will talk later about a more systematic view about statistics gathering and thinking about quality of statistics. In that area it may well be that a functional organization, thinking about information for the government, is the organizing principle. The kind of accountability standards you set up may in many ways, be very technical and have to do with process, because in the end, statistics are a shadow of the reality.

Did I leave out part of your last question? I am sorry.

Chairman ROTH. Let me ask you this, and then I will turn it over to Senator Grassley. I think it was the Ash Counsel that proposed

something like eight departments, one of them being human resources, another being, I think, natural resources. If you combined everything in human resources, could you sort of get the best of both worlds? You would have a one-stop by going there.

Ms. IRVING. Mr. Chairman, the Ash Council clearly had a view where it was very concerned about span of control of the President, and they only wanted, what, four or five people reporting to the President.

Chairman ROTH. Yes.

Ms. IRVING. The problem is that, as you have pointed out frequently, you get layers. One question is, should we really be that obsessed about how many agencies report to the President, because a President realistically pays attention to certain things more than others. So whether you call it a cabinet department or not, it is either going to be running by itself in conjunction with its Congressional committee or it is going to be high on his radar screen because of either his own interests or some issue that has come up in the world.

Some of the experience, I think, with mega-departments should give us caution about whether, in fact, they serve to integrate. I made reference earlier today about the fact that the Department of Transportation, on the surface, does not look fragmented because it does only transportation. But all of you smiled knowingly when I said that.

It is my impression from my colleagues who look at transportation that we sort of put a bunch of agencies together and gave them a single secretary and maybe they talk to each other. The Department of Interior clearly is not a single agency in terms of culture, mission, or self-definition. I know that the Comptroller General has some quite mixed views about whether DOD has ever managed to be a single agency.

So on the one hand, I think one likes to put similar functions in a place where the trade offs occur rather than having sort of single-function agencies which could also be called interest agencies. On the other hand, that increases the burden of thinking carefully about internal restructuring, because, as you yourself have said frequently, if all you do is put the boxes in the same agency, you have not done anything to break down the cultural differences or the sort of subtle differences in how a mission is defined.

In terms of human services, in particular, this loops back, I think, to your other questions about in what form do you want to provide benefits and how much centralization and automation do you want. These all feel like intersecting questions to me.

Chairman ROTH. It all goes back to what is the mission.

Ms. IRVING. That is right. It all fundamentally goes back to what role do you wish the Federal Government to play and how do you wish to exercise it.

Chairman ROTH. Senator Grassley?

OPENING STATEMENT OF SENATOR GRASSLEY

Senator GRASSLEY. Thank you very much, Mr. Chairman.

I appreciate very much your testimony, and I suppose this is an issue that, regardless of how many hearings we have and how many witnesses we have, we will never really get to the bottom of

it. Yet, Congress tends to do from time to time some of the things that we are talking about here but we probably do not ever do a very thorough job of it all at one time.

Just for instance, I would like to ask kind of a general question. If Congress would decide to consolidate, obviously, you either get rid of some agencies or you eliminate roles of some agencies. How do you decide what criteria would be used when we decide to do that?

I will just use an example, because I come from a rural area, let us just suppose we decide to consolidate the rural housing programs at USDA with some in HUD, but given the mismanagement that we read about at HUD, would this make sense, as an example? I just want to use that as an example. I do not want you to say whether or not we ought to consolidate, but, obviously, that has been talked about for a long time.

Ms. IRVING. This gets at the very basic questions about the tension between targeting by audience and then looking only at the function and what looks on the surface to be the logical home for that activity. On the surface, something with the word "housing", you think, all right, I have a Housing Department. Let me put it there. But then you say, I have a mess. I have not decided what my role in housing is. I have not decided what kind of accountability standards I have.

I think it would be hard to think about deciding what to consolidate and where in HUD or in any other housing entity until you had decided what you want to do in housing. What is the Federal Government's role in housing? Does it wish to continue to act directly? Does it want to merge it into some broader community development programs?

Again, that is not my particular area of expertise.

Senator GRASSLEY. But you are arguing that you have to know a basic definition of what the government is going to be doing in something if it going to get in it or you should not be in it?

Ms. IRVING. I think you have to think about what you want to do, yes.

Senator GRASSLEY. And you should decide that before you decide, in regard to housing, you should decide what you just said before you would even make a decision of whether or not you eliminate Farmers Home, whether you put it someplace else or whether it would go to HUD or you would eliminate HUD?

Ms. IRVING. That is what I would do. There may be other issues that come up. No one ever does things in perfectly linear fashion, but fundamentally, yes, these are mission questions, I think.

Senator GRASSLEY. That obviously makes sense, starting more basic, though, than we generally do.

We all hear about duplication all the time and we see it all the time and I suppose those of us in Congress are very aware of it, more than maybe the general public, but I would also like to recall that it is an odious label that is sometimes misleading.

I will give you an example, and I only use this as an example, but the administration proposed to consolidate the Drug Enforcement Agency with the FBI. I see this as a grave mistake because I do not think the FBI has had the war on drugs at as high of a priority as the DEA has. It was important to ensure that DEA re-

main independent so that drug enforcement would continue to be the top priority.

Using that as an example, I would like your agency's view of what, in their opinion, constitutes duplication and when the GAO believes duplication is beneficial?

Ms. IRVING. I think this is a wonderful question to deal with, Senator, because duplication is a word that, as you know, carries heavy baggage. In its most precise sense, duplication is two agencies or entities doing the same thing for the same people. The chart we have presented to you is only indicative. What it says is that you have two agencies or four agencies or six agencies acting in the same mission area, so maybe that is overlap. It may not be duplication, and it may be beneficial overlap.

Even a great deal of really pure duplication, if you can imagine two programs giving the same benefits to the same people, historically may have made sense. They may not always have been the same people or they may have been located differently or the programs may have been experimental.

I think sometimes when Congress identifies a new need, it sets up two different approaches to it to see what works. Or if you think about some of the early credit programs, some may have been created where there was no private financial infrastructure but now there is.

There is a lot of evidence in the science community that duplication in R&D is beneficial. I am reporting secondary research; that is not my area.

What we would say is that these reports show you we have multiple subdepartments and multiple departments all acting in the same broad areas of national needs. That tells you that you have people or players who bring to the table slightly different angles into that mission area since all agencies have cultures.

It is worthwhile for Congress, as it approaches the 21st century, to think about whether the structure that has evolved still matches the needs of the future. Do we still wish to have a mix of agencies organized around functions and around targeted populations? Do we believe that housing programs or credit programs or grant programs should be separated by target population, or should we combine by tool?

But even in the area like job training, where GAO has testified extensively about 163 job training programs, not all of those are, I think, by your definition, and I would agree, technically duplicative. It is really more a matter that we have subdivided each target population so that we have job training for people on WIC, we have job training for people who are unemployed because of trade, we have job training for people who are unemployed because of something else.

Now, probably 163 is the wrong number. One is also probably the wrong number. But I think your point about the real fundamental decision about duplication and where overlap and duplication are, goes to where you think the differences in needed service or target population are great enough that they justify either a different factor or a different program design, rather than just expecting the delivery person to differentiate.

Senator GRASSLEY. On another point but following up to some extent, it is one of the hallmarks of our government, at least in theory as we teach it, of fair play and simple justice that two citizens would be treated the same, and yet, I think you find in our oversight here that some departments might treat a citizen one way and other departments treat another way.

So I am worried that duplication of missions may lead to citizens similarly situated not being treated the same. This would be particularly true in the area of law enforcement. For example, IRS has authority to seize and hold property of Americans that even the FBI and the DEA do not possess.

Has the GAO found this to be a problem in its review? I am just using those departments as an example, again. Has GAO found a problem in its review that different agencies performing the same functions subject Americans to different rules and regulations?

Ms. IRVING. I think the simple answer to that would be yes, sir. Clearly, in credit programs, different agencies exercise different efforts in levels of collection.

Senator GRASSLEY. Then using that as an example and raising a question that is very general, and maybe I ought to ask the Chairman, is this something that would be within your domain of study, as you do all this work, or is this outside of your domain? And if it is outside of your domain, I guess I would ask the Chairman, would it be possible to include it, because I think that we think in terms of if one agency deals with a citizen, you would think those citizens' rights would be similar to another agency dealing with a citizen.

Ms. IRVING. Mr. Chairman, would you like me to answer that? Chairman ROTH. Please proceed.

Senator GRASSLEY. If it is already in your domain, then you can say, yes, it is in there and you are studying it.

Ms. IRVING. My group has not done the cross-cutting study, but if you look at the work that many of the program divisions have done on some of the particular programs that exist in more than one agency, clearly falling out of that is some work on how they are implemented differently which filters down into interacting with citizens differently, depending on the program. Sometimes that is a function of the way the rules are written or the law, and sometimes it is a function of different administrative procedures.

Mr. CURRO. If I could add to that, it is within the domain of GAO to study something like that, and, in fact, we have done a great many studies on that point.

A third dimension, perhaps, to that chart is the impact on the people affected by those programs in those departments. Where you have multiple agencies, you will have multiple interpretations of cross-cutting rules. It is inevitable.

Recently, for example, tying this back to your previous question, we provided some information to a Congressional committee dealing with various rural programs. Many agencies were providing various forms and types of grants and other financial assistance, but for the recipients there sometimes were different application rules, different cross-cutting requirements, and different interpretations of common cross-cutting requirements.

Senator GRASSLEY. I will not ask you to give me an answer now or even the Chairman to give me an answer now, but think about it and see if we are talking about elimination of duplication, if in the process we should not try to bring some uniformity and, I think, common sense. But it is a matter of fairness as well.

I am done asking my questions, but I would just give as an example, because the Chairman is one of the leading promoters of the environment and he has a very good record in that area, but I would point out in the area of wetlands definition for farmers in my State and the upper Midwest generally, and probably even in Alaska, you have the USDA with a definition, you have the EPA with a definition, Fish and Wildlife with a definition, the Corps of Engineers with a definition.

The farmer that wants to find out how he can farm his land, and he may have been farming this land for 100 years and three generations of the family, but you go to the USDA and they have to consult with the EPA. Fish and Wildlife has to be consulted with. Then, finally, the Corps of Engineers has a final determination. But you tend to get a different answer from all of these agencies. If you could get a different answer, it might even be progress. Sometimes you get no answer and so you do not know what you can do.

Somewhere along the line, we even have to deal with this yet this year, Mr. Chairman. We ought to be trying to bring some definiteness to this for the people that have to deal with the government.

Ms. IRVING. Senator, I think that also emphasizes the point that what looks like four agencies doing the same thing, may not be. For example, a number of the agencies you mentioned have responsibility in natural resources. They, in fact, bring varying definitions of what the natural resources mission is. So if the Congress considers trying to bring all these activities together, it will also need either to seek to impose a single definition or to recognize that under a single umbrella there will be four different definitions.

Senator GRASSLEY. Thank you, Mr. Chairman.

Chairman ROTH. I think the point raised by you, Senator Grassley, is one that has created much of the disenchantment with government.

Senator GRASSLEY. Yes.

Chairman ROTH. It is hard to rationalize why you cannot get a consistent answer on wetlands from various agencies, so I think your request is very much on point and I am sympathetic to it.

Senator GRASSLEY. Maybe after you think about it for a while, maybe you would direct them to include some of this stuff in their work, if they cannot do it otherwise.

Chairman ROTH. I will be happy to look at that.

Senator Stevens?

Senator STEVENS. Mr. Chairman, I did not finish before I left. I apologize for that. I would say to my friend from Iowa, you might examine the fact that there is no legislation governing wetlands. It is all in court interpretation, and that is why you have so many differences. You have each agency responding to different courts and different lawsuits, and as a consequence, the wetlands doctrine is like Topsy. It just grew. No one really knows how to enforce it.

That is one of the basic problems we face now, is trying to find some way to define that.

But, Ms. Irving, I am also concerned to say that at the time when we really need you, a lot of our colleagues want to partially eliminate GAO. I just do not see how we can do this total restructuring of government—some people call it reinventing, we call it restructuring, whatever it is—if we are going to realign agencies so that they are more meaningful and do the job better for less cost, we have to have some help. I hope that you people will scream loud and hard.

Ms. IRVING. Thank you.

Senator STEVENS. My problem is, I would like to go back to your comments and the Chairman's comments about Commerce. Now, Commerce has jurisdiction over the Magnusson Act, the 200-mile limit bill. I actually introduced the first bill along those lines and wrote the provisions which deal with the regional councils, which have, in fact, governmental powers delegated from the Federal Government and from the State Governments in the area of the 197 miles beyond the three-mile limit. Those functions apparently have been deemed by you to be duplicated in other agencies.

I know that they are dealing with oceans and they are dealing with jurisdiction over fishing, but in your analysis, have you been able to separate truly governmental functions from functions that I would say are really administrative in nature and could be performed by other entities of our society other than government?

Ms. IRVING. Senator, we did not go low enough. Our analysis looked at budget functions and budget subfunctions and broad subdepartments and only how they code their spending to those. So we would not in any way claim that for some specific activity, this report was evidence of duplication. Rather, this work is indicative of overlap in fairly broad mission areas.

But any really detailed study of what the Commerce Department does would have to go below the work in this report.

Senator STEVENS. Then let me ask you the next \$64 billion question. I asked you one, I think it was \$64 billion before in administrative functions. Have you the capability, as you review departments and their current functions and programs under those functions to determine what portions of the work they perform could be performed as well or better by the private sector as compared to a governmental entity? Have you that capability?

Ms. IRVING. Within GAO as a whole, yes.

Senator STEVENS. I am talking about within GAO as a whole.

Ms. IRVING. Yes. We currently have that capability to go into agencies and look in quite a bit of detail about which functions they have. As you know, some of the determination of what is inherently governmental or not would be a judgment call on which we would defer to you, and some of the evidence on what the private sector would be able to do would be inconclusive. But certainly in terms of detailed agency reviews, we would have the ability to look at what they do and the ability to look at who else outside does it and what are analogous functions.

Senator STEVENS. As we look at these administrative costs and look at the concept of some of the functions we are performing now, whether it is payment of retirement benefits, you call them insur-

ance, the whole spectrum of benefits that are derived from past service to the government, including veterans benefits, I guess, to a certain extent, or whether it is payment to people who have entitlements under government programs, it seems to me that, again, with this advent of computerization and the ability to take raw data from a field office and put it right into a computer bank, that we do not need a lot of these regional and national offices to make those payments.

But I am not sure how we get to the analysis of eligibility on that. I think we ought to have some studies that give us some definition as we start to reorganize these departments as to how much of the work of each department could be better performed by the private sector and the determination of whether that would be at less or more cost to the taxpayers if we went that direction.

In other words, I am not sure why we are rushing at this. I think we have time to do it and I would like to ask you that question, too. How long would that take? You are going to give me an answer, now, how long it would take you to do the administrative analysis of how much is duplicative administratively. How long would it take to go further and look at function by function and to determine what could be compatible with the private sector's operations and whether or not it would cost more if we actually moved some of these functions out into the private sector. By definition, I assume we would still be paying for them.

Ms. IRVING. Yes. I think to answer that question, we would want to sit down with you and your staff and figure out both the scope and the detail. Obviously, at one extreme is looking at everything everybody in government does and everything in the private sector that is at all analogous. That sounds like my life's work. At the other extreme is something that is too small a sample to be of use.

In general, what we would want to do with you on any study is to figure out what we could do in a timely enough way to be of use that would be representative enough to also be reasonable information. I would want to pull together some people from a number of our program areas and sit down with you and think about what made sense, and we would be glad to do that.

Senator STEVENS. A lot of people criticize Social Security. The last time I looked at Social Security, the cost of actually what they do is very small.

Ms. IRVING. Very low.

Senator STEVENS. They have labored and labored and labored and they automated ahead of the rest of the government and they are now delivering the benefits with the least cost of any of the programs I have looked at, I mean, in terms of total benefits. I do not know whether that ought to be a model or whether we ought to start there and see how we can improve that, too.

But it does seem to me, Mr. Chairman, that before we get into this business of what kind of a bill we are going to report out for massive reorganization, even including this bill that is coming at us now to do away with the Department of Commerce, I think we ought to look at how much ought to be really chucked off into the private sector and how much ought to be combined with other functions and what could not be combined with other functions.

What I am saying is the studies that we did—and I am not being critical, but I think they are fairly analytical on a basis of the analysis you have here of duplication of function.

Chairman ROTH. Sort of a first step.

Senator STEVENS. Yes. Would you agree, that is the first step?

Ms. IRVING. This is clearly meant to be just indicative—if it is all right with you, Senator, I might ask Mr. Curro to respond a little bit.

Senator STEVENS. I do not have any more questions. I am looking for more information before you get my questions, I think.

Mr. CURRO. To follow up on your point, both we and others have, in fact, looked at what might be called the operating costs of government. Administrative costs is another one of those words, like duplication, that is heavily freighted with negative baggage.

The operating costs of government, in a study we recently completed, have remained stable since about 1970. In real terms, operating costs have grown at about 1 percent per year over the past 25 years, less than half the rate of growth for the U.S. economy during this period and about a quarter of the growth experienced by all other Federal spending, notably transfer payments and interest costs.

In the context of this discussion today, though, there clearly are process activities of the government which should be examined. For example, the disbursement function, which you pointed out, is performed in many places by many agencies to meet many needs, and yet it is in essence the common process of writing a check.

Also, there is both legislation—in the form of the Economy Act which actively encourages cross-servicing arrangements and various regulatory provisions and budgetary mechanisms that would support agency efforts to seek cross-servicing arrangements and consolidation of functional activities. Whether this has occurred with the pace that perhaps this Committee would find satisfactory is an open question.

On the other hand, where it has occurred, for example in logistics management and financial management, to some extent provoked by this Committee in many cases, those consolidations have, in fact, produced significant savings. Savings perhaps not significant in the context of today's budgets and deficits but still significant in the context of what it used to cost to provide those services.

So there are many process areas in which we can reduce costs, but overall, as you point out, the operating costs of government have remained relatively stable for the last 20-plus years.

Senator STEVENS. Thank you very much, Mr. Chairman.

Chairman ROTH. Thank you, Senator Stevens.

Going back to your duplication, I think it would be helpful if you could advise us in what areas of so-called duplication are there potential opportunities to consolidate, reform, restructure, or eliminate. It is quite a major undertaking, I admit, but I think that is something that would be most helpful to the Committee, if we could take it a step further, because, as you say, the mere fact that you have 15 involved with income security payments does not tell us too much.

Ms. IRVING. That is right.

Chairman ROTH. It is a first step, but where are the opportunities for consolidation and elimination? Maybe you can consolidate all of them, but, obviously, there are great differences between the three types of security payments you mentioned. So I think that would be helpful.

I take it, Senator Stevens, while I was down voting, you got into the question of administrative costs and asked for further—

Senator STEVENS. I used the example of our State that has a Department of Administration, Mr. Chairman, and asked if it had been examined whether we could have a central administrative unit for the Federal Government. I am not sure it has to be a department.

Chairman ROTH. No, I am not, either, but that is an area, if you had not raised, I wanted to raise. I think it is a very important potential target. What should be done, I think, remains to be seen.

Senator STEVENS. While you are on it, could I ask a question. I kept looking at that chart. Why are the blue squares there? What does that mean?

Ms. IRVING. The departments are along the left and the budget functions are across the top. A blue square indicates the department along the left made an obligation in that budget function for fiscal year 1994. It may have spent \$100,000; it may have spent \$10 million. But it just tells you—

Senator STEVENS. It is the fact that they spent money rather than that they had the legal responsibility under the law. It is just that they actually have spent money in the function?

Ms. IRVING. They actually spent money in the function.

Senator STEVENS. Thank you.

Chairman ROTH. A final question, and we may have more later, and I think your testimony has been most helpful today, as Congress proceeds in reorganizing the Executive Branch, what issues should be addressed in consolidating organizations that perform like functions? In other words, what are the criteria you would recommend that we should be using to streamline in a manner that both saves money and improves performance?

One of the big debates is the one you already addressed in your opening statement, in part, and that is the question of whether you do it by customer or by function. I think it would be helpful if you could set forth what you see the advantages and disadvantages of each of these approaches so that we would sort of have a checklist to help us sort out our thinking.

Ms. IRVING. Do you want me to submit something for the record?

Chairman ROTH. Yes, I think that would be better.

Ms. IRVING. That would be great. Yes, sir, we would be glad to.
[The response from Ms. Irving follows:]

TRANSCRIPT INSERT

It is always appealing to organize by mission—as the Ash Council envisioned. Part of the appeal of this structure is the belief that tradeoffs between submissions and between tools can then be made at the Departmental level. Tradeoffs between missions would be elevated to the President. In fact, however, Presidents choose their foci—sometimes independent of organizational structure. And since there are no firm lines between missions, no organizational structure can prevent the need to make tradeoffs across organizational lines.

Further, what looks like a good organization at the policy level may look like fragmentation at the service delivery level. The local official or the individual is likely

to focus on the need to go to numerous offices and not on the decisional structure at Headquarters.

Even at the policy level there is benefit to having a customer view. Perhaps it is important to see what the totality of the Federal Government's approach to a given group of customers is. Unfortunately, this is not neat either. Programs serve more than one group of customers.

It is unclear to me whether organizational structure in Washington must match that in the field. It would be worth exploring whether the government could present more of a "one stop" or "single entry" face to businesses and citizens using services regardless of the finally agreed-upon Departmental structure.

Finally, even where mission remains the basis for organizational decisions, there are some functions or tools that might be centralized. For example, Federal credit programs are spread throughout the departments, often organized by client. Such dispersal may no longer make sense. It is worth asking whether the differences between clients are greater than the similarity of function.

Senator STEVENS suggested an additional area for which the potential for consolidation should be explored: back office support functions such as travel processing.

Chairman ROTH. Those are all the questions I have for the moment, unless you have something.

Senator STEVENS. Does Mr. Curro have a statement? Did you have a statement?

Ms. IRVING. No, Mr. Curro led the team under me. He was assisted by Ms. Yocom and Ms. Curda and put together this work with me.

Chairman ROTH. Thank you very much. We appreciate your being here today and we look forward to continue working with you.

Senator STEVENS. One last thing. Within your agency, have you made an analysis of the adaptation of agencies to computerization? Have we ever determined who is up to speed and who is not?

Ms. IRVING. We are in the process of doing that. We have people looking at the planning and the ability to think strategically about information technology in the agencies. The story, as you know, is not a happy one. We are beginning to look at whether there are any success stories, agencies thinking about not just computerizing what they do today but actually standing back and looking at their business process and asking what they want to be doing and how they should do it.

Mr. Hoenig in our division leads a group that is looking at agencies and quite specifically at how they think about information technology for the future.

Senator STEVENS. If I get one in my State with its small population, it is from the people in business about the number of forms agencies send them and they say they must respond to. I have often wondered if there was not some way to consolidate the requests to an individual over the year so that they did not get myriad forms and the information came in and it was properly bar-coded so it can go into computers and might serve some purpose.

I envision there is a department somewhere that has books from the 1800s and we have not examined the data yet. I am not sure that we need all the information that we are getting, and it is because I am not sure that they are using their computers right.

Ms. IRVING. I am not sure, either.

Senator STEVENS. Thank you.

Chairman ROTH. Thank you very much. We appreciate your being here today.

Ms. IRVING. Thank you for having us.

Chairman ROTH. We will now call the second panel. The lead witness will be Thomas H. Stanton of the Johns Hopkins University. We are very pleased to have here once more Janet Norwood, who is a Senior Fellow at the Urban Institute. Finally, we have William E. Davis, III, the Executive Director of the Advisory Commission on Intergovernmental Relations.

It is a pleasure to welcome each and every one of you here today. We look forward to your testimony. As I said earlier, your full statement will be included as if read. We would ask you to keep your opening remarks to 10 minutes.

Professor Stanton?

TESTIMONY OF THOMAS H. STANTON,¹ JOHNS HOPKINS UNIVERSITY

Mr. STANTON. Mr. Chairman, thank you very much for inviting me here today. My name is Tom Stanton. For the record, I am a fellow at the Center for Study of American Government at Johns Hopkins University.

Today, I would like to talk about Federal credit programs, and I guess I would like to begin, before getting into my prepared remarks, with your question, how do we divide by customers or divide by function, and to raise the subtext to that question which is that a lot of our Federal programs today, and this is particularly true in the credit area, reflect Congressional committee jurisdiction.

To take Mr. Grassley's—

Chairman ROTH. If you would just yield, that was a question I was going to ask if time had not run out. How much of our problems really are a consequence of our Committee system?

Mr. STANTON. If I could give an example that Senator Stevens was discussing here, with the concept of new technologies, Senator Grassley asked the question about overlap of housing programs between the agricultural area served by Farmers Home and urban areas served by HUD, FHA, the Federal Housing Administration. One might add the Veterans Administration and the VA program.

Each of these programs has a distinguished history, dating back either to the New Deal, when, basically, the private credit markets had failed and all we had was government to prime the pump and there was a tremendous amount of good that government could do, or to the end of World War II for the veterans programs, when, again, there was a tremendous need that had to be met by government.

Now, the private markets are much more capable and much more efficient at providing services. What that means is that each of these agencies has shrunk in its capacity to really fill an unmet need that is not being met by the private market.

If we can build on Senator Stevens' concept of new technologies, one clear answer is to try to work constructively with the various Committees to assure a private delivery system, for example, for mortgages, go to your local mortgage lender, and then maybe have the Veterans Committees eligible to give something akin to the veterans preference, some sort of special benefit, if we want to do that,

¹The prepared statement of Mr. Stanton appears on page 68.

but basically to transform this stovepipe kind of delivery of separate and overlapping services into an integrated set of services that builds on the real efficiencies and flexibilities of the private delivery system today.

That said, I would like to go to my prepared remarks and say that credit, in particular, is a tool of government, one of many, like tax expenditures, like direct grant subsidies, with strengths and limitations. In today's efficient markets, credit is really hard to target. If you target credit well, you can do a lot of good.

If you make mistakes and use a scattershot approach or let history carry you forward or get pushed into a market that is commercially not viable, you can end up hurting not only the taxpayers, but also borrowers. You are making a loan; you have to collect it. If you do not collect it, taxpayers foot the bill and have in the past for literally billions of dollars of defaults. But you also hurt the borrowers. If you make too many loans to somebody who cannot handle their credit, when they finish, they are not only out of business or foreclosed on their home but they are also a deadbeat to be hounded forever by the Federal Government to repay their loan.

I did a project for the General Accounting Office some years ago. One of the investigators talked about kids being taken out of the unemployment line and being offered the opportunity, the girls went to schools of cosmetology and the boys were offered truck driving school. Now, I am sure it would be some form of computer school. They signed a whole bunch of papers and they never realized that one of those papers was a paper for a Federal student loan. The courses were abysmal. Six weeks later, these people were out of there, they were uneducated, but now, congratulations, they have thousands of dollars of Federal debt.

In the end, you can hurt the borrowers you are trying to help unless you target credit. It is a really tricky tool of government and it has to be used right, which means all of Senator Stevens' urgings about high technology are essential in the credit area.

Now, some agencies, unfortunately, are not strong managers of Federal credit, and that comes about for a number of reasons. First of all, there is innate lack of capacity. The OMB points out that major departments with credit programs, the Department of Housing and Urban Development, the Department of Education, the Department of Agriculture, do not have financial statements that could get a clean audit opinion.

I wrote a book several years ago and I called over to the Department of Education and I asked, how many guaranteed student loans are outstanding? The answer came back, \$50 billion, plus or minus a billion. The situation has improved somewhat in recent years, but, in fact, the absence of a clean audit statement, where they point to shortcomings like absence of internal controls or absence of reliable information, is a signal. You cannot in today's modern world run a credit-type program, at least with any effectiveness, without taking a lot of unanticipated losses, until your house is in order.

There is another problem and that problem relates to what I call a conflict between doing well and doing good. If you go to the Department of Education to work, you want to help education. If you go to the Department of Housing, you want to help housing. You

want to help people. If you go to the Department of Agriculture, you want to help farmers.

Credit is different from the other tools, like grants, that these agencies hand out, or technical assistance. Credit is an area where you have two roles. You are really popular when you are handing out that loan but you are a lot less popular when you act like the banker and you have to collect on it. A lot of these agencies are really reluctant to dun their constituents to try to collect because that is not nearly the kind of popular role that they have when they are handing out the money. So there are some real problems with the tension in the role.

But, that said, there are some agencies, credit agencies, that are really good at managing credit programs. These tend to be the ones organized as government corporations. I point to the Export-Import Bank, the Overseas Private Investment Corporation, Ginnie Mae, which is a part of much-maligned HUD. The Government National Mortgage Association is very good.

They practice what I would call tough love. These are Federal corporations. They have to be self-sustaining. They want to serve their public purpose, but at the same time, they recognize that the legitimacy of a credit program depends on collecting that loan as well as making it, and they manage to balance that tension between doing well and doing good.

Finally, I would like to give this Committee at least one concrete area—you have been looking for specifics—where consolidation might make a lot of sense, and that is in the area of Federal debt collection. We have over \$40 billion of uncollected Federal debts out there, and most of these are related to credit programs. These are non-tax debts.

Chairman ROTH. They are related to what?

Mr. STANTON. To credit programs, to Federal loan and guarantee programs.

Senator STEVENS. Mr. Chairman, I am going to have to leave. I am sorry to do this to you, Mr. Stanton, but is that not part of my Department of Administration? Why should the people that make the loan have to collect it?

Mr. STANTON. Exactly. That is a function that should be centralized, whether as part of that department or elsewhere, however it should be done. Exactly.

Chairman ROTH. Or should it be privatized?

Mr. STANTON. In the end, under the law, only the government can compromise a Federal debt, so, in fact, it turns out that there is a piece of that action that is a Federal function. One can contract out much of that function, but in the end, it is a Federal Government obligation and the Federal Government has got to decide how to resolve it.

But this is an area, over \$30 billion of that debt is over a year old. The private market knows that kind of debt is notoriously hard to collect, when something is that stale. If you centralize the collection function, first of all, you are helping taxpayers. You could save billions of dollars a year if you do this right.

But second, you are adding to the integrity of the program. Think of the millions of American farmers and students and home buyers that repay their Federal loans on time. If the Federal Gov-

ernment simply turns a blind eye to those that do not, you are undermining the confidence of these other people in those programs and it really is not fair. So this is an area where you can resolve some of those tensions by centralizing the function in another department of government.

Thank you very much. I would be delighted to respond to questions.

Chairman ROTH. We will look forward to working with you on that proposal. I think you can be very helpful.

I might say, the Permanent Subcommittee on Investigations held considerable hearings some time ago on the student loans, particularly involving some of these trade schools or whatever you want to call it. The results were very shocking. I have to say that it was very difficult to get major reform through the Congress, and it is still a problem.

Ms. Norwood, it is always a pleasure to have you here and we look forward to your testimony.

**TESTIMONY OF JANET L. NORWOOD,¹ Ph.D., SENIOR FELLOW,
THE URBAN INSTITUTE**

Ms. NORWOOD. Thank you very much, Mr. Chairman. It is a great pleasure to be here once again before this Committee.

As you know, I spent more than 25 years in the Department of Labor at the Bureau of Labor Statistics and I served three full terms as Commissioner. That experience convinced me that we must improve the way in which the entire statistical system functions. Overhaul of the organization of that system, along with stronger coordination, is really essential.

These issues are quite important because intelligent policy decisions can only be made when the people making those decisions have available accurate, relevant, and objective information to inform them about the choices they have. But although we hear criticisms about our information data base from time to time, it has not yet been possible to develop, either in the Congress or among the general population, the sustained interest necessary to bring about improvement.

I think we have an opportunity now, when we are rethinking the way our entire government operates, to bring about effective change, but I must stress to you, Mr. Chairman, that our purpose must be the improvement of the public data base required for democracy to flourish, not merely finding ways to cut budgets. It seems to me that we have not yet learned that, despite the great power of Federal statistical programs over the functioning of our daily lives, the system that produces them must be improved and nurtured.

Many of the changes that I will suggest to you will bring efficiencies and probably cost reductions in the long run, but let us not rush headlong into reorganization for the sole purpose of reducing statistical budgets.

As you know, the United States has what is probably the most decentralized statistical system in the world. We have 11 individual agencies located in nine different departments which have sta-

¹ The prepared statement of Ms. Norwood appears on page 90.

tistics as their major mission, and there are some perhaps 70 other agencies in other government departments which also produce statistical output as a part of their programmatic responsibilities.

But the group which coordinates that system is one of the smallest in the world. Indeed, as the statistical work of the government has grown larger and larger, we have cut the resources for coordination of the statistical apparatus by more than 90 percent, from 65 people in 1947 to just five in 1995. And, the large number of Congressional committees with oversight and program responsibilities relating to the Nation's statistical output makes it even more difficult to effectuate coordinated action.

The system certainly does have many problems, and they should be corrected. I have in my testimony a list of many of these issues. What I would like to do now, however, is to review with you some specific proposals for change.

I think that the United States has neither the benefits that come from strong centralization of a statistical system nor the efficiencies that come with strong and effective coordination of a decentralized system, and I therefore propose that we move carefully and gradually toward greater centralization of the system.

Having discussed this with many of your colleagues in the Congress and in the Executive Branch, it may be that this approach might be considered too radical, and so I do believe that we can achieve many of the same efficiencies with considerably less trauma while leaving the statistical agencies within their own departments through passage of a national statistical law.

My preferred solution is the creation of a modified Statistics America, which I would call a central statistical board, that would house the two large multi-purpose statistical agencies, the Bureau of the Census and the Bureau of Labor Statistics, as well as two smaller groups, the Bureau of Economic Analysis and OMB's Statistical Policy Branch.

Full centralization of the entire system in a single agency would create an agency so large as to present serious management problems. However, the new central statistical board could collect, compile, analyze, and disseminate a great deal of statistical information and, at the same time, set quality and classification standards and provide oversight over statistical work done elsewhere in the government.

I think that using the Census Bureau and the BLS as the core of the new agency would permit development of a comprehensive effort to combine surveys, integrate data sets, and develop economies of scale.

The other two groups to be included in this new central agency are extremely important ones. The Bureau of Economic Analysis, as you know, is responsible for the production of our Gross Domestic Product and the whole system of national accounts, and in that capacity, it has to work with all of the other parts of the statistical system. The Statistical Policy Branch currently housed in OMB is responsible for standard setting and for coordination of the entire statistical system.

Because of the complexities of the legislative process, and I have had a good deal of experience in trying to get some things through, in particular, the large number of Congressional committees with

oversight responsibilities over different statistical agencies, it is possible that we will need a less radical but still practical approach. We could go a long way toward reduction of the barriers which limit the efficient operation of the system by passing a law which would include essentially several provisions.

First, provide a single uniform confidentiality protection across the entire statistical system which would permit the exchange of micro data only for statistical purposes within the system.

Two, elevate the status of some statistical agencies within their departments to the higher levels maintained in others.

Third, standardize the appointment process and the tenure for statistical agency heads. I know that you recognize fully, Mr. Chairman, the importance of objectivity and non-partisanship in our statistical system.

Fourth, codify the release procedures for major economic and social indicators.

And fifth, strengthen the role of OMB's Chief Statistician. All of these provisions are important, but none of them will work very well without a clear legislative recognition of the need to strengthen the coordinating arm of the statistical system.

Now, this brief review provides a summary of the proposals included in my book that the Urban Institute has recently published on the statistical system, and I, of course, would be happy to discuss the issues later with you.

Let me again, however, emphasize two issues. First, the Nation's statistical system does need restructuring to operate more efficiently and more effectively. Second, we must consider very carefully how any proposed changes would affect the data systems upon which the whole Nation depends.

Fast re-engineering of the Nation's statistical system without sufficient research and thought, carried out only to reduce statistical budgets, will surely damage the quality and the relevance of many of our most important statistical series. Much work needs to be done to determine exactly where and how the budgets should be cut over the long run, and exactly how data can be integrated.

Thank you very much.

Chairman ROTH. Thank you, Dr. Norwood.

Mr. Davis, it is a pleasure to have you here.

TESTIMONY OF WILLIAM E. DAVIS, III,¹ EXECUTIVE DIRECTOR, ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS

Mr. DAVIS. Thank you very much, Senator. I appreciate very much the invitation to join on this panel and participate in these hearings to address specifically the grant-in-aid programs.

As you know as a former member of the Advisory Commission on Intergovernmental Relations, we have spent a good bit of time over our 35-year history studying the Federal grant-in-aid system. In the 1980s, in fact, I think it was during the time you were on the Commission, we did a major—what ended up being a 14-volume study of the Federal grant-in-aid system and at that point

¹The prepared statement of Mr. Davis (with attachments) appears on page 95.

came to a whole series of conclusions relative to opportunities for consolidation.

By the way, I have submitted a written statement. I would not intend to go over that but want to take the opportunity really to simply make three major points here in updating some of that earlier work.

In 1980, when we did our original work, we found that the Federal grant-in-aid system was what was described as badly fragmented. At this point in time, having just done an inventory of the grant-in-aid system as it existed as of the end of the 1994 calendar year, we find that it has become even more fragmented.

Second, I would point out that when looking for opportunities to reduce that fragmentation and looking at opportunities to consolidate grant-in-aid programs as a means to reduce that fragmentation, there are a logical set of clusters of programs that, it seems to me, one ought to look at. I think one can identify those both by looking at programs in terms of their number, their similarity, and their level of funding in order to identify candidates for consolidation.

Finally, I would suggest that back in 1980, one of the things the Commission did was looked at criteria for such consolidation efforts. I would argue that those things which were identified at that point as a reasonable criteria for making such judgments are, indeed, still relevant today, and one ought to take a look at them relative to opportunities.

Every 2 years, ACIR conducts an inventory of Federal grant-in-aid programs. We have just completed, as I have said, the inventory of programs as they existed at the end of 1994. Our study shows that during the past 2 years, we have, in fact, increased the number of categorical grant-in-aid programs by 40. We now have the largest number of separate grant-in-aid programs that we have ever had in our history. There are now 618 categorical grant programs.

Chairman ROTH. How many, again?

Mr. DAVIS. Six-hundred-and-eighteen, according to our count. Of those created in the past 2 years, two-thirds of them, interestingly, are funded at a level of less than \$10 million each per year. Only three of those new programs are funded at more than \$100 million.

While we do, in fact, have in existence 15 what are called block grants, 89 percent of all of the grant-in-aid assistance that goes out from the Federal Government flows through those 618 individual categorical programs mentioned earlier.

Back in 1980, when we did our original work, we developed something called a fragmentation index, and this was a way that we came to measure the extent to which grant assistance within categories of similar programs is fragmented, meaning a large number of small programs. We created the index by clustering similar programs and then comparing the percent of all programs which fall within that cluster to the percentage of all grant funds delivered by the programs in that cluster.

In 1993, we recalculated those fragmentation indexes for programs using 1992 data. What we discovered was that in the intervening years since 1980, seven of the 21 clusters of programs have become even more fragmented. That is, there were more programs

with smaller amounts of money attached to them than in 1980. Only three of the clusters we found to have become less fragmented.

I would draw your attention to page three in my written testimony, my statement. What you will see is a table that reflects both the number of programs in each cluster, grant-in-aid programs, on the left-hand side, and what I have described as our fragmentation index on the right-hand side.

I would suggest that if one is looking for opportunities to reduce fragmentation within the grant-in-aid system, one can look at these two tables and begin on the left side with the number of programs. You will note they are listed by category. In health, for example, there are 90 grant-in-aid programs; education, there are 83; social services, there are 67; etc., down the list. One could begin at the top of that list and move down and begin thinking about where are there likely candidates for closer examination.

On the right-hand side, that is, the fragmentation index, what I would suggest that one look at is those clusters that have the highest fragmentation indexes, which means more smaller programs, and those are the ones that will start at the bottom of the page and move up. For example, cultural affairs programs have a fragmentation index of 42.6; occupational health and safety, 18; disaster prevention and relief, 17; etc. Moving up that table from the bottom, one sees those clusters that are, indeed, the most fragmented.

I would be happy to go into more detail on that table if that is of interest to you.

Finally, as I mentioned, Mr. Chairman, when the Commission did its studies in 1980 and looked at the possibilities for consolidation at that time, they concluded that within the grant-in-aid system there are three most important criteria that one ought to think about relative to opportunities for consolidation. They are, in one sense, obvious, but in another, need repeating.

They are programs that, indeed, are most closely related in function, and those are represented in these clusters; programs that are most similar in terms of their objectives; and finally, programs that employ the same type of recipient government for their delivery, that is, State programs, county programs, municipal programs, etc.

While the Commission has not engaged in a study of individual program clusters or individual programs, I would suggest that both these places to begin the conversation and these criteria are, indeed, as relevant today as they have been in the past.

I would close, Mr. Chairman, by simply reporting to you a recommendation that came out of the Commission's discussion in January of this year, and it really does no more than to reaffirm the position that the Commission has taken repeatedly over past years, and that is it urged specifically that Federal programs be combined, more programs be combined into fewer block grants, and that there were, indeed, great opportunities for such.

With that, I think probably I should stop and simply say that the Commission applauds your leadership in engaging in this discussion and inviting us to participate in this hearing.¹

¹The report entitled "Advisory Commission on Intergovernmental Relations" submitted by Mr. Davis appears in the Appendix on page 102.

Chairman ROTH. Let me ask you this, Mr. Davis.

Mr. DAVIS. Sure.

Chairman ROTH. You give these three points. I wonder if you could give us some illustrations for the record. I am going through the Commission's recommendations for grant reform. You have three factors. Programs that are most closely related in terms of functional area, give me a couple or three illustrations of that.

Mr. DAVIS. That goes to the question of the clusters that we created in developing this fragmentation index. What we did, for example, was—let me give you in the health field, for example, we clustered together all of the grant-in-aid programs that provided assistance of one kind or another, either for general health or health care services specifically. Within that cluster, we included research programs of various kinds that were grant-in-aids or conducting research of one kind or another related to health care.

In the social services and public assistance area, for example, we included, in addition to the social services block grant, Head Start, foster care, a whole series of programs.

As you go down the list, you find that outside of the major ones that will appear at the top of the list, the big dollar ones, very quickly they taper off into many, many, many very small programs.

Chairman ROTH. Is part of the problem the Committee system?

Mr. DAVIS. To be honest, I think there are probably multiple causes for this. Part of it may have to do with the Committee system, indeed. I think part of it has to do with the obvious desire—we talked earlier about individual recipients and making sure that the assistance was targeted to a specific set of recipients. Every group of recipients has its own particular needs and will, of course, argue that they are distinct, distinct enough that their assistance ought to be somehow contained and separated from all other assistance. I think part of that is what is going on.

I think there are a number of reasons underlying this. It would be simple to say it is just the Committee system or one other. I think, in fact, there are multiple causes.

Chairman ROTH. Let us continue down the three types of programs. You have programs that are linked to the same type of recipients, governmental jurisdiction. Can you give us some illustrations of that?

Mr. DAVIS. Yes. There are a whole set of programs, for example, that provide assistance through county governments within certain areas, for example, and where one might logically imagine the creation of a block grant of a general kind, using the apparatus of county government as a delivery mechanism for providing whatever those needed or desired services are.

In other cases, there are municipalities that will, within one program area, be dispensing assistance of one kind or another, each of those programs having different rules, different regulations, different criteria, etc. There are opportunities for consolidating them, as well.

Chairman ROTH. I want to go back in a few minutes to your primary candidate for termination and phase-out, but let me turn for the moment to you, Mr. Stanton.

You have stated that the obligation to repay makes loans a poor vehicle for providing assistance to the disadvantaged. Are you say-

ing that the government should abandon credit services in these market segments in favor of direct payments?

Mr. STANTON. The answer is, again, in some cases, yes, in some cases, no. For people who cannot repay or have a high likelihood of not repaying, the answer is that credit is a really bad idea for them.

Chairman ROTH. Can you give us some illustrations of those kinds of programs?

Mr. STANTON. One illustration would be Farmers Home programs in the late 1970s. Farm land values were going way up. We were talking about passing laws to prohibit foreigners from buying our strategic resource farmland. Farmland was really considered to be a hot item. And then, all of a sudden, in 1980 and 1981, values went down and agricultural incomes went down and the farm economy went into a recession, or virtual depression in some areas.

What happened during the 1970s was that cheap Federal credit through the Farm Credit System, through Farmers Home, allowed farmers to take on a lot more debt than they otherwise would have taken on. So when they have the downturn, suddenly, they were leveraged to the hilt and leverage worked in reverse and we lost some 200,000 farmers. Not all of those were because of credit. They were because of the loss of farm income exacerbated by a huge number who had taken on too much credit and could not handle it.

I was at one hearing where a farmer stood up and he said, a lot of those people were real good farmers. They just could not handle their money. That leads to two conclusions. One is, you do not include people in credit programs who have a strong likelihood of not repaying. Second, the value added of a government program may be in serving people who, with special servicing, with counseling so they can learn how to handle their credit, in fact, can be made creditworthy.

But what we have to plan on is that just as in the housing markets it is very dramatic, once those people are creditworthy, the private markets, the conventional mortgage system will snap them up and they will be out of the government program. So the government has got to be ready. FHA, the Federal Housing Administration, has got to be ready to declare victory as they lose more and more market share when they make these people creditworthy because then they are ready to graduate, essentially, into the private sector.

This is an area where the Federal Government can give a lot of value added. Here are techniques for serving that population. Here is how you can make them creditworthy. But note that that role requires a lot of sophistication, a lot of capacity. You had better have auditable financial statements. You had better have the latest technologies. You had better have real-time information. You had better understand what your program is about, and good servicing, incidentally, means being all over your borrower when they show the slightest sign of delinquency, not as a way to push them into default but as a way to get them back on track. That is where the government can help.

Chairman ROTH. You have suggested some important issues that should be considered in the context of rationalizing the credit deliv-

ery system. Could you elaborate on specific programs that you favor consolidating or privatizing in specific parts of the delivery system?

After we have rationalized the system, how would we organize to manage it? Would you recommend that credit programs be administered functionally, for example, by consolidating them within fewer agencies or in a larger number of agencies organized by market segment?

Mr. STANTON. There are a number of questions there. Let me start in the beginning.

Chairman ROTH. Sure.

Mr. STANTON. I think that one central function that is really needed is for the Office of Management and Budget, maybe inspired by a good GAO study in this regard, to look at the various tools of government that are being used to serve a particular sector. Let me give the dramatic example where overlap really had seriously multi-billion-dollar costs to the American taxpayer, and that is in the area of apartment buildings.

We passed a 1981 tax act that gave us generous accelerated depreciation. Developers rushed out and took huge tax losses and participated in HUD housing programs. When you take tax losses, you do not have an incentive to maintain the building. You are not making your money out of operating the building, you are making your money out of buying the building and writing it off.

Congress recognized the problem in 1986 and had to pass the Tax Reform Act and shut off, applied the brakes very quickly, and that had similarly dysfunctional effects because suddenly these projects that had been financially viable were no longer financially viable without the tax benefits.

If OMB were to establish a sector-by-sector monitoring function to be able to understand all of the different things that government is doing to a particular sector, then maybe we would have had somebody in government that would have had the capacity to go forward and say, by the way, while you are considering this change, here are some consequences. Let us use a transition period. Let us do something to mitigate it. Maybe going to HUD and saying, folks, your standard form agreements are hopelessly out of date. You cannot lock yourselves in for 20 years. You have to be able to have clauses in there that let you renegotiate when things change.

Basically, the Federal Government has got to get a lot more nimble, but because issues like taxes are so different from issues like direct programs, it would be useful to have a centralized place where we collected that information and understood it and applied it. That is the first part.

Chairman ROTH. Let me ask you this question. What you are really saying is, put the management in OMB, are you not?

Mr. STANTON. That would be a great idea. Ever since they turned the name to OMB, the management seems to have been missing. It strikes me that the old Bureau of the Budget was doing a lot more with its Government Management and Organization Section under Harold Seidman and his successors. BOB was doing a lot more for management than they have done since, that is absolutely right.

Chairman ROTH. One of my concerns is that the "M", whether it had a Republican or Democratic administration, the "M" has never been a very effective force.

Mr. STANTON. If I could give a classic example of that, it relates to the issue of government corporations. And again, I pointed out that government corporations were dramatically better at managing credit programs than some of the traditional line agencies. There is a role for government corporations, and now there are a number of proposals on the table to create wholly-owned government corporations.

Each little piece of OMB with each separate OMB examiner who does not know a government corporation from a joist or a nail basically has their own views on what a government corporation does, and their first concern is they do not understand that it is a different form of control that may, a la OPIC, Ex-Im Bank, Ginnie Mae, give you better results rather than worse. They worry about this loss of control.

So each piece of OMB gives different answers to the question, should we have a government corporation, and nobody has a cross-cutting view. The "M" side needs some capacity to go in and forcibly inform each of those line units, this is a government corporation, these are its strengths, these are its limitations, this is when you apply it, here are the trade-offs between traditional input controls that stifle so many government agencies today and the more performance-based controls you can get out of a government corporation. That function is moving very slowly at OMB today, although, I should add, Mr. Koskinen is trying.

Chairman ROTH. Do you want to proceed with the questions?

Mr. STANTON. There were a lot of them there.

Chairman ROTH. There were, yes. Perhaps what we ought to do, as the hour is growing late, is submit some of these questions in writing.

I do want to ask you a couple of questions, Dr. Norwood. One of the successes of the organization you recently headed was the fact that politics was kept out of it, I think thanks to strong leadership provided by you and people like you.

Ms. NORWOOD. Thank you.

Chairman ROTH. But if we centralize, how do we ensure that happens? I can assure you that there will be efforts, partisan and other efforts—I mean, one reason we create so many departments, for example, in government is that when we have a new problem, the people that are concerned about that problem want to create a new agency that will be an advocate for the solution of that problem. That is partly good, but it also makes for bias.

It does seem to me one of the crying needs and one of the strengths of the Bureau of Labor Statistics is everybody felt that they were uninfluenced by special interests, whether they were partisan or otherwise. But how do we ensure that if we centralize, or will that be easier, maybe, than it is under current conditions?

Ms. NORWOOD. No, I do not think it will be easier. I think it can be done, however, and I would point out to you that I am not proposing complete centralization.

Chairman ROTH. No.

Ms. NORWOOD. There would still be quite a few agencies that would be outside this system, but there would be some technical oversight over it. I think we probably need advisory committees and we need, most importantly, Congressional oversight, and I would like to see that consolidated.

I did include in my testimony some comments about the problems of this statistical system with so many different Congressional committees. It is very difficult to develop approaches to completing efficiencies. When the agencies try to work together, and we used to try very hard to work, for example, with the Bureau of the Census and the National Center for Educational Statistics and others, each of them was reviewed by a different Congressional committee. So you would develop a program, you would go in with a budget proposal, and one agency would get the budget for the program and the other agency would not. What do you do with the program, then? There are many difficulties of that kind, I think.

There are others, of course. Your colleague discussed the computerization of the government. That is something that I have paid a great deal of attention to and there are a lot of things going on that I think are extremely useful, but there are a lot of provisions, both by law and regulation in procurement, that make it extraordinarily difficult to make use of the kinds of prices that are occurring now so that one can save money for the government.

Chairman ROTH. Could you give me an example?

Ms. NORWOOD. I certainly can. When I was in the Bureau of Labor Statistics, I decided that we needed to computerize more—this was some years ago—but that we had to have very careful planning. So I insisted on a 10-year plan for computerization, what was going to happen, how the equipment would be phased in and used. I insisted on knowing what efficiencies would be created, and, in fact, insisted that several positions had to be done away with if we were going to have adequate computerization.

As a result of that, unlike some other agencies, we purchased computers in small groups so that we would buy 200 computers and then some 6 months or a year later when we needed them we would buy another 600. I had a visit from a representative of the Inspector General, who told me that I was acting illegally. When I asked him how that could be, he said that the approach was illegal because we were buying a large number of items, in this case, computers, and that the government would get a better deal from a larger purchase than a smaller one. Therefore, by spreading this out for management purposes, I was really incurring greater costs for the government.

I was able to reply to him that we at BLS were the price measurement experts in the government, and that I could prove to him that the price of computers was on a downward trend and that, therefore, by doing it this way, we were, in fact, saving money for the government.

But the point of that story, which happens to be one of my favorites in management problems in government, the point of that story really is that you have to weigh what you do about the regulations.

I am pleased to see that the administration is trying to change many of the procurement rules, but there still is no way, for exam-

ple, to have a capital budget, to depreciate equipment which you know you are going to have to buy. In my current capacity now in the private sector, I have been involved in some corporate board work and I can see how differently things operate. So I think there is a lot that can be done there.

Chairman ROTH. Let me ask you, if we move in the direction of consolidation, and as you say, that would be very controversial but certainly has certain advantages, we are going to run into the argument that there are advantages in having it decentralized.

Ms. NORWOOD. Yes, and there are.

Chairman ROTH. And there are.

Ms. NORWOOD. Yes, clearly.

Chairman ROTH. What are the factors you would consider in trying to decide the criteria you would use in trying to decide what should be centralized and what should not?

Ms. NORWOOD. What I tried to do in the work that I have done for this study was to look at the kinds of activities of the agency, the surveys that they did, the level of sophistication of the work that was done and see what fit together best. If you take the Bureau of Labor Statistics and the Bureau of the Census as they now exist, setting aside the decennial census and its costs, their ongoing budgets are about three-quarters of a billion dollars and you are talking about some 8,000 people.

The Bureau of Economic Analysis is very small and would only add a few hundred, although it has among the most important jobs in the government because it produces the whole national accounts.

The real problem in all the studies that have been done, and over the last 100 years there have been nearly 20 studies of the statistical system, and they all say the same thing, every one of them. They either talk about the issue of centralization and decentralization and generally come down on the side of decentralization. The reason in the past, at least, has been concerns in this country about having too much power with a single system producing data.

But they then focus, and every one of them has done so, on steps that need to be taken to coordinate the system, to strengthen the coordination. Instead of strengthening the coordination of the system, what we have done is to weaken it steadily over the last 20 years. You just can't have that, really, because you are not setting priorities properly. And you are creating, I think, considerable inefficiencies.

The benefits of having a decentralized system clearly involve the relationship to the programmatic areas, and that is one thing that I think the Bureau of Labor Statistics and the Department of Labor have worked out extremely well, without interfering in policy, without having interference from the policy people. We were able to identify the issues that needed to be addressed by the policy without getting into how they should be addressed, and I found that often extremely important. So I would not like to see that go, but I think one has to weigh this.

In Canada, where there is a single agency—but I should point out to you that Canada is only a tenth of the size of the United States and Statistics Canada is smaller than just the Bureau of the Census alone—

Chairman ROTH. Yes.

Ms. NORWOOD. So I think that it is a mistake, some people have said, let us take all of these agencies that are producing statistics and dump them into a single system. I think you would have such a mega-agency that you would spend the next 20 years trying to see how you could reorganize it. That does not make sense to me. It needs to be done carefully and gradually.

You cannot change statistical series easily. People ask me if there is duplication. Yes, there is some duplication, but I am not sure how to eliminate that duplication until we spend a little time looking at what the strengths and the weaknesses are of those series. My guess is that we can combine a number of things and eventually save money, but it would be disastrous, I think, to do that immediately, until we have had the necessary research.

Chairman ROTH. My final question is, I think you talked about technical advice coming from the centralized bureau.

Ms. NORWOOD. Yes.

Chairman ROTH. Would it be merely advisory or would there be authority? Would you have the central bureau have authority to direct?

Ms. NORWOOD. The central bureau should, I think, have authority over things like classification structures and some of the technical issues of survey design, but it should also, and the most important, perhaps, aspect of it is that it should look at the whole statistical budget across the government. It should help to determine priorities and set them forth for the Congress to determine.

Right now, what happens is that if the Bureau of Labor Statistics wants to improve the Consumer Price Index—and I testified yesterday before the Finance Committee on that issue—the Secretary of Labor has to decide whether he wants more OSHA inspectors or whether he wants to put more money into the Consumer Price Index. I would submit that that is not a very good kind of balancing act, that one needs to look across the statistical board at this one.

The statistical coordinating group at OMB is so small that it really does not have the ability to do the necessary work to look at the integration of data sets, for example, which could, I think, produce great efficiencies later on. It does not have the ability to get in depth into many of these programs, so it cannot really do that. That is something that I would expect the overview of the Central Statistical Board to take care of. I think we would have to have definite safeguards about its possible political influence.

Chairman ROTH. Mr. Davis, in your written testimony, you list a number of primary candidates for termination and phase-out. You say there are approximately, and I think you put it in your oral statement, too, 420 small categorical grant programs which account for only 10 percent of all grant funds that would be a primary candidate.

Your second is programs and functional fields in which Federal aid amounts to approximately 10 percent or less of the combined State and local outlays, including Federal aid. Can you give me some illustrations of that?

Mr. DAVIS. What I would have to do is to dig into this. I would be happy to give you some. I cannot with what I have available to me here.

Chairman ROTH. I think it would be helpful if you would take those primary candidates and spell out in more detail which of these are the ones that you feel are candidates.

Mr. DAVIS. I would be happy to do that. What I can do, based on the work that we have already done, is to list those programs that fall within those categories. But let me say again, what I would suggest is that these are candidates for consideration.

Chairman ROTH. No, I understand that.

Mr. DAVIS. One of the things I think we have to remember is that while there are a lot of very small programs with very small dollar amounts connected to those, there are, indeed, programs where I think, objectively, one could conclude or would conclude that they are quite effective in achieving their objectives and purposes, and simply because they are small does not necessarily mean that they are bad.

Chairman ROTH. But I am going back to your testimony. I would like to flush out, if we could, those recommendations.

Mr. DAVIS. I would be delighted to do so.

Chairman ROTH. I do have a number of questions, Mr. Stanton, but I think what we will do is submit them in writing to you. We do appreciate the testimony you gave. I think it was very excellent and helpful.

Mr. STANTON. Sir, may I make one comment on the record?

Chairman ROTH. Yes. Please proceed.

Mr. STANTON. I would like to pick up on a statement of Dr. Norwood's, which is that cutting budgets is not enough. I guess in the credit area, there is a classic issue that it is very easy to get the money out the door. Where you spend the money is monitoring to make sure that you get the loans repaid again.

So if you cut the budgets for these credit agencies without understanding that consequence, in fact, you are going to end up costing the taxpayer money in the long haul because suddenly, to give one example, the Department of Education does not have travel funds. That means they can only really inspect those participating lenders and schools in the areas where they have an office.

So if you are interested in setting up something that is not going to be totally diligent to Department of Education regulations, set it up in the middle of Kansas someplace. I believe there is an actual example of that. Do a land office business and it will take the Department a long time to get to you because they do not have travel money.

I guess what I would like to say is thank you very much for this hearing because it is time to inform the budget process, which is very important, and this goes back to your OMB comment, with the management consequences. We need to understand what is happening in real live terms when we use budget as the driver and where are we going with it and to understand some of the trade-offs, and this Committee is playing an essential role in that regard.

Chairman ROTH. You address a problem that is very real. It is rare that you have much interest in organization of government. It is rare that you have some momentum that will make it possible to make some changes. Ideally, for years, I have proposed some kind of a bipartisan or non-partisan commission to review what

government does and how it is structured. Ideally, that is the way to go, and maybe that will have to be part of the picture.

The problem is, if we are going to keep the momentum, we also have to have some action. Otherwise, I am concerned that we will end up again where we have so many times before with a lot of work, a lot of studies, but they all end up on the shelf with no real action. Anybody who has the solution to this dilemma, I will be happy to hear it.

I agree with you. It is not just a question of budget savings, although I think that is a real goal and one that is realized, particularly over the long term. But it is also true that it is very hard to get anything positively done because we all know that turf wars are the most difficult wars, whether you are talking about the Executive Branch or the Legislative, to change.

We have an opportunity, and I think we have to move full-speed ahead. I am sure some mistakes will be made in the process, but I think all of your testimony here today is most helpful.

Ms. NORWOOD. Mr. Chairman?

Chairman ROTH. Yes, Dr. Norwood?

Ms. NORWOOD. Might I just call your attention to the fact that one of the other hats that I have been wearing lately is as Chairperson of the Advisory Council on Unemployment Compensation, and that, as you know, has representatives appointed by both Houses of the Congress and the President. Mr. Bush asked me to chair that and Mr. Clinton asked me to continue.

We will be having a final report in February and then the council goes out of existence. It is a three-year council. We have been looking very carefully at the Federal role and the State role in the execution of the administration of that program. We have been looking at the effects of computerization and of what might be called micromanagement in some places, at substantive changes. But I think that it is a report which I would hope that you and your Committee would pay some attention to. It will be issued the first of February.

Chairman ROTH. We will look forward to receiving it, and I appreciate your calling my attention to it.

I think what makes this a remarkable opportunity is not only the fact that it is one of the few times since I have been in Congress there has been much interest in organization, but I think the fact that the technological revolution makes almost everything we have studied and said before out of date. The real question is, how do we utilize modern technology as the private sector has and is doing to become more effective.

I think the real concern of a lot of us is not only the question of trying to reduce the deficit and balancing the budget but in providing better service. The real problem back home is that the public does not see government as solving problems or providing service. In contrast to the private sector, where you can relatively quickly get an answer to a problem, we have GAO study after GAO study show that it takes 6 months or 8 months for a veteran to find out whether or not he is entitled to disability pay.

I do think we have a tremendous opportunity and we would appreciate and be interested in any comments you have as we proceed forward.¹

Chairman ROTH. Thank you very much for being here today. I appreciate it.

The Committee is in recess.

[Whereupon, at 12:23 p.m., the Committee was adjourned.]

¹The questions from Chairman Roth for Mr. Stanton and Mr. Davis appears in the Appendix on page 83 and 162 respectively.

A P P E N D I X

GAO

United States General Accounting Office

Testimony

Before the Committee on Governmental Affairs
United States Senate

For Release
on Delivery
Expected at 10 a.m.
Wednesday
June 7, 1995

GOVERNMENT RESTRUCTURING

Identifying Potential Duplication in Federal Missions and Approaches

Statement of Susan J. Irving
Associate Director, Budget Issues
Accounting and Information Management Division



Mr. Chairman and Members of the Committee:

It is a pleasure to be here today to discuss the results and implications of our recent work for this Committee.¹ This work sought to identify and examine the functions performed by agencies of the federal government to, in effect, lay the foundation for questions concerning government restructuring.

Three weeks ago, the Comptroller General testified before this Committee on issues and principles to consider during government reorganization.² In that testimony, he noted some key lessons suggested by past efforts--both here and outside the United States.

- Reorganization demands a coordinated approach, within and across agency lines, supported by a solid consensus for change.
- Reorganization should seek to achieve specific, identifiable goals.
- Once goals are defined, attention must be paid to how the federal government exercises its role--both in terms of organization and tools.
- Effective implementation is critical to success.
- Sustained oversight by the Congress is needed to ensure effective implementation.

Our recent work for this Committee ties directly to the

¹Budget Function Classification: Agency Spending by Subfunction and Object Category, Fiscal Year 1994 (GAO/AIMD-95-116FS, May 10, 1995); Budget Function Classification: Agency Spending and Personnel Levels for Fiscal Years 1994 and 1995 (GAO/AIMD-95-115FS, April 11, 1995); and Budget Function Classification: Relating Agency Spending and Personnel Levels to Budget Functions (GAO/AIMD/GGD-95-69FS, January 30, 1995).

²Government Reorganization: Issues and Principles (GAO/T-GGD/AIMD-95-166, May 17, 1995).

Comptroller General's testimony by describing the picture today: current missions, organizations involved in those missions, and selected approaches, as reflected by departments and agencies in their budget submissions. Our first products, issued in January and April, provide a graphical starting point for discussions concerning government restructuring by mapping department and agency obligations against the broad federal mission areas described by budget function classifications. Our last product, issued in May, extends this initial analysis in two important ways. First, it depicts spending patterns at subdepartment and subfunction levels to describe more precisely the missions of federal departments and agencies; second, it depicts these more precise missions in terms of the approaches or means used by departments and agencies, as described by budget object classifications. Collectively, these three reports provide a governmentwide perspective not only on who is doing what, but also on how the federal government addresses its various missions.

Generally, and not surprisingly, our analysis illustrates that duplication appears to be endemic. Our current environment is a product of an adaptive federal government's response over time to new needs and problems, each of which was reflected in new responsibilities and roles for departments and agencies. Our work describes this duplication in practical and quantifiable terms, both for the government as a whole as well as for its separate missions and constituent organizations. It is worth emphasizing that our work is only indicative. In effect, it provides a road map for more detailed lines of inquiry. As this Committee knows, the General Accounting Office has done work on program consolidation in general and has conducted inquiries in many specific areas, providing our views on many federal programs

in need of major overhaul and redesign.³ That work can assist this Committee in consideration of specific consolidation proposals.

In this statement, I will touch on a few of the major observations that flow from the broad picture illustrated in the reports before you. Attachments I and II display overall fiscal year 1994 obligations by organization and mission. As these charts show, most federal spending is driven by relatively few organizations and missions. Stated in reverse, most federal departments and most federal missions drive a relatively small share of total obligations.

Attachment III displays the intersections between organizations and missions. It is a picture of both fragmentation and overlap --some of it intentional. First, the table shows that most federal departments and agencies address more than one mission area. Indeed, 15 of the major executive departments and agencies made obligations in fiscal year 1994 to three or more mission areas. If the analysis is continued to the subdepartment and subfunction level, the picture is even more complex. For example, as shown in attachment IV, the Department of Commerce has 14 subordinate organizations addressing missions as varied as

³See, for example, Program Consolidation: Budgetary Implications and Other Issues (GAO/T-AIMD-95-145, May 23, 1995); National Laboratories Need Clearer Mission and Better Management (GAO/RCED-95-10, January 27, 1995); Department of Energy: Need to Reevaluate Its Role and Missions (GAO/T-RCED-95-85, January 18, 1995); Multiple Employment Training Programs: Major Overhaul Needed to Reduce Costs, Streamline the Bureaucracy, and Improve Results (GAO/T-HEHS-95-53, January 10, 1995); Early Childhood Programs: Multiple Programs and Overlapping Target Groups (GAO/HEHS-95-4FS, October 31, 1994); Rural Development: Patchwork of Federal Programs Needs to Be Reappraised (GAO/RCED-94-165, July 28, 1994); Food Assistance: USDA's Multiprogram Approach (GAO/RCED-94-33, November 24, 1993); Food Safety: A Unified, Risk-Based Safety System Is Needed to Enhance Food Safety (GAO/T-RCED-94-71, November 4, 1993).

natural resources; advancement of commerce; area and regional development; and research and general education aids.

Looking at attachment III the other way--with a focus on the missions of government rather than its organizations--produces a similarly intricate picture. Excluding social security, Medicare, and interest on the debt, 12 of the remaining 15 mission areas are addressed by five or more departments and agencies. I will touch briefly on three examples of this apparent duplication of effort.

- The income security mission area involves 15 federal organizations, but this picture is at the same time both informative and misleading. These 15 organizations are not all in the same business. Income security actually involves three broad subfunctions. Retirement and disability issues are addressed by 14 different federal entities--many of them administering separate employee pension programs (attachment V); cash assistance is provided by three departments and two independent agencies (attachment VI); and housing, food and nutrition assistance programs are concentrated in two major departments--spread across seven components within these departments--with some small participation by five independent agencies (attachment VII).
- The education, employment and social services mission area involves seven major departments and numerous other smaller agencies. However, over 95 percent of 1994 obligations were made by only three departments: Education, for elementary, secondary, vocational, and higher education; Health and Human Services, for social services; and Labor, for training and employment services (attachment VIII).
- Federal law enforcement activities are spread among five major departments and four independent agencies (attachment IX).

The significance (in dollar terms) of a department to a mission area, or of a mission area to a department, varies considerably. For example, the transportation mission area is found almost entirely within the Department of Transportation, whose activities are almost entirely associated with that single mission area. Alternatively, the agriculture mission area is found almost exclusively within the Department of Agriculture, but it represents only about one-third of the Department's total obligations (attachment X). Lastly, the Department of Commerce is associated with four different mission areas, but represents a small share of total obligations for any of the areas (attachment XI).

Now let me turn to the question of the "how"--the tools the federal government uses to address these varied missions. Attachment XII displays fiscal year 1994 obligations in terms of budget object classes--a classification system used by departments and agencies to report obligations for services provided or objects procured. This system can be a useful surrogate to describe the varied approaches used by the federal government in meeting its mission requirements. As this chart shows, nearly half of all federal obligations were in the form of grants or benefit payments from social insurance and retirement trust funds. Stated differently, providing cash--either as benefits to individuals or as grants--is the dominant mode of federal operations. This chart also indicates that federal salary and benefits together comprise just over 12 percent, of total obligations--about equal to total obligations for contractual services (11 percent).

Examining the objects of government expenditure permits questions about (1) whether a selected approach continues to be appropriate for a particular mission area, and (2) whether a specific approach could be consolidated across mission areas.

- Some mission areas are labor intensive--either directly through federal employees or indirectly through contractors. By focusing on the varying approaches used within different mission areas, questions can be raised about why a particular approach is deemed most appropriate for a specific mission. For example in administration of justice (attachment XIII) and veterans benefits and services (attachment XIV), salaries make up significant shares of total obligations, indicating direct federal provision of the service. However, contractor obligations dominate some technical and scientific missions, such as energy, or science, space and technology (attachments XV and XVI).
- Many mission areas--international affairs; agriculture; transportation; community and regional development; education, employment and social services; health; and income security--use grants as a basic mode of operations. Is there consistency across these varied missions and related departments and agencies? Is there potential for consolidation?

Finally, our analysis allows for all of these issues--federal missions, associated departments and agencies, and tools--to be presented and discussed in an integrated manner. The two examples below may be illustrative. The first involves a differentiated mission addressed in different ways by several federal entities, and the second deals with a common mission differentiated by target populations and approach.

- The natural resources and environment mission area presents an interesting example of related missions addressed in different ways. Eight organizations in five departments are concerned with this general mission area, and they employ very different approaches.

- The Environmental Protection Agency is concerned with environmental pollution, generally using grants for wastewater treatment activities and contracts for abatement efforts.
 - Defense's Corps of Engineers and Interior's Bureau of Reclamation address water resources development, generally through contracts.
 - Conservation and land management issues are addressed by federal employees and contractors (by Agriculture's Forest Service and by Interior's Bureau of Land Management) and through grants (by Agriculture's Farm Service Agency).
 - Interior's National Park Service directly provides most recreational resource services, but also uses both grants and contracts.
 - Commerce's National Oceanic and Atmospheric Administration addresses a variety of natural resources issues, emphasizing direct services through federal employees and contractors.
- In contrast, housing is a common national need addressed in varying ways by different organizations. The Department of Housing and Urban Development (HUD) provides a variety of housing assistance and community development programs, primarily through grants. HUD, Agriculture, and the Veterans Administration all provide a variety of mortgage credit activities, but to different target populations.

Let me conclude by referring again to the May 17 testimony by the Comptroller General. Past restructuring attempts have taught us that the first steps in any reorganization involve focusing on specific goals in a coordinated manner and that careful attention must be given to the approach selected for new missions or

organizations. The work I have been discussing today provides, in a governmentwide context, a picture of the current situation on three critical dimensions:

- What missions does the federal government seek to address?
- Which organizations are involved?
- What tools do they use?

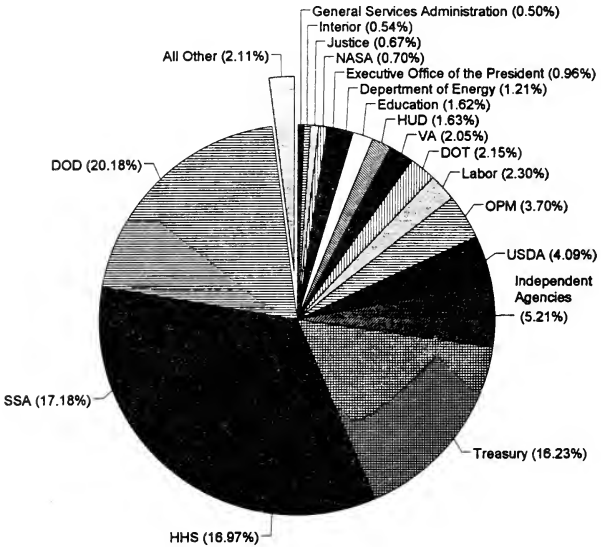
Again, I want to emphasize that our work is indicative, but not conclusive regarding the question of duplication. However, it can, by focusing on today's reality as reported in budget submissions, assist the work of this Committee by highlighting areas for further detailed assessment.

Mr. Chairman, this concludes my prepared remarks. I would be happy to answer any questions.

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Department and Agency Summary Share of 1994 Obligations

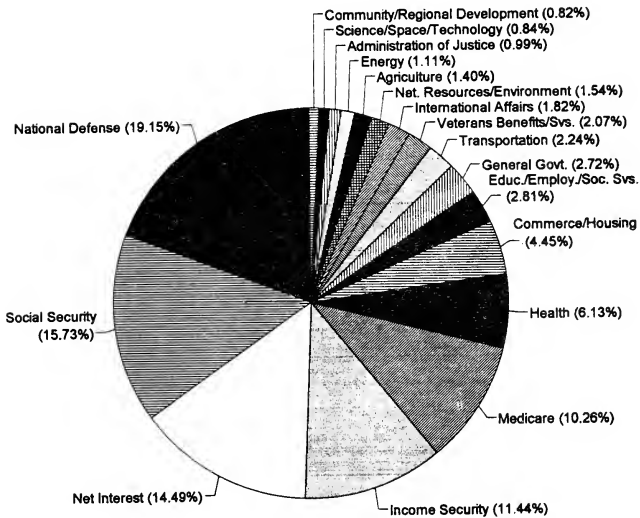


All other includes:

- Agency for International Development (0.33%)
- State Department (0.33%)
- Environmental Protection Agency (0.31%)
- Federal Emergency Management Agency (0.27%)
- Department of Commerce (0.25%)
- Legislative Branch (0.17%)
- National Science Foundation (0.15%)
- Judicial Branch (0.14%)
- Small Business Administration (0.13%)
- Nuclear Regulatory Commission (0.03%)

Mission Summary

Share of 1994 Obligations



**The Intersection of Federal Missions and Organization
Fiscal Year 1994 Obligations by Budget Function**

	International Defense	International Affairs	General Science, Space, and Technology	Energy	Natural Resources and Environment	Agriculture	Commerce and Housing Credit	Transportation	Community and Regional Development	Educator Training/Employment/Social Svcs.	Health	Medicare	Income Security	Social Security	Veterans Benefits and Services	Administration of Justice	General Government	Not Interest	Number of Functions Charged by This Agency (out of 16 functions)
USDA																			10
DOC																			4
DOD	*																		5
Education																			2
DOE		*																	4
HHS											*								5
HUD																			5
DOI																			5
DOJ	*																		4
DOL																			4
State	*																		3
DOT	*																		3
DOT	*																		3
Treasury		*																	8
VA																			1
EPA																			1
GSA																			2
NASA																			2
OPM				*															3
ISBA																			3
SSA																			2
SSA																			2
AID		*												*					2
FEMA	*																		2
NRC																			3
NSF	*			*															1
Legislative Branch																			2
Judicial Branch																			6
EOP	*	*																	2
Other Independent Agencies	*	*		*	*	*	*	*	*	*	*	*	*	*	*	*	*	*	4
Number Agencies Charging this Function	7	7	3	5	8	2	8	5	8	9	7	1	15	1	3	6	11	1	

Source: President's Fiscal Year 1994 Budget of the United States Government.

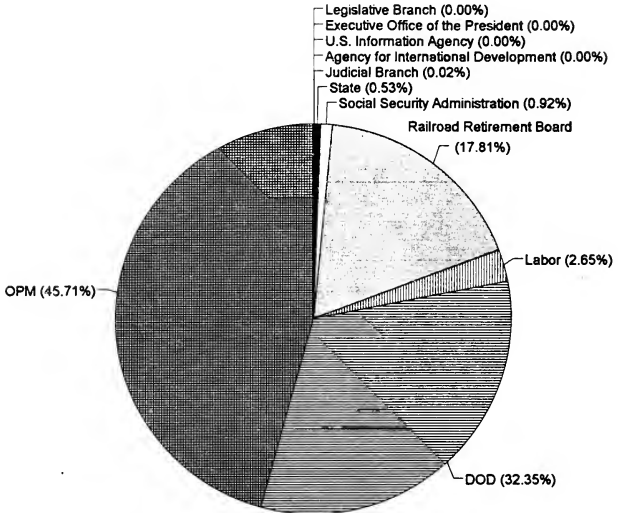
Department of Commerce 1994 Obligations By Subfunction and Subdepartment

Dollars in Thousands (\$000)

Subdepartment	Subfunction				Total
	Area and Regional Development	Other Advancement of Commerce	Other Natural Resources	Research and General Education Aids	
Bureau of the Census		\$427,341			\$427,341
Economic Development Administration	\$669,710				669,710
Economic and Statistical Analysis		48,881			48,881
Export Administration		40,340			40,340
General Administration		189,335			189,335
International Trade Administration		278,858			278,858
Minority Business Development		42,317			42,317
National Institute of Standards and Technology		632,498			632,498
National Oceanic and Atmospheric Administration		84,888	\$2,218,252		2,303,140
National Technical Information Service		35,390			35,390
National Telecommunications/Information Administration		28,323		\$27,535	55,858
Patent and Trademark Office		530,888			530,888
Technology Administration		6,660			6,660
U.S. Travel and Tourism Administration		24,855			24,855
Total	\$669,710	\$2,360,572	\$2,218,252	\$27,535	\$5,266,069

Retirement and Disability

Percent of obligations



\$82.9 billion in obligations (4.0 percent of total 1994 obligations)

Legislative Branch includes the following entities:

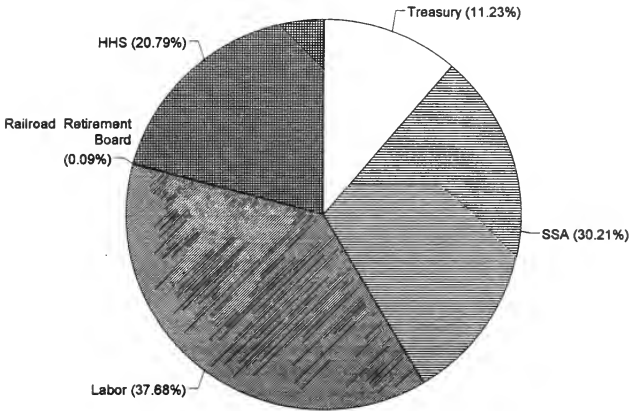
Library of Congress
U. S. Tax Court

Department of Labor includes the following entities:

Employment Standards Administration
Pension Benefit Guaranty Corporation
Pension and Welfare Benefit Administration

Cash Assistance (Income Security and Unemployment)

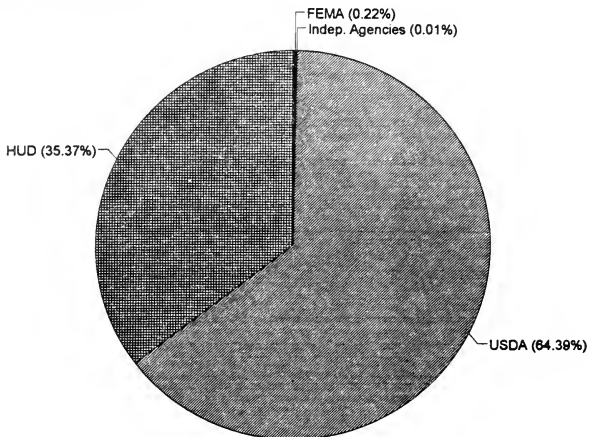
Percent of obligations



\$97.5 billion in obligations (4.7 percent of total 1994 obligations)

Housing, Food, Nutrition Assistance

Percent of obligations



\$58.5 billion in obligations (2.8 percent of total 1994 obligations)

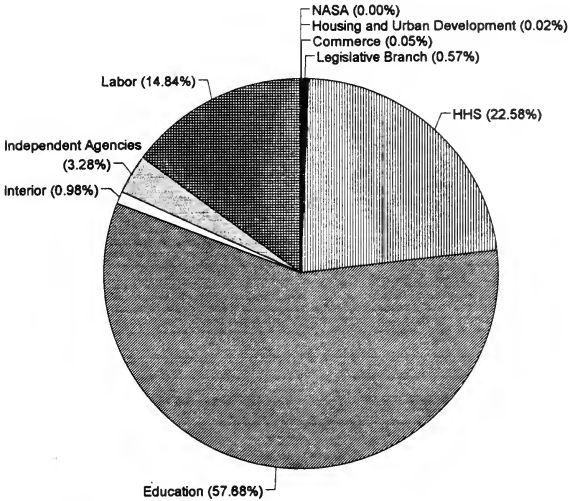
USDA includes the following entities:
 Agricultural Marketing Service
 Food/Consumer Service
 Rural Housing and Community Development

HUD includes the following entities:
 Community Planning and Development
 Housing Programs
 Management and Administration
 Public and Indian Housing Programs

Independent Agencies includes several small commissions and councils and the Federal Deposit Insurance Corporation.

Education, Employment, Social Services

Percent of obligations

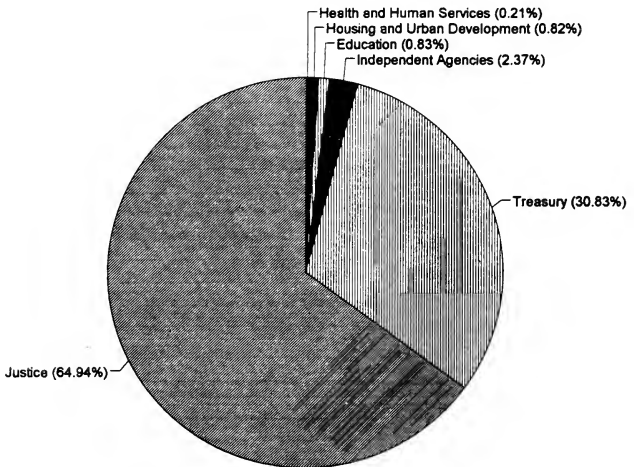


\$58.7 billion in obligations (2.8 percent of total 1994 obligations)

Of the numerous independent agencies, the three largest in this mission area are the Corporation for National and Community Service, the Smithsonian Institution, and the Corporation for Public Broadcasting. A full list of the agencies in this mission area appears on pages 23 and 24 of GAO/AIMD-95-116FS.

Federal Law Enforcement Activities

Percent of obligations



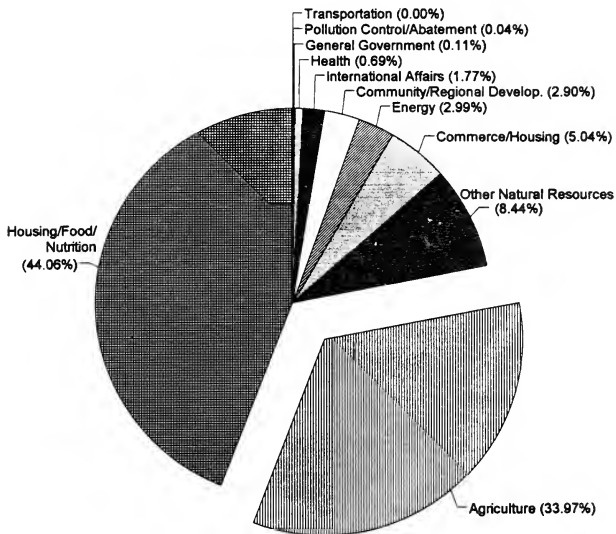
\$10.3 billion in obligations (0.5 percent of total 1994 obligations)

Independent Agencies includes the following entities:

- Equal Employment Opportunity
- Commission on Civil Rights
- Architectural and Transportation Barriers Compliance Board
- Administrative Conferences of the U.S.

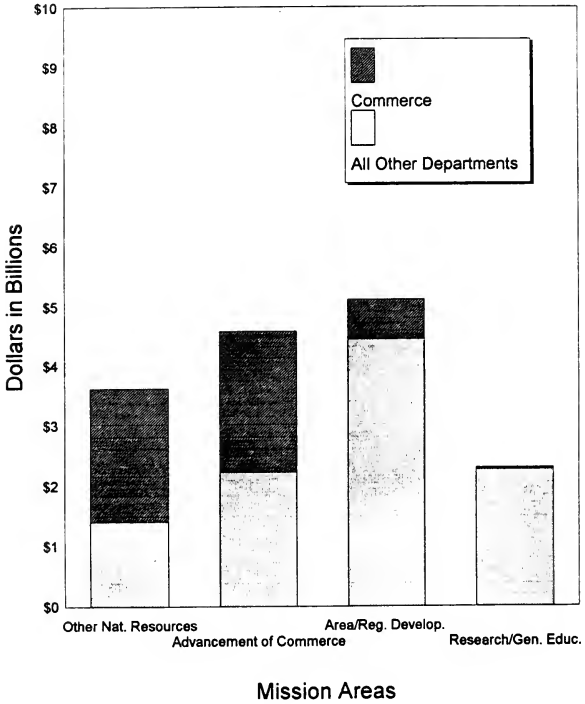
Department of Agriculture

Percent of obligations

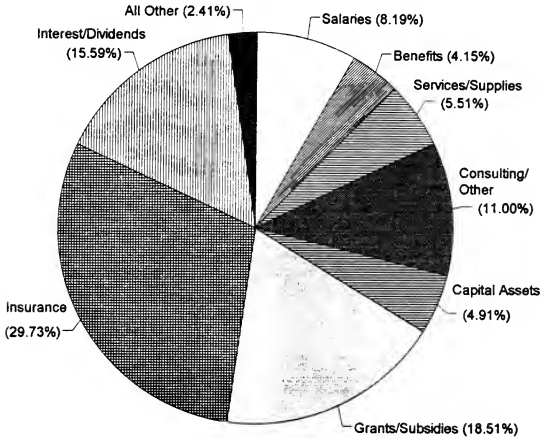


\$85.5 billion in obligations (4.1 percent of total 1994 obligations)

Department of Commerce's Share of Spending on its Four Missions

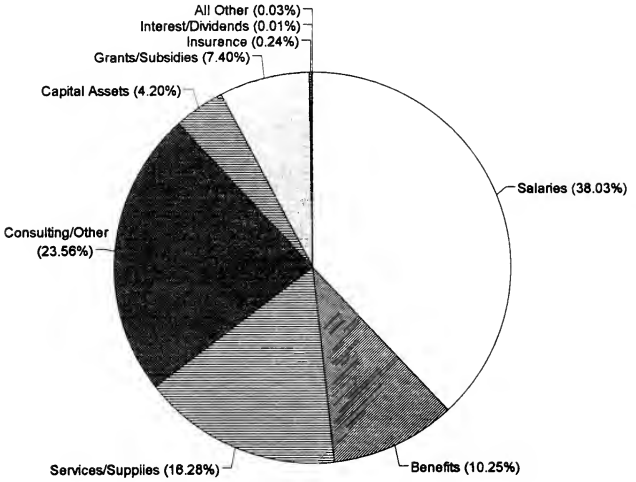


Object Category Summary Share of 1994 Obligations



Administration of Justice

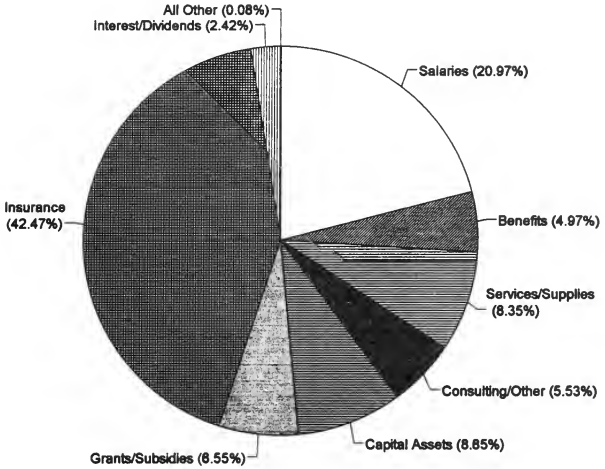
Percent of obligations



\$20.7 billion in obligations (1.0 percent of total 1994 obligations)

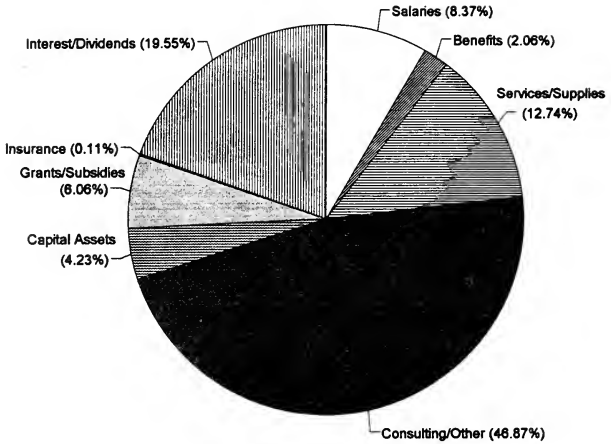
Veterans Benefits and Services

Percent of obligations



\$43.2 billion in obligations (2.1 percent of total 1994 obligations)

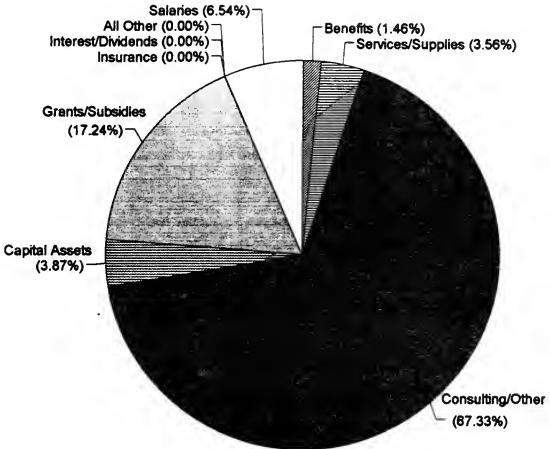
Energy

Percent of obligations

\$23.2 billion in obligations (1.1 percent of total 1994 obligations)

Science, Space, and Technology

Percent of obligations



\$17.6 billion in obligations (0.8 percent of total 1994 obligations)

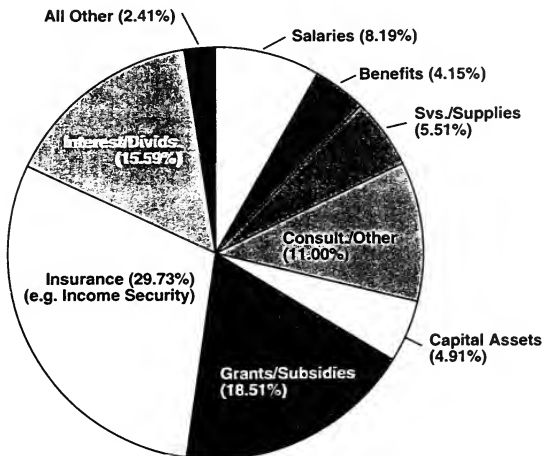
The Incidence of Agency Obligations by Function
Fiscal Year 1994

	National Defense	International Affairs	General Science, Space, and Technology	Energy	Natural Resources and Environment	Agriculture	Commerce and Housing Credit	Transportation	Community and Regional Development	Health	Medicine	Income Security	Social Security	Veterans Benefits and Services	Administration of Justice	General Government	Net Interest	Number of Functions Charged by This Agency (out of 16 functions)
USDA																		10
DOC																		4
DOD																		4
Education																		5
DOE																		2
DOH																		4
HHS																		4
HUD																		5
DOI																		5
DOJ																		5
DOL																		4
DOL																		4
State																		3
DOT																		3
Treasury																		3
VA																		3
EPA																		8
GSA																		1
NASA																		1
OPM																		2
SBA																		2
SSA																		2
SSA																		2
AID																		2
FEMA																		2
NIRC																		1
NSF																		1
Legislative Branch																		2
Judicial Branch																		2
EOP																		2
Other Independent Agencies																		2
Other Independent Agencies																		4
Other Independent Agencies																		14

Number Agencies Changing this Function	7	7	3	6	8	2	8	6	8	9	7	1	16	1	3	8	11	1
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Source: President's Fiscal Year 1994 Budget of the United States Government.

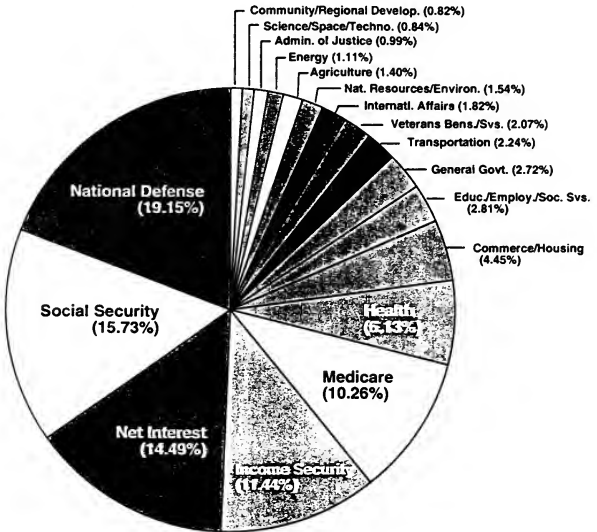
Shares of 1994 Budget by Spending Category



Source: GAO/AIMD-95-116FS

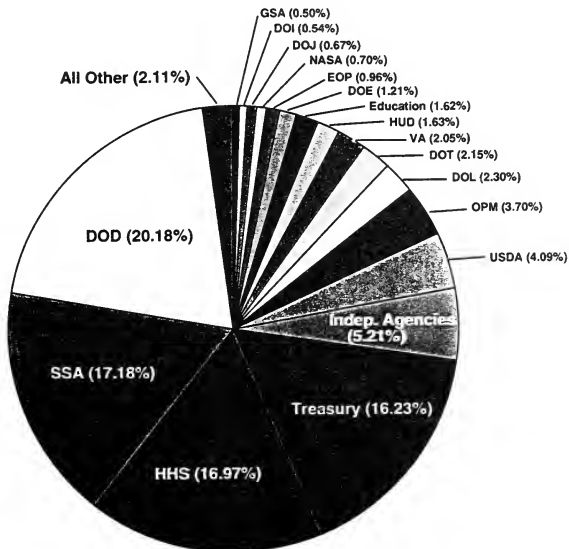
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Shares of 1994 Budget by Mission and Function



Source: GAO/AIMD-95-116FS

Shares of 1994 Budget by Department and Agency



Source: GAO/AIMD-95-115FS

Improving the Design and Administration
of Federal Credit Programs

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Mr. Chairman and Members of the Senate Committee on
Governmental Affairs:

Thank you for the invitation to testify today on improving federal credit programs. My name is Thomas H. Stanton. I am a Washington, D.C. attorney who specializes in the design and administration of federal programs, and especially federal credit programs. I am a Fellow of the Center for the Study of American Government at Johns Hopkins University, where I teach on the law of public institutions, and am a member of the Advisory Board of a professional journal, The Financier: Analyses of Capital and Money Market Transactions.

My publications on federal credit programs and financial institutions and markets include a book and a number of articles. In this testimony today I will be speaking only for myself, and not for any institution, client or university with which I am affiliated.

This Committee is to be commended for holding this hearing on issues of overlap, fragmentation and other infirmities in government programs. As with so many other areas of governmental activity, federal credit programs are much in need of careful scrutiny and possible restructuring.

In my testimony today I would like to begin by pointing out that credit programs are a large and growing form of government activity and that such programs are complicated to design and manage. Then I would like to suggest several preliminary steps towards improving the way that federal credit programs operate.

I. Federal Credit is a Major Policy Tool of the Federal Government Today.

Federal credit programs today amount to almost a trillion dollars (\$ 854 billion) of federal direct loans and loan guarantees outstanding. Moreover, the amount of federal credit is growing. Figures 1 and 2, below, are taken from the FY 1996 budget.

Figure 1 provides a breakdown of direct loan and loan guarantee programs. Direct loan programs are administered through units of the Department of Agriculture, the Export-Import Bank of the United States, the Agency for International Development and the Small Business Administration. Loan guarantee programs are implemented through government institutions and private parties (usually lenders). The government agencies that administer loan guarantee programs include the Department of Education, units of the Department of Housing and Urban Development (which includes the Federal Housing Administration and Ginnie Mae, the Government

National Mortgage Association), the Department of Veterans Affairs, units of the Department of Agriculture and the Small Business Administration.

Figure 1

FACE VALUE OF FEDERAL CREDIT PROGRAMS

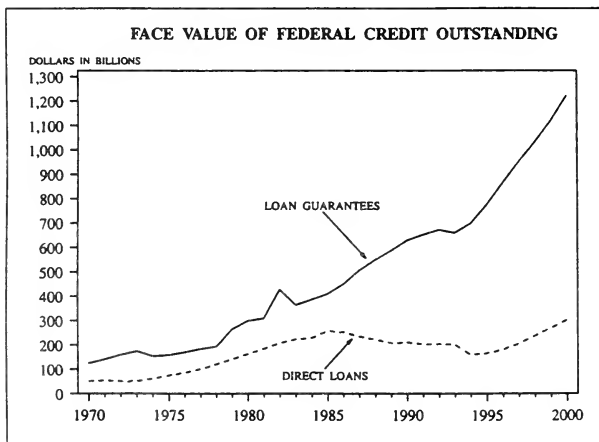
(1994, in billions of dollars)

Program	Face Value
Direct Loans:	
Farm Service Agency, Rural Development, Rural Housing	49
Rural Electrification Admin. and Rural Telephone Bank	38
Export-Import	8
Agency for International Development	14
Public Law 480	12
Foreign Military Financing	8
Small Business	9
Other Direct	17
Total Direct Loans	155
Guaranteed Loans:	
FHA Single-Family	303
VA Mortgage	155
FHA Multi-Family	79
Federal Family Education Loan Program	75
Small Business	25
Farm Service Agency and Rural Housing	9
Export-Import Bank	17
CCC Export Credits	12
Other Guaranteed	23
Total Guaranteed Loans	699
Total Direct and Guaranteed Loans	854

Source: Budget of the United States Government, Analytical Perspectives, FY 1996, p. 122.

Figure 2 shows how the volume of total federal credit is projected to increase substantially over the next five years. It should be noted that an increasing number of federal loans will be provided at near-market rates, thus diminishing the amount of interest-rate subsidy that has been associated with many federal loans in the past.

Figure 2



Source: Budget of the United States Government, Analytical Perspectives, FY 1996, p. 133.

II. Today's Dynamic Financial Markets Complicate the Government's Ability to Design and Manage Credit Programs Effectively

A. Credit is a policy tool that is hard to target.

The financial markets of the United States today are much more efficient than ever before and these efficiencies make it difficult to target federal credit to creditworthy borrowers that are not already served by private lenders. Many formerly formidable market imperfections, such as in the residential mortgage or rural credit markets, have been largely or completely overcome. Thus there are far fewer good opportunities for the government to intervene successfully in the credit markets than were available in the past. Moreover, because today's opportunities to overcome market imperfections are infrequent and potentially transitory, the government must pay particular attention to the form of its involvement so that it avoids potentially serious negative consequences.

Unlike other forms of federal support such as grants or tax expenditures, credit involves lending money that the borrower is expected to repay. This means that credit is not a good way to help poor people or others who can be expected to have trouble repaying the loan. Such people need grants rather than loans. If the federal government extends them credit that they can't handle, then the government may hurt not only taxpayers, but also the borrowers that the programs are supposed to help.

Borrowers who default on their federal loans can suffer a loss of personal creditworthiness that is very difficult to overcome. Numbers of homebuyers¹ students² and farmers³ have

¹ Low income housing advocates remain angry over the way that, "Too many families ended up in foreclosure and too many homes stand vacant...." Gale Cincotta, "Blow out the Candles and Get Back to Work," Secondary Mortgage Markets, Freddie Mac Quarterly, January 1995.

² Especially low-income students may be prey to excessively available federal credit to subsidize schools that fail to offer a useful education. See, e.g. Michael Winerip, "Billions for School are Lost in Fraud, Waste and Abuse," The New York Times, February 2, 1994, p.1.

³ For example, easy federal credit contributed to financial failures of agricultural borrowers in the 1980s. In good times these borrowers were encouraged to take on sizeable debt obligations that they could not repay when the agricultural economy went into a downturn. By the mid-1980s, some two hundred to three hundred thousand farmers (about one out of five) were

suffered from their inability to handle overly generous federal credit. Federal programs need to be targeted and administered to minimize such adverse results.

Federal credit programs must be designed to take advantage of real-time information and federal managers must have the mandate and the capacity to react appropriately to financial developments. Also, the ability of the private markets to follow the lead of successful government programs quickly means that these programs must be designed with exit strategies in mind. At some point a federal credit agency may want to use its scarce resources to provide direct subsidies to program constituencies and cease providing direct loans or loan guarantees.

B. Credit is a policy tool that can be hard for the government to manage.

Credit programs are hard to manage for several reasons. First, the private markets are increasingly adept at serving creditworthy borrowers of types who might not have been well served in the past. That leaves many federal credit agencies with the difficult task of supplementing the private markets by underwriting or guaranteeing loans that commercial lenders would not find acceptable. Administration of such loans requires greater skill than otherwise would be the case.

Second, some federal credit agencies are unable to resolve the tension in their mission, between doing good (i.e. serving worthy constituencies) and doing well (i.e. assuring that loans are rigorously originated, serviced and foreclosed upon). With a strong constituency, an agency such as the Farmers Home Administration in the past was able to treat its borrowers with special solicitude.⁴ By contrast, an agency such as the Department of Housing and Urban Development has been subject to

forced out of business. While these failures were due to a number of factors relating to the collapse of farm incomes, it is clear that cheap federal credit exacerbated the results. Kenneth L. Peoples, et al., Anatomy of an American Agricultural Credit Crisis: Farm Debt in the 1980s, Farm Credit System Assistance Board (1992), p.29.

⁴ See, e.g. Sharon LaFraniere, "Agency Fails to Collect Millions in Loans to Wealthy Farm Owners," The Washington Post, January 28, 1994.

periodic shutdowns of its programs after losses from defaults reached unacceptable levels.⁵

The third major problem involves the distorted incentives, both for private parties and for the government, that are caused by the use of a government guarantee. When a loan is guaranteed by the government, a private lender loses the usual incentives to be prudent in its servicing or collections on that loan. When a particular program -- such as the multifamily (i.e. apartment) mortgage program of the U.S. Department of Housing and Urban Development -- pyramids a government guarantee onto other forms of public support, including perhaps tax subsidies and grant subsidies, then the results can be quite dysfunctional and costly to the government.

Distorted incentives for the federal government involve the instinct to overregulate. To compensate for the lender's distorted incentives, a federal credit agency may impose rigid and complicated regulatory requirements with respect to servicing and foreclosure, for example. This problem is most acute for loans where the government does not require adequate risk-sharing by private lenders or guarantors.

Finally, many federal agencies lack the institutional capacity to oversee the complex task of administering a federal credit program. For years many parts of the Executive Branch of government have been suffering from a relentless disinvestment of resources.⁶ The combination of inadequate resources and managerial inflexibility means that the federal government may lack the capacity to administer some credit programs through government agencies without risking financial breakdown.

The problem of federal capacity also relates to the tendency of policymakers to focus on reducing costs. This results in anomalies such as the restriction of Ginnie Mae to a staff of about 70 people to manage over \$400 billion in mortgage-backed securities for which the government guarantees timely payment of

⁵ As a result of the HUD scandals of the early 1970's, for example, HUD suspended operation of the principal subsidized housing programs. US Department of Housing and Urban Development, Housing in the Seventies: A Report of the National Housing Policy Review (Washington, DC: 1974). Again in the 1980s, serious program deficiencies resulted in curtailment of HUD programs. See, e.g. Ronald C. Moe, "The HUD Scandal and the Case for an Office of Federal Management," Public Administration Review, July/August 1991, pp. 298-307.

⁶Charles A. Bowsher, "An Emerging Crisis: the Disinvestment of Government," James E. Webb Lecture (Washington, DC: National Academy of Public Administration, December 2, 1988).

principal and interest.⁷ Even a modest breakdown in management controls could give rise to program losses that could swamp the short-term economies achieved by constraining Ginnie Mae's staff resources so tightly. By contrast to the current governmental fixation on driving down the near-term cost of inputs, a well-managed private firm looks at the optimal tradeoff of cost and quality of services that it produces and also adopts a longer, more strategic time horizon.⁸

C. While some federal credit programs are well administered, others are in dire need of improvement.

Federal credit programs appear regularly in reports of high-risk federal activities. Recent examples include problems with federal mortgage insurance programs administered by the Department of Housing and Urban Development and the guaranteed student loan program administered by the Department of Education.⁹

Indeed, major federal credit agencies, including the Departments of Agriculture, Education, and Housing and Urban Development, continue to be unable to obtain unqualified audit opinions. It is difficult to operate a credit program if managers lack such basic financial tools. The Office of Management and Budget notes deficiencies in financial statements that relate to unreliable data, material internal control weaknesses and inadequate systems. These shortcomings are especially striking because of the considerable government effort in past years to improve federal financial management and credit management in particular.

It is noteworthy that major federal credit agencies that are structured as government corporations are able to obtain unqualified audit opinions year after year: the Export-Import Bank of the United States, the Government National Mortgage Association (Ginnie Mae) and the Overseas Private Investment Corporation (OPIC). These federal corporations stand out for their past records of capable management of federal credit.

⁷US General Accounting Office, Government National Mortgage Association: Greater Staffing Flexibility Needed to Improve Management, (Washington, DC: June 1993).

⁸James Brian Quinn, Intelligent Enterprise, (New York, NY: The Free Press, 1992).

⁹These and other programs are highlighted in, "Progress Report: High Risk Areas for Management Improvement," Budget of the United States Government, Fiscal Year 1994, (Washington, DC: Government Printing Office, 1993), pp.105-130.

Federal debt collection is another area of concern: The Office of Management and Budget reports that over \$44 billion of non-tax receivables of the federal government, largely credit program accounts, are now delinquent. Of that amount, over \$33 billion has been delinquent for over one year.¹⁰ Old receivables are notoriously hard to collect; moreover, the high loss rate reveals an institutional problem: program agencies do not enjoy the prospect of dunning their constituents to pay for defaulted loans.

Such unwillingness to collect on delinquent or defaulted loans undermines the very justification of a credit program. If the agency intends not to collect on its loans, then a grant program would be more appropriate instead. It is unjust to the many Americans who repay their federal loans -- and to American taxpayers who must foot the bill for any defaults-- to be lax in collecting from delinquent and defaulted borrowers.

III. Tentative Approaches to Improved Design and Management of Federal Credit Programs

Three general approaches suggest themselves to help deal with these issues: (1) review each program for its benefits and costs and possible alternatives; terminate or convert or consolidate those functions or programs that don't currently make sense; (2) rationalize the administration of federal credit functions, including through use of private services and systems where these are more cost effective; and (3) structure each federal credit agency so that it has the mandate, flexibility and institutional capacity to manage a quality program. Consider each of these in turn:

A. Review Programs Systematically

The financial markets today are changing rapidly; by contrast, federal law and federal programs tend to move much more slowly. The Congress and Executive Branch should establish a pattern of regular review of each credit program and its benefits and costs. Credit is a policy tool and, as Lester Salamon puts it, "... the key is to fit the tool to the nature of the task."¹¹

¹⁰ Office of Management and Budget, Federal Financial Management Status Report and 5-Year Plan, August 1994, p.66.

¹¹ Lester M. Salamon, Ed., Beyond Privatization: The Tools of Government Action, (Washington, DC: Urban Institute Press, 1989), p.18.

The government needs to know the market segments that are served with each credit program and the continuing justification for serving those market segments. A federal credit program should not merely substitute for other available sources of funds; on the other hand, the program should not extend credit to borrowers with a high likelihood of defaults.

Some programs are so small or microtargeted that they drain scarce managerial resources without serving a larger public purpose. The classic example of this problem comes from the U.S. Department of Housing and Urban Development. A panel of the National Academy of Public Administration recently reported that the Congress increased HUD's statutory mandates from 54 in 1980 to over 200 in 1992. During the same period, HUD's field staff was cut by 13 percent and its headquarters staff by 21 percent.¹²

On the other hand, small pilot projects might be useful as a way to test promising new approaches. Once the data are dispassionately presented, then policymakers can decide which programs to prune and which to preserve or enlarge.

Another important option relates to the choice among tools of government. Again, the poor need grants rather than loans. The U.S. General Accounting Office reported recently, for example, that grant assistance was effective at reducing the college dropout rate of minority students and low income students; by contrast, assistance through federal student loans had no appreciable effect on dropout rates.¹³

These issues relate to the fundamental concerns of this Committee, as reflected in the Government Performance and Results Act of 1993. It is time to assess the various tools of government against one another in terms of their performance in achieving outcomes.

Such systematic sector-by-sector review can also help the Congress and other policymakers to understand the linkages among tools of government: when the government enacted tax legislation in 1981 to expand the opportunity for the housing industry to take tax losses, this created perverse incentives for developers who participated in HUD's multifamily mortgage insurance programs. The government then took away many of those benefits in the 1986 Tax Reform Act; the sudden reduction in developer

¹² National Academy of Public Administration, Renewing HUD: A Long-Term Agenda for Effective Performance, pp. 29-30 (July 1994).

¹³ U.S. General Accounting Office, Higher Education: Restructuring Student Aid Could Reduce Low-Income Student Dropout Rate, (GAO/HEHS-95-48), March 1995.

returns from tax losses caused similarly serious effects that threatened the viability of many HUD assisted projects.

It would be good if one central agency, perhaps the Office of Management and Budget, kept close track of these interactions so that policymakers could be informed in advance about possible unforeseen consequences of the overlap among multiple federal programs that serve the same general purpose.

B. Rationalize Federal Systems and Services

It is time for the federal credit agencies to rationalize their administrative systems. Sometimes this may mean use of private delivery systems; other times it may mean consolidation of functions into a single agency with the capacity and mandate to carry them out. Again, such improvements can be based upon the goals of the Government Performance and Results Act and the need to achieve high priority public purposes at reasonable cost to the taxpayer.

Most importantly, rationalization of federal credit programs will permit each agency to concentrate upon its distinctive competence. The major value added of many credit programs may be the generation of information: how to underwrite and service below-market loans to borrowers who are not well served by the financial markets. The federal agency may be able to provide information on default rates for particular kinds of borrowers and thus facilitate the willingness of private parties to increase their participation in serving such borrowers. This would permit increased risk-sharing with private parties and a concomitant reduction in some of the rigid regulatory requirements that burden many credit programs.

Another area of distinctive competence of federal credit agencies may relate to servicing of loans to special borrowers and the development of counselling and other support services so that these borrowers are more able to handle the obligation to repay their federal loans.

Rationalization of programs does not always mean an end to overlapping systems. Indeed, competition among delivery systems may be quite fruitful. The new federal direct student loan program, for example, has prompted two kinds of improvements in the competing federal guaranteed student loan program.

First, major lenders in the guaranteed loan program have been prompted to improve the quality of their services to show

that they can compete with the challenge.¹⁴ Second, the demonstrated capacity of the federal government to deliver its credit services has prompted nonprofit and industry competitors to offer their own proposals for improvements in the statutory and regulatory structure of the guaranteed loan program.¹⁵

In other cases, the government may want to explore the possibility of using private delivery systems in a cost-effective manner. In its FY 1996 passback concerning the FHA single-family mortgage insurance program, the Office of Management and Budget presented an interesting option along these lines:

"The Administration will propose legislation to change the mechanism for ensuring access to credit by buyers who cannot obtain traditional financing. Under the proposal, FHA will no longer insure individual mortgages. Instead, FHA will provide credit enhancement for pools of high LTV [loan-to-value] and other high-risk mortgages securitized and guaranteed by Fannie Mae, Freddie Mac or other securitizers. The enhancement, in the form of a loss reserve, will ensure that the cash flow to investors is not interrupted by defaults, FHA will continue to charge borrowers a fee to

¹⁴ Thus, Lawrence A. Hough, President and Chief Executive Officer of Sallie Mae, then largest participant in the Federal Family Education Loan Program (FFELP, i.e. the guaranteed student loan program) addressed a group of lenders last fall about the industry's competitive challenge from the federal direct loan program:

"The critical task before us is to more closely incorporate the attractive features of the direct loan front-end processing approach into the FFELP. We are now well aware that the federal government has designed direct lending to be free of difficult FFELP steps and has alleviated some of the associated paper. The resulting processing speed has become the standard for loan origination speed under the FFELP as well. It is still a standard we can match..."

Speech of Lawrence A. Hough to the Consumer Banker's Association Conference, Arlington, VA, December 6, 1994, p.3 (text). Emphasis added.

¹⁵ See, e.g., Coalition for Student Loan Reform, "Improving the Financial Aid Delivery Process and the Federal Family Education Loan Program: Program Recommendations," July 1994.

fully fund the loss reserves and cover its administrative costs."¹⁶

That proposal was not included in the final version of the Administration's FY 1996 budget. However, it remains of interest because of the way that it shows how an open-ended federal contingent liability (i.e., FHA mortgage insurance) can be transformed into a type of grant that the federal government might be able to administer much more easily and cost-effectively. This particular form of federal credit support would be most useful in sectors such as housing where a robust market has developed for asset-backed securities.

Another major area of possible improvement relates to federal debt collection. The report on Improving Financial Management, released in September 1993 as a part of the National Performance Review, is only one of a number of studies that has pointed to the reluctance of federal credit agencies to collect from their defaulting borrowers.

It makes considerable sense to consolidate this function into a single agency. A consolidated debt management program could increase collections, reduce delinquencies through prompt corrective actions, and reduce administrative costs through effective use of private collection agencies and economies of scale. Because such an activity would be financially self-sustaining, it might be structured along the lines of a government corporation.

Program agencies would benefit through an eventual reduction in the costs and associated credit subsidy related to their program and, at the same time, would be able to explain to constituent groups that they were not responsible for the debt collection activities. Such a consolidation would help the federal government to collect on literally billions of dollars of outstanding debts.

C. Establish Capable Federal Institutions

Federal credit agencies need to be structured as flexible institutions with the mandate and capacity to deal effectively in today's sophisticated financial markets. A credit program can succeed in today's rapidly changing environment only if it is administered on the basis of real-time information and financial

¹⁶ The Office of Management and Budget, "FY 1996 Passback: Department of Housing and Urban Development," November 21, 1994, pp. 21-22.

early warning systems as well as the authority and responsibility of federal managers to act upon the information and warnings.¹⁷

1. The government corporation model

Some federal organizations such as the Overseas Private Investment Corporation, the ExIm Bank, and the Government National Mortgage Association (Ginnie Mae) have been able to keep much of the institutional tone that other departments and agencies now lack. They are organized as government corporations and as such are required to remain financially self-sustaining; in return they are given varying degrees of freedom from some of the input controls that impede effectiveness of other government organizations.

This is a useful model for other federal credit agencies, provided that they are able to fund themselves from user fees, dedicated government funds, or other sources of income that potentially could be obtained without going through the year-to-year appropriations process. In such cases, the authorizing committees may create a government corporation to carry out the potentially self-sustaining activities, without requiring regular federal appropriations.¹⁸ Depending upon their methods of operation, and especially on the extent that they are held to performance-based standards rather than controlled by traditional governmental input controls over budget, staffing and other resources, such government corporations may exhibit superior management to many other government agencies.¹⁹

A capable federal credit agency should be able to master the essential linkage between budgeting and management that has eluded the administration of many programs. For example, program managers may be able to conserve scarce administrative resources

¹⁷ See, Thomas H. Stanton, "Implementing Financial Early Warning Systems: Policy Options for Increasing the Institutional Flexibility of Federal Credit Managers," prepared for the Financial Management Service, U.S. Department of the Treasury, 1993.

¹⁸ Ronald C. Moe, Managing the Public's Business: Federal Government Corporations, prepared for the Committee on Governmental Affairs, United States Senate, April 1995; and National Academy of Public Administration, Report on Government Corporations, (Washington, DC: National Academy of Public Administration, 1981), Vol. I at pp.iii-iv.

¹⁹ Harold Seidman and Robert Gilmour, Politics, Position, and Power, fourth edition (New York, NY: Oxford University Press, 1986), chapter 11, pp. 249-292 analyze the distinctions among types of federal agency, including departments and corporations.

by categorizing their counterparties (e.g. banks originating and servicing loans, guarantee agencies, or other instruments of third-party government²⁰ that participate in the loan administration process) according to the quality of their performance. Based upon performance standards, agencies may be able to reduce supervisory burdens on good performers and concentrate scarce administrative resources on those without good track records. High performers might be those participating lenders with a good history of originating and servicing loans that result in relatively low levels of loan defaults.

This is but one example of an approach to the more general problem that faces federal credit managers: many federal credit programs require that the government underwrite and service loans that do not meet commercial investment standards. Originating and servicing of such loans can be particularly difficult. The availability of high-quality real-time financial information can enhance the ability of federal managers to conserve scarce budgeted resources to provide the maximum level of overall benefits to the program's constituents.

This type of institutional strength, flexibility and bottom-line accountability conforms nicely to the approach of the Government Performance and Results Act. On the other hand, some accommodations are required to assure that traditional input controls do not impede and contradict performance-based accountability.

2. The issue of federal credit budgeting

Federal credit budgeting requires careful attention because of its major importance to credit agencies. The Credit Reform Act of 1990 requires government departments and agencies to estimate the present value of future expected losses and interest rate subsidies (net of income from fees) for the direct and guaranteed loans originated in each of their programs in the coming fiscal year. The programs are then limited to originating only the amount of credit whose estimated subsidies are budgeted and covered by appropriated funds.

This can create problems for performance-based institutions such as government corporations. First, the requirement that funds be appropriated in advance represents a complete contradiction of the logic that the services of a government corporation need to be provided on a demand-driven basis. Moreover, appropriated funds are not required for a government

²⁰ Lester M. Salamon, "Rethinking Public Management: Third-Party Government and the Changing Forms of Government Action," Public Policy, Vol. 29, No. 3 (Summer 1981), pp. 255-275.

corporation that is expected to fund itself from revenues on a self-sustaining basis.

The second problem posed by credit reform relates to the inability of federal agencies to make necessary tradeoffs between costs of program management and the resulting subsidy cost inherent in a particular cohort of loans. Ideally, a government corporation should be permitted to decide, for example, that it will increase the amount of fee income that it spends on counselling or special servicing or debt collection or supervision of lenders, as a way to reduce overall program costs. Credit reform imposes a sharp distinction in budgetary treatment of administrative expenses and credit subsidy estimates and makes such tradeoffs unwieldy at best.

With some understanding of the legitimacy of the various relevant perspectives, it should be possible to find a constructive reconciliation of these countervailing issues concerning credit reform. One sign of a possible resolution may be contained in the HUD proposal to transform the corporate structure of the FHA. That proposal appears to contemplate that the proposed new Federal Housing Corporation shall set aside the equivalent of a capital reserve to cover anticipated defaults and interest rate subsidies involved in its credit activities. It will be important to scrutinize the actual statutory language to determine the value of such an approach.

IV. Conclusion

In summary, the federal credit program is a tool of government with strengths and limitations. When applied properly for appropriate purposes, federal credit can be a cost-effective way to address important public needs. When used improperly, federal credit can cause unacceptable losses to taxpayers as well as harm to the borrowers that the credit was intended to help.

The financial markets of the United States today are much more efficient than ever before and this efficiency creates an important challenge for federal policymakers and credit managers. To thrive in this environment, government credit programs must be well designed and must be administered through capable, accountable and flexible institutions, based upon maximum use of new information technologies that permit prompt and effective decisionmaking in support of clear and thoughtful statutory missions. Private third parties that participate in delivering federal credit must also be capable, accountable, and flexible.

This challenge can be met. It is the purpose of this testimony to point to some successful institutional and program models and to help create a vision of quality in the design and management of federal credit programs in the future.

ANSWERS TO QUESTIONS SUBMITTED FOR THE PRINTED RECORD
submitted by Thomas H. Stanton
July 10, 1995

1. Loans and Grants

As a general rule, the government does a disservice to borrowers if it extends credit that they cannot handle. This leads to two options: (1) learn to discriminate between creditworthy and noncreditworthy borrowers and target loans to the former, and (2) consider providing special counselling, servicing and other support so that disadvantaged borrowers become creditworthy and able to repay their federal loans. In other words, the government can underwrite below-market loans to noncommercial borrowers. However, this is only possible if the federal credit program is at least as rigorous in its loan origination and administration practices as a private lender would be.

The choice between direct grant payments and loans is one of costs and benefits. In this time of scarce federal resources, it is important to target both grants and loans so that they serve public purposes at reasonable cost. For example, my written statement cites a recent GAO study that suggests that Pell Grants for disadvantaged students may be most cost-effective if targeted towards the first year or two of a student's higher education.

Finally, the provision of federal support through grants or loans raises distributional issues that involve contending values and constituencies; these are issues for the Congress to decide. For example, unsubsidized federal student loans provide most of their benefit to middle class students and their schools; by contrast, Pell Grants support lower income and otherwise disadvantaged students. The tradeoff between loans and grants in this context involves a tradeoff among values and constituencies rather than merely an issue that can be resolved at a technical level through assessment of costs and benefits of alternative tools of government.

2. Consolidation and Privatization of Credit Activities

The private credit market today is much more fluid and flexible than ever before. This makes it important that government credit programs have a capacity to adjust to unanticipated circumstances. As the Office of Management and Budget suggested in its Passback on HUD last year, there may be superior alternatives to government use of financial guarantees, especially for longer term financial instruments such as mortgages. The FHA, VA and FmHA might explore alternative forms of subsidy that rely upon private delivery systems to originate, service and foreclose on housing and real estate loans. However, these decisions again raise issues concerning the constituencies that have developed to deliver government credit programs in their current form.

Any major change -- even if it involves a net increase in use of private delivery systems -- would be very unsettling for some of the mortgage lenders and others who have been stalwart participants in providing credit services for government programs. The government has offered mortgage insurance for over sixty years. Private companies have developed and shaped themselves to serve this federally created market. Many of the providers of real estate credit and settlement services are already undergoing a process of consolidation; a number of firms might actually go out of business if the government changes its mortgage insurance programs in too drastic a fashion. Thus, even issues of privatization involve contending values and constituencies in the private sector that the Congress must consider.

Finally, the issue of consolidating government programs relates to questions of congressional committee jurisdiction and the stake of particular constituencies in maintaining current jurisdictional roles. Veterans groups or farm groups, for example, might fear the adverse consequences of any effort to privatize the delivery of home mortgages to veterans or farmers or to combine the VA or FmHA homeownership programs with those of HUD. However, even if the origination and servicing of federally backed home mortgages remains fragmented among several agency programs, there is a compelling case for consolidating the debt collection function into a central agency.

3. Capacity to Administer Federal Credit Programs

There are several important dimensions of capacity as it relates to federal credit programs: (1) good program design, (2) institutional culture, (3) resources, (4) information, and (5) flexibility:

- **Good program design** is essential to the success of any credit program. Important elements of good design include provision of the authority and capacity of program managers (1) to adjust program activities in response to changes in the markets and the needs of borrowers, (2) to avoid unacceptable levels of loss, (3) to achieve a constructive relationship with private firms that may be used in the delivery of federal credit, to supervise them and contain possible losses from their activities, and (4) to implement the program with sufficient risk sharing by private parties to minimize the distorted incentives that otherwise can result from private parties' use of a government guarantee. In short, a federal credit program should be designed to give the government an ability to supervise its guarantee that is comparable to that of a private lender that issues a similar guarantee in the commercial market.

Many government programs lack essential elements of sound design. The federal guaranteed student loan (GSL) program is a case in point. Experts in education finance have noted:

"Although the GSL program makes heavy use of the nation's private credit system, the private banks in the program act not as sellers in a market system but as administrative agents in a centralized bureaucracy."¹

The GSL program is administered through an unwieldy combination of third parties -- guarantee agencies, lenders and schools -- who bear negligible risk and whose incentives are consequently distorted. Without adequate risk sharing, the government is reduced to rigid command-and-control type of regulations (e.g. the "due diligence" regulations that govern servicing of guaranteed student loans) and cumbersome due process procedures that must be applied

¹ Michael S. McPherson and Morton Owen Schapiro, Keeping College Affordable, (Washington, DC: Brookings Institution, 1991), pp. 159-60.

before low-performing lenders or schools can be terminated.

- **Institutional culture** involves the ability of a federal credit agency to extend credit in furtherance of public purposes and then to apply rigorous standards to assure that the loans will be repaid. Federal program managers must steer a difficult course. They cannot be lax in originating and servicing federal loans, or in supervising participating lenders or other private intermediaries, or they will incur unacceptable losses. On the other hand, they cannot be so stringent as to deprive eligible and creditworthy borrowers of their access to federal credit altogether.

As noted in my testimony, wholly owned government corporations, such as the Export-Import Bank, OPIC and Ginnie Mae, are among the federal credit institutions that have been most adept at managing this tension in role and at developing and maintaining successful institutional cultures.

- **Resources** are an essential part of the capacity of any federal credit program. Credit programs are not the place for government to be penny-wise and pound-foolish. If the government makes a direct loan or extends a financial guarantee, then it must expend the resources needed to oversee the prudent use of that loan or guarantee. Again, the relevant standard is that of a private lender making a similar loan or guarantee.

Skimping on resources to underwrite or service a loan or supervise a guarantee can result in substantial increases in taxpayer losses from defaults that might have been avoided. As noted in my testimony, Ginnie Mae provides an example of unwise emphasis upon restricting resources without proper regard for the costs and benefits involved. The GAO reported in 1993 that Ginnie Mae was restricted to a staff of about 70 people to manage some \$426 billion of mortgage-backed securities for which the government guarantees timely payment of principal and interest.² The potential costs of imposing such tight constraints upon Ginnie Mae's resources are completely out of balance with the minuscule savings in spending for a few more staff-years.

² US General Accounting Office, Government National Mortgage Association: Greater Staffing Flexibility Needed to Improve Management, (GAO/RCED-93-100), June 1993.

- **Information** is an essential part of effective program management. Federal credit managers must have access to real-time information and financial early warning systems. Too many federal credit programs have required third party participants to submit quarterly reports of varying quality that are sent to Washington where they have remained largely unused.

Much of the problem can be traced back to poor program design: if federal managers are precluded by law from adjusting their programs in response to early warnings of potential financial loss then they will not concern themselves to gather or digest such early warning information. Similarly, if federal managers lack the budgeted resources to travel to inspect participating program lenders, or perhaps the authority to apply sanctions to lenders when substandard performance manifests itself, then realtime information about lender performance may be seen as an unhelpful drain on scarce program resources. The cycle then completes itself when program managers lack accurate and timely information and thus are precluded from taking actions that in fact may be within their authority.³

- **Flexibility** is an especially important program attribute in today's fluid financial markets. Program managers need flexibility to deploy resources in response to program needs and to change the types of personnel skills and administrative systems that are available to the program, either in-house or through outsourcing.

A classic example came from HUD in the period of the rolling recessions of the 1980s. Recall that the country went through a number of years when successive regions -- the rust belt, the agricultural midwest, the energy states and then the northeast and California -- experienced successive recession and recovery. HUD would have benefitted from ability to deploy resources in response to these changing economic circumstances, for example to increase supervision of mortgage lenders in areas just beginning to experience downturn (when misconduct from a failing lender or builder becomes more likely), to dispose of properties in areas whose recessions resulted in abnormally high rates of default

³ See, e.g. US General Accounting Office, Student Loan Defaults: Department of Education Limitations in Sanctioning Problem Schools, (Washington, DC: GAO/HEHS-95-99), June 1995.

and foreclosure, and to originate new mortgages in prosperous areas that were not in recession.

Instead, HUD was tied to a system of regions headed by political appointees who fiercely resisted any effort to reallocate resources from their field offices to other regions where they were needed. This left HUD with excess staff in parts of some field offices at the same time that the department was seriously understaffed elsewhere. Ultimately, the American taxpayer was the loser from this misallocation of resources.

4. Government Corporations

The Committee on Governmental Affairs recently issued an excellent report, Managing the Public's Business: Federal Government Corporations (Washington, DC: GPO), April 1995. At p. 8, that report quotes from the criteria originally articulated by President Harry Truman. Under those criteria, a government corporation is normally appropriate only when a program (1) is predominantly of a business nature, (2) is revenue producing and potentially self-sustaining, (3) involves a large number of business-type transactions with the public, and (4) requires greater flexibility than may be permitted by the customary appropriations budget. I would add a fifth criterion: a government corporation is appropriate only when (5) an otherwise profitable activity cannot be privatized without impairing the government's ability to carry out an inherently governmental function or other important public purpose.

The Committee's report amply documents that these criteria have not been consistently applied in the years since the President enunciated them. The government has created entities that combine difficult mixtures of public and private attributes (e.g. the United States Synfuels Corporation and the Federal Asset Disposition Association) or that otherwise fail these criteria. Often the enabling legislation for a government corporation omits important provisions relating to the capacity or accountability of such an institution.

The government corporation is a tool of government that is suited to administer a particular range of government programs and activities according to the criteria set forth above. The design of a government corporation involves important issues of capacity and accountability that may be hidden in detailed provisions of the authorizing legislation. Within the current structure of OMB, which divides its activities narrowly according to program

categories, the particular budget examiner may lack the background needed to oversee activities of a corporation (e.g. to impose accountability through review of a corporation's business-type budget each year as is prescribed by the Government Corporation Control Act) or to evaluate the many new proposals to create new corporations.

Harold Seidman and Alan Dean and other specialists have concluded that congressional action may be required to bring some order into this state of affairs. In particular, a new government corporation standards act would help to create a statutory template that could be considered by those who contemplate creation of new government corporations. Lawmakers would be free to depart from the template; however, the existence of clear statutory standards would help to clarify that there were departures from the standard pattern and thereby prompt discussion of the costs and benefits involved.

Statement of

**Janet L. Norwood
Senior Fellow
The Urban Institute**

before the

**Committee on Governmental Affairs
United States Senate**

June 7, 1995

Mr. Chairman and Members of the Committee:

I am pleased to be here this morning to discuss the nation's statistical system. As you know, Mr. Chairman, I spent more than 25 years at the Bureau of Labor Statistics and served three full terms as its Commissioner. That experience convinced me that we need to improve the way in which the entire statistical system operates. In fact, I have just completed a book on the subject. I believe that an overhaul of the organization of the system along with stronger coordination of the way in which the government's data producers interact with each other and with the general public is needed to ensure that the country will have the data required to remain economically and socially competitive.

Data Needs in a Democracy

These issues are important because intelligent policy decisions can only be made when the people making those decisions have accurate, relevant, and objective information to inform them of the choices they face. Data produced by the federal system are used in the operation of government programs, in private sector agreements, and by the public to evaluate the success or failure of public policy. We wait to hear the statistical news about such issues as unemployment and inflation, income, environmental risk, and poverty. Billions of dollars are involved in payments indexed to the Consumer Price Index, and many of our laws use data series to trigger programs on and to turn them off. The effect of government data on the financial markets of the

Any opinions expressed herein are solely the author's and should not be attributed to The Urban Institute, its officers, or funders.

country has become so direct, that the agencies producing the data have had to take extraordinary steps to protect them against pre-release.

Clearly, data are important. But, although we hear criticisms about our information data base from time to time, it has not yet been possible to develop either in the Congress or among the general population the sustained interest necessary to bring about improvement. We have an opportunity now, when we are rethinking the way our entire government operates, to bring about effective change. But I must stress to you that our purpose must be the improvement of the public data base required for democracy to flourish, not merely finding ways to cut budgets. It seems to me that we have not yet learned that, despite the great power of federal statistical programs over the functioning of our daily lives, the system which produces them must be improved and nurtured. Many of the changes that I will propose to you will bring efficiencies in the long run. But let us not rush headlong into reorganization for the sole purpose of reducing statistical budgets.

Although many of the nation's important data programs are generally of high quality, they, like everything else, can be improved. We must recognize that we have a corps of well-trained and dedicated people who believe in the importance of the work they do in our statistical agencies. But the economic and social phenomena measured by the federal statistical system keep changing, and the data systems must also change. This catch-up has become harder and harder to accomplish. Over the years, as we have recognized the need for data covering new program areas, we have created new bureaus to produce them. But there has been little sustained attention for determining overall priorities and standards across the entire system. We have had many studies of government statistics producers over the last hundred years or so, but few of the recommendations have been implemented. The system has, in fact, changed very little. It seems that concerns about data occur only when people become concerned about the developments the data reveal. There is little lasting support for action to effectuate change.

A System with Increased Fragmentation and Reduced Coordination

The United States has one of the most decentralized statistical systems in the world. Eleven individual agencies located in nine different executive government departments have statistics as their major activity. And some 70 other agencies of the government produce statistical output as a part of their programmatic responsibilities. But the group which coordinates the system is one of the smallest in the world. Indeed, as the statistical work of the government has grown larger, we have cut the resources for coordination of the statistical apparatus by more than 90 percent -- from 65 people in 1947 to just 5 in 1995. And, the large number of Congressional Committees with oversight and program responsibilities relating to the nation's statistical output makes it even more difficult to effectuate coordinated action.

The system does have many problems; we can and should correct them. We have insufficient long-range planning of data products and budgeting of data production. The system is too slow to adjust data to changing economic and social conditions, in part because investment in data is generated only when the statistics reflect deteriorating conditions; once improvement occurs, the interest in the production of data of high quality tends to disappear. Very little work is currently being done across the system to integrate data sets produced in different surveys sponsored by different agencies. And there is insufficient investment in coordination in a system that is heavily decentralized. Data priorities are all too often determined almost entirely among programs within each sponsoring agency instead of across the statistical system itself.

Reforming the System

The United States has neither the benefits that come from strong centralization of a statistical system nor the efficiencies that come with strong and effective coordination of a decentralized system. As presently organized, we will not be able to meet the demands for data from an increasingly technologically advanced and globalized world. I propose that we move carefully and gradually toward greater centralization of the system. Should this approach be considered too radical, however, we can achieve many of the same efficiencies with considerably less trauma while leaving the statistical agencies within their own departments and passing a National Statistical Law to improve the way the system operates.

Alternative A: Create a Central Statistical Bureau (CSB)

My preferred solution is the creation of a modified Statistics America, a Central Statistical Board (CSB) that would house the two large multi-purpose statistical agencies --the Bureau of the Census and the Bureau of Labor Statistics (BLS) -- as well as two smaller groups -- the Bureau of Economic Analysis (BEA) and OMB's Statistical Policy Branch (SP). Full centralization of the entire system in a single agency would create an agency so large as to present serious management problems. However, the new CSB should collect, compile, analyze, and disseminate statistical information and, at the same time, set quality and classification standards and provide oversight over statistical work done elsewhere in the government. Using Census and BLS as the core of the new agency would permit development of a comprehensive effort to combine surveys, integrate data sets, and develop economies of scale. The new agency should evaluate existing data sets and engage in research for efficient survey design aimed at the elimination of duplication and overlap. This work must be done with great care, because much of the data produced are among the most sensitive and critical of all the data produced by the government.

The other two groups to be included in the new CSB are extremely important ones. The BEA is responsible for the compilation of the national accounts and, in that capacity, must work with all parts of the statistical system. And the Statistical Policy Branch, currently housed at OMB, is responsible for standard setting and for coordination of the entire system. The policy group, operating from the CSB, would have the strong coordinating authority provided by the CSB enabling legislation and, thus, would have much more opportunity than it now has to establish priorities and ensure efficiencies across all the statistical work of the government.

Alternative B: Pass a National Statistical Improvement Act

Because of the complexities of the legislative process -- in particular the large number of Congressional Committees with oversight responsibilities over different statistical agencies -- it is possible that we will need a less radical but still practical change. We could go a long way toward reduction of the barriers which limit the efficient operation of the system by passing a law which would include five provisions to improve and standardize the functioning of statistical agencies

within their host departments: 1) provide uniform confidentiality protection across the statistical system, permitting the exchange of data for **statistical purposes only**, 2) elevate the status of some statistical agencies within their departments to the higher levels maintained in others, 3) standardize the appointment process and tenure for statistical agency heads, and 4) codify release procedures for major economic and social indicators, and 5) strengthen the role of OMB's Chief Statistician. All of these provisions are important, but none will work very well without a clear legislative recognition of the need to strengthen the coordinating arm of the statistical system. A part of my proposal for the legislation involves providing each year through the budget process, perhaps through the National Science Foundation, of a research center to assist the Chief Statistician to develop approaches to data integration and standards so necessary for the development of an efficient and well run system.

Conclusion

This testimony provides a brief summary of the proposals included in my book on the federal statistical system which was recently published by the Urban Institute. I would be happy to elaborate further on these ideas or to discuss these issues with you and your staff, Mr. Chairman, as you consider other reorganization proposals that affect statistical agencies.

Let me again emphasize two issues. First, the nation's statistical system needs restructuring to operate more efficiently and more effectively. Second, we must consider very carefully how any proposed changes would affect the data systems upon which the whole nation depends. Our statistical system can and should be improved. But let us bring about change only after we have given careful thought to the consequences. Fast re-engineering of the nation's statistical system without sufficient research and thought, carried out only to reduce statistical budgets will surely damage the quality and the relevance of many of our most important statistical series. Much work needs to be done to determine exactly where and how budgets should be cut and exactly how data can be integrated.



ADVISORY
COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON DC 20575

Testimony by
WILLIAM E. DAVIS III
Executive Director, U.S. Advisory Commission on Intergovernmental Relations

Hearing of the U.S. Senate
Committee on Governmental Affairs
**ON DUPLICATION, OVERLAP, AND FRAGMENTATION IN
FEDERAL PROGRAMS**

Wednesday, June 7, 1995
Washington, DC

Mr. Chairman and members of the Committee, my name is William Davis. I am the Executive Director of the U.S. Advisory Commission on Intergovernmental Relations (ACIR).

I am especially pleased that you have invited ACIR to testify today on the important topic of duplication, overlap, and fragmentation in federal missions and programs. This is something that the Commission has studied long and hard. We have recommended grant reforms consistently over the last three decades, in accordance with the intent of Congress when it established ACIR to "provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation," and to "give critical attention to the conditions and controls involved in the administration of Federal grant programs." (Pub. L. 86-380, Sec. 2)

I want to note for the record that Senator Roth was a member of ACIR when we prepared many of our studies on this topic, and I know that they were among his keenest interests throughout his years in the U.S. Senate. Mr. Chairman, we appreciate your support for this policy and for ACIR's work over the years.

I will limit my remarks today to reforming the federal grant system, because that is what ACIR has studied most definitively in relation to the subject of this hearing. On this topic, I want to emphasize three major points:

- The increasing fragmentation of the system;
- The most likely opportunities for consolidation based on ACIR research; and
- Suggested criteria for consolidating, terminating, or phasing out programs.

The State of the Grant System

ACIR's biennial tabulation of federal grant characteristics for FY 1995 shows that a net of 40 narrow categorical programs were added between FY 1993 and FY 1995, for a total of 618 categorical grants. There were no new block grants. We now have the largest number of categorical grant programs in history. Of those created in the last two years, more than two-thirds are funded at less than \$10 million per year. Only three had over \$100 million. Thus, the most recent actions have continued to fragment the grant system. (See Characteristics of Federal Grant-in-Aid Programs to State and Local Governments: Grants Funded FY 1995, ACIR Report M-195, forthcoming.)

Back in 1980, in its 14-volume analysis of the federal grant system, ACIR developed a "Fragmentation Index" as a way to measure the extent to which grant assistance in program categories is fragmented into a large number of small programs.¹ The idea behind the index is that, in general, the smaller programs may carry a disproportionately heavy burden of administrative overhead and provide a disproportionately small amount of the resources needed to meet program goals effectively. There are now almost 100 more narrow categorical grant programs than there were in 1980

In 1993, ACIR recalculated the Fragmentation Index using actual FY 1992 data. Allowing for some differences in program structure and classifications since FY 1980, ACIR found that:

- 7 of 21 groups became more fragmented (more different programs with smaller amounts of money than in 1980) - arts and humanities, disaster prevention and relief, employment and training, environmental protection, food and nutrition; housing, and occupational health and safety ,
- By comparison, only 3 of 21 groups had become less fragmented (fewer small grants and more large grants than in 1980)—energy, transportation, and health.

So, this is another indication that the federal grant system continues to grow more complex and difficult to manage.

The Fragmentation Index gives only a rough indication of where to begin looking for opportunities to "reinvent" grant programs. Some small programs undoubtedly are well designed and effective. Changes should not be made without a thorough investigation of the individual groups of grant programs.

With that caveat, ACIR's study suggests that the most likely opportunities for grant consolidation or other reforms might be found in :

- Health, education and social services/public assistance, which contain the largest numbers of programs; and
- Cultural affairs, occupational safety and health, disaster prevention and relief, libraries,

veterans' benefits and services, natural resources, and justice, which have the highest fragmentation indexes. (See Table 1)

I have attached ACIR's 1993 report with this testimony (*Federal Grant Programs in Fiscal Year 1992: Their Numbers, Sizes, and Fragmentation Indexes in Historical Perspective*, ACIR Report SR-14, September 1993) and request that it be included in the record of this hearing.

Time for Action

It is encouraging to note that the Administration and the Congress are entertaining proposals for new block grants. Congressional proposals could consolidate well over 300 programs, while the President's initial set of proposals in the FY 1996 Budget would group 271 programs into 27 Performance Partnerships. The federal grant system is too complex and difficult to administer, and it is getting worse. The Commission firmly believes it is time to take action to increase the number of flexible and simplified block grants, and the proportion of grant funds delivered by this means.

Mr. Chairman, I would be remiss not to remind the Committee that ACIR is presently engaged in a major review of existing federal mandates under *The Unfunded Mandates Reform Act of 1995*, which originated in this Committee. The law requires ACIR to examine all existing federal mandates, including those imposed as a condition of federal aid. Furthermore, you will recall that we were directed by the law to make recommendations to the Congress and the President regarding consolidating requirements to reduce duplication where it is shown to exist. While our research has just begun, we hope that our recommendations, due next March, will present a significant additional opportunity to help reform the grant system.

Examples of Needed Program Reforms

ACIR has not studied the current block grant proposals now before the Congress, and does not take a position on them at this time. However, in recent years, ACIR has studied three programs that may be relevant to your grant reform focus in this hearing: child care, criminal justice, and welfare reform. Each of these programmatic examples is based on an ACIR report and is described briefly below.

Child Care

ACIR prepared and adopted a study of the federal child care programs about two years ago, and found that greater consistency is needed among the five key programs:

- Child Care and Development Block Grant
- Social Service Block Grant
- Title IV-A Child Care (for those in AFDC);

Federal Program Clusters, FY 1992

NUMBER OF PROGRAMS			FRAGMENTATION INDEX			
Percentage of Funding	Categories	Number	Programs	Percentage of Funding	Categories	Index
38.27 %	Health	90	1.81 %	10.88 %	Income Security	0.17
7.20	Education	83	2.35	10.04	Housing	0.23
5.92	Social Services and Public Assistance	67	3.98	11.50	Transportation	0.35
2.16	Environmental Quality	36	16.27	38.27	Health	0.43
0.49	Natural Resources	36	2.71	5.35	Food and Nutrition	0.51
0.15	Cultural Affairs	36	1.99	2.39	Training and Employment	0.83
2.84	Local and Area Development	26	100.00	100.00	All Programs	1.00
0.61	Indian Programs	24	1.27	0.82	National Defense	1.55
0.38	Justice	23	4.70	2.84	Local and Area Development	1.66
11.50	Transportation	22	12.12	5.92	Social Services and Public Assistance	2.05
5.35	Food and Nutrition	15	15.01	7.20	Education	2.09
10.04	Housing	13	6.51	2.16	Environmental Quality	3.02
0.44	Agriculture	13	2.35	0.44	Agriculture	5.36
0.26	Energy	13	4.34	0.61	Indian Programs	7.08
0.12	Disaster Prevention/Relief	12	2.35	0.26	Energy	8.90
2.39	Training and Employment	11	4.16	0.38	Justice	10.98
10.88	Income Security	10	6.51	0.49	Natural Resources	13.31
0.82	National Defense	7	0.90	0.07	Veterans' Benefits and Services	13.75
0.07	Libraries	6	1.08	0.07	Libraries	16.08
0.07	Veterans' Benefits and Services	5	2.17	0.12	Disaster Prevention and Relief	17.53
0.05	Occupational Health and Safety	5	0.90	0.05	Occupational Health and Safety	18.95
	TOTAL	553	6.51	0.15	Cultural Affairs	42.69

- Title IV-A Transitional Child Care (for those who have just left AFDC);
- Title IV-A At-Risk Child Care (for those in danger of needing AFDC).

These programs have different eligibility requirements, payment rates, and regulations. This ad hoc set of programs, enacted at different times, makes coordination and administration difficult for state and local governments, often requires assisted children to change providers when their program status changes, and serves only 10-20 percent of eligible children. In short, the promise of integrated child care is not met with the present programs. The Commission recommended modifying the rules in these programs to allow state and local governments to administer them consistently. Consolidation among these programs would be another way to provide this flexibility.

Criminal Justice

In its May 1993 report *The Role of General Government Elected Officials in Criminal Justice*, the Commission found that the criminal justice field is extraordinarily fragmented and complex, to the point where none of the principal responsible parties, by themselves, can reduce crime significantly. In this unbalanced programmatic environment. To assist in achieving the needed coordination, the Commission recommends that federal criminal justice grants should avoid earmarking that prevents their use on efforts that address the range of needs experienced by the states.

Criminal justice is only one of two program fields in which federal block grants have been tried and abandoned. Criminal justice block grants existed from 1967-1981 (making it the second oldest block) and from 1986-1988. There are now 19 separate federal categorical programs in this field, suggesting that potential for consolidation and/or coordination may exist.

Welfare Reform

In 1987-88, the Commission found that effective strategies against poverty go well beyond public provision of income transfers and in-kind services. Likely key elements include education, training, job placement, community self-help, housing, public-private cooperation, and person-to-person caring. Many of these elements are supported by a wide array of separate federal aid programs.

The Commission recommended refocusing the welter of fragmented federal public assistance programs on new strategies that use combined resources to reduce poverty by helping recipients become self-sufficient. Federal grant requirements and restrictions that inhibit state and local governments in developing a coordinated community-based approach should be removed.

All three examples show the need for consolidating the federal grant system to simplify it and make it more flexible. Although the Commission's recommendations are not definitive, we believe they provide a sound basis on which the Congress, the Administration, the agencies, and others can work together to improve the system. We urge consultation with state and local governments in those efforts.

Commission Recommendations for Grant Reform

In June 1980, the Commission recommended a comprehensive set of criteria for substantially reducing in the number of federal-aid programs, and determining which programs should be consolidated or terminated.

The Commission concluded that the most likely candidates for *consolidation* should be:

- Programs that are or could be made closely related in terms of functional area,
- Programs that are similar or identical in program objectives; and
- Programs that are linked to the same type(s) of recipient governmental jurisdictions.

The primary candidates for *termination and phase-out* should include:

- The approximately 420 small federal categorical grant programs which account for only 10 % of all grant funds;
- Programs in functional fields in which federal aid amounts to approximately 10% or less of the combined state and local outlays, including federal aid;
- Programs that do not embody essential and statutorily clearly stated national objectives, or which are too small to address significantly the need to which they relate;
- Programs, especially small ones, that have high administrative costs relative to the federal financial contribution;
- Programs that obtain—or could obtain—most of their funding from state and/or local governments, or fees for service, or that could be shifted to the private sector.²

In January 1995, the Commission adopted a wide-ranging "Resolution on Strengthening the Intergovernmental Partnership" that included, among other matters, the following reaffirmations of our long-standing support for grant reform:

The federal grant system should be reformed to achieve greater simplification and accountability, and to provide greater flexibility to state and local governments in using federal-aid funds most effectively and efficiently to address their specific problems. To achieve these objectives, the Commission urges combining more federal programs into block grants that require conformity only to broad federal guidelines and preclude supplantation of existing state and local funding.

Certain federal programs fall under the purview and primary responsibility of local

government; certain federal programs fall under the purview and primary responsibility of state government; and certain programs are a true partnership between the federal government and the state and local governments. Therefore, in establishing new block grants, ACIR will work cooperatively with the federal government and with state and local governments to assist in assigning new block grants to the proper level of government.

The intergovernmental reforms called for in this resolution should be developed in direct and full consultation with the state and local governments.

Close

Mr. Chairman, that concludes my remarks. I want to thank you again for the opportunity to appear before the Committee on this important subject. I would be happy to answer any questions the Committee may have.

Notes

1. The Fragmentation Index is created by grouping all Federal grant programs into clusters of similar programs. The percentage of all grant programs is then compared to the percentage of all grant funds in that cluster. The ratio of these two percentages is the "fragmentation index." An index of less than 1 indicates that the cluster has fewer and larger programs than average. An index greater than 1 indicates a larger number of smaller programs.

2. ACIR, *An Agenda for American Federalism: Restoring Confidence and Competence*, Report A-86, June 1981, Recommendation 1, "Decongesting the Feral Grant System," p. 111.

**Federal Grant Programs
In
Fiscal Year 1992
Their Numbers, Sizes,
and Fragmentation Indexes
in Historical Perspective**

September 1993
SR 14

Advisory
Commission on
Intergovernmental
Relations
 Washington, DC

Highlights

The challenge of reforming the federal grant system is at least as great today as it was in 1980. The number of separate grant programs is at an all-time high of 553, and complexity and rigidity have returned to the system.

- ◆ By 1992, the number of grants had increased to 553 from a low of 404 in 1984 and 473 in 1980.
- ◆ In 1992, 92% of all federal grants to state and local governments (506 of 553 programs) were funded by only 10% of all federal aid money.
- ◆ Despite some success in consolidating grants in the 1980s, the federal-aid system had 506 micro-grants in 1992—80 more than in 1980.
- ◆ Three programs—Medicaid, Highway Planning and Construction, and Family Support Payments to States—accounted for 50% of all federal grant money in 1992.
- ◆ Medicaid alone accounts for 35% of all federal grant funding, while direct federal aid to local governments is only 12% of all funding.

- ◆ The three smallest grant programs—Meteorology Research, Development and Promotion of Ports and Intermodal Transportation, and Appalachian Supplements (Community Development)—were funded in 1992 at \$60,000, \$50,000, and \$22,000, respectively.

- ◆ Based on ACIR's "fragmentation index" (percentage of grant programs in a cluster compared to the percentage of funding):

3 of 21 groups had fewer small grants and more large grants than in 1980—Energy, Transportation, and Health.

7 groups now offer more different programs with smaller amounts of money—Arts and Humanities, Disaster Prevention and Relief, Employment and Training, Food and Nutrition, Housing, and Occupational Safety and Health.

*Environmental
Productivity*

Preface and Acknowledgments

This staff report was prepared in response to informal requests from analysts for Congress and Vice President Al Gore's National Performance Review. It updates the analysis underlying an ACIR recommendation for decongesting the federal grant system, which was adopted on June 20, 1980.

The principal investigator and author of this report is Charles Griffiths, a senior analyst at ACIR, guided and assisted by Bruce D. McDowell, ACIR's Director of Government Policy Research. The text of

this report is a slightly revised version of an article that appeared in the Commission's quarterly magazine *Intergovernmental Perspective* (Vol. 19, No. 3, Summer 1993).

The staff hopes that the information in this report will assist other analysts in their consideration of grant reform proposals.

John Kincaid
Executive Director

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Federal Grant Changes, 1980 and 1992

Analysts for the Congress and the National Performance Review conducted by Vice President Al Gore for President Bill Clinton asked ACIR to update its analysis of federal grant programs published in 1981. Following is a brief summary of findings from this update.

After some streamlining of the grant system in the early 1980s, ground has again been lost. The number of separate grant programs is at an all-time high, and many of the programs are quite small. The challenge of "reinventing" the grant system is at least as great as it was when the 1980s began.

The number of federal grants has crept back up from a low of 404 in 1984 to a high of about 553 in FY 1992. Block grants, which accounted for about 15 percent of all federal grant funds in 1978, now account for 16.64 percent. Complexity and rigidity have reemerged in the grant system.

In its 1981 report *An Agenda for American Federalism*, ACIR clustered similar federal grant programs and compared the percentage of federal grant programs in each cluster to the percentage of federal grant funds in the cluster. This produced a "fragmentation index."

An index number of less than one indicates that the cluster has fewer and larger programs than average. An index number greater than one indicates the cluster has a larger number of smaller programs. The

reasoning behind the index is that, in general, the smaller programs probably carry a disproportionately heavy burden of administrative overhead and provide a disproportionately small amount of the resources needed to meet nationwide program needs effectively. A high fragmentation index, then, suggests where opportunities might exist for grant consolidations, terminations, or turnbacks.

The Update

Over the past two months, ACIR has prepared a rough update of the rankings of federal grant programs by size, and has recalculated the fragmentation indexes of program clusters. Because of substantial program changes over the past dozen years, the comparisons between the FY 1980 findings (used in the 1981 report) and FY 1992 findings are not precise. Nevertheless, a few of these comparisons are noted to give a sense of historical development. Of primary interest for current grant reform efforts are the FY 1992 fragmentation indexes.

Number and Size of Programs. As shown in Table 1, the federal grant programs available to state and local governments in FY 1980 increased to 553 in 1992, up about 19 percent. In 1980, the largest 19 programs accounted for 80 percent of all federal grant dollars, compared to 21 programs in 1992. Ninety

Table 1
Number and Size of Federal Grant Programs Available to State and Local Governments
FY 1980 and FY 1992

FY 1980			FY 1992		
Cumulative Number of Programs	Cumulative Obligations (thousands)	Cumulative Percentage	Cumulative Number of Programs	Cumulative Obligations (thousands)	Cumulative Percentage
5	\$56,320,044	48%	3	\$100,512,921	50%
19	92,246,837	80	21	159,414,755	80
49	104,507,435	90	45	180,104,294	90
473	116,227,656	100	553	\$199,908,225	100

percent of all grant dollars were in the largest 49 programs in 1980 and the largest 45 programs in 1992.

Changes in Program Structures. As shown in Table 2, health/medical programs moved up to become the largest program cluster, while housing dropped from first place to fourth. The employment/training, criminal justice, and occupational health and safety clusters dropped in relative size. The other clusters remained fairly stable in relation to each other, although precise comparisons are difficult because of some inconsistencies in program classification.

Fragmentation Indexes. As shown in Table 3, again allowing for some differences in classification, the fragmentation patterns remained much the same over the 12-year period. The most fragmented program clusters in both years were education, criminal justice, resource conservation and development, cultural affairs (arts and humanities), and libraries.

The program areas becoming less fragmented are energy, transportation, and health. The program areas becoming significantly more fragmented are arts and humanities (cultural affairs), civil preparedness (disaster prevention and relief), food and nutrition, employment and training, environmental protection, housing, and occupational safety and health. If the program areas of income security and social services/public assistance are combined (as they were in the 1980 analysis), the fragmentation index remains virtually unchanged.

Table 4 shows the fragmentation indexes for the major categories of programs and their subcategories. In this table, the income security cluster is combined with social services-public assistance.

This report is based on the OMB/GSA 1993 *Catalog of Federal Domestic Assistance* (CFDA). The catalog shows actual funding for Fiscal Year 1992 and estimates for Fiscal Year 1993. ACIR used the actual FY1992 data to compile the tables in the following Appendix.

The federal programs included in ACIR's analysis are primarily grants for which state and/or local governments (or entities of those governments) are eligible recipients. The one nongrant program included is Food Distribution, an in-kind "grant." In some cases, a federal program may offer more than one type of assistance. If one type involves grants, whether formula or project, the program is included. Altogether there are 574 such programs listed in CFDA. However, only 551 were actually funded in FY 1992. In reality, two programs within the 574 (14.850 and 14.856) provide funding for three other programs (14.851, 14.855 and

14.857), but OMB does not break out the individual funding for the three programs. Therefore, the true number of funded programs is 553.

Conclusion

These fragmentation indexes are only rough indicators of where to begin looking for opportunities to "reinvent" grant programs. Some small programs, undoubtedly, are well designed and effective for the purposes they serve. Changes should not be made without a thorough investigation of the individual programs within a cluster.

With that caveat, it appears from this analysis that the most likely opportunities for grant consolidation or other reforms might be found in the following program clusters: health, education, and social services and public assistance (which contain the largest number of programs), and justice, natural resources, veterans' benefits and services, libraries, occupational health and safety, and cultural affairs (which have the highest fragmentation indexes).

Appendix Table A-1 shows that one program (Medicaid) accounted for 35 percent of all federal grant funds in FY1992; 21 programs accounted for 80 percent of all the funds; and 45 programs accounted for 90 percent of all funding. The remaining 506 programs accounted for only 10 percent of the funding.

Table A-2 lists the 21 largest federal grant programs in descending order. They range between almost \$70 billion and \$1.5 billion.

Table A-3 lists the 21 federal grant program categories in descending size as measured by dollars. It also shows the percentage of all FY1992 programs and dollars in each of these major categories. "Income security" is treated as a separate category in this table because it is a separate OMB budget function.

Table A-4 ranks the grant program subcategories in descending dollar size, without reference to their major categories.

Table A-5 shows the program fragmentation analysis for the functional subcategories, ranking them from the least fragmented to the most fragmented.

Tables A-6 and A-7 list all of the individual grant programs. In Table A-6, the programs are ranked by dollar size alone (largest to smallest). In Table A-7, the individual programs are ranked in descending dollar size within their functional subcategory. The subcategories are listed in alphabetical order.

Table 2
Program Clusters of Federal Grants to State and Local Governments,
by Number of Programs and Percentage of Total Funding in Each Cluster, FY 1980 and FY 1992

Percentage of Funding	FY 1980 Categories	Number of Programs	Percentage of Funding	FY 1992 Categories	Number of Programs
19.45%	Housing	6	38.27%	Health	90
15.11	Medical	102	11.50	Transportation	22
12.05	Employment and Training	18	10.88	Income Security	10
10.17	Transportation	23	10.04	Housing	13
9.80	Food and Nutrition	14	7.20	Education	83
9.20	Education	77	5.92	Social Services and Public Assistance	67
6.32	Public Assistance	24	5.35	Food and Nutrition	15
5.91	General Revenue Sharing	1	2.84	Local and Area Development	26
4.39	Environmental Protection	33	2.39	Training and Employment	11
4.15	Development	41	2.16	Environmental Quality	36
0.81	Natural Resources and Conservation and Development	21	0.82	National Defense	7
0.72	Vocational Rehabilitation	14	0.61	Indian Programs	24
0.53	Criminal Justice	20	0.49	Natural Resources	36
0.48	Economic Opportunity	5	0.44	Agriculture	13
0.21	Civil Preparedness	7	0.38	Justice	23
0.19	Arts and Humanities	30	0.26	Energy	13
0.17	Occupational Safety and Health	4	0.15	Cultural Affairs	36
0.17	Miscellaneous	10	0.12	Disaster Prevention/Relief	12
0.09	Volunteer Services	5	0.07	Libraries	6
0.08	Libraries	6	0.07	Veterans' Benefits and Services	5
0.02	Energy	9	0.05	Occupational Health and Safety	5
0.00	Fire Protection	3			
	TOTAL	473		TOTAL	553

Table 3
Federal Grant Program Clusters Ranked by Fragmentation Index, FY 1980 and FY 1992

	Percentage of Programs Funding	FY 1980 Categories	Fragmentation Index	Percentage of Programs Funding	FY 1992 Categories	Fragmentation Index
LESS FRAGMENTED	0.21%	5.91% General Revenue Sharing	0.04	1.81%	10.88% Income Security	0.17
	1.27	19.45 Housing	0.07	2.35	10.04 Housing	0.23
	2.96	9.80 Food and Nutrition	0.30	3.98	11.50 Transportation	0.35
	3.81	12.05 Employment and Training	0.32	16.27	38.27 Health	0.43
	4.86	10.17 Transportation	0.48	2.71	5.35 Food and Nutrition	0.51
	5.07	6.32 Public Assistance	0.80	1.99	2.39 Training and Employment	0.63
	100.00	100.00 All Programs	1.00	100.00	100.00 All Programs	1.00
MORE FRAGMENTED	21.56	15.11 Medical	1.43	1.27	0.82 National Defense	1.55
	6.98	4.39 Environmental Protection	1.59	4.70	2.84 Local and Area Development	1.66
	16.28	9.20 Education	1.77	12.12	5.92 Social Services and Public Assistance	2.05
	8.67	4.15 Development	2.09	15.01	7.20 Education	2.09
	1.06	0.48 Economic Opportunity	2.22	6.51	2.16 Environmental Quality	3.02
	2.96	0.72 Vocational Rehabilitation	4.08	2.35	0.44 Agriculture	5.36
	0.85	0.17 Occupational Safety and Health	4.88	4.34	0.61 Indian Programs	7.08
	4.44	0.81 Natural Resources and Conservation and Development	5.45	2.35	0.26 Energy	8.90
				4.16	0.38 Justice	10.98
				6.51	0.49 Natural Resources	13.31
	1.48	0.21 Civil Preparedness	7.09	0.90	0.07 Veterans' Benefits and Services	13.75
	4.23	0.53 Criminal Justice	8.01	1.08	0.07 Libraries	16.08
	1.06	0.09 Volunteer Services	11.76	2.17	0.12 Disaster Prevention and Relief	17.53
	2.11	0.17 Miscellaneous	12.38	0.90	0.05 Occupational Health and Safety	18.95
	1.27	0.08 Libraries	16.75	6.51	0.15 Cultural Affairs	42.69
	6.34	0.19 Arts and Humanities	33.91			
	1.90	0.02 Energy	89.49			
0.63	0.00 Fire Protection	874.33				

Table 4
FY1992 Federal Grant Program Fragmentation Index
For Program Categories and Subcategories

Category	Subcategory	Percent of		Fragmentation Index	
		Programs	Funding		
Housing		2.35%	10.037%		0.23
	Housing	2.35%	10.037%	0.23	
Transportation		3.98%	11.504%		0.35
	Air Transportation	0.18%	0.953%	0.19	
	Ground Transportation	3.07%	10.529%	0.29	
	Other Transportation	0.72%	0.021%	35.05	
Health		16.27%	36.270%		0.43
	Health Care Services	1.99%	34.912%	0.06	
	Health Research	1.63%	0.790%	2.06	
	General Health	12.48%	2.564%	4.87	
	Information and Statistics	0.18%	0.003%	60.25	
Food/Nutrition		2.71%	5.347%		0.51
	Food and Nutrition Assistance	2.71%	5.347%	0.51	
Income Security/Public Assistance/Social Services		13.92%	16.802%		0.83
	Income Assistance	1.63%	10.877%	0.15	
	Social Services and Public Assistance	12.12%	5.921%	2.05	
	Other Research and Education	0.18%	0.004%	43.14	
Training and Employment		1.99%	2.393%		0.83
	Training and Employment	1.81%	2.361%	0.77	
	Information and Statistics	0.18%	0.032%	5.72	
National Defense		1.27%	0.817%		1.55
	Hazardous Substances	0.36%	0.692%	0.52	
	National Guard	0.18%	0.113%	1.60	
	Higher Education	0.18%	0.007%	24.93	
	Federal Impact Assistance	0.54%	0.005%	112.87	
Local and Area Development		4.70%	2.837%		1.66
	"Community/Economic and Regional Development"	4.70%	2.837%	1.66	
Education		15.01%	7.196%		2.09
	Science and Technology	0.18%	0.221%	0.82	
	Federal Impact Assistance	0.36%	0.393%	0.92	
	Elementary/Secondary/Vocational	10.31%	6.333%	1.63	
	Higher Education	1.63%	0.182%	8.96	
	Other Research and Education	2.53%	0.067%	37.75	
Environmental Quality		6.51%	2.186%		3.02
	Pollution Control and Abatement	4.70%	2.027%	2.32	
	Hazardous Substances	1.63%	0.129%	12.66	
	Other Research and Education	0.18%	0.001%	144.60	
Agriculture		2.35%	0.438%		5.36
	Agriculture Research and Services	2.35%	0.438%	5.36	
Indian Programs		4.34%	0.613%		7.08
	Indian Assistance	4.34%	0.613%	7.08	

Table 4 (cont.)
 FY1992 Federal Grant Program Fragmentation Index
 For Program Categories and Subcategories

Category	Subcategory	Percent of		Fragmentation Index
		Programs	Funding	
Energy		2.35%	0.264%	8.90
	Energy Supply	0.54%	0.119%	4.56
	Energy Conservation	1.08%	0.128%	8.48
	Hazardous Substances	0.36%	0.016%	22.50
	Information and Statistics	0.18%	0.001%	242.94
	Science and Technology	0.18%	0.000%	903.74
Justice		4.16%	0.379%	10.98
	Criminal Justice Assistance	3.44%	0.366%	9.39
	Federal Law Enforcement Activities	0.72%	0.013%	56.66
Natural Resources		6.51%	0.489%	13.31
	Resource Conservation and Development	5.61%	0.486%	11.53
	Information and Statistics	0.36%	0.002%	156.49
	Science and Technology	0.54%	0.001%	781.34
Veterans Benefits and Services		0.90%	0.066%	13.75
	Veterans Hospital/Medical Care	0.72%	0.063%	11.40
	Other Veterans Benefits	0.18%	0.002%	78.16
Libraries		1.08%	0.067%	16.08
	Libraries	1.08%	0.067%	16.08
Disaster Prevention/Relief		2.17%	0.124%	17.53
	Disaster Assistance/Insurance	0.36%	0.068%	5.33
	Emergency Preparedness	1.81%	0.056%	32.33
Occupational Health and Safety		0.90%	0.048%	18.95
	Occupational Health and Safety	0.90%	0.048%	18.95
Cultural Affairs		6.51%	0.152%	42.69
	Other Cultural Programs	0.18%	0.013%	14.30
	Arts and Humanities	5.97%	0.137%	43.65
	Information and Statistics	0.18%	0.003%	70.30
	Other Research and Education	0.18%	0.001%	334.72

Note: Analysis combines Income Security, Public Assistance, and Social Services as one category.

Source: ACTR calculations.

Table A-1

Proportion of Grant Funds Accounted for by
the Largest FY'92 Federal Grant Programs

No. of Programs	Obligations: (\$00)	Percent (Total)
Statistics are progressively cumulative		
1	\$69,573,826	36%
2	86,789,172	43%
3	100,512,921	50%
12	141,323,534	71%
21	159,414,755	80%
45	180,104,294	89%
853	\$188,908,226	100%

Programs comprising only 10% of the grant funding

506	\$19,803,931	10%
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Table A-2
**Largest 21 Federal Grant Programs To State and Local
 Government: FY 1992**

CFDA	PROGRAM	AMOUNT (000)
93.778	Medical Assistance Program (MEDICAID).....	\$69,573,826
20.205	Highway Planning and Construction	\$17,215,352
93.560	Family Support Payments to States - Assistance Payments.....	\$13,723,743
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilita	\$11,607,415
84.010	Chapter 1 Programs - Local Educational Agencies.....	\$6,134,200
14.850	Public and Indian Housing (includes funding for 14.851, 14.852, 14.854)	\$5,547,706
10.555	National School Lunch Program.....	\$3,870,098
17.250	Job Training Partnership Act [BLOCK GRANT]	\$2,956,396
93.667	Social Services BLOCK GRANT.....	\$2,800,000
14.852	Public and Indian Housing Comprehensive Improvement Assistance Progra	\$2,669,000
10.557	Special Supplemental Food Program for Women, Infants, and Children (W)	\$2,667,449
17.225	Unemployment Insurance	\$2,558,349
66.458	Capitalization Grants for State Revolving Funds (Wastewater Treatment Fac	\$2,400,000
14.218	Community Development BLOCK GRANTS/Entitlement Grants	\$2,340,849
93.600	Administration for Children, Youth and Families - Head Start	\$2,201,800
93.656	Foster Care - Title IV-E.....	\$2,155,787
84.027	Special Education - State Grants.....	\$1,976,095
20.106	Airport Improvement Program	\$1,905,929
20.507	Federal Transit Capital and Operating Assistance [BLOCK GRANT] Formu	\$1,822,762
84.126	(Vocational) Rehabilitation Services - Basic Support	\$1,787,999
14.239	HOME Investment in Affordable Housing	\$1,500,000

% ALL FUND 80% TOTAL: 159,414,755

Table A-3

**FY 1992 Federal Grant Categories
Ranked by Descending Dollars**

CATEGORIES	Obligations (000)	% Total Programs	Number Programs	% Total Programs
	Includes only funded programs			
Health	\$76,504,842	38.27%	90	16.27%
Transportation	\$22,996,443	11.50%	22	3.98%
Income Security	\$21,752,169	10.88%	10	1.81%
Housing	\$20,064,450	10.04%	13	2.35%
Education	\$14,384,492	7.20%	83	15.01%
Social Services/Public Assistance	\$11,836,829	5.92%	67	12.12%
Food/Nutrition	\$10,689,491	5.35%	15	2.71%
Local and Area Development	\$5,672,115	2.84%	26	4.70%
Training and Employment	\$4,783,816	2.39%	11	1.99%
Environmental Quality	\$4,310,961	2.16%	36	6.51%
National Defense	\$1,633,953	.82%	7	1.27%
Indian Programs	\$1,225,666	.61%	24	4.34%
Natural Resources	\$977,878	.49%	36	6.51%
Agriculture	\$876,051	.44%	13	2.35%
Justice	\$757,254	.38%	23	4.16%
Energy	\$527,815	.26%	13	2.35%
Cultural Affairs	\$304,820	.15%	36	6.51%
Disaster Prevention/Relief	\$247,527	.12%	12	2.17%
Libraries	\$134,867	.07%	6	1.08%
Veterans Benefits and Services	\$131,429	.07%	5	.90%
Occupational Health and Safety	\$95,357	.05%	5	.90%
Grand Total :	\$199,908,225		553	

Table A-4

**Federal Grant Subcategories
Ranked by Descending Dollars: FY 1992**

SUBCATEGORIES	Obligations (000)	% Total Programs	Number Programs	% Total Programs
	Includes only funded programs			
Health Care Services	69,792,771	34.91%	11	1.99%
Income Assistance	21,743,789	10.88%	9	1.63%
Ground Transportation	21,049,256	10.53%	17	3.07%
Housing	20,064,450	10.04%	13	2.35%
Elementary/Secondary/Vocational	12,661,059	6.33%	57	10.31%
Social Services and Other Assistance	11,836,829	5.92%	67	12.12%
Food and Nutrition Assistance	10,689,491	5.35%	15	2.71%
Community/Economic and Regional Development	5,672,115	2.84%	26	4.70%
General Health	5,125,874	2.56%	69	12.48%
Training and Employment	4,720,652	2.36%	10	1.81%
Pollution Control and Abatement	4,051,485	2.03%	26	4.70%
Air Transportation	1,905,929	.95%	1	.18%
Hazardous Substances	1,672,694	.84%	13	2.35%
Health Research	1,580,197	.79%	9	1.63%
Indian Assistance	1,225,666	.61%	24	4.34%
Resource Conservation and Development	971,870	.49%	31	5.61%
Agriculture Research and Services	876,051	.44%	13	2.35%
Federal Impact Assistance	794,506	.40%	5	.90%
Criminal Justice Assistance	731,733	.37%	19	3.44%
Science and Technology	443,324	.22%	5	.90%
Higher Education	377,427	.19%	10	1.81%
Arts and Humanities	273,311	.14%	33	5.97%
Energy Conservation	255,734	.13%	6	1.08%
Energy Supply	238,064	.12%	3	.54%
National Guard	226,256	.11%	1	.18%
Other Research and Education	146,032	.07%	17	3.07%
Disaster Assistance/Insurance	135,726	.07%	2	.36%
Libraries	134,867	.07%	6	1.08%
Veterans Hospital/Medical Care	126,804	.06%	4	.72%

Table A-4
Federal Grant Subcategories
Ranked by Descending Dollars: FY 1992

SUBCATEGORIES	Obligations (000)	% Total Programs	Number Programs	% Total Programs
	Includes only funded programs			
Emergency Preparedness.....	111,801	.06%	10	1.81%
Occupational Health and Safety.....	95,357	.05%	5	.90%
Information and Statistics	80,414	.04%	6	1.08%
Other Transportation.....	41,258	.02%	4	.72%
Federal Law Enforcement Activities	25,521	.01%	4	.72%
Other Cultural Programs	25,287	.01%	1	.18%
Other Veterans Benefits	4,625	.00%	1	.18%
Grand Total :	\$199,908,225		553	

Table A-5
**Federal Grant
 Fragmentation Analysis
 For Functional Subcategories: FY 1992**

SUBCATEGORIES	% Total Programs	% Total Funding	Fragmentation Index
Health Care Services.....	1.99%	34.91%	0.06
Income Assistance.....	1.63%	10.88%	0.15
Air Transportation.....	.18%	.95%	0.19
Housing.....	2.35%	10.04%	0.23
Ground Transportation.....	3.07%	10.53%	0.29
Food and Nutrition Assistance.....	2.71%	5.35%	0.51
Training and Employment.....	1.81%	2.36%	0.77
National Guard.....	.18%	.11%	1.60
Elementary/Secondary/Vocational.....	10.31%	6.33%	1.63
Community/Economic and Regional Development.....	4.70%	2.84%	1.66
Social Services and Other Assistance.....	12.12%	5.92%	2.05
Health Research.....	1.63%	.79%	2.06
Federal Impact Assistance.....	.90%	.40%	2.27
Pollution Control and Abatement.....	4.70%	2.03%	2.32
Hazardous Substances.....	2.35%	.84%	2.81
Science and Technology.....	.90%	.22%	4.08
Energy Supply.....	.54%	.12%	4.56
General Health.....	12.48%	2.56%	4.87
Disaster Assistance/Insurance.....	.36%	.07%	5.33
Agriculture Research and Services.....	2.35%	.44%	5.36
Indian Assistance.....	4.34%	.61%	7.08
Energy Conservation.....	1.08%	.13%	8.48
Criminal Justice Assistance.....	3.44%	.37%	9.39
Higher Education.....	1.81%	.19%	9.58
Veterans Hospital/Medical Care.....	.72%	.06%	11.40
Resource Conservation and Development.....	5.61%	.49%	11.53
Other Cultural Programs.....	.18%	.01%	14.30
Libraries.....	1.08%	.07%	16.08
Occupational Health and Safety.....	.90%	.05%	18.95
Information and Statistics.....	1.08%	.04%	26.97
Emergency Preparedness.....	1.81%	.06%	32.33

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Table A-5
**Federal Grant
 Fragmentation Analysis
 For Functional Subcategories: FY 1992**

SUBCATEGORIES	% Total Programs	% Total Funding	Fragmentation Index
Other Transportation.....	.72%	.02%	35.05
Other Research and Education.....	3.07%	.07%	42.08
Arts and Humanities.....	5.97%	.14%	43.65
Federal Law Enforcement Activities.....	.72%	.01%	56.66
Other Veterans Benefits.....	.18%	.00%	78.16

Table A-6

FY 1992 Federal Grant Programs
In Descending Dollar Order

CFDA	Type of Assistance	Program Description	Obligations: (000)	Cumulative:	Percent (Total)
93.178	F	Medical Assistance Program (MEDICAID)	\$69,573,826	\$69,573,826	34.8029%
29.209	F P	Highway Planning and Construction	\$17,215,352	\$86,789,178	43.4145%
93.090	F	Family Support Payments to States - Assistance Payments	\$13,723,743	\$100,512,921	50.2795%
14.988	P9	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation (includes funding for 14 R55, 14 R57)	\$11,607,415	\$112,120,336	56.0659%
84.810	F	Chapter 1 Program - Local Educational Agencies	\$8,134,200	\$120,254,536	59.1544%
14.990	P9	Public and Indian Housing (includes funding for 14 R1, 14 R2, 14 R34)	\$5,547,700	\$125,802,232	61.9295%
98.865	F	National School Lunch Program	\$3,870,099	\$127,672,330	63.8655%
17.299	F	Job Training Partnership Act (BLOCK GRANT)	\$2,958,396	\$130,628,736	65.3444%
93.097	F	Social Services BLOCK GRANT	\$2,800,000	\$133,428,736	66.7450%
14.952	P	Public and Indian Housing, Comprehensive Improvement Assistance Program	\$2,689,000	\$136,097,736	68.0801%
98.867	F	Special Supplemental Food Program for Women, Infants, and Children (WIC)	\$2,087,449	\$138,765,185	69.4144%
17.226	F P9	Unemployment Insurance	\$2,558,349	\$141,323,534	70.8942%
98.090	F	Capitalization Grants for State Revolving Funds (Wastewater Treatment Facilities)	\$2,400,000	\$143,723,534	71.8948%
14.510	F	Community Development BLOCK GRANTS/Entitlement Grants	\$2,340,849	\$146,064,383	73.0657%
93.090	P	Administration for Children, Youth and Families - Head Start	\$2,201,900	\$148,266,183	74.1671%
93.090	F	Food Stamps - Title IV-E	\$2,155,787	\$150,421,970	75.2655%
94.827	F	Special Education - State Grants	\$1,978,095	\$152,398,065	76.2340%

Pa	Formulas	P9a	Project: Direct Payment (Specified or Unspecified)	L9a	Unallocated/Unused Loan
Pb	Project	L9b	Direct Loan	D9b	State Exchange, Donation of Property - Goods

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance	Obligations: (000)	Cumulative:	Percent (Total)
20-100	P	Airport Improvement Program	\$1,905,929	77.1874%
20-807	F	Federal Transit Capital and Operating Assistance (III) (CK GRANT) Formula Grants	\$1,822,762	78.0992%
84-120	F	(Vocational) Rehabilitation Services - Basic Support	\$1,787,999	78.9936%
14-339	F	HOME Investment in Affordable Housing	\$1,500,000	79.7440%
25-800	F P	Low-Income Home Energy Assistance (III) (CK GRANT)	\$1,499,975	80.4943%
81-892	P	Environmental Restoration	\$1,379,989	81.1846%
25-803	F	Child Support Enforcement	\$1,375,400	81.8726%
20-800	F P	Federal Transit Capital Improvement Grants	\$1,359,180	82.5525%
19-801	F	State Administrative Matching Grants for Food Stamp Program	\$1,337,590	83.2216%
19-803	F P	Child and Adult Care Food Program	\$1,089,627	83.7667%
23-909	F	Substance Abuse and Preventive Treatment Services (III) (CK GRANT)	\$1,025,090	84.2798%
14-320	F	Community Development BLOCK GRANTS/State's Program	\$1,001,703	84.7808%
19-700	P L	Water and Waste Disposal Systems Grants for Rural Communities	\$958,916	85.2805%
84-808	F P	Vocational Education - Basic Grants to States	\$941,801	85.7317%
16-148	P P	Indian Grants - Economic Development	\$928,939	86.1954%
23-878	F	Permits to States for Child Care Assistance (III) (CK GRANT)	\$825,000	86.6081%
17-207	F	Employment Service	\$821,808	87.0191%

F = Formula P = Project P = Project Direct Payment/Specified or Unspecified L = Guaranteed Insured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Grants

Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (199)	Cumulative:	Percent (Total)
19.852	F	School Breakfast Program	\$901,191	\$174,739,444	87.4198%
84.841	PS	Impact Aid - Maintenance and Operations (Elementary/Secondary Education)	\$741,756	\$175,501,200	87.7909%
92.861	F	Job Opportunities and Basic Skills Training (JOBS)	\$678,942	\$176,180,142	88.1305%
17.246	F P	Employment and Training Assistance - Dislocated Workers	\$578,988	\$176,757,128	88.4191%
92.994	F	Maternal and Child Health Services [III] (MCH) (GRANT)	\$547,031	\$177,304,209	88.6928%
84.186	F	Drug-Free Schools and Communities - State Grants	\$507,863	\$177,811,872	88.9468%
92.224	P	Community Health Centers	\$490,140	\$178,302,012	89.1919%
92.848	F	Special Programs for the Aging (Title III-C) - Congregate Nutrition Services	\$455,670	\$178,757,682	89.4199%
19.826	P	Plant and Animal Disease, Pest Control, and Animal Care	\$455,078	\$179,212,758	89.6475%
84.181	F	Federal, State, and Local Partnerships for Educational Improvement [III] (EIX) (GRANT)	\$450,000	\$179,662,758	89.8726%
47.676	P	Education and Human Resources	\$441,536	\$180,104,294	90.0935%
19.878	F	Drug Control and System Improvement - Formula Grants	\$423,000	\$180,527,294	90.3051%
92.848	PS	Refugee and Entrant Assistance - State-Administered Programs	\$404,999	\$180,932,291	90.5077%
92.242	P	Mental Health Research Grants	\$394,802	\$181,326,893	90.6901%
92.889	F	Community Services BLOCK GRANT	\$390,000	\$181,636,893	90.8701%
92.874	F	Child Care for Families At-Risk of Welfare Dependency	\$357,535	\$182,014,410	91.0490%
92.888	P	Aging Research	\$327,108	\$182,341,518	91.2126%

Fa Formula PSa Project: Direct Payment(Specified or Unspecified) LBa Guaranteed/Insured Loan
 Pa Project Lc Direct Loan Dc Sale, Exchange, Donation of Property - Goods

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**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance	Obligations: (bill)	Cumulative:	Percent (Total)
84.173	F Special Education - Preschool Grants	\$370,000	\$182,661,518	91.3727%
10.427	P8 Rural Rental Assistance Payments	\$319,846	\$182,981,364	91.5327%
93.293	P Centers for Disease Control: Investigations and Technical Assistance	\$317,130	\$183,298,494	91.6913%
10.800	F Cooperative Extension Service	\$315,180	\$183,613,674	91.8490%
84.811	F Migrant Education - Basic State Formula Grant Program	\$308,298	\$183,921,972	92.0032%
93.379	P Drug Abuse Research Program	\$305,631	\$184,227,603	92.1561%
93.844	F Special Programs for the Aging (Title III-B) - Grants for Supportive Services and Service Centers	\$299,238	\$184,526,841	92.3056%
93.998	P Research for Mothers and Children	\$287,308	\$184,814,149	92.4495%
93.777	F P State Survey and Certification of Health Care Providers and Suppliers - Medicare	\$287,247	\$185,101,422	92.5932%
93.848	F Child Welfare Services - State Grants	\$273,911	\$185,375,333	92.7302%
93.998	F Community Mental Health Services RILJCK GRANT	\$266,310	\$185,641,643	92.8634%
93.200	P Childhood Immunization Grants	\$256,399	\$185,900,042	92.9927%
84.104	F Eisenhower Mathematics and Science Education - State Grants	\$240,000	\$186,140,042	93.1127%
84.892	F Adult Education - State-Administered Basic Grant Program	\$235,790	\$186,375,792	93.2307%
12.600	P Military Construction, Army National Guard	\$228,256	\$186,604,048	93.3439%
93.899	F Adoption Assistance	\$205,811	\$186,807,859	93.4467%
10.889	F Summer Food Service Program for Children	\$202,927	\$187,010,786	93.5462%

F= Formula	P= Project: Direct Payment (Specified or Unspecified)	L= Loan	Guaranteed/Insured Loan
P= Project	L= Direct Loan	D= Sale, Exchange, Donation of Property - Credit	

Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance	Obligations: (000)	Cumulative:	Percent (Total)
18.695	F Sport Fish Restoration (Dingell-Johnson Program)	\$202,800	\$187,213,386	93.6497%
93.118	P AIDS Activity	\$200,186	\$187,413,574	93.7499%
81.042	F Weatherization Assistance for Low-Income Persons	\$193,925	\$187,607,499	93.8468%
19.999	P8 Food Distribution	\$183,172	\$187,790,671	93.9384%
84.003	P P8 Bilingual Education	\$179,989	\$187,970,660	94.0265%
84.181	P Grants for Infants and Toddlers with Disabilities	\$175,000	\$188,145,660	94.1160%
14.954	P P8 Public and Indian Housing Drug Elimination Program	\$165,000	\$188,310,660	94.1965%
69.001	F Air Pollution Control Program Support	\$163,819	\$188,474,479	94.2805%
19.293	F Payments to Agricultural Experiment Stations under Hatch Act	\$161,598	\$188,636,045	94.3613%
81.098	F Innovative Clean Coal Technology	\$160,568	\$188,796,611	94.4418%
84.047	P Upward Bound [Higher Education]	\$158,750	\$188,955,361	94.5211%
11.398	P Economic Development - Grants for Public Works and Development Facilities	\$154,294	\$189,109,655	94.5982%
19.811	F Wetlands Restoration (Pittman-Robertson Program)	\$150,000	\$189,260,355	94.6736%
93.864	P Population Research [NIH]	\$148,788	\$189,409,043	94.7480%
23.003	P Appalachian Development Highway System	\$146,100	\$189,555,143	94.8211%
93.948	P HIV Prevention Activities - Health Department Based	\$145,010	\$189,700,153	94.8936%
19.878	F Nutrition Program for the Elderly (Commodities)	\$143,719	\$189,843,872	94.9655%

P= Formula	P8= Project Direct Payment (Specified or Unspecified)	L= Loan	Guaranteed/Insured Loan
P= Project	L= Direct Loan	D= Sale, Exchange, Donation of Property - Credit	

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance	Program Description	Obligations: (000)	Cumulative:	Percent (Total)
84.009	F	Education of Handicapped Children in State Operated or Supported Schools	\$143,000	\$189,916,872	95.0370%
92.217	P	Family Planning - Services	\$139,499	\$190,126,371	95.1068%
16.262	F P	Abandoned Mine Land Reclamation Program	\$135,274	\$190,261,645	95.1745%
92.823	F	Federal Emergency Management Food and Shelter Program	\$134,000	\$190,395,645	95.2415%
92.991	F	Preventive Health and Health Services (RICK GRANT)	\$129,000	\$190,524,645	95.3081%
28.999	F	Public Transportation for Nonhandicapped Areas	\$121,452	\$190,646,097	95.3668%
16.009	F	Temporary Emergency Food Assistance (Food Commodities)	\$120,000	\$190,766,097	95.4268%
16.904	P	Waterbush Protection and Flood Prevention	\$115,169	\$190,881,266	95.4844%
14.226	P P9	Supportive Housing Program	\$113,203	\$190,994,469	95.5411%
28.000	F	State and Community Highway Safety	\$112,847	\$191,107,316	95.5975%
84.906	P	Magnet Schools Assistance in Desegregating Districts	\$110,000	\$191,217,316	95.6526%
92.917	F	HIV Care Programs Grants	\$108,635	\$191,325,951	95.7059%
92.273	P	Alcohol Research Programs	\$104,959	\$191,430,910	95.7584%
84.079	P	Special Education - Special Education Personnel Development and Parent Training	\$101,800	\$191,530,710	95.8093%
84.016	F	Veterans State Nursing Home Care	\$100,314	\$191,631,024	95.8595%
84.992	P	Hazardous Substance Response Trust Fund	\$99,000	\$191,730,024	95.9093%
16.995	F P9	Commodity Supplemental Food Program	\$98,306	\$191,828,330	95.9575%

F = Formula P = Project Direct Payment (Specified or Unspecified) L = Loan Guaranteed/Insured Loan
 P = Project L = Direct Loan D = Sale/Exchange/Donation of Property - Grants

Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Comulative:	Percent (Total)
16.206	P	Grants for Agricultural Research - Competitive Research Grants	\$92,130	\$191,919,116	96.0036%
66.991	F	Hazardous Waste Management State Program Support	\$90,595	\$192,009,701	96.0469%
93.626	F	Developmental Disabilities Basic Support and Advocacy Grants	\$90,206	\$192,099,907	96.0946%
84.243	F P	Tech-Prep Education	\$90,000	\$192,189,907	96.1391%
19.884	F P	Cooperative Forestry Assistance	\$69,946	\$192,279,853	96.1841%
93.194	P	Community Partnerships Demonstration Grant (Substance Abuse)	\$66,037	\$192,367,890	96.2281%
17.226	F P	Senior Community Service Employment Program	\$66,940	\$192,454,830	96.2716%
84.624	F	Public Library Services	\$63,696	\$192,518,728	96.3136%
86.619	F	Water Pollution Control - State and Interstate Program Support	\$61,655	\$192,620,383	96.3545%
19.200	P	Grants for Agricultural Research, Special Research Grants	\$61,649	\$192,702,032	96.3954%
17.247	F P	Migrant and Seasonal Farmworkers	\$77,644	\$192,780,076	96.4343%
81.689	P	Fossil Energy Research and Development	\$77,398	\$192,857,474	96.4730%
93.779	P	Health Care Financing Research, Demonstrations and Evaluations	\$76,360	\$192,933,834	96.5112%
17.991	F	Disabled Veterans Outreach Program	\$76,027	\$193,009,861	96.5492%
14.231	F	Emergency Shelter Grants Program	\$73,163	\$193,083,024	96.5856%
84.669	F	Grants to States for State Student Incentives	\$72,000	\$193,155,024	96.6219%
66.690	P	Environmental Protection - Consolidated Research	\$70,844	\$193,225,868	96.6573%

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F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance	Obligations: (000)	Cumulative:	Percent (Total)
17.000	P Occupational Safety and Health	\$70,430	\$193,296,318	96.6925%
17.004	F Local Veterans Employment Representative Program	\$70,178	\$193,366,496	96.7278%
93.074	F Independent Living	\$70,000	\$193,436,496	96.7626%
93.977	P Preventive Health Services - Sexually Transmitted Diseases Control Grants	\$69,745	\$193,506,241	96.7975%
19.040	F State Administrative Expenses for Child Nutrition	\$68,766	\$193,575,007	96.8319%
94.213	F Even Start - Local Educational Agencies	\$68,500	\$193,643,507	96.8652%
98.998	P Underground Storage Tank Trust Fund Program	\$65,800	\$193,709,307	96.8981%
94.044	P Talent Search (Postsecondary Education)	\$65,720	\$193,775,027	96.9310%
72.001	P Foster Care/Adoptive Program	\$65,274	\$193,840,301	96.9636%
29.210	F Motor Carrier Safety Assistance Program	\$64,149	\$193,904,450	96.9957%
17.002	P Labor Force Statistics	\$63,184	\$193,967,634	97.0273%
17.251	F Native American Employment and Training Programs	\$63,000	\$194,030,634	97.0588%
19.978	F Crime Victims Assistance	\$62,734	\$194,093,368	97.0902%
93.993	F Civil Defense - State and Local Emergency Management Assistance	\$62,126	\$194,155,494	97.1213%
94.012	F Educationally Deprived Children - State Administration	\$61,920	\$194,217,414	97.1522%
93.920	P Healthy Start Initiative	\$61,181	\$194,278,595	97.1826%
94.133	P National Institute on Disability and Rehabilitation Research	\$60,905	\$194,339,500	97.2133%

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Fa Funds P/Bs Project Direct Payment (Specified or Unspecified) L/B Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Conch

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**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: [000]	Cumulative:	Percent (Total)
93.914	P	HIV Emergency Relief Project Grants	\$59,713	\$194,197,075	97.2432%
93.816	F	HIV Emergency Relief Formula Grants	\$59,713	\$194,456,788	97.2730%
94.128	P	(Vocational) Rehabilitation Services - Service Projects	\$59,555	\$194,516,343	97.3028%
89.937	P	Small Business Development Center	\$58,934	\$194,575,277	97.3323%
16.899	P	Drug Control and System Improvement - Discretionary Grants	\$56,751	\$194,632,028	97.3607%
16.878	F	Crime Victim Compensation	\$56,718	\$194,688,746	97.3891%
93.191	P	Health Program for Toxic Substances & Disease Registry	\$56,500	\$194,745,246	97.4173%
93.181	P	Project Grants for Health Services to the Homeless	\$55,783	\$194,801,029	97.4452%
44.888	P	HOPE for Public and Indian Housing Homeownership	\$55,203	\$194,856,232	97.4728%
93.776	F	State Medicaid Fraud Control Units	\$54,213	\$194,910,445	97.5000%
84.909	P	Indian Education - Formula Grants to Local Educational Agencies	\$53,908	\$194,964,353	97.5269%
29.613	P	Capital Assistance Program for Elderly Persons and Persons with Disabilities	\$53,342	\$195,017,703	97.5538%
68.499	F	Nonpoint Source Implementation Grants	\$52,000	\$195,069,703	97.5796%
93.144	P	Demonstration Grants for the Prevention of Alcohol and Other Drug Abuse among High-Risk Youth	\$50,930	\$195,120,633	97.6051%
93.246	P	Migrant Health Centers Grants	\$50,508	\$195,171,141	97.6304%
66.432	F	State Public Water System Supervision	\$50,026	\$195,221,167	97.6554%
16.548	F	Juvenile Justice and Delinquency Prevention - Allocation in States	\$49,735	\$195,270,902	97.6803%

F= Formula P= Project: Direct Payment(Specified or Unspecified) L= Guaranteed-Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Funds

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance	Program Description	Obligations: (\$00)	Cumulative:	Percent (Total)
93.918	P	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	\$49,426	\$195,320,328	97.7050%
29.814	P	Trauma Planning and Research	\$49,033	\$195,369,361	97.7295%
93.189	P	Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse)	\$40,587	\$195,417,948	97.7530%
93.944	P	HIV/AIDS Surveillance	\$40,082	\$195,466,030	97.7779%
16.209	P/PB	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	\$47,731	\$195,513,761	97.8018%
29.849	F/P	Federal Trauma Technical Studies Grants	\$48,100	\$195,561,861	97.8246%
98.090	F	Environmental Protection Consolidation Grants - Program Support	\$45,471	\$195,607,332	97.8478%
11.432	P	Environmental Research Laboratories Cooperative Institutes	\$45,074	\$195,652,406	97.8701%
16.648	F	Temporary Emergency Food Assistance (Administrative Costs)	\$44,999	\$195,697,405	97.8926%
93.088	P	Comprehensive Child Development Centers	\$44,398	\$195,741,803	97.9146%
14.218	P	Community Development BLOCK GRANTS/Small Cities Program	\$43,672	\$195,785,475	97.9367%
84.840	P	Impact Aid - Construction (Elementary/Secondary Education)	\$43,142	\$195,828,617	97.9583%
64.210	F/P	Capital Expenses (Elementary/Secondary Education)	\$42,433	\$195,871,050	97.9795%
93.878	PB	Community Services Block Grant - Discretionary Awards	\$41,368	\$195,912,418	98.0002%
93.919	P	State-Based Comprehensive Breast and Cervical Cancer Control Programs	\$40,000	\$195,952,418	98.0202%
84.201	P	School Dropout Demonstration Assistance	\$40,000	\$195,992,418	98.0402%
93.841	P	HIV Demonstration, Research, Public and Professional Education Project	\$39,075	\$196,031,493	98.0597%

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F = Formula P/B = Project Direct Payment (Specified as Unspecified) L/B = Guaranteed Insured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Goods

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FY 1992 Federal Grant Programs In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
11.417	P	Sea Grant Support.....	\$38,260	\$196,067,753	98.0789%
19.478	P	Cooperative Agreements with States for Intrastate Aerial and Poultry Inspection.....	\$37,981	\$196,105,734	98.0979%
93.199	P	Medical Treatment Effectiveness Research.....	\$37,839	\$196,143,573	98.1108%
84.129	P	(Vocational) Rehabilitation Training.....	\$36,670	\$196,180,243	98.1352%
81.982	F	Energy Conservation for Institutional Buildings.....	\$36,389	\$196,216,632	98.1533%
84.913	F	Chapter I Program for Neglected and Delinquent Children.....	\$36,054	\$196,252,686	98.1714%
93.982	P	Model Comprehensive Drug Abuse Treatment Programs for Critical Populations.....	\$35,975	\$196,288,641	98.1894%
17.249	P	Employment Services and Job Training - Pilot and Demonstration Programs.....	\$35,753	\$196,324,394	98.2073%
93.823	P	Administration for Children, Youth and Families - Runaway and Homeless Youth.....	\$35,751	\$196,360,145	98.2251%
94.198	P	Bilingual Education Training Grants.....	\$35,699	\$196,395,844	98.2430%
84.849	F	Vocational Education - Consumer and Homemaking Education.....	\$35,000	\$196,430,844	98.2605%
11.419	P	Coastal Zone Management Administration Awards.....	\$34,369	\$196,465,213	98.2777%
93.812	P	Native American Programs.....	\$34,126	\$196,499,339	98.2948%
14.273	P	Indian Community Development BLOCK GRANT Program.....	\$33,930	\$196,533,249	98.3118%
72.062	P	Retired Senior Volunteer Program.....	\$33,797	\$196,567,046	98.3287%
29.898	F P	Boating Safety Financial Assistance.....	\$33,744	\$196,600,810	98.3455%
83.198	P	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities.....	\$33,391	\$196,634,221	98.3622%

F = Formula P = Project Direct Payment (Specified or Unspecified) L = Guaranteed Insured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Goods

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**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
23,981	P	Appalachian Regional Development	\$32,800	\$196,667,021	98.3787%
48,897	F P	Promotion of the Arts - State and Regional Program	\$2,370	\$196,699,391	98.3948%
19,871	F	Food Commodities for Soup Kitchens	\$2,000	\$196,711,391	98.4109%
48,129	P	Promotion of the Humanities - State Programs	\$1,827	\$196,763,218	98.4268%
84,238	P	Special Projects and Demonstrations for Providing Vocational Rehab Services to Individuals with Severe Disabilities	\$1,103	\$196,794,321	98.4423%
84,187	F	Supported Employment Services for Individuals with Severe Handicaps	\$1,085	\$196,825,386	98.4579%
84,233	P	Drug-Free Schools and Communities - Emergency Grants (Substance Abuse)	\$30,304	\$196,855,690	98.4730%
84,192	F	Emergency Immigrant Education	\$30,000	\$196,885,690	98.4880%
92,168	F	Projects for Assistance in Transition from Unemployment (HICK GRANT)	\$30,000	\$196,915,690	98.5030%
98,799	P	Consolidated Pesticides Compliance Monitoring and Program Cooperative Agreement	\$29,988	\$196,945,656	98.5180%
18,984	P	Historic Preservation Fund Grants-in-Aid	\$28,593	\$196,975,249	98.5326%
19,498	P L8	Farm Labor Housing Loans and Grants	\$29,461	\$197,004,710	98.5476%
84,297	P	Drug-Free Schools and Communities - School Personnel Training	\$28,863	\$197,033,573	98.5620%
93,938	P	Cooperative Agreements to Support School Health Education to Prevent the Spread of AIDS	\$28,654	\$197,062,227	98.5763%
72,898	P	Senior Companion Program	\$28,638	\$197,090,865	98.5907%
84,224	P	State Grants for Technology-Related Assistance to Individuals with Disabilities	\$27,902	\$197,118,767	98.6046%
81,868	P C	Nuclear Waste Disposal Siting	\$27,608	\$197,146,375	98.6184%

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F= Formula P= Project P8= Project Direct Payment (Specified or Unspecified) L8= Guaranteed Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Growth . . .

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FY 1992 Federal Grant Programs
In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Commodities:	Percent (Total)
93.040	P	Special Programs for the Aging - Title IV - Truismic, Research, and Instructional Projects/Programs	\$25,941	\$197,172,314	96.6314%
16.828	P	Animal Damage Control	\$25,846	\$197,197,959	96.6442%
48.301	P P9	Institute of Medicare Services	\$25,207	\$197,223,246	96.6509%
84.210	F	State Program Improvement Grants	\$25,125	\$197,248,371	96.6665%
84.198	F	Education for Homeless Children and Youth - Grants for State and Local Activities	\$25,000	\$197,273,371	96.6820%
93.872	F	Emergency Community Services for the Homeless	\$25,000	\$197,298,371	96.6945%
84.894	P	Early Education for Children with Disabilities	\$25,000	\$197,323,371	96.7070%
11.306	P	Economic Development - State and Local Economic Development Planning	\$24,945	\$197,348,316	96.7195%
93.128	P	Mental Health Planning and Demonstration Projects	\$24,871	\$197,373,187	96.7319%
16.800	P	Justice Research, Development, and Evaluation Project Grants	\$24,528	\$197,397,715	96.7442%
96.891	P	Air Pollution Control Research	\$24,392	\$197,422,107	96.7564%
84.216	P	Innovation in Education: Secretary's Fund	\$24,000	\$197,446,107	96.7684%
16.433	P	Rural Housing Preservation Grants	\$23,000	\$197,469,107	96.7799%
93.226	P	Health Service Research and Development Grants	\$22,829	\$197,491,936	96.7913%
11.307	P	Special Economic Development and Adjustment Assistance Program	\$22,439	\$197,514,375	96.8025%
84.804	P	Desegregation Assistance, Civil Rights Training, and Advisory Services	\$22,000	\$197,536,375	96.8135%
93.682	P	Assistance Payments: Research	\$21,879	\$197,558,254	96.8245%

F= Formula P= Project L= Direct Loan
 P= Project L= Direct Loan L= Guaranteed Insured Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
84.198	P	National Workplace Literacy Partnerships	\$21,751	\$197,580,015	96.8354%
48.149	P	Promotion of the Humanities - Division of Preservation and Access	\$21,706	\$197,601,711	96.8462%
98.886	F	Special Milk Program for Children	\$21,567	\$197,623,278	96.8570%
38.992	PR	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	\$21,558	\$197,644,836	96.8678%
11.886	P	Minority Business Development Centers	\$21,259	\$197,666,115	96.8784%
11.886	P	Public Telecommunications Facilities - Construction and Planning	\$21,207	\$197,687,322	96.8890%
93.197	P	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning	\$21,180	\$197,708,502	96.8998%
84.923	P	Special Education - Innovation and Development	\$20,918	\$197,729,418	96.9101%
98.789	P	Rural Development Grants	\$20,750	\$197,750,168	96.9205%
11.392	P	Economic Development - Support for Planning Organizations	\$20,554	\$197,770,722	96.9308%
93.089	F	Administration for Children, Youth and Families - Child Abuse and Neglect State Grants	\$20,518	\$197,791,240	96.9410%
84.088	P	Educational Opportunity Centers	\$20,500	\$197,811,740	96.9513%
93.912	P	Rural Health Services Outreach	\$20,500	\$197,832,240	96.9615%
84.234	P	Projects with Industry	\$20,390	\$197,852,630	96.9717%
93.971	F P	Family Violence Prevention and Services	\$20,000	\$197,872,630	96.9817%
28.981	P	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	\$19,954	\$197,892,584	96.9917%
84.926	F	Interagency Cooperation and Resource Sharing	\$19,908	\$197,912,492	99.0017%

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F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed-Invested Loan
 PR= Project L= Direct Loan D= Subj. Exchange, Donation of Property, Grant

Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
84.199	P	Vocational Education Cooperative Demonstration	\$19,903	\$197,912,395	99.0116%
16.916	P	Outdoor Recreation - Acquisition, Development and Planning	\$19,746	\$197,932,141	99.0215%
93.884	P	Emergency Protection Grants - Substance Abuse	\$19,518	\$197,971,661	99.0313%
93.138	F	Protection and Advocacy for Individuals with Mental Illness	\$19,500	\$197,991,161	99.0410%
93.193	P	Pediatric AIDS Health Care Demonstration Program	\$19,296	\$198,010,457	99.0507%
06.684	F	Water Quality Management Planning	\$19,100	\$198,079,557	99.0602%
84.188	P	Secondary Education and Transitional Services for Youth with Disabilities	\$18,948	\$198,048,505	99.0697%
93.911	P	Drug Abuse Campus Treatment Demonstration Projects	\$18,700	\$198,067,205	99.0791%
84.293	P	Star Schools Program	\$18,412	\$198,085,617	99.0883%
93.136	P	Injury Prevention and Control Research and State Grants Projects	\$18,208	\$198,103,825	99.0974%
16.292	F	Cooperative Forestry Research	\$17,743	\$198,121,568	99.1063%
16.847	P/PB	Food Distribution Program on Indian Reservations	\$17,540	\$198,139,116	99.1150%
84.814	F	Veterans State Domiciliary Care	\$17,358	\$198,156,474	99.1237%
86.884	P	Solid Waste Disposal Research	\$17,193	\$198,173,667	99.1323%
93.891	P	Alcohol Research Center Grants	\$17,079	\$198,190,746	99.1409%
26.692	P	Motorcycle Helmets and Safety Belt Incentive Grants	\$17,000	\$198,207,746	99.1494%
93.843	F	Special Programs for the Aging (Title III-F) - Preventive Health Services	\$16,875	\$198,224,621	99.1578%

F= Formula PB= Project Direct Payment (Specified or Unspecified) LB= Guaranteed Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
16,144	P	Indian Child Welfare Act - Title II Grants	\$16,766	\$198,241,407	99.1662%
84,184	F	Public Library Construction and Technology Enhancement	\$16,710	\$198,258,125	99.1746%
84,828	P	Medis and Captioning for Individuals with Disabilities	\$16,593	\$198,274,718	99.1829%
88,483	P	National Pollutant Discharge Elimination System Related State Program Grants	\$16,500	\$198,291,218	99.1911%
11,438	P	Undersea Research	\$16,486	\$198,307,704	99.1994%
93,847	P	Social Services Research and Demonstration	\$16,379	\$198,324,083	99.2078%
82,831	P	State and Local Emergency Management Assistance - Other Assistance	\$16,167	\$198,340,250	99.2157%
84,988	P	National Program for Strengthening Teaching and Administration in Mathematics and Science	\$16,000	\$198,356,250	99.2237%
11,431	P	Climate and Atmospheric Research	\$15,900	\$198,372,150	99.2316%
93,848	P	Natural Resource Development	\$15,460	\$198,387,610	99.2393%
93,118	P	Project Grants and Cooperative Agreements for Tuberculosis Control Programs	\$15,321	\$198,402,931	99.2470%
93,837	P	Drug Abuse Prevention Program for Runaway and Homeless Youth	\$15,286	\$198,418,217	99.2547%
93,847	P	Special Programs for the Aging - Title VI, Part A, Indian Programs - Grants to Indian Tribes and Part B, Grants to Native Villages	\$15,086	\$198,433,303	99.2622%
84,178	F	Douglas Teacher Scholarship	\$15,000	\$198,448,303	99.2697%
84,118	P	Fund for the Improvement of Postsecondary Education	\$15,000	\$198,463,303	99.2772%
93,982	P	Mental Health Disaster Assistance and Emergency Mental Health	\$15,000	\$198,478,303	99.2847%
48,888	P	Promotion of the Arts - Music	\$14,862	\$198,493,165	99.2921%

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F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Advance, Donation of Property - Grant

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance	CFDA	Program Description	Obligations: (000)	Cumulative:	Percent (Total)
88,782	P L	88,782	Abatement Hazards Abatement (Schools) Assistance	\$14,800	\$198,507,965	99.2995%
84,873	P	84,873	National Diffusion Network	\$14,700	\$198,522,665	99.3069%
81,982	F	81,982	Academic Partnerships	\$14,500	\$198,537,165	99.3142%
83,878	P	83,878	Administration for Children, Youth and Families - Child Abuse and Neglect Disciplinary Activities	\$14,449	\$198,551,614	99.3214%
84,189	F	84,189	Comprehensive Services for Independent Living	\$14,200	\$198,565,814	99.3285%
83,983	P	83,983	Model Criminal Justice Drug Abuse Treatment - Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations	\$14,077	\$198,579,891	99.3355%
11,089	P	11,089	Measurement and Engineering Research and Standards	\$13,937	\$198,593,828	99.3425%
83,832	P	83,832	Facilities and Equipment (Emergency Management)	\$13,485	\$198,607,313	99.3492%
83,228	P	83,228	Indian Health Service - Health Management Development Program	\$13,304	\$198,620,617	99.3559%
98,429	P	98,429	Rural Self-Help Housing Technical Assistance	\$13,208	\$198,633,825	99.3625%
83,873	F	83,873	Grants to States for Planning and Development of Dependent Care Programs	\$13,175	\$198,646,999	99.3691%
88,813	P	88,813	Promotion of the Auto - Challenge Grants	\$12,834	\$198,659,833	99.3755%
83,882	P	83,882	Administration for Children, Youth and Families - Adoption Opportunities	\$12,687	\$198,672,520	99.3819%
83,244	P	83,244	Mental Health Clinical or Service-Related Training Grants	\$12,559	\$198,685,079	99.3881%
83,881	P	83,881	Abandoned Infants	\$12,557	\$198,697,636	99.3944%
88,488	P	88,488	National Fantasy Program	\$12,500	\$198,710,136	99.4007%
88,139	P	88,139	Promotion of the Humanities - Challenge Grants	\$12,392	\$198,722,528	99.4069%

F= Formula	P= Project	CFDA	Program Description	L= Guaranteed/Insured Loan	D= Sale, Exchange, Donation of Property - Grants	[A-6] 17

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Award		Obligations: (000)	Cumulative:	Percent (Total)
48,998	P	Promotion of the Arts - Media Arts	\$12,261	\$198,734,748	99.4130%
82,987	P	Occupational Health and Surveillance	\$12,271	\$198,747,019	99.4192%
84,374	F	Vocational Education - Community-Based Organizations	\$12,000	\$198,759,019	99.4252%
83,888	P	Transitional Living for Runaway and Homeless Youths	\$12,000	\$198,771,019	99.4312%
84,184	P	National Program for Drug-Free Schools and Communities	\$12,000	\$198,783,019	99.4372%
84,981	P	Indian Education - Special Programs and Projects	\$11,998	\$198,795,015	99.4432%
84,184	P	Bilingual Educational Support Services	\$11,927	\$198,806,942	99.4491%
48,184	P	Promotion of the Humanities - Humanities Projects in Media	\$11,543	\$198,818,485	99.4549%
81,841	F	State Energy Conservation	\$11,437	\$198,829,922	99.4608%
84,181	P	Vocational Education - Indians	\$11,412	\$198,841,334	99.4663%
48,912	P	Promotion of the Arts - Museums	\$11,120	\$198,852,454	99.4719%
28,399	P	Local Rail Freight Assistance Program	\$11,111	\$198,863,565	99.4775%
83,888	P	Temporary Child Care and Crisis Nurseries	\$11,055	\$198,874,620	99.4830%
14,228	P L	Supplemental Assistance for Facilities to Assist the Homeless	\$10,998	\$198,885,618	99.4885%
83,283	P	Occupational Safety and Health - Training Grants	\$10,972	\$198,896,590	99.4940%
83,888	P	Drug Abuse Prevention and Education Relating to Youth Grants	\$10,943	\$198,907,533	99.4994%
88,433	F	State Underground Water Source Protection	\$10,547	\$198,918,080	99.5047%

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F = Formula P_{IM} = Project Direct Payment (Specified or Unspecified) L_{IM} = Guaranteed Inured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Credit

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance	Program Description	Obligations: (000)	Cumulative:	Percent (Total)
48,128	P	Promotion of the Humanities - Humanities Projects in Museums and Historical Organizations	\$10,507	\$198,938,627	99.5100%
10,841	P	Juvenile Justice and Delinquency Prevention - Special Emphasis	\$10,464	\$198,939,091	99.5152%
11,303	P	Economic Development - Technical Assistance	\$10,409	\$198,949,500	99.5204%
93,937	P	Comprehensive Residential Drug Prevention and Treatment Projects for Substance - Using Women and their Children	\$10,300	\$198,959,800	99.5256%
93,949	P	HIV/AIDS and Related Diseases among Substance Abusers - Community-Based Outreach and Intervention	\$10,200	\$198,970,000	99.5307%
84,249	F	Foreign Language Assistance	\$10,000	\$198,980,000	99.5357%
10,793	P	Emergency Community Water Assistance Grants	\$10,000	\$198,990,000	99.5407%
17,248	P	Employment and Training - Research and Development Projects	\$10,000	\$199,000,000	99.5457%
16,964	F	Nutrition Education and Training Program	\$10,000	\$199,010,000	99.5507%
84,180	P	Technology, Educational Media and Materials for Individuals with Disabilities	\$10,000	\$199,020,000	99.5557%
84,144	P	Migrant Education: Interstate and Intra-state Coordination Program	\$9,985	\$199,029,985	99.5607%
93,984	P	Disabilities Prevention	\$9,955	\$199,039,940	99.5657%
84,192	P	Adult Education for the Homeless	\$9,759	\$199,049,699	99.5705%
84,206	P	Joseph K. Jarvis Gifted and Talented Students Education Grant Program	\$9,732	\$199,059,431	99.5754%
48,148	P	Promotion of the Humanities - Reference Materials	\$9,693	\$199,069,124	99.5803%
84,188	F	Robert C. Byrd Honors Scholarship	\$9,642	\$199,078,766	99.5851%
93,643	F	Children's Justice Grants to States	\$9,325	\$199,088,091	99.5897%

F = Formula	P = Project	Direct Payment (Specified or Unspecified)	L = Loan	Guaranteed Income Loan
P = Project	L = Direct Loan	D = Sale, Exchange, Donation of Property - Grants		

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance	Rehabilitation Services - Client Assistance for Individuals with Disabilities	Obligations: (\$000)	Commitments:	Percent (Total)
04.181	F	Rehabilitation Services - Client Assistance for Individuals with Disabilities	\$9,141	\$199,097,312	99.5943%
17.002	P	Veterans Employment Program	\$9,120	\$199,106,352	99.5999%
00.004	P	State Underground Storage Tanks Program	\$9,000	\$199,115,352	99.6034%
04.003	F	Vocational Education - State Councils	\$9,000	\$199,124,352	99.6079%
02.990	P	Capacity Expansion Program (Health)	\$9,000	\$199,133,352	99.6124%
14.179	P	Congregate Housing Services Program	\$8,999	\$199,142,351	99.6169%
04.078	P	Postsecondary Education Program for Persons with Disabilities	\$8,972	\$199,151,325	99.6214%
02.520	P	Emergency Management Institute - Field Training Program	\$8,920	\$199,160,251	99.6258%
04.014	P	Follow Through (Elementary/Secondary Education)	\$8,832	\$199,168,881	99.6302%
04.002	P PB	Promotion of the Arts - Dance	\$8,517	\$199,177,400	99.6344%
00.401	P	Wetlands Protection - State Development Grants	\$8,500	\$199,185,900	99.6387%
01.012	P	Social Security - Research and Demonstration	\$8,300	\$199,194,200	99.6429%
00.000	P	Conservation Research and Development	\$8,300	\$199,202,500	99.6470%
01.000	P	Conservation Research and Development	\$8,250	\$199,210,818	99.6511%
04.107	P	Library Literacy	\$8,163	\$199,219,001	99.6552%
04.003	P	Promotion of the Arts - Arts in Education	\$8,000	\$199,227,007	99.6593%
04.000	P	Special Education - Severely Disabled Program	\$7,990	\$199,235,003	99.6633%

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F= Formula P= Project; Direct Payment (Specified or Unspecified) L= Guaranteed/Financed Loan

P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - (Goods)

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
18.398	F P	Mining and Mineral Resources and Research Institutes	\$7,941	\$199,241,024	99.6672%
66.606	P	Water Pollution Control - Research, Development, and Demonstration	\$7,941	\$199,250,965	99.6712%
93.130	P	Primary Care Services - Resources Coordination and Development Cooperative Agreements	\$7,900	\$199,258,865	99.6752%
93.396	P	Adolescent Family Life - Demonstration Projects	\$7,754	\$199,266,619	99.6790%
16.842	P	National Institute for Juvenile Justice and Delinquency Prevention	\$7,745	\$199,274,364	99.6829%
66.932	P	State Indoor Radon Grants	\$7,704	\$199,282,068	99.6868%
48.127	P	Promotion of the Humanities - Elementary and Secondary Education in the Humanities	\$7,591	\$199,289,659	99.6908%
64.211	P	FIRST Schools and Teachers	\$7,495	\$199,297,154	99.6943%
69.007	P	Management and Technical Assistance for Socially and Economically Disadvantaged Business	\$7,312	\$199,304,466	99.6980%
66.436	P	Water Pollution Control - Lake Restoration Cooperation Agreements	\$7,000	\$199,311,466	99.7015%
93.871	F PG	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	\$7,000	\$199,318,466	99.7050%
64.928	P	Special Education - Regional Resource and Federal Centers	\$7,000	\$199,325,466	99.7085%
29.700	F	Pipeline Safety	\$6,930	\$199,332,396	99.7120%
93.046	F	Special Programs for the Aging (Title III-D) - In-Home Services for Frail Older Individuals	\$6,898	\$199,339,294	99.7154%
16.843	P	Missing Children's Assistance - Public Information	\$6,894	\$199,346,188	99.7189%
93.282	P	Occupational Safety and Health Research Grants	\$6,753	\$199,352,941	99.7222%
48.180	P	Promotion of the Humanities - Higher Education in the Humanities	\$6,672	\$199,359,613	99.7256%

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F = Formula
 PG = Project: Direct Payment (Specified or Unspecified)
 L = Loan
 P = Project
 L = Direct Loan

LB = Guaranteed Interest Loan
 D = Sale, Exchange, Donation of Property - Grants

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance	Obligations: (000)	Cumulative:	Percent (Total)
93.608	P Child Welfare Research and Demonstration	\$6,652	\$199,366,263	99.7289%
84.177	P Rehabilitation Services - Independent Living Services for Older Blind Individuals	\$6,505	\$199,372,770	99.7321%
19.218	P Sustainable Agriculture Research Education	\$6,442	\$199,379,212	99.7354%
28.812	P Federal Transit Technical Assistance	\$6,345	\$199,385,557	99.7385%
93.878	P Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	\$6,310	\$199,391,867	99.7417%
93.868	P Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	\$6,264	\$199,398,131	99.7449%
18.914	P Coastal Wetlands Planning, Protection and Restoration Act	\$6,148	\$199,404,277	99.7479%
11.427	P Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	\$6,137	\$199,410,414	99.7510%
48.919	P Promotion of the Arts - Expansion Arts	\$6,052	\$199,416,466	99.7540%
44.989	P Housing Counseling Assistance Program	\$6,008	\$199,422,472	99.7570%
93.179	P State Data Collection - Uniform Alcohol and Drug Abuse Data	\$6,000	\$199,428,472	99.7600%
84.123	P Law-Related Education	\$6,000	\$199,434,472	99.7630%
48.914	P Promotion of the Arts - Opera/Musical Theater	\$5,983	\$199,440,455	99.7660%
18.918	P Cooperative Endangered Species Conservation Fund	\$5,908	\$199,446,363	99.7690%
18.912	P Endangered Species Conservation	\$5,908	\$199,452,271	99.7719%
84.091	P Improving Access to Research Library Resources	\$5,655	\$199,457,926	99.7749%
93.878	P Special Projects of National Significance (Health)	\$5,678	\$199,463,604	99.7777%

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F= Formula P= Project: Direct Payment(Specified or Unspecified) L= Guaranteed Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - (Cash)

Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
17,000	P	Mine Health and Safety Grants	\$5,634	\$199,469,418	99.7805%
83,987	P	Health Programs for Refugees	\$5,631	\$199,475,049	99.7833%
48,000	P	Promotion of the Arts - Visual Arts	\$5,564	\$199,480,613	99.7861%
16,896	F	Assistance to State Water Resources Research Institutes	\$5,578	\$199,486,199	99.7889%
12,112	F	Payments to States in Lieu of Real Estate Taxes	\$5,510	\$199,491,727	99.7917%
93,870	P	Homeless Families Support Services Demonstration Program	\$5,500	\$199,497,227	99.7944%
93,672	F	Child Abuse and Neglect State Prevention Grants	\$5,367	\$199,502,594	99.7971%
46,140	P	Promotion of the Humanities - Interpretive Research/Collaborative Projects	\$5,348	\$199,507,942	99.7996%
16,287	F	Animal Health and Disease Research	\$5,248	\$199,513,190	99.8024%
93,168	P	Grants for State Loan Repayment	\$5,200	\$199,518,390	99.8050%
66,781	P	Toxic Substances Compliance Monitoring Program	\$5,181	\$199,523,571	99.8078%
66,806	P	Safe Drinking Water Research and Demonstration	\$5,160	\$199,528,731	99.8102%
89,803	P	National Historical Publications and Record Grants	\$5,142	\$199,533,873	99.8127%
66,897	P	Toxic Substances Research	\$5,129	\$199,539,002	99.8153%
83,129	P	Technical and Non-Financial Assistance to Community and Migrant Health Centers	\$5,000	\$199,544,002	99.8178%
66,900	P	Pollution Prevention Grants Program	\$5,000	\$199,549,002	99.8203%
84,264	F	State Literacy Resource Centers	\$5,000	\$199,554,002	99.8228%

F= Formula P= Project: Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance	Program Description	Obligations: (000)	Cumulative:	Percent (Total)
46,146	P	Promotion of the Humanities - Editors	\$4,993	\$199,538,975	99.8253%
16,872	P	Marital - Cohans	\$4,983	\$199,563,918	99.8278%
16,819	P	Urban Park and Recreation Recovery Program	\$4,923	\$199,568,861	99.8302%
93,898	P	Grants for Physician Assistant Training Program	\$4,918	\$199,573,779	99.8327%
93,127	P	Emergency Medical Services for Children	\$4,811	\$199,578,590	99.8351%
16,877	P	Emergency Federal Law Enforcement Assistance	\$4,800	\$199,583,390	99.8375%
81,898	F	Energy Extension Service	\$4,757	\$199,588,147	99.8399%
93,916	P	Community Coalition Demonstration Projects to Support Health and Human Services Needs for Minority Males	\$4,756	\$199,592,903	99.8423%
64,896	P	Grants to States for Construction of State Nursing Home Care Facilities	\$4,887	\$199,597,590	99.8446%
84,248	P	Demonstration Projects for the Integration of Vocational and Academic Learning	\$4,880	\$199,602,270	99.8470%
93,948	P	Assistance Program for Chronic Disease Prevention and Control	\$4,850	\$199,606,920	99.8493%
64,293	P	State Cemetery Grants	\$4,825	\$199,611,545	99.8516%
46,864	P	Promotion of the Arts - Libraries	\$4,808	\$199,616,151	99.8539%
84,234	P	Rehabilitation Training - Continuing Education	\$4,535	\$199,620,686	99.8562%
81,879	P	Biofuels and Municipal Waste Technology and Regional Programs	\$4,523	\$199,625,209	99.8584%
84,298	P	Rehabilitation Services - American Indians with Disabilities	\$4,470	\$199,629,679	99.8607%
16,898	P	Criminal Justice Statistics Development	\$4,447	\$199,634,126	99.8629%

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F= Formula P= Project Direct Payment (Specified or Unspecified) L= Loan Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property, Grant

FY 1992 Federal Grant Programs In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
84.016	F	Veterans State Hospital Care	\$4,445	\$199,618,571	99.8651%
93.041	F	Special Programs for the Aging (Title III-C) - Prevention of Abuse, Neglect and Exploitation of Older Individuals	\$4,418	\$199,642,987	99.8673%
84.082	P	Indian Education - Adult Education	\$4,318	\$199,647,305	99.8695%
84.228	P	Educational Partnerships	\$4,228	\$199,651,533	99.8716%
93.199	F	Community Assistance Program - State Support Services Element	\$4,125	\$199,655,658	99.8737%
93.873	P	Community Services Block Grant Discretionary Award - Demonstration Partnership	\$4,050	\$199,659,708	99.8757%
84.208	P	Rehabilitation Training - State Vocational Rehabilitation Unit	\$4,045	\$199,663,753	99.8777%
48.911	P	Promotion of the Arts - Presenting and Commissioning	\$4,002	\$199,667,755	99.8797%
84.204	P	School, College, and University Partnerships	\$4,000	\$199,671,755	99.8817%
84.189	P	Disabled: Special Studies and Evaluation	\$4,000	\$199,675,755	99.8837%
93.068	P	Coal Miners Respiratory Impairment Treatment Clinics and Services (Black Lung Clinics)	\$4,000	\$199,679,755	99.8857%
84.237	P	Children and Youth with Serious Emotional Disturbances	\$3,987	\$199,683,722	99.8877%
93.042	F	Special Programs for the Aging (Title III-A) - Long-Term Care (Nursedman Services for Older Individuals)	\$3,930	\$199,687,652	99.8897%
93.981	P	Demonstration Grants to States with Respect to Alzheimer's Disease	\$3,922	\$199,691,574	99.8916%
93.192	P	Interdisciplinary Training for Health Care for Rural Areas	\$3,919	\$199,695,493	99.8936%
93.953	P	Modification of Trauma Care Component of State EMS Plan	\$3,915	\$199,699,408	99.8955%
93.968	P	Centers for Agricultural Research, Education and Disease and Injury Prevention and Occupational Respiratory Disease and Musculoskeletal Disorders Evaluation and Rehabilitation	\$3,874	\$199,703,282	99.8975%

F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance	Program Name	Obligations: (\$00)	Cumulative:	Percent (Total)
12.807	P	Military Base Reuse Studies and Community Planning Assistance	\$3,839	\$199,707,121	99.8994%
84.212	P	FIRST Family School Partnerships	\$3,755	\$199,710,876	99.9013%
66.808	P	Solid Waste Management Assistance	\$3,700	\$199,714,576	99.9031%
93.200	P	Family Planning - Personnel Training	\$3,600	\$199,718,176	99.9049%
61.104	P	Technology Development for Environmental Restoration and Waste Management	\$3,600	\$199,721,776	99.9067%
48.001	P/PJ	Promotion of the Arts - Design Arts	\$3,549	\$199,725,325	99.9085%
84.214	P	Even Start - Migrant Education	\$3,500	\$199,728,825	99.9103%
11.487	F	Interjurisdictional Fisheries Act of 1986	\$3,475	\$199,732,300	99.9120%
48.022	P	Promotion of the Arts - Advancement Grants	\$3,475	\$199,735,775	99.9137%
10.001	P	Agricultural Research, Basic and Applied Research	\$3,413	\$199,739,188	99.9154%
84.241	P	Counselor Training	\$3,395	\$199,742,583	99.9171%
93.631	P	Administration on Developmental Disabilities - Projects of National Significance	\$3,248	\$199,745,831	99.9188%
23.000	P	Appalachian Local Development District Assistance	\$3,200	\$199,749,031	99.9204%
48.016	P	Promotion of the Arts - Folk Arts	\$3,182	\$199,752,213	99.9220%
48.185	P	Promotion of the Humanities - Foreign Language Education	\$3,064	\$199,755,277	99.9235%
93.901	P	Communications Programs Aimed toward the Prevention of Alcohol, Tobacco, and Other Drug Problems	\$3,055	\$199,758,332	99.9250%
16.093	P	Corrections - Technical Assistance/Clearinghouse	\$3,041	\$199,761,373	99.9265%

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F = Formula P = Project P/P = Project Direct Payment (Specified or Unspecified) L = Loan L/L = Guaranteed/Insured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Goods

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**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
14.234	P	Community Development Work-Study Program	\$3,000	\$199,764,373	99.9280%
16.782	P	Solid Waste Management Grants	\$3,000	\$199,767,373	99.9295%
29.218	P	Highway Training and Education	\$3,000	\$199,770,373	99.9310%
84.872	P	Indian Education - Grants to Indian-Controlled Schools	\$2,962	\$199,773,335	99.9325%
11.428	P	Intergovernmental Climate - Programs	\$2,966	\$199,776,291	99.9340%
23.812	P	Appalachian Vocational and Other Educational Facilities and Operations	\$2,927	\$199,779,218	99.9355%
11.429	P	Coastal Zone Management Estuarine Research Reserves	\$2,891	\$199,782,109	99.9369%
83.189	P	Health Care Services in the Home	\$2,871	\$199,784,980	99.9383%
66.662	P	Pesticides Control Research	\$2,843	\$199,787,823	99.9398%
83.811	P	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act	\$2,828	\$199,790,651	99.9412%
16.438	P	Agricultural Loan Mediation Program	\$2,710	\$199,793,361	99.9425%
46.137	P	Promotion of the Humanities - Humanities Projects in Libraries and Archives	\$2,694	\$199,796,055	99.9439%
83.137	P	Minority Community Health Coalition Demonstration	\$2,693	\$199,798,748	99.9452%
16.162	P	Determination Grants - Indian Tribal Governments	\$2,650	\$199,801,398	99.9466%
16.221	P	Cooperative Agreements for Research in Public Lands Management	\$2,630	\$199,804,028	99.9479%
16.167	P	Transportation Services	\$2,613	\$199,806,641	99.9492%
84.246	P	Tribally Controlled Postsecondary Vocational Institutions	\$2,500	\$199,809,141	99.9504%

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F= Formula P= Project P= Project (Specified or Unspecified) L= Guaranteed Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods ;

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
66.951	P	Environmental Education Grants	\$2,500	\$199,811,641	99.9517%
11.438	P	Marine Mammal Data Program	\$2,438	\$199,814,079	99.9529%
48.923	P	Promotion of the Arts - Local Arts Agencies Program	\$2,420	\$199,816,499	99.9541%
83.806	P	State Disaster Preparedness Grants	\$2,374	\$199,818,873	99.9553%
11.406	P	Anadromous Fish Conservation Act Program	\$2,338	\$199,821,211	99.9565%
84.921	P	Fullbright-Hayes Training Grants - Group Projects Abroad	\$2,315	\$199,823,526	99.9576%
48.115	P	Promotion of the Humanities - Public Humanities Subjects	\$2,285	\$199,825,791	99.9588%
84.877	P/P	Bilingual Vocational Training	\$2,250	\$199,828,041	99.9599%
16.991	P	Resource Conservation and Development	\$2,234	\$199,830,275	99.9610%
16.881	P	Drug Law Enforcement Program Prison Capacity	\$2,200	\$199,832,475	99.9621%
14.499	P	Fair Housing Initiatives Program Education and Outreach Initiative	\$2,100	\$199,834,575	99.9632%
93.185	P	Rural Health Policy/Research Centers	\$2,100	\$199,836,675	99.9642%
93.174	P	Conference Grant (Substance Abuse)	\$2,095	\$199,838,770	99.9653%
66.464	P	Near Coastal Waters	\$2,000	\$199,840,770	99.9663%
93.913	P	Operation of Offices of Rural Health	\$2,000	\$199,842,770	99.9673%
16.882	P	Forestry Research	\$1,989	\$199,844,759	99.9683%
93.185	P	Immunization Research, Demonstration, Public Information and Education	\$1,964	\$199,846,741	99.9692%

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F = Formula P = Project P/P = Project Direct Payment (Specified or Unspecified) L = Guaranteed/Insured Loan
 P = Project L = Direct Loan L = Guaranteed/Insured Loan D = Sale, Exchange, Donation of Property - Goods

Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
84.238	P	Training Programs for Educators - Alcohol Abuse	\$1,975	\$199,848,718	99.9702%
84.247	P	Commercial Drivers Education	\$1,952	\$199,850,670	99.9712%
93.922	P	NIH Science Education Partnership Award	\$1,893	\$199,852,563	99.9722%
18.896	P	National Water Resources Research Program	\$1,787	\$199,854,350	99.9731%
18.143	P	Training and Technical Assistance - Indian Tribal Governments	\$1,750	\$199,856,100	99.9739%
83.816	P/P	Disaster Assistance	\$1,726	\$199,857,826	99.9748%
11.490	P	Geodetic Surveys and Services	\$1,664	\$199,859,490	99.9756%
18.801	P	Corrections - Training and Staff Development	\$1,660	\$199,861,150	99.9765%
17.892	P	Occupational Safety and Health - Training and Education	\$1,569	\$199,862,718	99.9772%
11.091	P	American Indian Program	\$1,495	\$199,864,213	99.9780%
77.903	P	Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information	\$1,488	\$199,865,701	99.9787%
48.147	P	Promotion of the Humanities - Translation	\$1,427	\$199,867,128	99.9794%
68.925	P	State/EPA Data Management Financial Assistance Program	\$1,419	\$199,868,547	99.9802%
83.814	F	Child Development Associate Scholarships	\$1,397	\$199,869,944	99.9809%
83.827	P/P	Emergency Management Institute - Training Assistance	\$1,388	\$199,871,332	99.9815%
17.895	P	Homeless Veterans Reintegration Project	\$1,368	\$199,872,698	99.9822%
48.122	P	Promotion of the Humanities - Centers for Advanced Study	\$1,311	\$199,874,009	99.9829%

F = Formula P/P = Project: Direct Payment (Specified or Unspecified) L/P = Guaranteed Insured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Credits

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Table A-6
 FY 1992 Federal Grant Programs
 In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
10.186	P	Federal-State Marketing Improvement Program	\$1,250	\$199,875,219	99.9835%
72.014	P	Special Volunteer Program - Drug Alliance	\$1,210	\$199,876,469	99.9841%
88.706	P	Enhancement Grants for State Aesthetic Programs	\$1,200	\$199,877,669	99.9847%
16.874	P	Criminal Justice Discretionary Grant Program	\$1,170	\$199,878,839	99.9853%
16.882	P/P9	Crime Victim Assistance/Discretionary Grants	\$1,153	\$199,879,992	99.9859%
48.188	P	Leadership Opportunity in Science and Humanities Education	\$1,060	\$199,881,072	99.9864%
84.283	P	Rehabilitation Training - Experimental and Innovative Training	\$1,078	\$199,882,150	99.9870%
11.429	P	Marine Sanctuary Program	\$1,078	\$199,883,228	99.9875%
84.240	P	Program of Protection and Advocacy of Individual Rights	\$1,074	\$199,884,302	99.9880%
84.289	P	Even Start - Indian Tribes and Tribal Organizations	\$1,050	\$199,885,352	99.9886%
81.061	P	Energy Task Force for the Lithium Consortium	\$988	\$199,886,340	99.9891%
84.239	P	Foreign Language Materials Acquisition	\$976	\$199,887,316	99.9895%
72.096	P	Student Community Service Program	\$968	\$199,888,284	99.9900%
84.230	P	Technology Education Demonstration	\$964	\$199,889,248	99.9905%
14.481	P	Fair Housing Assistance Program - State and Local	\$964	\$199,890,212	99.9910%
93.843	P	Epidemiologic Research Studies of AIDS and HIV in Selected Population Groups	\$958	\$199,891,170	99.9915%
20.811	P	Human Resource Programs	\$949	\$199,892,119	99.9919%

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F= Formula P= Project Direct Payment (Specified or Unspecified) L= Unamortized/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6

FY 1992 Federal Grant Programs In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
93.111	P	Adolescent Family Life Research	\$926	\$199,893,045	99.9924%
46.133	P	Promotion of the Humanities - Interpretive Research/Humanities, Science and Technology	\$925	\$199,893,970	99.9929%
93.947	P	Tuberculosis Demonstration, Research, Public and Professional Education	\$923	\$199,894,893	99.9933%
23.011	P	Appalachian State Research, Technical Assistance, and Demonstration Projects	\$900	\$199,895,793	99.9938%
16.108	P	Americans with Disabilities Act Technical Assistance Program	\$699	\$199,896,692	99.9942%
11.466	P	Marine Instrumentation Special Projects	\$690	\$199,897,382	99.9947%
16.603	P L	Small Reclamation Projects	\$737	\$199,898,119	99.9950%
20.603	P	Federal Transit Management Training Grants	\$600	\$199,898,919	99.9953%
16.683	P P#	Children's Justice Act - Discretionary Grants for Native American Indian Tribes	\$547	\$199,899,466	99.9956%
20.903	P	Support Mechanisms for Disadvantaged Business	\$534	\$199,900,000	99.9959%
84.246	P	Rehabilitation Short-Term Training	\$498	\$199,900,498	99.9961%
93.933	P	Research and Demonstration Projects for Indian Health	\$490	\$199,900,988	99.9964%
16.600	P	Andromoon Fish Conservation	\$481	\$199,901,469	99.9966%
93.931	P	Demonstration Grants to States for Community Scholarship	\$475	\$199,901,944	99.9969%
84.099	P P#	Bilingual Vocational Instructor Training	\$450	\$199,902,394	99.9971%
46.134	P	Promotion of the Humanities - Conferences	\$450	\$199,902,844	99.9973%
11.448	P	Research in Remote Sensing of the Earth and Environment	\$438	\$199,903,282	99.9975%

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F= Formula P# = Project: Direct Payment (Specified or Unspecified) L# = Guaranteed Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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Table A-6

**FY 1992 Federal Grant Programs
In Descending Dollar Order**

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
16.502	P	Corrections - Research and Evaluation and Policy Formulation	\$405	\$199,901,687	99.9977%
91.195	P	National Industrial Competitiveness through Energy, Environment and Economics	\$400	\$199,904,087	99.9979%
93.905	P	Indian Health Service Research	\$365	\$199,904,472	99.9981%
84.178	P	Leadership in Education Administration Development	\$370	\$199,904,842	99.9983%
84.100	P	Bilingual Vocational Materials, Methods and Techniques	\$340	\$199,905,182	99.9985%
11.428	P	Financial Assistance for Ocean Resources Conservation and Assessment Program	\$339	\$199,905,521	99.9986%
23.004	P	Appalachian Health Program	\$328	\$199,905,849	99.9988%
84.039	P	Library Research and Demonstrations	\$325	\$199,906,174	99.9990%
12.819	P	Joint Military/Community Comprehensive Land Use Plan	\$251	\$199,906,425	99.9991%
23.005	P	State Appalachian Housing Program	\$250	\$199,906,675	99.9992%
15.138	PS	Indian Education - Assistance to Schools	\$230	\$199,906,905	99.9993%
83.012	P	Hazardous Materials Exercise Assistance Program	\$200	\$199,907,105	99.9994%
83.819	P	Hazard Mitigation Assistance	\$198	\$199,907,303	99.9995%
23.813	P	Appalachian Child Development	\$180	\$199,907,483	99.9996%
14.238	P	Shelter Plus Care	\$111	\$199,907,594	99.9997%
93.974	P	Family Planning Services Delivery Improvement Research	\$106	\$199,907,702	99.9997%
11.483	P	Habitat Conservation	\$102	\$199,907,804	99.9998%

F= Formula PS= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan

P= Project L= Direct Loan

D= Safe Exchange Donation of Property - Condo

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Table A-6

FY 1992 Federal Grant Programs
In Descending Dollar Order

CFDA	Type of Assistance		Obligations: (000)	Cumulative:	Percent (Total)
10.140	P	Special Emphasis Outreach Program Grants	\$100	\$199,907,904	99.9998%
81.087	P	Renewable Energy Research and Development	\$100	\$199,908,004	99.9999%
23.008	P	Appalachian Local Access Roads	\$69	\$199,908,091	99.9999%
11.468	P	Applied Meteorology Research	\$60	\$199,908,151	100.0000%
20.801	P	Development and Promotion of Ports and Intermodal Transportation	\$50	\$199,908,201	100.0000%
23.002	P	Appalachian Supplements to Federal Grant-in-Aid (Community Development)	\$22	\$199,908,223	100.0000%
94.851	PS L	Low-Income Housing - Homeownership Opportunities for Low-Income Families (Funds reported under 14 R 50)	\$0	\$199,908,223	100.0000%
14.866	PS	Section 8 Rental Voucher Program (Funds reported under 14 R 56)	\$0	\$199,908,223	100.0000%
14.867	PS	Section 8 Rental Certificate Program (Funds reported under 14 R 56)	\$0	\$199,908,223	100.0000%

Total Programs: 663

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F = Formula PS = Project Direct Payment (Specified or Unspecified) L = Guaranteed/Insured Loan
 P = Project L = Direct Loan D = Sale, Exchange, Donation of Property - Goods

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Table A-7

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
Agriculture Research and Services			
10.025	P	Plant and Animal Disease, Pest Control, and Animal Care.....	\$455,076
10.203	F	Payments to Agricultural Experiment Stations under Hatch Act.....	\$161,586
10.206	P	Grants for Agricultural Research - Competitive Research Grants.....	\$92,138
10.200	P	Grants for Agricultural Research, Special Research Grants.....	\$81,849
10.475	P	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection.....	\$37,981
10.028	P	Animal Damage Control.....	\$25,645
10.215	P	Sustainable Agriculture Research Education.....	\$6,442
10.207	F	Animal Health and Disease Research.....	\$5,248
10.001	P	Agricultural Research, Basic and Applied Research.....	\$3,413
10.435	P	Agricultural Loan Mediation Program.....	\$2,710
10.167	P	Transportation Services.....	\$2,613
10.156	P	Federal-State Marketing Improvement Program.....	\$1,250
10.140	P	Special Emphasis Outreach Program Grants.....	\$100
Subtotal:			\$876,051
Air Transportation			
20.106	P	Airport Improvement Program.....	\$1,905,929
Subtotal:			\$1,905,929
Arts and Humanities			
45.007	FP	Promotion of the Arts - State and Regional Program.....	\$32,370
45.129	P	Promotion of the Humanities - State Programs.....	\$31,827
45.149	P	Promotion of the Humanities - Division of Preservation and Access.....	\$21,706
45.005	P	Promotion of the Arts - Music.....	\$14,862
45.013	P	Promotion of the Arts - Challenge Grants.....	\$12,834
45.130	P	Promotion of the Humanities - Challenge Grants.....	\$12,392
45.006	P	Promotion of the Arts - Media Arts.....	\$12,281
45.104	P	Promotion of the Humanities - Humanities Projects in Media.....	\$11,543
45.012	P	Promotion of the Arts - Museums.....	\$11,120
45.125	P	Promotion of the Humanities - Humanities Projects in Museums and Historical Organizations.....	\$10,507
45.145	P	Promotion of the Humanities - Reference Materials.....	\$9,693
45.002	PPW	Promotion of the Arts - Dance.....	\$8,517
45.003	P	Promotion of the Arts - Arts in Education.....	\$8,086
45.127	P	Promotion of the Humanities - Elementary and Secondary Education in the Humanities.....	\$7,591
45.150	P	Promotion of the Humanities - Higher Education in the Humanities.....	\$6,672
45.010	P	Promotion of the Arts - Expansion Arts.....	\$6,052
45.014	P	Promotion of the Arts - Opera/Musical Theater.....	\$5,963
45.009	P	Promotion of the Arts - Visual Arts.....	\$5,584
45.140	P	Promotion of the Humanities - Interpretive Research/Collaborative Projects.....	\$5,348
45.146	P	Promotion of the Humanities - Editions.....	\$4,993
45.004	P	Promotion of the Arts - Literature.....	\$4,606

F= Formula PP= Project Direct Payment(Specified or Unspecified)
P= Project L= Direct Loan

L= Guaranteed/Insured Loan
D= Sale, Exchange, Donation of Property - Goods

Table A-7

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
45.011	P	Promotion of the Arts - Presenting and Commissioning	\$4,002
45.001	PP#	Promotion of the Arts - Design Arts.....	\$3,549
45.022	P	Promotion of the Arts - Advancement Grants.....	\$3,475
45.015	P	Promotion of the Arts - Folk Arts.....	\$3,182
45.155	P	Promotion of the Humanities - Foreign Language Education.....	\$3,064
45.137	P	Promotion of the Humanities - Humanities Projects in Libraries and Archives.....	\$2,694
45.023	P	Promotion of the Arts - Local Arts Agencies Program.....	\$2,420
45.113	P	Promotion of the Humanities - Public Humanities Subjects.....	\$2,265
45.147	P	Promotion of the Humanities - Translation.....	\$1,427
45.122	P	Promotion of the Humanities - Centers for Advanced Study.....	\$1,311
45.133	P	Promotion of the Humanities - Interpretive Research/Humanities, Science and Technology.....	\$925
45.134	P	Promotion of the Humanities - Conferences.....	\$450
Subtotal :			\$273,311

Community/Economic and Regional Development

14.218	F	Community Development BLOCK GRANTS/Entitlement Grants	\$2,340,849
14.239	F	HOME Investment in Affordable Housing	\$1,500,000
14.228	F	Community Development BLOCK GRANTS/State's Program.....	\$1,001,703
10.500	F	Cooperative Extension Service	\$315,186
11.300	P	Economic Development - Grants for Public Works and Development Facilities.....	\$154,294
59.037	P	Small Business Development Center.....	\$58,934
14.219	P	Community Development BLOCK GRANTS/Small Cities Program	\$43,672
23.001	P	Appalachian Regional Development.....	\$32,800
15.904	P	Historic Preservation Fund Grants-in-Aid.....	\$29,593
11.305	P	Economic Development - State and Local Economic Development Planning	\$24,945
11.307	P	Special Economic Development and Adjustment Assistance Program	\$22,439
11.800	P	Minority Business Development Centers	\$21,259
10.769	P	Rural Development Grants	\$20,750
11.302	P	Economic Development - Support for Planning Organizations.....	\$20,554
15.916	P	Outdoor Recreation - Acquisition, Development and Planning.....	\$19,748
59.045	P	Natural Resource Development.....	\$15,460
11.609	P	Measurement and Engineering Research and Standards.....	\$13,937
11.303	P	Economic Development - Technical Assistance.....	\$10,409
59.007	P	Management and Technical Assistance for Socially and Economically Disadvantaged Business	\$7,312
11.427	P	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	\$6,137
15.919	P	Urban Park and Recreation Recovery Program.....	\$4,923
23.009	P	Appalachian Local Development District Assistance.....	\$3,200
14.234	P	Community Development Work-Study Program.....	\$3,000
23.011	P	Appalachian State Research, Technical Assistance, and Demonstration Projects.....	\$900
23.008	P	Appalachian Local Access Roads.....	\$89
23.002	P	Appalachian Supplements to Federal Grant-in-Aid (Community Development).....	\$22

F= Formula P# = Project Direct Payment (Specified or Unspecified) L# = Guaranteed/Insured Loan
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Table A-7

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's		
			Subtotal : \$5,672,115		
Criminal Justice Assistance					
16.579	F	Drug Control and System Improvement - Formula Grants.....	\$423,000		
16.575	F	Crime Victim Assistance.....	\$62,734		
16.580	P	Drug Control and System Improvement - Discretionary Grants.....	\$56,751		
16.576	F	Crime Victim Compensation.....	\$56,718		
16.540	F	Juvenile Justice and Delinquency Prevention - Allocation to States.....	\$49,735		
16.560	P	Justice Research, Development, and Evaluation Project Grants.....	\$24,528		
16.541	P	Juvenile Justice and Delinquency Prevention - Special Emphasis.....	\$10,464		
93.643	F	Children's Justice Grants to States.....	\$9,325		
16.542	P	National Institute for Juvenile Justice and Delinquency Prevention.....	\$7,745		
16.543	P	Missing Children's Assistance Public Information.....	\$6,894		
16.572	P	Marial - Cubans.....	\$4,963		
16.577	P	Emergency Federal Law Enforcement Assistance.....	\$4,800		
16.550	P	Criminal Justice Statistics Development.....	\$4,447		
16.603	P	Corrections - Technical Assistance/Clearinghouse.....	\$3,041		
16.581	P	Drug Law Enforcement Program Prison Capacity.....	\$2,200		
16.601	P	Corrections - Training and Staff Development.....	\$1,660		
16.574	P	Criminal Justice Discretionary Grant Program.....	\$1,170		
16.582	PP#	Crime Victim Assistance/Discretionary Grants.....	\$1,153		
16.602	P	Corrections - Research and Evaluation and Policy Formulation.....	\$405		
			Subtotal : \$731,733		
Disaster Assistance/Insurance					
83.523	F	Federal Emergency Management Food and Shelter Program.....	\$134,000		
83.516	PP#	Disaster Assistance.....	\$1,726		
			Subtotal : \$135,726		
Elementary/Secondary/Vocational					
84.010	F	Chapter I Programs - Local Educational Agencies.....	\$6,134,200		
84.027	F	Special Education - State Grants.....	\$1,976,095		
84.048	FP	Vocational Education - Basic Grants to States.....	\$941,901		
84.186	F	Drug-Free Schools and Communities - State Grants.....	\$507,663		
84.151	F	Federal, State, and Local Partnerships for Educational Improvement [BLOCK GRANT]....	\$450,000		
84.173	F	Special Education - Preschool Grants.....	\$320,000		
84.011	F	Migrant Education - Basic State Formula Grant Program.....	\$308,298		
84.164	F	Eisenhower Mathematics and Science Education - State Grants.....	\$240,000		
84.002	F	Adult Education - State-Administered Basic Grant Program.....	\$235,750		
84.003	PP#	Bilingual Education.....	\$179,969		
84.181	P	Grants for Infants and Toddlers with Disabilities.....	\$175,000		
84.009	F	Education of Handicapped Children in State Operated or Supported Schools.....	\$143,000		
84.165	P	Magnet Schools Assistance in Desegregating Districts.....	\$110,000		
84.029	P	Special Education - Special Education Personnel Development and Parent Training.....	\$101,800		
F=	Formula	PP=	Project Direct Payment(Specified or Unspecified)	LB=	Guaranteed/Insured Loan
P=	Project	L=	Direct Loan	D=	Sale, Exchange, Donation of Property - Goods

Table A-7

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
84.243	FP	Tech-Prep Education.....	\$90,000
84.213	F	Even Start - Local Educational Agencies.....	\$66,500
84.012	F	Educationally Deprived Children - State Administration	\$61,820
84.216	FP	Capital Expenses (Elementary/Secondary Education).....	\$42,433
84.201	P	School Dropout Demonstration Assistance.....	\$40,000
84.013	F	Chapter I Program for Neglected and Delinquent Children.....	\$36,054
84.195	P	Bilingual Education Training Grants.....	\$35,699
84.049	F	Vocational Education - Consumer and Homemaking Education.....	\$35,000
84.233	P	Drug-Free Schools and Communities - Emergency Grants (Substance Abuse).....	\$30,304
84.162	F	Emergency Immigrant Education.....	\$30,000
84.207	P	Drug-Free Schools and Communities - School Personnel Training.....	\$28,863
84.218	F	State Program Improvement Grants.....	\$25,125
84.196	F	Education for Homeless Children and Youth - Grants for State and Local Activities.....	\$25,000
84.024	P	Early Education for Children with Disabilities.....	\$25,000
84.004	P	Desegregation Assistance, Civil Rights Training, and Advisory Services	\$22,000
84.198	P	National Workplace Literacy Partnerships	\$21,751
84.023	P	Special Education - Innovation and Development	\$20,916
84.199	P	Vocational Education Cooperative Demonstration.....	\$19,903
84.158	P	Secondary Education and Transitional Services for Youth with Disabilities.....	\$18,948
84.026	P	Media and Captioning for Individuals with Disabilities	\$16,593
84.174	F	Vocational Education - Community-Based Organizations	\$12,000
84.184	P	National Programs for Drug-Free Schools and Communities.....	\$12,000
84.194	P	Bilingual Educational Support Services	\$11,927
84.249	F	Foreign Language Assistance	\$10,000
84.180	P	Technology, Educational Media and Materials for Individuals with Disabilities.....	\$10,000
84.144	P	Migrant Education Interstate and Intrastate Coordination Program.....	\$9,985
84.192	P	Adult Education for the Homeless	\$9,759
84.053	F	Vocational Education - State Councils	\$9,000
84.014	P	Follow Through (Elementary/Secondary Education).....	\$8,632
84.086	P	Special Education - Severely Disabled Program.....	\$7,996
84.028	P	Special Education - Regional Resource and Federal Centers.....	\$7,000
84.123	P	Law-Related Education.....	\$6,000
84.254	F	State Literacy Resource Centers.....	\$5,000
84.248	P	Demonstration Projects for the Integration of Vocational and Academic Learning.....	\$4,680
84.159	P	Disabled : Special Studies and Evaluation.....	\$4,000
84.237	P	Children and Youth with Serious Emotional Disturbances.....	\$3,967
84.214	P	Even Start - Migrant Education.....	\$3,500
84.241	P	Counselor Training	\$3,395
23.012	P	Appalachian Vocational and Other Educational Facilities and Operations.....	\$2,927
84.247	P	Commercial Drivers Education.....	\$1,952
84.230	P	Technology Education Demonstration.....	\$964

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Table A-7

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
84 099	PP*	Bilingual Vocational Instructor Training	\$450
84 100	P	Bilingual Vocational Materials, Methods and Techniques.....	\$340
			Subtotal : \$12,661,059
Emergency Preparedness			
83 503	F	Civil Defense - State and Local Emergency Management Assistance.....	\$62,128
83 531	P	State and Local Emergency Management Assistance - Other Assistance.....	\$16,167
83 532	P	Facilities and Equipment [Emergency Management].....	\$13,465
83 528	P	Emergency Management Institute - Field Training Program.....	\$8,928
83 105	F	Community Assistance Program - State Support Services Element.....	\$4,125
83 011	P	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act	\$2,828
83 505	P	State Disaster Preparedness Grants.....	\$2,374
83 527	PP*	Emergency Management Institute - Training Assistance	\$1,388
83 012	P	Hazardous Materials Exercise Assistance Program.....	\$200
83 519	P	Hazard Mitigation Assistance	\$198
			Subtotal : \$111,801
Energy Conservation			
81 042	F	Weatherization Assistance for Low-Income Persons.....	\$193,925
81 052	F	Energy Conservation for Institutional Buildings	\$36,369
81 041	F	State Energy Conservation	\$11,437
81 086	P	Conservation Research and Development.....	\$8,258
81 050	F	Energy Extension Service	\$4,757
81 081	P	Energy Task Force for the Urban Consortium	\$988
			Subtotal : \$255,734
Energy Supply			
81 096	F	Innovative Clean Coal Technology	\$160,566
81 089	P	Fossil Energy Research and Development.....	\$77,398
81 087	P	Renewable Energy Research and Development	\$100
			Subtotal : \$238,064
Federal Impact Assistance			
84 041	PP*	Impact Aid - Maintenance and Operations (Elementary/Secondary Education)	\$741,756
84 040	P	Impact Aid - Construction (Elementary/Secondary Education).....	\$43,142
12 112	F	Payments to States in Lieu of Real Estate Taxes.....	\$5,518
12 607	P	Military Base Reuse Studies and Community Planning Assistance.....	\$3,839
12 610	P	Joint Military/Community Comprehensive Land Use Plans.....	\$251
			Subtotal : \$794,506
Federal Law Enforcement Activities			
30 002	PP*	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts	\$21,558
14 409	P	Fair Housing Initiatives Program: Education and Outreach Initiative.....	\$2,100
14 401	P	Fair Housing Assistance Program - State and Local	\$964
16 108	P	Americans with Disabilities Act Technical Assistance Program.....	\$899
F= Formula	PP= Project Direct Payment (Specified or Unspecified)	L= Guaranteed/Insured Loan	
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Table A-7

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
			Subtotal : \$25,521
Food and Nutrition Assistance			
10.555	F	National School Lunch Program.....	\$3,870,098
10.557	F	Special Supplemental Food Program for Women, Infants, and Children (WIC).....	\$2,667,449
10.561	F	State Administrative Matching Grants for Food Stamp Program.....	\$1,337,590
10.558	FP*	Child and Adult Care Food Program.....	\$1,089,627
10.553	F	School Breakfast Program.....	\$801,191
10.559	F	Summer Food Service Program for Children.....	\$202,927
10.550	P*	Food Distribution.....	\$183,172
10.570	F	Nutrition Program for the Elderly (Commodities).....	\$143,719
10.569	F	Temporary Emergency Food Assistance (Food Commodities).....	\$120,000
10.565	FP*	Commodity Supplemental Food Program.....	\$96,366
10.560	F	State Administrative Expenses for Child Nutrition.....	\$68,766
10.568	F	Temporary Emergency Food Assistance (Administrative Costs).....	\$44,999
10.571	F	Food Commodities for Soup Kitchens.....	\$32,000
10.556	F	Special Milk Program for Children.....	\$21,587
10.564	F	Nutrition Education and Training Program.....	\$10,000
			Subtotal : \$10,689,491
General Health			
93.959	F	Substance Abuse and Preventive Treatment Services BLOCK GRANT.....	\$1,025,690
93.994	F	Maternal and Child Health Services [BLOCK GRANT].....	\$547,081
93.224	P	Community Health Centers.....	\$490,140
93.283	P	Centers for Disease Control - Investigations and Technical Assistance.....	\$317,130
93.777	FP*	State Survey and Certification of Health Care Providers and Suppliers - Medicare.....	\$287,247
93.958	F	Community Mental Health Services BLOCK GRANT.....	\$266,310
93.268	P	Childhood Immunization Grants.....	\$258,399
93.118	P	AIDS Activity.....	\$200,188
93.940	P	HIV Prevention Activities - Health Department Based.....	\$145,010
93.217	P	Family Planning - Services.....	\$139,499
93.991	F	Preventive Health and Health Services [BLOCK GRANT].....	\$129,000
93.917	F	HIV Care Formula Grants.....	\$106,635
93.194	P	Community Partnerships Demonstration Grant (Substance Abuse).....	\$88,037
93.779	P	Health Care Financing Research, Demonstrations and Evaluations.....	\$76,380
93.977	P	Preventive Health Service - Sexually Transmitted Diseases Control Grants.....	\$69,745
93.914	P	HIV Emergency Relief Project Grants.....	\$59,713
93.915	F	HIV Emergency Relief Formula Grants.....	\$59,713
93.161	P	Health Program for Toxic Substances & Disease Registry.....	\$56,500
93.144	P	Demonstration Grants for the Prevention of Alcohol and Other Drug Abuse among High-Risk Youth.....	\$50,930
93.246	P	Migrant Health Centers Grants.....	\$50,506
93.918	P	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease.....	\$49,426

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Table A-7

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
93.169	P	Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse)	\$48,587
93.944	P	HIV/AIDS Surveillance.....	\$48,082
93.919	P	State-Based Comprehensive Breast and Cervical Cancer Control Programs.....	\$40,000
93.941	P	HIV Demonstration, Research, Public and Professional Education Project.....	\$39,075
93.180	P	Medical Treatment Effectiveness Research.....	\$37,839
93.902	P	Model Comprehensive Drug Abuse Treatment Programs for Critical Populations.....	\$35,975
93.196	P	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	\$33,391
93.150	F	Projects for Assistance in Transition from Homelessness [BLOCK GRANT].....	\$30,000
93.938	P	Cooperative Agreements to Support School Health Education to Prevent the Spread of AIDS	\$28,654
93.125	P	Mental Health Planning and Demonstration Projects.....	\$24,871
93.197	P	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning	\$21,180
93.138	F	Protection and Advocacy for Individuals with Mental Illness.....	\$19,500
93.153	P	Pediatric AIDS Health Care Demonstration Program.....	\$19,296
93.911	P	Drug Abuse Campus Treatment Demonstration Projects.....	\$18,700
93.136	P	Injury, Prevention and Control Research and State Grants Projects.....	\$18,208
93.116	P	Project Grants and Cooperative Agreements for Tuberculosis Control Programs.....	\$15,321
93.982	P	Mental Health Disaster Assistance and Emergency Mental Health.....	\$15,000
93.903	P	Model Criminal Justice Drug Abuse Treatment - Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations	\$14,077
93.244	P	Mental Health Clinical or Service-Related Training Grants.....	\$12,559
93.957	P	Occupational Health and Surveillance.....	\$12,271
93.937	P	Comprehensive Residential Drug Prevention and Treatment Projects for Substance - Using Women and their Children	\$10,300
93.949	P	HIV/AIDS and Related Diseases among Substance Abusers - Community-Based Outreach and Intervention Demonstration	\$10,200
93.184	P	Disabilities Prevention.....	\$9,955
93.950	P	Capacity Expansion Program [Health].....	\$9,000
93.995	P	Adolescent Family Life - Demonstration Projects.....	\$7,754
93.978	P	Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	\$6,310
93.988	P	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	\$6,264
93.928	P	Special Projects of National Significance [Health].....	\$5,678
93.987	P	Health Programs for Refugees.....	\$5,631
93.886	P	Grants for Physician Assistant Training Program.....	\$4,918
93.945	P	Assistance Program for Chronic Disease Prevention and Control.....	\$4,650
93.965	P	Coal Miners Respiratory Impairment Treatment Clinics and Services (Black Lung Clinics)	\$4,000
93.192	P	Interdisciplinary Training for Health Care for Rural Areas.....	\$3,919
93.953	P	Modification of Trauma Care Component of State EMS Plan.....	\$3,915
93.956	P	Centers for Agricultural Research, Education and Disease and Injury Prevention and Occupational Respiratory Disease and Musculoskeletal Disorders Evaluation and Rehabilitation	\$3,874

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Table A-7

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
93.260	P	Family Planning - Personnel Training.....	\$3,600
93.901	P	Communications Programs Aimed toward the Prevention of Alcohol, Tobacco, and Other Drug Problems.....	\$3,055
93.159	P	Health Care Services in the Home.....	\$2,871
93.137	P	Minority Community Health Coalition Demonstration.....	\$2,693
93.155	P	Rural Health Policy/Research Centers.....	\$2,100
93.174	P	Conference Grant (Substance Abuse).....	\$2,095
93.913	P	Operation of Offices of Rural Health.....	\$2,000
93.185	P	Immunization Research, Demonstration, Public Information and Education.....	\$1,984
93.943	P	Epidemiologic Research Studies of AIDS and HIV in Selected Population Groups.....	\$958
93.111	P	Adolescent Family Life Research.....	\$926
93.947	P	Tuberculosis Demonstration, Research, Public and Professional Education.....	\$923
23.004	P	Appalachian Health Program.....	\$328
93.974	P	Family Planning: Services Delivery Improvement Research.....	\$108
Subtotal:			\$5,125,874
Ground Transportation			
20.205	FP	Highway Planning and Construction.....	\$17,215,352
20.507	F	Federal Transit Capital and Operating Assistance [BLOCK GRANT] Formula Grants.....	\$1,822,762
20.500	FP	Federal Transit Capital Improvement Grants.....	\$1,359,160
23.003	P	Appalachian Development Highway System.....	\$146,100
20.509	F	Public Transportation for Nonurbanized Areas.....	\$121,452
20.600	F	State and Community Highway Safety.....	\$112,847
20.218	F	Motor Carrier Safety Assistance Program.....	\$64,149
20.513	P	Capital Assistance Program for Elderly Persons and Persons with Disabilities.....	\$53,342
20.514	P	Transit Planning and Research.....	\$49,033
20.505	FP	Federal Transit Technical Studies Grants.....	\$46,100
20.601	P	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants.....	\$19,954
20.602	P	Motorcycle Helmets and Safety Belt Incentive Grants.....	\$17,000
20.308	P	Local Rail Freight Assistance Program.....	\$11,111
20.512	P	Federal Transit Technical Assistance.....	\$6,345
20.215	P	Highway Training and Education.....	\$3,000
20.511	P	Human Resource Programs.....	\$949
20.503	P	Federal Transit Management Training Grants.....	\$600
Subtotal:			\$21,049,256
Hazardous Substances			
81.092	P	Environmental Restoration.....	\$1,379,989
66.802	P	Hazardous Substance Response Trust Fund.....	\$99,608
66.801	F	Hazardous Waste Management State Program Support.....	\$90,565
66.700	P	Consolidated Pesticides Compliance Monitoring and Program Cooperative Agreement.....	\$29,966
81.065	PC	Nuclear Waste Disposal Siting.....	\$27,606
66.702	PL	Asbestos Hazards Abatement (Schools) Assistance.....	\$14,800
F= Formula	P= Project	Direct Payment (Specified or Unspecified)	L= Guaranteed/Insured Loan
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Table A-7

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
66 032	P	State Indoor Radon Grants.....	\$7,704
66 701	P	Toxic Substances Compliance Monitoring Program.....	\$5,161
66 507	P	Toxic Substances Research.....	\$5,129
81 079	P	Biofuels and Municipal Waste Technology and Regional Programs.....	\$4,523
81 104	P	Technology Development for Environmental Restoration and Waste Management.....	\$3,600
66 502	P	Pesticides Control Research.....	\$2,843
66 706	P	Enhancement Grants for State Asbestos Programs.....	\$1,200
Subtotal:			\$1,672,694
Health Care Services			
93 778	F	Medical Assistance Program (MEDICAID).....	\$69,573,826
93 926	P	Healthy Start Initiative.....	\$61,161
93 151	P	Project Grants for Health Services to the Homeless.....	\$55,763
93 775	F	State Medicaid Fraud Control Units.....	\$54,213
93 912	P	Rural Health Services Outreach.....	\$20,500
93 130	P	Primary Care Services Resource Coordination and Development Cooperative Agreements.....	\$7,900
93 165	P	Grants for State Loan Repayment.....	\$5,200
93 129	P	Technical and Non-Financial Assistance to Community and Migrant Health Centers.....	\$5,000
93 127	P	Emergency Medical Services for Children.....	\$4,811
93 951	P	Demonstration Grants to States with Respect to Alzheimer's Disease.....	\$3,922
93 931	P	Demonstration Grants to States for Community Scholarship.....	\$475
Subtotal:			\$69,792,771
Health Research			
93 242	P	Mental Health Research Grants.....	\$364,602
93 866	P	Aging Research.....	\$327,108
93 279	P	Drug Abuse Research Programs.....	\$305,631
93 865	P	Research for Mothers and Children.....	\$287,308
93 864	P	Population Research [NIH].....	\$148,788
93 273	P	Alcohol Research Programs.....	\$104,959
93 226	P	Health Service Research and Development Grants.....	\$22,829
93 891	P	Alcohol Research Center Grants.....	\$17,079
93 922	P	NIH Science Education Partnership Award.....	\$1,893
Subtotal:			\$1,580,197
Higher Education			
84 047	P	Upward Bound [Higher Education].....	\$158,750
84 069	F	Grants to States for State Student Incentives.....	\$72,000
84 044	P	Talent Search (Postsecondary Education).....	\$65,720
84 066	P	Educational Opportunity Centers.....	\$20,500
84 176	F	Douglas Teacher Scholarships.....	\$15,000
84 116	P	Fund for the Improvement of Postsecondary Education.....	\$15,000
81 102	F	Academic Partnerships.....	\$14,500
84 185	F	Robert C. Byrd Honors Scholarships.....	\$9,642

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in Descending Dollar Order**

CFDA	Type of Assistance		000's
84.204	P	School, College, and University Partnerships.....	\$4,000
84.021	P	Fulbright-Hayes Training Grants - Group Projects Abroad.....	\$2,315
Subtotal:			\$377,427
Housing			
14.856	P#	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation (includes funding for 14.855, 14.857)	\$11,607,415
14.850	P#	Public and Indian Housing (includes funding for 14.851, 14.852, 14.854).....	\$5,547,706
14.852	P	Public and Indian Housing Comprehensive Improvement Assistance Program.....	\$2,669,000
14.235	PP#	Supportive Housing Program.....	\$113,203
14.858	P	HOPE for Public and Indian Housing Homeownership.....	\$55,203
10.405	PL#	Farm Labor Housing Loans and Grants.....	\$29,461
10.433	P	Rural Housing Preservation Grants.....	\$23,000
10.420	P	Rural Self-Help Housing Technical Assistance.....	\$13,206
14.169	P	Housing Counseling Assistance Program.....	\$6,006
23.005	P	State Appalachian Housing Programs.....	\$250
14.855	P#	Section 8 Rental Voucher Program (Funds reported under 14.856).....	\$0
14.857	P#	Section 8 Rental Certificate Program(Funds reported under 14.856).....	\$0
14.851	P#L	Low-Income Housing - Homeownership Opportunities for Low-Income Families (Funds reported under 14.850)	\$0
Subtotal:			\$20,064,450
Income Assistance			
93.560	F	Family Support Payments to States - Assistance Payments.....	\$13,723,743
17.225	FP#	Unemployment Insurance.....	\$2,558,349
93.568	FP	Low-Income Home Energy Assistance [BLOCK GRANT].....	\$1,499,975
93.563	F	Child Support Enforcement.....	\$1,375,400
93.575	F	Payments to States for Child Care Assistance [BLOCK GRANT].....	\$825,000
93.561	F	Job Opportunities and Basic Skills Training (JOBS).....	\$678,942
93.566	P#	Refugee and Entrant Assistance - State-Administered Programs.....	\$404,999
93.574	F	Child Care for Families At-Risk of Welfare Dependency.....	\$357,535
10.427	P#	Rural Rental Assistance Payments.....	\$319,846
Subtotal:			\$21,743,789
Indian Assistance			
15.145	PP#	Indian Grants - Economic Development.....	\$926,939
17.251	F	Native American Employment and Training Programs.....	\$63,000
84.060	P	Indian Education - Formula Grants to Local Educational Agencies.....	\$53,936
93.612	P	Native American Programs.....	\$34,126
14.223	P	Indian Community Development BLOCK GRANT Program.....	\$33,930
10.567	PP#	Food Distribution Program on Indian Reservations.....	\$17,548
15.144	P	Indian Child Welfare Act - Title II Grants.....	\$16,786
93.047	P	Special Programs for the Aging - Title VI, Part A, Indian Programs - Grants to Indian Tribes and Part B, Grants to Native Hawaiians	\$15,086
93.228	P	Indian Health Service - Health Management Development Program.....	\$13,304
F#	Formula	P#	Project Direct Payment(Specified or Unspecified)
P#	Project	L#	Guaranteed/Insured Loan
		D#	Sale, Exchange, Donation of Property - Goods

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**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
84.061	P	Indian Education - Special Programs and Projects	\$11,996
84.101	P	Vocational Education - Indians	\$11,412
93.910	P	Community Coalition Demonstration Projects to Support Health and Human Services Needs for Minority Males	\$4,756
84.250	P	Rehabilitation Services - American Indians with Disabilities.....	\$4,470
84.062	P	Indian Education - Adult Education.....	\$4,318
84.072	P	Indian Education - Grants to Indian-Controlled Schools.....	\$2,962
15.142	P	Determination Grants - Indian Tribal Governments.....	\$2,650
84.245	P	Tribally Controlled Postsecondary Vocational Institution.....	\$2,500
15.143	P	Training and Technical Assistance - Indian Tribal Governments.....	\$1,750
11.801	P	American Indian Program.....	\$1,495
84.258	P	Even Start - Indian Tribes and Tribal Organizations.....	\$1,050
16.583	PP#	Children's Justice Act - Discretionary Grants for Native American Indian Tribes.....	\$547
93.933	P	Research and Demonstration Projects for Indian Health.....	\$490
93.905	P	Indian Health Service Research.....	\$385
15.130	P#	Indian Education - Assistance to Schools.....	\$230
Subtotal :			\$1,225,666
Information and Statistics			
17.002	P	Labor Force Statistics.....	\$63,164
93.179	P	State Data Collection - Uniform Alcohol and Drug Abuse Data.....	\$6,000
89.003	P	National Historical Publications and Record Grants	\$5,142
11.428	P	Intergovernmental Climate - Programs	\$2,956
11.400	P	Geodetic Surveys and Services	\$1,664
77.003	P	Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information	\$1,488
Subtotal :			\$80,414
Libraries			
84.034	F	Public Library Services.....	\$83,898
84.035	F	Interlibrary Cooperation and Resource Sharing	\$19,908
84.154	F	Public Library Construction and Technology Enhancement.....	\$16,718
84.167	P	Library Literacy.....	\$8,163
84.091	P	Improving Access to Research Library Resources.....	\$5,855
84.039	P	Library Research and Demonstrations.....	\$325
Subtotal :			\$134,867
National Guard			
12.400	P	Military Construction, Army National Guard.....	\$226,256
Subtotal :			\$226,256
Occupational Health and Safety			
17.500	P	Occupational Safety and Health.....	\$70,430
93.263	P	Occupational Safety and Health - Training Grants.....	\$10,972
93.262	P	Occupational Safety and Health Research Grants.....	\$6,753
17.600	P	Mine Health and Safety Grants.....	\$5,634
F= Formula	PP# Project	D Direct Payment (Specified or Unspecified)	L# Guaranteed/Insured Loan
P# Project	L Direct Loan		D# Sale, Exchange, Donation of Property - Goods

Table A-7

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
17.502	P	Occupational Safety and Health - Training and Education.....	\$1,568
Subtotal :			\$95,357
Other Cultural Programs			
45.301	PP#	Institute of Museum Services.....	\$25,287
Subtotal :			\$25,287
Other Research and Education			
84.215	P	Innovation In Education: Secretary's Fund.....	\$24,000
11.550	P	Public Telecommunications Facilities - Construction and Planning.....	\$21,207
84.203	P	Star Schools Program.....	\$18,412
84.168	P	National Program for Strengthening Teaching and Administration in Mathematics and Science	\$16,000
84.073	P	National Diffusion Network.....	\$14,700
84.206	P	Jacob K. Javits Gifted and Talented Students Education Grant Program.....	\$9,732
84.078	P	Postsecondary Education Programs for Persons with Disabilities.....	\$8,972
93.812	P	Social Security - Research and Demonstration.....	\$8,380
84.211	P	FIRST Schools and Teachers.....	\$7,495
84.228	P	Educational Partnerships.....	\$4,228
84.212	P	FIRST Family School Partnerships.....	\$3,755
66.951	P	Environmental Education Grants.....	\$2,500
84.077	PP#	Bilingual Vocational Training.....	\$2,250
84.238	P	Training Programs for Educators - Alcohol Abuse.....	\$1,975
45.158	P	Leadership Opportunity in Science and Humanities Education.....	\$1,080
84.239	P	Foreign Language Materials Acquisition.....	\$976
84.178	P	Leadership in Education Administration Development.....	\$370
Subtotal :			\$146,032
Other Transportation			
20.005	FP	Boating Safety Financial Assistance.....	\$33,744
20.700	F	Pipeline Safety.....	\$6,930
20.903	P	Support Mechanisms for Disadvantaged Business.....	\$534
20.801	P	Development and Promotion of Ports and Intermodal Transportation.....	\$50
Subtotal :			\$41,258
Other Veterans Benefits			
64.203	P	State Cemetery Grants.....	\$4,625
Subtotal :			\$4,625
Pollution Control and Abatement			
66.458	F	Capitalization Grants for State Revolving Funds (Wastewater Treatment Facilities).....	\$2,400,000
10.760	PL	Water and Waste Disposal Systems Grants for Rural Communities.....	\$958,916
66.001	F	Air Pollution Control Program Support.....	\$163,819
66.419	F	Water Pollution Control - State and Interstate Program Support.....	\$81,855
66.500	P	Environmental Protection - Consolidated Research.....	\$70,844
66.805	P	Underground Storage Tank Trust Fund Program.....	\$65,800
66.460	F	Nonpoint Source Implementation Grants.....	\$52,000

F= Formula PP# = Project Direct Payment (Specified or Unspecified) LB= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods



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ON INTERGOVERNMENTAL RELATIONS

July 20, 1995

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Senator William V. Roth
Chairman
Committee on Governmental Affairs
U.S. Senate
Washington, DC 20510-6250

Dear Senator Roth:

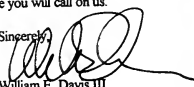
Thank you for the opportunity to testify at the recent hearing by your Committee on the subject of Duplication, Overlap, and Fragmentation in Federal Programs.

This letter transmits our response to the five follow-up questions you submitted to us following the hearing.

Although many of the Commission recommendations referred to in our response were made several years ago, we have continued to monitor the grant system and are confident that those recommendations are as valid now as when they were made. Currently, we are updating the FY 1992 grant fragmentation index study cited in my testimony to your Committee. When this work is complete, in about one month, we will send the results to you.

If we can be of further assistance, I hope you will call on us.

Sincerely,


William E. Davis III
Executive Director

Enclosures



ADVISORY COMMISSION
ON INTERGOVERNMENTAL RELATIONS

Answers to Questions for
WILLIAM E. DAVIS
Executive Director, U.S. Advisory Commission on Intergovernmental Relations

Following the Hearing on
DUPLICATION, OVERLAP, AND FRAGMENTATION IN
FEDERAL PROGRAMS

United States Senate
Committee on Governmental Affairs

Wednesday, June 7, 1995
Washington, DC

1. List Specific Candidate Programs for Consolidation or Termination.

Ten lists are attached. (See ATTACHMENT A.) The first three lists include programs in the clusters with the largest numbers of Federal grant programs--(List A-1) health, (List A-2) education, and (List A-3) social services/public assistance.

The other seven lists contain the programs in the most fragmented program clusters, as measured by ACIR's fragmentation index--(List A-4) cultural affairs, (List A-5) occupational safety and health, (List A-6) disaster prevention and relief, (List A-7) libraries, (List A-8) veterans' benefits and services, (List A-9) natural resources, and (List A-10) justice.

These lists are for FY 1992. ACIR is updating the data to FY 1995 now, and expects to have the revisions completed in about a month.

In addition, I want to emphasize the need to examine each of the programs in these lists carefully before making any firm recommendations to consolidate or terminate them.

ACIR has examined only one small cluster of grants carefully enough in recent years to recommend consolidation. That is in the area of child care. Of the five programs in that cluster, two are block grants--(1) social services and (2) child care and development. We believe that the three categorical child care programs should be consolidated into the Child Care and Development Block Grant, and that the child care reimbursement regulations in the two block grants should be made consistent with each other.

As noted in my testimony, the three categorical child care grant programs are:

- Title IV-A: Child Care (for those in AFDC)
- Title IV-A: Transitional Child Care (for those who have just left AFDC)
- Title IV-A: At-Risk Child Care (for those in danger of needing AFDC)

2. Assess Management Capacity of States to Administer New Block Grants.

ACIR has not assessed the current management capacity of the States to take on new block grant responsibilities. In an earlier study, however, ACIR found that the capacities of State governments increased significantly during the 1960s and 1970s (ACIR, *The Question of State Government Capability*, January 1985). That study also found that Federal grant programs had played important roles in achieving this improvement.

However, the States and the 50 different State-local governmental systems vary widely in their features and capabilities. ACIR has recommended that the Federal government be increasingly diligent in allowing for these differences when developing new grant programs (ACIR, *State and Local Roles in the Federal System*, April 1982). One way to address these differences is to provide flexibility in the design of the block grant. In addition, if new block grants will require State and local government capacity that is not now widespread, the new Federal programs should provide capacity-building assistance—as many Federal programs have done in the past.

With regard to the question of the vulnerabilities of the States to waste, fraud, and abuse in managing new Federal block grants, it should be noted that all States have their own laws prohibiting waste, fraud, and abuse, and they have been under similar restraints in a multitude of Federal-aid programs for decades. Therefore, this is not a new issue for the States. Although some cases of waste, fraud, and abuse are shown to have occurred from time to time, we have no evidence to suggest that this problem is worse in State governments than in the Federal government or in the local governments. The new block grants should carry requirements that guard against waste, fraud, and abuse, but should rely on State laws for enforcement to avoid duplication of effort, unless a specific deficiency in State law is identified.

When the nine new Reagan block grants were created in 1981, the States acquitted themselves reasonably well in administering them on very short notice (Richard P. Nathan, Fred C. Doolittle, and Associates, *Reagan and the States*, Princeton University Press, 1987). One reason was that the States already had experience with administering most of the 77 consolidated programs. In addition, they were given substantial flexibility in adjusting to the new program format. Similar flexibility should be provided in new block grants.

The most significant lack of capacity that the States may have in managing new block grants would be the difficulty in taking financial responsibility for any open-end entitlement programs that might be blocked and capped by the Federal government. These programs tend to operate counter to

economic cycles. Thus, their expenses rise at the very time when State and local government revenues decline, and these governments are prohibited from borrowing for such programs. Thus, it should be expected that program benefits would be reduced when they are needed most (ie., in times of economic decline) if Federal funding is capped.

3. Discuss Other Concerns about Block Grants.

This question has several parts, which are addressed separately below.

Federal taxing for State spending. "Why should the Federal government tax the public only to send the money back to be spent by the States?" Fundamentally, the answer is that the funding is redistributed by the Federal grant system so that the dollars are collected and spent in different proportions in different places. This process generally benefits the lower population and poorer States (such as Louisiana, Wyoming, and Mississippi), and States that provide high public service benefits (such as New York). Such a pattern of redistribution is generally seen as supporting nationwide objectives, for example, building the Interstate Highway System, stabilizing agricultural markets, and establishing a reasonably consistent social safety net.

A recent ACIR analysis shows that State taxes would have to rise anywhere between 14 and 48 percent in the various States if all current Federal grants were abolished (Table B-1) and the average State would have to raise its taxes by 30.6 percent. Excluding Medicaid and AFDC, the range among the States narrows to 10-39 percent and the average drops to 16.4 percent (Table B-2.) (See attached State-by-State tables, ATTACHMENT B.)

States as subunits of the Federal government. It should be noted that one of the purposes of new block grants should be to withdraw the Federal government from the micromanagement of Federal aid. The typical existing Federal categorical grant programs are more prone to make State and local governments into mere administrative subunits of the national government than should be the case with new block grants. If the new block grant does not achieve this result, legislative proposals should be redesigned to ensure this outcome.

Substituting 50 State bureaucracies for one Federal bureaucracy. This should be viewed as a positive move, not a negative one. One purpose of block grants is to move more decisionmaking to the State and local governments and provide them with more flexibility in administering the programs. This shift is designed to place decisionmaking authority closer to the people who are most directly affected, so that actual needs can be met more precisely and reasonably. The idea is to avoid the one-size-fits-all fallacy that is imbedded in too many existing Federal programs, and inject common sense into government once again. The Federal government would establish the broad policies and purposes for the block grants, within which the State and local governments would work, but the Federal government would refrain from micromanaging these programs. The State and local governments would be recognized as legitimate governing units through which their citizens can make valid political choices for themselves, rather than being totally subservient to a rigid and far-removed Federal bureaucracy.

Making government cost less and work better. The debate over block grants can promote a broader discussion about making government cost less and work better. The decentralization of decisionmaking, coupled with the concept of holding State and local governments accountable for performance in relation to national goals, offer a means of pursuing improved efficiency and effectiveness in intergovernmental service delivery. Many Federal agencies now are moving in these directions under the prodding of the *Government Performance and Results Act of 1993*. In this regard, you might be interested to know that ACIR is beginning a project to help integrate the use of performance goals and performance measures into Federal-State-local public works programs.

Uses of and limitations on block grants. A new ACIR fact sheet on block grants is attached to provide additional information about the uses and limitations of block grants in restructuring the intergovernmental grant system. (See ATTACHMENT C.)

4. Evaluate the Devolution of Housing and Education Programs.

ACIR has not studied, and has no position on, proposals for terminating either the U.S. Department of Housing and Urban Development or the U.S. Department of Education. We also have no current information about how the States would react to larger roles in these fields.

However, you might recall that in its 10-volume study of the Federal government's role in the Federal system in June 1980, the Commission recommended that the Federal government assume full financial responsibility for several programs at the same time it would completely devolve an even larger number of programs to the State and local governments. The housing and urban renewal programs were on the full Federal funding side of the recommendation (with 80 percent of all the governmental spending already being Federal), while education programs were on the devolution side (with only a 10 percent Federal share at that time) (*ACIR, An Agenda for American Federalism: Restoring Confidence and Competence*, June 1981).

Proposals for program swaps of these types were pursued by the National Governors' Association and the Reagan White House in 1982-83, but no agreement was reached. ACIR played a significant role in analyzing the financial implications of about 60 different combinations of programs that were examined in the search to find the one that would minimize the dollars that the 50 States would win and lose, compared to their existing Federal aid awards, if the deal went through. Without added Federal funding to cover the losses of the losing States, which was not available at that time, all of the combinations had significant losers. Revenue turnbacks to match program devolutions also proved to be very difficult to balance on a State-by-State basis. Historically, it should be noted that the winners-losers problems also killed the more modest devolution recommendations made to the Congress by President Eisenhower's Joint Federal-State Action Committee in the late 1950s.

With respect to elementary and secondary education finances, it should be noted that this function was almost totally financed locally until State supreme courts, beginning in the 1970s, required the States to help equalize per-pupil spending among their school districts. Now, the States, on average, provide about half of the funds for the public schools. In contrast, State spending on housing and community development is minuscule. Thus, new Federal block grants for education could be

made to the States with greater confidence than could new block grants for housing and community development.

Both housing and education program clusters offer potential for additional consolidation, judged by ACIR's criteria. In the case of education, the cluster of programs is still among those with the largest number of Federal programs, even though it is not a big financial player compared to the State and local governments. In the case of the housing cluster, ACIR's fragmentation index rose over the 1980-1992 period.

ACIR has not studied the issue of whether to combine housing programs with other welfare programs.

5. Assess the Income Security Cluster of Programs.

The programs included in our FY 1992 "Income Assistance" cluster are listed in ATTACHMENT D. This list does not include food, housing, or health cost reimbursement programs—as some analysts would recommend. Thus, there is a degree of arbitrariness about this list. It was prepared for illustrative purposes only, and should not be taken as an authoritative analysis of consolidation recommendations.

Nevertheless, as ATTACHMENT E shows, most are formula grants, two are block grants, most have population as part of their formulas, all go to the States (at least in part), and most are administered by the same agency (the Administration for Children and Families, AFC, in the U.S. Department of Health and Human Services). Thus, there is substantial common ground for developing a block grant proposal. Still, there are significant differences that would have to be resolved. The biggest difference, perhaps, is the variation in non-Federal matching ratios which range from 50 percent to zero. This would affect the winners/losers positions of the States.

ACIR has not studied the potential for delivering these programs through a high-technology financial network.

ATTACHMENT A**Lists of Candidate Programs for Consolidation or Termination****Ten Program Clusters with Greatest Potential**

- A-1. Health
- A-2. Education
- A-3. Social Services/Public Assistance
- A-4. Cultural Affairs
- A-5. Occupational Safety and Health
- A-6. Disaster Prevention and Relief
- A-7. Libraries
- A-8. Veterans; Benefits and Services
- A-9. Natural Resources
- A-10. Justice

LIST A-1
**FY1992 Federal Programs by Subcategories
 in Descending Dollar Order**

CFDA Type of
 Assistance

000's

General Health

93.959	F	Substance Abuse and Preventive Treatment Services BLOCK GRANT.....	\$1,025,690
93.994	F	Maternal and Child Health Services [BLOCK GRANT].....	\$547,081
93.224	P	Community Health Centers.....	\$490,140
93.283	P	Centers for Disease Control: Investigations and Technical Assistance.....	\$317,130
93.777	FP	State Survey and Certification of Health Care Providers and Suppliers - Medicare.....	\$287,247
93.958	F	Community Mental Health Services BLOCK GRANT.....	\$266,310
93.268	P	Childhood Immunization Grants.....	\$258,399
93.118	P	AIDS Activity.....	\$200,188
93.940	P	HIV Prevention Activities - Health Department Based.....	\$145,010
93.217	P	Family Planning - Services.....	\$139,499
93.991	F	Preventive Health and Health Services [BLOCK GRANT].....	\$129,000
93.917	F	HIV Care Formule Grants.....	\$106,635
93.194	P	Community Partnerships Demonstration Grant (Substance Abuse).....	\$88,037
93.779	P	Health Care Financing Research, Demonstrations and Evaluations.....	\$76,380
93.977	P	Preventive Health Service - Sexually Transmitted Diseases Control Grants.....	\$69,745
93.914	P	HIV Emergency Relief Project Grants.....	\$59,713
93.915	F	HIV Emergency Relief Formula Grants.....	\$59,713
93.161	P	Health Program for Toxic Substances & Disease Registry.....	\$56,500
93.144	P	Demonstration Grants for the Prevention of Alcohol and Other Drug Abuse among High-Risk Youth	\$50,930
93.246	P	Migrant Health Centers Grants.....	\$50,506
93.918	P	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease.....	\$49,426
93.169	P	Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse).....	\$48,587
93.944	P	HIV/AIDS Surveillance.....	\$48,082
93.919	P	State-Based Comprehensive Breast and Cervical Cancer Control Programs.....	\$40,000
93.941	P	HIV Demonstration, Research, Public and Professional Education Project.....	\$39,075
93.180	P	Medical Treatment Effectiveness Research.....	\$37,839
93.902	P	Model Comprehensive Drug Abuse Treatment Programs for Critical Populations.....	\$35,975
93.196	P	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	\$33,391
93.150	F	Projects for Assistance in Transition from Homelessness [BLOCK GRANT].....	\$30,000
93.938	P	Cooperative Agreements to Support School Health Education to Prevent the Spread of AIDS	\$28,654
93.125	P	Mental Health Planning and Demonstration Projects.....	\$24,871
93.197	P	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning	\$21,180
93.138	F	Protection and Advocacy for Individuals with Mental Illness.....	\$19,500
93.153	P	Pediatric AIDS Health Care Demonstration Program.....	\$19,296

F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

LIST A-1 (con't)

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
93 911	P	Drug Abuse Campus Treatment Demonstration Projects.....	\$18,700
93 136	P	Injury Prevention and Control Research and State Grants Projects.....	\$18,208
93.116	P	Project Grants and Cooperative Agreements for Tuberculosis Control Programs.....	\$15,321
93 982	P	Mental Health Disaster Assistance and Emergency Mental Health.....	\$15,000
93 903	P	Model Criminal Justice Drug Abuse Treatment - Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations.....	\$14,077
93.244	P	Mental Health Clinical or Service-Related Training Grants.....	\$12,559
93 957	P	Occupational Health and Surveillance.....	\$12,271
93 937	P	Comprehensive Residential Drug Prevention and Treatment Projects for Substance - Using Women and their Children.....	\$10,300
93 949	P	HIV/AIDS and Related Diseases among Substance Abusers - Community-Based Outreach and Intervention Demonstration.....	\$10,200
93.184	P	Disabilities Prevention.....	\$9,955
93 950	P	Capacity Expansion Program [Health].....	\$9,000
93 995	P	Adolescent Family Life - Demonstration Projects.....	\$7,754
93 978	P	Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants.....	\$6,310
93.988	P	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems.....	\$6,264
93.928	P	Special Projects of National Significance [Health].....	\$5,678
93.987	P	Health Programs for Refugees.....	\$5,631
93.886	P	Grants for Physician Assistant Training Program.....	\$4,918
93.945	P	Assistance Program for Chronic Disease Prevention and Control.....	\$4,650
93.965	P	Coal Miners Respiratory Impairment Treatment Clinics and Services (Black Lung Clinics).....	\$4,000
93.192	P	Interdisciplinary Training for Health Care for Rural Areas.....	\$3,919
93.953	P	Modification of Trauma Care Component of State EMS Plan.....	\$3,915
93.956	P	Centers for Agricultural Research, Education and Disease and Injury Prevention and Occupational Respiratory Disease and Musculoskeletal Disorders Evaluation and Rehabilitation.....	\$3,874
93.260	P	Family Planning - Personnel Training.....	\$3,600
93.901	P	Communications Programs Aimed toward the Prevention of Alcohol, Tobacco, and Other Drug Problems.....	\$3,055
93.159	P	Health Care Services in the Home.....	\$2,871
93.137	P	Minority Community Health Coalition Demonstration.....	\$2,693
93.155	P	Rural Health Policy/Research Centers.....	\$2,100
93.174	P	Conference Grant (Substance Abuse).....	\$2,095
93.913	P	Operation of Offices of Rural Health.....	\$2,000
93.185	P	Immunization Research, Demonstration, Public Information and Education.....	\$1,984
93.943	P	Epidemiologic Research Studies of AIDS and HIV in Selected Population Groups.....	\$958
93.111	P	Adolescent Family Life Research.....	\$926
93.947	P	Tuberculosis Demonstration, Research, Public and Professional Education.....	\$923
23.004	P	Appalachian Health Program.....	\$328
93.974	P	Family Planning Services Delivery Improvement Research.....	\$108
Subtotal:			\$5,125,874

F= Formula P= Project DP= Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

LIST A-2

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA Type of
Assistance

000's

Elementary/Secondary/Vocational

84.010	F	Chapter I Programs - Local Educational Agencies	\$6,134,200
84.027	F	Special Education - State Grants	\$1,976,095
84.048	FP	Vocational Education - Basic Grants to States	\$941,901
84.186	F	Drug-Free Schools and Communities - State Grants	\$507,663
84.151	F	Federal, State, and Local Partnerships for Educational Improvement [BLOCK GRANT]....	\$450,000
84.173	F	Special Education - Preschool Grants	\$320,000
84.011	F	Migrant Education - Basic State Formula Grant Program	\$308,298
84.164	F	Eisenhower Mathematics and Science Education - State Grants	\$240,000
84.002	F	Adult Education - State-Administered Basic Grant Program	\$235,750
84.003	PPW	Bilingual Education	\$179,969
84.181	P	Grants for Infants and Toddlers with Disabilities	\$175,000
84.009	F	Education of Handicapped Children in State Operated or Supported Schools	\$143,000
84.165	P	Magnet Schools Assistance in Desegregating Districts	\$110,000
84.029	P	Special Education - Special Education Personnel Development and Parent Training	\$101,800
84.243	FP	Tech-Prep Education	\$90,000
84.213	F	Even Start - Local Educational Agencies	\$66,500
84.012	F	Educationally Deprived Children - State Administration	\$61,820
84.216	FP	Capital Expenses (Elementary/Secondary Education)	\$42,433
84.201	P	School Dropout Demonstration Assistance	\$40,000
84.013	F	Chapter I Program for Neglected and Delinquent Children	\$36,054
84.195	P	Bilingual Education Training Grants	\$35,699
84.049	F	Vocational Education - Consumer and Homemaking Education	\$35,000
84.233	P	Drug-Free Schools and Communities - Emergency Grants (Substance Abuse)	\$30,304
84.162	F	Emergency Immigrant Education	\$30,000
84.207	P	Drug-Free Schools and Communities - School Personnel Training	\$28,863
84.218	F	State Program Improvement Grants	\$25,125
84.196	F	Education for Homeless Children and Youth - Grants for State and Local Activities	\$25,000
84.024	P	Early Education for Children with Disabilities	\$25,000
84.004	P	Desegregation Assistance, Civil Rights Training, and Advisory Services	\$22,000
84.198	P	National Workplace Literacy Partnerships	\$21,751
84.023	P	Special Education - Innovation and Development	\$20,916
84.199	P	Vocational Education Cooperative Demonstration	\$19,903
84.158	P	Secondary Education and Transitional Services for Youth with Disabilities	\$18,948
84.026	P	Media and Captioning for Individuals with Disabilities	\$16,593
84.174	F	Vocational Education - Community-Based Organizations	\$12,000
84.184	P	National Programs for Drug-Free Schools and Communities	\$12,000
84.194	P	Bilingual Educational Support Services	\$11,927
84.249	F	Foreign Language Assistance	\$10,000
84.181	P	Technology, Educational Media and Materials for Individuals with Disabilities	\$10,000

F= Formula PP= Project Direct Payment (Specified or Unspecified)

L= Guaranteed/Insured Loan

P= Project L= Direct Loan

D= Sale, Exchange, Donation of Property - Goods

LIST A-2 (con't)

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance		000's
84 144	P	Migrant Education Interstate and Intrastate Coordination Program.....	\$9,985
84 192	P	Adult Education for the Homeless.....	\$9,759
84 053	F	Vocational Education - State Councils	\$9,000
84 014	P	Follow Through (Elementary/Secondary Education).....	\$8,632
84 086	P	Special Education - Severely Disabled Program.....	\$7,996
84 028	P	Special Education - Regional Resource and Federal Centers.....	\$7,000
84 123	P	Law-Related Education.....	\$6,000
84 254	F	State Literacy Resource Centers.....	\$5,000
84 248	P	Demonstration Projects for the Integration of Vocational and Academic Learning	\$4,680
84 159	P	Disabled : Special Studies and Evaluation.....	\$4,000
84 237	P	Children and Youth with Serious Emotional Disturbances	\$3,967
84 214	P	Even Start - Migrant Education.....	\$3,500
84 241	P	Counselor Training.....	\$3,395
23 012	P	Appalachian Vocational and Other Educational Facilities and Operations	\$2,927
84 247	P	Commercial Drivers Education.....	\$1,952
84 230	P	Technology Education Demonstration.....	\$964
84 099	PP*	Bilingual Vocational Instructor Training.....	\$450
84 100	P	Bilingual Vocational Materials, Methods and Techniques.....	\$340
Subtotal :			\$12,661,859

F= Formula	PP= Project Direct Payment (Specified or Unspecified)	LI= Guaranteed/Insured Loan
P= Project	L= Direct Loan	D= Sale, Exchange, Donation of Property - Goods

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LIST A-3

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA Type of Assistance

000's

Social Services and Other Assistance

93.667	F	Social Services BLOCK GRANT.....	\$2,800,000
93.600	P	Administration for Children, Youth and Families - Head Start.....	\$2,201,800
93.658	F	Foster Care - Title IV-E.....	\$2,155,787
84.126	F	(Vocational) Rehabilitation Services - Basic Support.....	\$1,787,999
93.045	F	Special Programs for the Aging (Title III-C) - Congregate Nutrition Services.....	\$455,670
93.569	F	Community Services BLOCK GRANT.....	\$360,000
93.044	F	Special Programs for the Aging (Title III-B) - Grants for Supportive Services and Senior Centers.....	\$299,238
93.645	F	Child Welfare Services - State Grants.....	\$273,911
93.659	F	Adoption Assistance.....	\$205,611
14.854	PPW	Public and Indian Housing Drug Elimination Program.....	\$165,000
93.630	F	Developmental Disabilities Basic Support and Advocacy Grants.....	\$90,206
14.231	F	Emergency Shelter Grants Program.....	\$73,163
93.674	F	Independent Living.....	\$70,000
72.001	P	Foster Grandparent Program.....	\$65,274
84.133	P	National Institute on Disability and Rehabilitation Research.....	\$60,905
84.128	P	(Vocational) Rehabilitation Services - Service Projects.....	\$59,555
93.666	P	Comprehensive Child Development Centers.....	\$44,398
93.570	PPW	Community Services Block Grant - Discretionary Awards.....	\$41,368
84.129	P	(Vocational) Rehabilitation Training.....	\$36,670
93.623	P	Administration for Children, Youth and Families - Runaway and Homeless Youth.....	\$35,751
72.002	P	Retired Senior Volunteer Program.....	\$33,797
84.235	P	Special Projects and Demonstrations for Providing Vocational Rehab. Services to Individuals with Severe Disabilities.....	\$31,103
84.187	F	Supported Employment Services for Individuals with Severe Handicaps.....	\$31,065
72.008	P	Senior Companion Program.....	\$28,638
84.224	P	State Grants for Technology-Related Assistance to Individuals with Disabilities.....	\$27,902
93.048	P	Special Programs for the Aging - Title IV, Training, Research, and Discretionary Projects/Programs.....	\$25,941
93.572	F	Emergency Community Services for the Homeless.....	\$25,000
93.562	P	Assistance Payments: Research.....	\$21,879
93.669	F	Administration for Children, Youth and Families - Child Abuse and Neglect State Grants.....	\$20,518
84.234	P	Projects with Industry.....	\$20,390
93.671	FP	Family Violence Prevention and Services.....	\$20,000
93.554	P	Emergency Protection Grants Substance Abuse.....	\$19,518
93.043	F	Special Programs for the Aging (Title III-F) - Preventive Health Services.....	\$16,875
93.647	P	Social Services Research and Demonstration.....	\$16,379
93.657	P	Drug Abuse Prevention Program for Runaway and Homeless Youth.....	\$15,286
93.670	P	Administration for Children, Youth and Families - Child Abuse and Neglect Discretionary Activities.....	\$14,449

F= Formula P= Project Direct Payment (Specified or Unspecified)

L= Guaranteed/Insured Loan

PP= Project L= Direct Loan

D= Sale, Exchange, Donation of Property - Goods

LIST A-3 (con't)

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
84 169	F	Comprehensive Services for Independent Living	\$14,200
93 673	F	Grants to States for Planning and Development of Dependent Care Programs	\$13,175
93 652	P	Administration for Children, Youth and Families - Adoption Opportunities	\$12,687
93 551	P	Abandoned Infants	\$12,557
93 550	P	Transitional Living for Runaway and Homeless Youths	\$12,000
93 656	P	Temporary Child Care and Crisis Nurseries	\$11,055
14 236	PL	Supplemental Assistance for Facilities to Assist the Homeless	\$10,998
93 660	P	Drug Abuse Prevention and Education Relating to Youth Gangs	\$10,943
84 161	F	Rehabilitation Services - Client Assistance for Individuals with Disabilities	\$9,141
14 170	P	Congregate Housing Services Program	\$8,999
93 571	FPr	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	\$7,000
93 046	F	Special Programs for the Aging (Title III-D) - In-Home Services for Frail Older Individuals	\$6,898
93 608	P	Child Welfare Research and Demonstration	\$6,652
84 177	P	Rehabilitation Services - Independent Living Services for Older Blind Individuals	\$6,505
93 578	P	Homeless Families Support Services Demonstration Program	\$5,500
93 672	F	Child Abuse and Neglect State Prevention Grants	\$5,367
84 264	P	Rehabilitation Training - Continuing Education	\$4,535
93 041	F	Special Programs for the Aging (Title III-G) - Prevention of Abuse, Neglect, and Exploitation of Older Individuals	\$4,416
93 573	P	Community Services Block Grant Discretionary Awards - Demonstration Partnership	\$4,050
84 265	P	Rehabilitation Training - State Vocational Rehabilitation Unit	\$4,045
93 042	F	Special Programs for the Aging (Title III-A) - Long-Term Care Ombudsman Services for Older Individuals	\$3,930
93 631	P	Administration on Developmental Disabilities - Projects of National Significance	\$3,248
93 614	F	Child Development Associate Scholarships	\$1,397
17 805	P	Homeless Veterans Reintegration Project	\$1,366
72 014	P	Special Volunteer Program - Drug Alliance	\$1,210
84 263	P	Rehabilitation Training - Experimental and Innovative Training	\$1,078
84 240	P	Program of Protection and Advocacy of Individual Rights	\$1,074
72 005	P	Student Community Service Program	\$968
84 246	P	Rehabilitation Short-Term Training	\$498
23 013	P	Appalachian Child Development	\$180
14 238	P	Shelter Plus Care	\$111
Subtotal:			\$11,836,829

F= Formula	Pr= Project, Direct Payment (Specified or Unspecified)	L= Guaranteed/Insured Loan
P= Project	L= Direct Loan	D= Sale, Exchange, Donation of Property - Goods

LIST A-4

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA Type of Assistance

000's

Arts and Humanities

45.007	FP	Promotion of the Arts - State and Regional Program	\$32,370
45.129	P	Promotion of the Humanities - State Programs	\$31,827
45.149	P	Promotion of the Humanities - Division of Preservation and Access.....	\$21,706
45.005	P	Promotion of the Arts - Music.....	\$14,862
45.013	P	Promotion of the Arts - Challenge Grants.....	\$12,834
45.130	P	Promotion of the Humanities - Challenge Grants	\$12,392
45.006	P	Promotion of the Arts - Media Arts	\$12,281
45.104	P	Promotion of the Humanities - Humanities Projects in Media	\$11,543
45.012	P	Promotion of the Arts - Museums.....	\$11,120
45.125	P	Promotion of the Humanities - Humanities Projects in Museums and Historical Organizations	\$10,507
45.145	P	Promotion of the Humanities - Reference Materials.....	\$9,693
45.002	PPW	Promotion of the Arts - Dance.....	\$8,517
45.003	P	Promotion of the Arts - Arts in Education.....	\$8,086
45.127	P	Promotion of the Humanities - Elementary and Secondary Education in the Humanities.....	\$7,591
45.130	P	Promotion of the Humanities - Higher Education in the Humanities.....	\$6,672
45.010	P	Promotion of the Arts - Expansion Arts.....	\$6,052
45.014	P	Promotion of the Arts - Opera/Musical Theater.....	\$5,963
45.009	P	Promotion of the Arts - Visual Arts.....	\$5,584
45.140	P	Promotion of the Humanities - Interpretive Research/Collaborative Projects.....	\$5,348
45.146	P	Promotion of the Humanities - Editions.....	\$4,993
45.004	P	Promotion of the Arts - Literature.....	\$4,606
45.011	P	Promotion of the Arts - Presenting and Commissioning	\$4,002
45.001	PPW	Promotion of the Arts - Design Arts.....	\$3,549
45.022	P	Promotion of the Arts - Advancement Grants.....	\$3,475
45.015	P	Promotion of the Arts - Folk Arts.....	\$3,182
45.155	P	Promotion of the Humanities - Foreign Language Education.....	\$3,064
45.137	P	Promotion of the Humanities - Humanities Projects in Libraries and Archives.....	\$2,694
45.023	P	Promotion of the Arts - Local Arts Agencies Program.....	\$2,420
45.113	P	Promotion of the Humanities - Public Humanities Subjects	\$2,265
45.147	P	Promotion of the Humanities - Translation.....	\$1,427
45.122	P	Promotion of the Humanities - Centers for Advanced Study.....	\$1,311
45.133	P	Promotion of the Humanities - Interpretive Research/Humanities, Science and Technology.....	\$925
45.134	P	Promotion of the Humanities - Conferences.....	\$450

Subtotal: \$273,311

F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 PP= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

LIST A-5

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
Occupational Health and Safety			
17.500	P	Occupational Safety and Health.....	\$70,430
93.263	P	Occupational Safety and Health - Training Grants.....	\$10,972
93.262	P	Occupational Safety and Health Research Grants.....	\$6,753
17.600	P	Mine Health and Safety Grants.....	\$5,634
17.502	P	Occupational Safety and Health - Training and Education.....	\$1,568
Subtotal:			\$95,357

F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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LIST A-6

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
Emergency Preparedness			
83.503	F	Civil Defense - State and Local Emergency Management Assistance.....	\$62,128
83.531	P	State and Local Emergency Management Assistance - Other Assistance.....	\$16,167
83.532	P	Facilities and Equipment (Emergency Management).....	\$13,465
83.528	P	Emergency Management Institute - Field Training Program.....	\$8,928
83.105	F	Community Assistance Program - State Support Services Element.....	\$4,125
83.011	P	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act	\$2,828
83.505	P	State Disaster Preparedness Grants.....	\$2,374
83.527	P	Emergency Management Institute - Training Assistance.....	\$1,388
83.012	P	Hazardous Materials Exercise Assistance Program.....	\$200
83.519	P	Hazard Mitigation Assistance.....	\$198
Subtotal:			\$111,801

F= Formula P= Project Direct Payment (Specified or Unspecified) L= Guaranteed/Insured Loan
 P= Project L= Direct Loan D= Sale, Exchange, Donation of Property - Goods

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LIST A-7

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance	000's
------	--------------------	-------

Libraries

84.034	F	Public Library Services.....	\$83,898
84.035	F	Interlibrary Cooperation and Resource Sharing.....	\$19,908
84.154	F	Public Library Construction and Technology Enhancement.....	\$16,718
84.167	P	Library Literacy.....	\$8,163
84.091	P	Improving Access to Research Library Resources.....	\$5,855
84.039	P	Library Research and Demonstrations.....	\$325
Subtotal:			\$134,867

F= Formula	P= Project	Direct Payment(Specified or Unspecified)	L= Guaranteed/Insured Loan
P= Project	L= Direct Loan		D= Sale, Exchange, Donation of Property - Goods

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LIST A-8

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA	Type of Assistance	000's
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Veterans Hospital/Medical Care

64.015	F	Veterans State Nursing Home Care.....	\$100,314
64.014	F	Veterans State Domiciliary Care.....	\$17,358
64.005	P	Grants to States for Construction of State Nursing Home Care Facilities.....	\$4,687
64.016	F	Veterans State Hospital Care.....	\$4,445
Subtotal:			\$126,804

Other Veterans Benefits

64.203	P	State Cemetery Grants.....	\$4,625
Subtotal:			\$4,625

F= Formula	P= Project	Direct Payment(Specified or Unspecified)	L= Guaranteed/Insured Loan
P= Project	L= Direct Loan		D= Sale, Exchange, Donation of Property - Goods

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LIST A-9

FY1992 Federal Programs by Subcategories in Descending Dollar Order

CFDA	Type of Assistance		000's
Resource Conservation and Development			
15 605	F	Sport Fish Restoration (Dingell-Johnson Program).....	\$202,800
15 611	F	Wildlife Restoration (Pitman-Roberson Program).....	\$150,600
15 252	FP	Abandoned Mine Land Reclamation Program.....	\$135,274
10 904	P	Watershed Protection and Flood Prevention.....	\$115,169
10 664	FP	Cooperative Forestry Assistance.....	\$89,946
15 250	PP*	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining.....	\$47,731
11 432	P	Environmental Research Laboratories Cooperative Institutes.....	\$45,074
11 417	P	Sea Grant Support.....	\$38,260
11 419	P	Coastal Zone Management Administration Awards.....	\$34,389
10 202	F	Cooperative Forestry Research.....	\$17,743
11 430	P	Undersea Research.....	\$16,486
11 431	P	Climate and Atmospheric Research.....	\$15,900
66 461	P	Wetlands Protection - State Development Grants.....	\$8,500
15 308	FP	Mining and Mineral Resources and Research Institutes.....	\$7,941
15 614	P	Coastal Wetlands Planning, Protection and Restoration Act.....	\$6,146
15 612	P	Endangered Species Conservation.....	\$5,908
15 615	P	Cooperative Endangered Species Conservation Fund.....	\$5,908
15 805	F	Assistance to State Water Resources Research Institutes.....	\$5,576
11 407	F	Interjurisdictional Fisheries Act of 1986.....	\$3,475
11 420	P	Coastal Zone Management Estuarine Research Reserves.....	\$2,891
15 221	P	Cooperative Agreements for Research in Public Lands Management.....	\$2,630
11 439	P	Marine Mammal Data Program.....	\$2,438
11 405	P	Anadromous Fish Conservation Act Program.....	\$2,338
10 901	P	Resource Conservation and Development.....	\$2,234
10 632	P	Forestry Research.....	\$1,989
15 806	P	National Water Resources Research Program.....	\$1,787
11 429	P	Marine Sanctuary Program.....	\$1,078
15 503	PL	Small Reclamation Projects.....	\$737
15 600	P	Anadromous Fish Conservation.....	\$481
11 426	P	Financial Assistance for Ocean Resources Conservation and Assessment Program.....	\$339
11 463	P	Habitat Conservation.....	\$102
Subtotal:			\$971,870

F= Formula	PP= Project Direct Payment (Specified or Unspecified)	LS= Guaranteed/Insured Loan
P= Project	L= Direct Loan	D= Sale, Exchange, Donation of Property - Goods

LIST A-10

**FY1992 Federal Programs by Subcategories
in Descending Dollar Order**

CFDA Type of Assistance

000's

Criminal Justice Assistance

16.579	F	Drug Control and System Improvement - Formula Grants.....	\$423,000
16.575	F	Crime Victim Assistance.....	\$62,734
16.580	P	Drug Control and System Improvement - Discretionary Grants.....	\$36,751
16.576	F	Crime Victim Compensation.....	\$56,718
16.540	F	Juvenile Justice and Delinquency Prevention - Allocation to States.....	\$49,735
16.560	P	Justice Research, Development, and Evaluation Project Grants.....	\$24,528
16.541	P	Juvenile Justice and Delinquency Prevention - Special Emphasis.....	\$10,464
93.643	F	Children's Justice Grants to States.....	\$9,325
16.542	P	National Institute for Juvenile Justice and Delinquency Prevention.....	\$7,745
16.543	P	Missing Children's Assistance: Public Information.....	\$6,894
16.572	P	Maribel - Cubans.....	\$4,963
16.577	P	Emergency Federal Law Enforcement Assistance.....	\$4,800
16.550	P	Criminal Justice Statistics Development.....	\$4,447
16.603	P	Corrections - Technical Assistance/Clearinghouse.....	\$3,041
16.581	P	Drug Law Enforcement Program: Prison Capacity.....	\$2,200
16.601	P	Corrections - Training and Staff Development.....	\$1,660
16.574	P	Criminal Justice Discretionary Grant Program.....	\$1,170
16.582	PP*	Crime Victim Assistance/Discretionary Grants.....	\$1,153
16.602	P	Corrections - Research and Evaluation and Policy Formulation.....	\$405

Subtotal: \$731,733

Federal Law Enforcement Activities

30.002	P*	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts.....	\$21,558
14.409	P	Fair Housing Initiatives Program: Education and Outreach Initiative.....	\$2,100
14.401	P	Fair Housing Assistance Program - State and Local.....	\$964
16.108	P	Americans with Disabilities Act Technical Assistance Program.....	\$899

Subtotal: \$25,521

F= Formula P* Project Direct Payment (Specified or Unspecified)

L* Guaranteed/Insured Loan

P= Project L= Direct Loan

D= Sale, Exchange, Donation of Property - Goods

ATTACHMENT B

State-by-State Tax Equivalent of Federal Aid

B-1. Total Federal Aid to States

B-2. Federal Aid to States, Exclusive of Medicaid/AFDC

Table B-1
State Revenue Replacement for Federal Funding (desceoding order)

State	Federal Grants*	Net Own Source Revenue*	Percent Increase to Replace Grants	RTS Relative Tax Capacity Index
United States	\$188,630	\$616,132	30.6%	
Louisiana	4,329	9,019	48.0	89
Wyoming	697	1,483	47.0	134
Mississippi	2,296	4,908	46.8	68
Tennessee	3,626	8,237	44.0	82
New York	23,604	54,605	43.2	103
South Dakota	585	1,357	43.1	86
West Virginia	1,787	4,260	41.9	77
Vermont	563	1,389	40.5	105
Arkansas	1,832	4,614	39.7	78
North Dakota	646	1,641	39.4	91
New Hampshire	850	2,161	39.3	110
Maine	1,045	2,880	36.3	95
Georgia	4,392	12,172	36.1	91
Indiana	3,823	10,830	35.3	90
Alabama	2,965	8,424	35.2	81
Rhode Island	973	2,792	34.8	89
Texas	10,825	31,194	34.7	97
Kentucky	2,826	8,184	34.5	83
Missouri	3,220	9,338	34.5	91
Montana	769	2,253	34.1	91
Nebraska	967	2,923	33.1	95
Kansas	1,648	5,081	32.4	93
North Carolina	4,685	14,691	31.9	93
South Carolina	2,563	8,074	31.7	83
Massachusetts	5,157	16,335	31.6	117
California	25,478	82,744	30.8	115
Utah	1,255	4,092	30.7	82
Michigan	6,621	22,139	29.9	94
Iowa	1,888	6,336	29.8	93
Arizona	2,425	8,418	28.9	94
Illinois	6,640	23,710	28.0	102
Florida	7,233	25,982	27.8	103
Oregon	2,339	8,486	27.6	100
Oklahoma	1,861	6,818	27.3	87
Pennsylvania	8,076	29,703	27.2	96
Colorado	2,136	7,891	27.1	109
Idaho	687	2,721	25.2	82
Minnesota	3,247	12,997	25.0	101
New Jersey	5,917	23,697	25.0	119
New Mexico	1,256	5,046	25.0	87
Maryland	2,794	12,047	23.2	106
Connecticut	2,385	10,359	23.0	130
Ohio	7,142	31,199	22.9	93
Hawaii	1,011	4,532	22.3	146
Wisconsin	3,349	15,327	21.9	90
Virginia	2,883	13,424	21.5	103
Washington	3,505	16,425	21.3	108
Delaware	445	2,431	18.3	125
Nevada	636	3,864	16.5	128
Alaska	904	6,454	14.0	178

* in millions (1993)

Table B-2
State Revenue Replacement for Federal Funding (excludes Medicaid and AFDC); descending order

State	Federal Grants*	Medicaid/AFDC Grants*	Total Federal Grants Without Medicaid/AFDC*	Net Own Source Revenue*	Percent Increase to Replace Grants	RTS Relative Tax Capacity Index
United States	\$188,630	\$87,596	\$101,034	\$616,132	16.40%	
Wyoming	697	116	581	1,483	39.2	134
New Hampshire	850	249	601	2,161	27.8	110
South Dakota	585	211	374	1,357	27.6	86
Mississippi	2,296	1,016	1,280	4,908	26.1	68
North Dakota	646	218	428	1,641	26.1	91
Vermont	563	210	353	1,389	25.4	105
New York	23,604	11,249	12,355	54,605	22.6	103
Arkansas	1,832	826	1,006	4,614	21.8	78
Montana	769	282	487	2,253	21.6	91
Utah	1,255	442	813	4,092	19.9	82
Tennessee	3,626	2,014	1,612	8,237	19.6	82
Nebraska	967	410	557	2,923	19.1	95
Georgia	4,392	2,104	2,288	12,172	18.8	91
Iowa	1,888	725	1,163	6,336	18.4	93
Texas	10,825	5,091	5,734	31,194	18.4	97
Kansas	1,648	719	929	5,081	18.3	93
Oregon	2,339	787	1,552	8,486	18.3	100
California	25,478	10,555	14,923	82,744	18.0	115
West Virginia	1,787	1,026	761	4,260	17.9	77
Delaware	445	159	286	2,431	17.7	125
Missouri	3,220	1,574	1,646	9,338	17.6	91
Indiana	3,823	1,942	1,881	10,830	17.4	90
Alabama	2,965	1,273	1,692	8,424	17.0	81
North Carolina	4,685	2,204	2,481	14,691	16.9	93
Colorado	2,136	819	1,317	7,891	16.7	109
Idaho	687	243	444	2,721	16.3	82
Massachusetts	5,157	2,501	2,656	16,335	16.3	117
Hawaii	1,011	277	734	4,532	16.2	146
Kentucky	2,826	1,510	1,316	8,184	16.1	83
Rhode Island	973	525	448	2,792	16.0	79
South Carolina	2,563	1,299	1,264	8,074	15.7	83
Maine	1,045	598	447	2,880	15.6	95
Florida	7,233	3,232	4,001	25,982	15.4	103
Illinois	6,640	3,082	3,558	23,710	15.0	102
Michigan	6,621	3,301	3,320	22,139	15.0	94
Arizona	2,425	1,173	1,252	8,418	14.9	94
New Mexico	1,256	537	719	5,046	14.2	87
Louisiana	4,329	3,062	1,267	9,019	14.0	89
Minnesota	3,247	1,490	1,757	12,997	13.5	101
Oklahoma	1,861	950	911	6,818	13.4	87
Virginia	2,883	1,080	1,803	13,424	13.4	103
Maryland	2,794	1,243	1,551	12,047	12.9	106
New Jersey	5,917	2,876	3,041	23,697	12.8	119
Pennsylvania	8,076	4,262	3,814	29,703	12.8	96
Wisconsin	3,349	1,582	1,767	15,327	11.5	90
Washington	3,505	1,684	1,821	16,425	11.1	108
Connecticut	2,385	1,264	1,121	10,359	10.8	130
Alaska	904	232	672	6,454	10.4	178
Nevada	636	241	395	3,864	10.2	128
Ohio	7,142	3,844	3,298	31,199	10.1	93

* in millions (1993)

ATTACHMENT C

ACIR Issue Brief:

Block Grants, Federal Aid, and Deficit Reduction



issue brief

Issue 95-2/July 1995

Advisory Commission on Intergovernmental Relations 800 K Street, NW Suite 450 South Washington, DC 20575

BLOCK GRANTS, FEDERAL AID AND DEFICIT REDUCTION

Federal aid to state and local governments equals about 24 percent of state and local expenditures. Most of the aid is in the form of categorical grants that specify quite narrowly what the money can be spent for and how it may be spent.

Now, there is talk about putting more federal aid money into block grants that would give state and local governments more flexibility in choosing projects and deciding how to spend the funds. Block grants have broad goals that can be achieved in many different ways and have a well-defined set of recipients that receive funding by formula. Block grants have never accounted for more than 15 percent of federal aid. They raise programmatic, accountability, and funding issues that have kept them largely out of favor with the federal government except in times when the federal budget is being cut.

This *Issue Brief* defines block grants and the reasons for using them, answers some of the principal questions about block grants, and describes factors that should be considered in designing and establishing new block grant programs.

PROPOSALS TO CONSOLIDATE FEDERAL GRANT PROGRAMS

The Congress is considering proposals that could consolidate more than 300 federal grant programs into fewer than a dozen new "block grants" for welfare, children, employment and training, social services, food and nutrition, housing, health, and law enforcement (see Table 1).

The Clinton Administration also has proposed consolidating 271 programs into 27 new "partnerships" for employment and training, housing and urban development, transportation, and health and human services (see Table 2).

The current proposals could more than double the present number of block grant programs (15) and significantly increase their proportion of total grant funding (10 percent).

BLOCK GRANTS DEFINED

Block grants are one of several mechanisms for delivering federal aid to state, local, and tribal governments. They are viewed as a more flexible

alternative to categorical grants, which, typically, are narrowly drawn programs with strictly limited purposes and tight restrictions on how the aid may be spent.

Block grants usually are created by consolidating related categorical grants.

Principal features of block grants are:

Broad Purpose. The federal aid is authorized for a wide range of activities within a broadly defined national program goal and/or target population.

Recipient Discretion. Recipients of aid have substantial discretion in pursuing the activities appropriate to their needs.

Simplicity. Administrative, fiscal reporting, planning, and other requirements are kept to the minimum necessary to achieve national goals.

Eligibility. Eligibility of recipients is specified by statute.

Table 1
Selected Grant Consolidation Proposals
House of Representatives, 104th Congress, 1st Session

Welfare Domain	Number of Programs to be Consolidated	Approximate Annual Appropriation (Millions)
Cash Welfare	7	\$17,741
Child Welfare and Child Abuse	38	4,306
Child Care	45	11,771
Employment and Training	154	24,838
Social Services	33	6,589
Food and Nutrition	10	37,967
Housing	27	17,516
Health	22	5,076
Law Enforcement	12	1,430
Total	348	127,234

Table 2
Administration "Performance Partnerships" Proposals

Programs	Grants consolidated	Resulting partnerships	Probable Blocks	FY 1996 (millions)
Depts. of Labor, Education, HUD, Agriculture				
GI Bill for America's Workers	69	1	B	\$14,202
Dept. of Housing and Urban Development				
Housing Certificates for Families and Individuals	18	1		7,665
Public and Indian Housing Operation	3	1		3,220
Public and Indian Housing Capital	10	1		4,884
Community Opportunity	14	1	B	4,850
Affordable Housing	9	1	B	3,339
Homeless Assistance	6	1	B	1,120
Dept. of Transportation	30			
State Infrastructure Bank		1	B	2,000
Unified Transportation Infrastructure Investment		1	B	19,498
Transportation Discretionary Grants		1		1,000
Dept. of Health and Human Services				
HIV/STD/TB	21	1		488
Chronic Disease and Disability	6	1		118
Immunization	6	1		177
Health Center Cluster	4	1		757
Five Health Professional Clusters	37	5		387
Emergency Medical Services Cluster	2	1		15
Rural Health Cluster	2	1		29
Special Populations Cluster	5	1		19
Mental Health Performance Partnership	3	1	B	326
Mental Health Training and Demonstration	6	1		113
Substance Abuse	2	1		1,294
Substance Abuse Training and Demonstration Cluster	15	1		453
Comprehensive Runaway and Homeless Youth Program	3	1		69
TOTALS	271	27	7	66,023*

*This total differs from totals in the budget due to rounding.

Source: Budget of the United States Government, Fiscal Year 1996, Ch. 12 and Table S-7.

Formula Funding. Federal aid is distributed by a statutory formula that narrows federal discretion and increases fiscal certainty for recipients.

Annual Appropriation. A specific amount of federal aid is appropriated each year.

OBJECTIVES IN CREATING BLOCK GRANTS

From the recipients' viewpoint, block grants offer flexibility and simplification. They provide federal assistance without micro-management—which absorbs time and money, and can produce poor results.

From the federal viewpoint, block grants have been viewed historically as a means to minimize federal administrative overhead and maximize the empowerment of recipients. More recently, they have come to be viewed as a means of cutting spending and reducing the federal government's role in determining program goals and carrying responsibility for results. This year, for the first time, it has been proposed to consolidate open-ended categorical programs into block grants with annual spending limits to cap the costs of entitlements.

Arguments for consolidating categorical grants include:

- Small categorical programs would be folded into the block rather than being terminated by spending cuts; and
- The high costs of coordinating separate categorical programs would be avoided.

Arguments against consolidating categorical grants include:

- Upsetting established funding expectations associated with the categorical programs being consolidated;

- Changing intergovernmental relationships if the recipients of the blocks are not the same as for the categorical programs;
- Changing relationships among the administering federal agencies and congressional committees if the consolidated programs were within different jurisdictions; and
- Reducing accountability for results if the national goals are too broad or undefined.

FACTORS TO CONSIDER IN CONSOLIDATING CATEGORICALS

Clear Goals—There is consensus about the general purposes of the program, which can be stated clearly enough (preferably in performance terms) that flexibility in the use of funds is not likely to encourage activities that deviate widely from expected results.

Identifiable Recipients—The government entity that has prime responsibility for delivering the service or program can be clearly identified, so that funds can be equitably targeted by formula. Recipients have, or can be expected to acquire, the capacity to pursue the program objectives.

Flexibility and Simplification—Existing programs are so numerous, fragmented, inconsistent, or complicated that they present barriers to effective, efficient achievement of goals. Consolidation offers means to simplify administration, reduce mandates, and provide flexibility for adaptive solutions.

CONSOLIDATION ISSUES

In considering a block grant, some difficult issues may need to be addressed. Careful design of the program can help resolve some of these issues.

ALIGNING EXPECTED RESULTS WITH AVAILABLE RESOURCES

Program goals that are far out of line with available resources may lead to a loss of confidence and support. To the extent that funding is reduced, it may be necessary to consider revising goals and reducing requirements or other expectations.

The proposed capping of entitlements for open-ended health, welfare, and food and nutrition programs is a special concern to many state and local governments. If entitlements are included in block grants, many state, local, and tribal governments would be hard-pressed to maintain benefits during times of economic downturn. Possible alternatives being discussed include:

- (1) A federal loan fund triggered by economic conditions;
- (2) Special state rainy-day funds established with a portion of the federal block grant; or
- (3) Supplemental federal appropriations during times of economic stress.

ALLOCATION FORMULAS

Funding formulas frequently are based on program need and ability-to-pay factors. Grant consolidation throws different program funding formulas together. Because of the political difficulty of creating an entirely new formula, it has become common to

average past amounts as the base for the new funding.

Consolidating grant programs is almost certain to create winners and losers unless some sort of "hold-harmless" fund can be added. This was done with the Community Development Block Grant in the mid-1970s when money was more plentiful. That is less likely in today's budget climate. Thus, the pressures toward a formula that averages past funding are likely to grow. There also is the possibility of freezing formula allocations for multiple years, which ignores inevitable changes in needs among recipients

LOCAL GOVERNMENT ROLES

Local governments are sensitive to the potential for losses in funding as new block grants are created, especially for housing, community development, and law enforcement. The concern stems from the grant consolidations in 1981, which folded some federal-local grants into blocks that went to the states. There are two potential remedies to this problem:

- (1) Make local governments the prime recipients of the block grants of most direct concern to them.
- (2) Earmark passthrough funds for local governments in the state block grants.

Small local governments that cannot each expect regular formula funding desire—but do not always have—a voice in determining the allocation of "balance of state" funds earmarked for small local governments.

Some Myths about Block Grants

Myth: Blocks are completely distinct from categoricals.

Facts:

1. Block and categorical programs in their pure forms are at opposite ends of a continuum that runs from broad and flexible to narrow and rigid.
2. In practice, block and categorical grants share many of the same features. For example, many categorical programs (including most of the largest ones) are distributed by formulas similar to those used in block grants. In addition, given the variations in federal micromanagement, the red tape may be as great in some of the more managed block grants as in some of the more flexible categorical grants.
3. The history of block grants shows a tendency to "re-categorize" them when federal expectations are not realized.
4. Funds may be earmarked for special projects in a block grant as well as in a categorical program.
5. Categorical grants can be simplified and cut without consolidating them into block grants. Their administration also can be coordinated—as is being proposed by the Administration in some of its "performance partnerships." There are precedents for coordinated approaches dating from the 1970s—Integrated Grant Administration, Joint Funding Simplification, and Negotiated Investment Strategy.

Myth: Block grants are synonymous with reduced spending and are vulnerable to termination.

Facts:

1. Although block grants, as a group, have fared less well financially than categorical grants, not all blocks have decreased.
2. Of nine block grants for which consistent figures are available for 1983-1994, only two decreased spending (in current dollars), one stayed about the same, and the other six increased. In constant dollars adjusted for inflation, two increased, two remained about the same, and five decreased significantly.
3. The two block grant programs that increased by both measures are in the health field. Thus, factors other than a program being a block grant seem to determine the spending level.
4. Even block grants that have lost some funding have seldom gone out of existence. Of the 23 programs created since the first one in 1965 (The Partnership for

Health), only three have disappeared. Three others were reformulated, and another was split in two in 1993. Four of the blocks have been around for more than 20 years.

5. Conversely, categorical programs are not immune to funding cuts and termination. For example, grants for community and economic development, transit, natural resources, and environmental protection frequently have been cut, and many have been terminated. In FY 1993-1995 alone, 24 categorical programs were discontinued.

Myth: Block grants lack accountability.

Facts:

1. The 1981 Reagan block grants relied largely on state or local constituency judgment and political action for accountability. While this produced some state and local program changes, it also resulted in significant replacement of federal funding cutbacks and active pursuit of national program objectives in many places.
2. Other block grants give a greater federal structure to the accountability process. The transportation and community development block grants, for example, have strong planning and public involvement requirements designed to keep them in tune with program goals. Responsiveness to national goals is confirmed for the community development program in a new evaluation by the Urban Institute.

Myth: Blocks do not stimulate recipient effort.

Facts:

1. It is not clear that block grants always are or should be intended to stimulate increased spending by state and local governments through matching requirements. Other goals have included maintenance of effort by the recipients, a requirement that federal block grant funds not be substituted for state or local funds, and simple supplementation of well-established state and local programs without any matching requirements.
2. If stimulation is the intent, non-federal matching funds can be required. In fact, four of the existing 15 block grants require matching funds—as do about half of the categorical grants.

Myth: Block grants go only to states.

Facts:

1. Although most block grants go to the states, one goes to major cities and counties, one goes to transit authorities, and another goes to Indian tribal governments.
2. Some programs go initially to the states but require pass-through of certain funds to local governments.

ATTACHMENT D

Fiscal Year 1992

Income Assistance Cluster Programs

CFDA	Type of Assistance	FY1992 Federal Programs by Subcategories in Descending Dollar Order	000's
Income Assistance			
93.560	F	Family Support Payments to States - Assistance Payments	\$13,723,743
17.225	FP*	Unemployment Insurance.....	\$2,558,349
93.568	FP	Low-Income Home Energy Assistance [BLOCK GRANT]	\$1,499,975
93.563	F	Child Support Enforcement.....	\$1,375,400
93.575	F	Payments to States for Child Care Assistance [BLOCK GRANT].....	\$825,000
93.561	F	Job Opportunities and Basic Skills Training (JOBS).....	\$678,942
93.566	Pr	Refugee and Entrant Assistance - State-Administered Programs.....	\$404,999
93.574	F	Child Care for Families At-Risk of Welfare Dependency.....	\$357,535
10.427	Pr	Rural Rental Assistance Payments.....	\$319,846
			Subtotal: \$21,743,789
F=	Formula	Pr=	Project Direct Payment(Specified or Unspecified)
LP=	Project	L=	Direct Loan
LB=	Guaranteed/Insured Loan	D=	Sale, Exchange, Donation of Property - Goods

ATTACHMENT E

Characteristics of Federal Grant Programs in ACIR's Income Assistance Cluster

CFDA #	TYPE OF ASSISTANCE	PROGRAM NAME	FORMULA				FEDERAL AGENCY	.000s
			DATA ELEMENTS	RECIPIENT	FEDERAL SHARE (%)	FEDERAL AGENCY		
93.560	F	Family Support Payments to States	ABH	1	50/90/50-83	ACF	\$13,724	
17.225	F	Unemployment Insurance Administration Formula Grants	HM	1	100	Laborr/ETA	2,558	
93.568	B	Low-Income Home Energy Assistance	AG	1,5	100	ACF	1,500	
93.563	F	Child Support Enforcement	M	1	85	ACF	1,375	
93.575	B	Child Care	A	1,5	100	ACF	825	
93.561	F	Job Opportunities & Basic Skills	AM	1,5	50/60/90	ACF	679	
93.566	F	Refugee & Entrant Assistance	A	1	100	ACF	405	
93.574	F	Child Care for Families-at-Risk	A	1	50-83	ACF	358	
10.427	P	Rural Rental Assistance Payments		4	100	USDA/ RHCDs	320	
							Subtotal:	\$12,744

F = Formula	A = Population	1 = State
B = Block	B = Income	4 = State, Local & Others
P = Project	G = Energy	5 = Tribal
	H = Cost	
	M = Miscellaneous	
	Program Levels	



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September 27, 1995

The Honorable Ted Stevens
Chairman, Governmental Affairs Committee
United States Senate
340 Dirksen Office Building
Washington, DC 20510

Dear Mr. Chairman:

On June 7, 1995, I had the honor of presenting testimony before the Committee on Governmental Affairs regarding the 'Duplication, Overlap, and Fragmentation' in Federal programs.

As a follow-up to that testimony, Senator Roth, then Chairman of the Committee, asked that I respond in writing to five questions. In my response, I mentioned that the research upon which my testimony and written responses were based was in the process of being updated and I promised to provide that updated research to the Committee upon completion.

I am pleased to provide copies of the *Federal Grant Profile 1995, A Report on ACIR's Federal Grant Fragmentation Index* which is the result of the research update. In addition, I am enclosing a table which is not included in the publication, but which I believe would be of interest to your Committee. This table presents a listing of the relatively small federal grant programs for FY 1995, each of which was funded at or below \$10 million dollars. While some, and perhaps many, of these programs are beneficial, they are at least candidates to consider for possible consolidation, modification, or termination.

I believe you will find the enclosed report of interest in your Committee's search for ways to reform the Federal grant system. We have been pleased to assist the Committee, and would look forward to providing additional assistance in the future. ACIR's fundamental mission is to strengthen the Federal system and improve the ability of Federal, state, and local governments to work together cooperatively, efficiently, and effectively.

On behalf of the Commission, I want to commend the Committee for its pursuit of critical reforms, and to thank the Committee for the opportunity given ACIR to be a part of this effort.

Sincerely,


William E. Davis III
Executive Director

Enclosures

Grants Under 10 Million: FY 1995

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
Aging Programs				
	F	93 049	Special Programs for the Aging-Title VII, Chapter 6- Attorneys for Vulnerable Elder Rights Protection Programs	\$1,976
	F	93 042	Special Programs for the Aging (Title VII) - Long-Term Care Ombudsman Services for Older Individuals	\$4,449
	F	93 041	Special Programs for the Aging (Title VII) - Prevention of Elder Abuse, Neglect, and Exploitation	\$4,732
	F	93 046	Special Programs for the Aging (Title III-D) - In-Home Services for Frail Older Individuals	\$9,263
		4		\$20,420
Agricultural Research/Services				
	P	10 156	Federal-State Marketing Improvement Program	\$1,200
	P	10 501	Agriculture Telecommunications Program	\$1,221
	P	10 167	Transportation Services	\$2,635
	P	10 435	Agricultural Loan Mediation Program	\$3,000
	F	10 207	Animal Health and Disease Research	\$5,205
	P	10 001	Agricultural Research, Basic and Applied Research	\$7,304
	P	10 215	Sustainable Agriculture Research Education	\$7,711
		7		\$28,276
Area/Regional Development				
	P	11 304	Economic Development - Public Works Impact Program (funds reported in # 11,300)	\$0
	P	23 001	Appalachian Regional Development (funding reported under separate programs)	\$0

F=Formula P=Project, Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	23.013	Appalachian Child Development	\$500
	P	23.011	Appalachian State Research, Technical Assistance, and Demonstration Projects	\$900
	P	10.771	Rural Technology Development	\$1,750
	P	23.008	Appalachian Local Access Roads	\$1,800
	P	11.305	Economic Development - State and Local Economic Development Planning	\$4,873
	P	23.009	Appalachian Local Development District Assistance	\$5,631
		8		\$15,454
Arts and Humanities				
	P	45.158	Leadership Opportunity in Science and Humanities Education	\$1,500
	P	45.023	Promotion of the Arts - Local Arts Agencies Program	\$2,065
	P	45.113	Promotion of the Humanities - Public Humanities Subjects Libraries and Archives	\$2,476
	P	45.137	Promotion of the Humanities - Humanities Projects in Libraries and Archives	\$2,481
	P	45.122	Promotion of the Humanities - Centers for Advanced Study	\$2,985
	P	45.022	Promotion of the Arts - Advancement Grants	\$3,100
	P	45.001	Promotion of the Arts - Design Arts	\$3,260
	P	45.145	Promotion of the Humanities - Reference Materials	\$3,364
	P	45.015	Promotion of the Arts - Folk Arts	\$3,375
	P	45.004	Promotion of the Arts - Literature	\$4,297
	P	45.009	Promotion of the Arts - Visual Arts	\$4,850
	P	45.011	Promotion of the Arts - Presenting and Commissioning	\$5,035
	P	45.014	Promotion of the Arts - Opera/Musical Theater	\$5,185
	P	45.010	Promotion of the Arts - Expansion Arts	\$5,290

F=Formula PW=Project: Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	45.150	Promotion of the Humanities - Higher Education in the Humanities	\$6,768
	P	45.127	Promotion of the Humanities - Elementary and Secondary Education in the Humanities	\$6,769
	P	45.002	Promotion of the Arts - Dance	\$6,890
	P	45.003	Promotion of the Arts - Arts in Education	\$7,110
	P	45.012	Promotion of the Arts - Museums	\$9,235
	P	45.006	Promotion of the Arts - Media Arts	\$9,540
	P	45.125	Promotion of the Humanities - Humanities Projects in Museums and Historical Organizations	\$9,916
		21		\$105,491
Business/Regulation of Commerce				
	P	11.801	American Indian Program	\$1,907
	P	11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements Program	\$7,000
	P	59.007	Management and Technical Assistance for Socially and Economically Disadvantaged Business	\$8,073
		3		\$16,980
Child Welfare/Youth Programs				
	F	93.614	Child Development Associate Scholarships	\$1,360
	P	93.608	Child Welfare Research and Demonstration	\$6,395
		2		\$7,755
Community Development				
	P	12.612	Community Base Reuse Plans	\$400
		1		\$400

F--Formula

PF--Project: Direct Payment

P--Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
Conservation/Land Mgt				
	P	15.225	Recreation Resource Management (not separately identifiable)	\$0
	P	15.224	Cultural Resource Management (not separately identifiable)	\$0
	P	15.222	Cooperative Inspection Agreements with States and Tribes	\$147
	P	10.901	Resource Conservation and Development	\$2,464
	P	10.670	National Forest - Dependent Rural Communities	\$4,910
		5		\$7,521
Consumer/Occupational Health & Safety				
	P	17.600	Mine Health and Safety Grants	\$5,851
	P	93.262	Occupational Safety and Health Research Grants	\$9,374
		2		\$15,225
Criminal Justice				
	P	16.581	Drug Law Enforcement Program: Prison Capacity	\$8
	P	16.574	Criminal Justice Discretionary Grant Program	\$75
	P	16.602	Corrections - Research and Evaluation and Policy Formulation	\$315
	P	16.577	Emergency Federal Law Enforcement Assistance	\$1,123
	P	16.601	Corrections - Training and Staff Development	\$1,876
	P	16.550	Criminal Justice Statistics Development	\$2,400
	P	16.603	Corrections - Technical Assistance/Clearinghouse	\$2,647
	P	16.582	Crime Victim Assistance/Discretionary Grants	\$5,802
	F	93.643	Children's Justice Grants to States	\$9,325
	P	16.543	Missing Children's Assistance: Public Information	\$9,351

F=Formula

PI=Project: Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
		10		\$32,922
Education Research/Aids				
	P	84 287	21st Century Community Learning Centers Program	\$700
	P	84 286	Telecommunications Demonstration Project for Mathematics	\$2,250
	P	11 551	National Endowment for Children's Educational Television (NECET)	\$2,258
	P	84 211	First Schools and Teachers	\$5,396
	P	84 091	Improving Access to Research Library Resources	\$5,808
	P	84 039	Library Research and Demonstrations	\$6,500
	P	84 167	Library Literacy	\$8,026
	P	84 206	Jacob K. Javits Gifted and Talented Students Education Grant Program	\$9,521
	P	84 302	Technical Support and Professional Development Consortia for Technology	\$9,900
		9		\$50,359
Elementary/Secondary/Vocational				
	P	84 100	Bilingual Vocational Materials, Methods and Techniques	\$218
	F	84 190	Christa McAuliffe Fellowships	\$1,946
	P	84 292	Bilingual Education - Research Programs	\$1,980
	P	84 280	Goals 2000 - Opportunity-To-Learn Development Grants	\$2,000
	P	84 030	Clearinghouse for Individuals with Disabilities	\$2,162
	P	84 077	Bilingual Vocational Training	\$2,210
	P	84 214	Even Start - Migrant Education	\$2,941
	P	84 294	Foreign Languages Assistance - Incentive Grants	\$3,000
	P	84 304	International Education Exchange	\$3,000

F=Formula
 P=Project
 PI=Project Direct Payment

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	84 241	Drug-Free Schools - Counselor Training	\$3,600
	P	84 191	Adult Education - National Programs	\$3,900
	P	84 083	Women's Educational Equity Act Program	\$3,964
	P	84 237	Children and Youth with Serious Emotional Disturbances	\$4,147
	P	84 159	Disabled - Special Studies and Evaluation	\$4,160
	P	84 279	Goals 2000 - Assessment Development and Evaluation Grants	\$5,000
	P	84 199	Vocational Education Cooperative Demonstration	\$5,496
	P	84 123	Law-Related Education	\$5,952
	P	84 144	Migrant Education - Interstate and Intrastate Coordination Program	\$5,985
	P	84 282	Public Charter Schools	\$6,000
	P	84 028	Special Education - Regional Resource and Federal Centers	\$7,218
	P	84 293	Foreign Languages Assistance	\$7,850
	P	84 014	Follow Through (Elementary/Secondary Education)	\$8,477
	P	84 040	Impact Aid - Construction (Elementary/Secondary Education)	\$8,584
	P	84 061	Indian Education - Special Programs and Projects	\$8,780
	P	84 078	Postsecondary Education Programs for Persons with Disabilities	\$8,839
	F	84 053	Vocational Education - State Councils	\$9,006
		26		\$126,415
Emergency/Preparedness				
	PW	83 527	Emergency Management Institute - Training Assistance	\$1,350
	P	83 505	State Disaster Preparedness Grants	\$2,500
	P	83 521	Earthquake Hazards Reduction Grants	\$3,693

F--Formula PW--Project: Direct Payment

P--Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	83.532	Facilities and Equipment [Emergency Management]	\$4,139
	F	83.105	Community Assistance Program - State Support Services Element	\$4,300
	P	83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act	\$4,650
	P	83.528	Emergency Management Institute - Field Training Program	\$5,901
		7		\$26,533
Energy Information/Policy	P	77.003	Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information	\$1,050
		1		\$1,050
Energy Supply	P	81.081	Energy Task Force for the Urban Consortium	\$1,843
	P	81.087	Renewable Energy Research and Development	\$2,100
	P	81.086	Conservation Research and Development	\$3,760
	P	81.079	Biofuels and Municipal Waste Technology and Regional Programs	\$4,700
		4		\$12,403
Food/Nutrition	F	10.572	WIC Farmers' Market Nutrition Program (FMNP)	\$6,750
	F	93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	\$8,676
		2		\$15,426
General Health				

F=Formula

PS=Project; Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	93.207	Surveillance of Hazardous Substance Emergency Events; Surveillance of the Relationship between Hazardous Substance Exposure and Adverse Health Outcomes	\$219
	P	93.141	Special Initiatives Trauma Grant Program	\$300
	P	93.218	Substance Abuse Treatment Conference Grants	\$400
	P	93.952	Improving EMS/Trauma Care in Rural Areas	\$475
	P	93.206	Health Studies Initiative of Priority Health Conditions	\$500
	P	93.111	Adolescent Family Life Research	\$690
	P	93.205	Health Activities Recommendation Panel Health Activities; Health Outcome Studies to Hazardous Substances and Adverse Health Effects	\$1,000
	P	93.221	Junior National Health-Service Corps/Junior Health Careers Opportunity Program	\$1,000
	P	93.174	Conference Grant (Substance Abuse)	\$1,077
	P	93.204	Surveillance of Hazardous Substance Emergency Events; Surveillance of the Relationship between Hazardous Substance Exposure and Adverse Health Outcomes	\$1,100
	P	93.974	Family Planning: Services Delivery Improvement Research	\$1,225
	P	93.200	Educating Health Professionals Regarding Environmentally Hazardous Substances	\$1,416
	P	93.119	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation	\$1,500
	P	23.004	Appalachian Health Program	\$1,800
	P	93.216	HIV/AIDS Mental Health Services Demonstration Program	\$2,000
	P	93.244	Mental Health Clinical or Service-Related Training Grants	\$2,000
	P	93.185	Immunization Research, Demonstration, Public Information and Education	\$2,000

F=Formula

PW=Project; Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	93 203	Health Activities Recommendation Panel Health Activities, Health Outcome Studies to Hazardous Substances and Adverse Health Outcomes	\$2,000
	P	93 946	Cooperative Agreements to Support State-Based Infant Health Initiative Programs	\$2,232
	P	93 901	Communications Programs Aimed toward the Prevention of Alcohol, Tobacco, and Other Drug Problems	\$2,300
	P	93 120	Mental Health Services for Cuban Entrants	\$2,400
	P	93 987	Health Programs for Refugees	\$2,400
	P	93 886	Grants for Physician Assistant Training Program	\$2,400
	P	93 132	Managed Care Demonstration Models for SSI Beneficiaries Disabled Due to Addiction to Alcohol and Drugs	\$2,651
	P	93 942	Research, Treatment and Education Programs on Lyme Disease in the U.S.	\$2,703
	P	93 155	Rural Health Policy/Research Centers	\$2,750
	P	93 137	Minority Community Health Coalition Demonstration	\$3,200
	P	93 192	Interdisciplinary Training for Health Care for Rural Areas	\$3,721
	P	93 953	Modification of Trauma Care Component of State EMS Plan	\$3,796
	P	93 913	Operation of Offices of Rural Health	\$3,800
	P	93 956	Centers for Agricultural Research, Education and Disease and Injury Prevention and Occupational Respiratory Disease and Musculoskeletal Disorders Evaluation and Rehabilitation	\$3,957
	P	93 995	Adolescent Family Life - Demonstration Projects	\$4,013
	P	93 965	Coal Miners Respiratory Impairment Treatment Clinics and Services (Black Lung Clinics)	\$4,142
	P	93 122	Substance Abuse Treatment and Recovery Systems for Rural, Remote and Culturally Distinct Populations	\$4,500
	P	93 260	Family Planning - Personnel Training	\$5,131

F-Formula

P-Project, Direct Payment

P-Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	93.955	Health and Safety Programs for Construction Work	\$5,828
	P	93.947	Tuberculosis Demonstration, Research, Public and Professional Education	\$6,000
	P	93.161	Health Program for Toxic Substances & Disease Registry	\$6,000
	P	93.978	Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	\$6,085
	P	93.131	Cooperative Agreements for Addiction Treatment Training Centers	\$6,277
	P	93.128	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services-Mental Health Statistics Improvement Program	\$6,400
	P	93.950	Capacity Expansion Program [Health]	\$6,701
	P	93.109	Linking Community-Based Primary Care, Substance Abuse, HIV/AIDS, and Mental Health Treatment Services	\$7,349
	P	93.949	HIV/AIDS and Related Diseases among Substance Abusers - Community-Based Outreach and Intervention Demonstration	\$7,500
	P	93.177	Integrated Community-Based Primary Care and Drug Abuse Treatment Services	\$7,800
	P	93.201	Public Health Assessments and Related Site-Specific Biologic Testing	\$8,000
	P	93.229	Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks	\$9,000
	P	93.184	Disabilities Prevention	\$9,200
	P	93.927	Residents of Public Housing Primary Care Program	\$9,518
		49		\$178,456
General Purpose Govt Assistance				
	F	10.666	Schools and Roads - Grants to Counties	\$4,790
	F	12.112	Payments to States in Lieu of Real Estate Taxes	\$5,125

F=Formula PW=Project; Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
General Social Services				
		2		\$9,915
	P	93.573	Community Services Block Grant Discretionary Awards - Demonstration Partnership	\$7,977
		1		\$7,977
Ground Transportation				
	P	20.503	Federal Transit Managerial Training Grants (reported under 20.514)	\$0
	P	20.511	Human Resource Programs (reported under 20.514)	\$0
	P	20.512	Federal Transit Technical Assistance (reported under 20.514)	\$0
	F	20.219	National Recreational Trails Program	\$1,555
	P	20.215	Highway Training and Education	\$6,369
	F	20.515	State Planning and Research (Transit)	\$8,889
		6		\$16,813
Health Care Services				
	P	93.931	Demonstration Grants to States for Community Scholarship	\$500
	P	93.951	Demonstration Grants to States with Respect to Alzheimer's Disease	\$4,800
	P	93.165	Grants for State Loan Repayment	\$7,000
	P	93.129	Technical and Non-Financial Assistance to Community and Migrant Health Centers	\$8,700
	P	93.130	Primary Care Services: Resource Coordination and Development Cooperative Agreements	\$9,000
		5		\$30,000
Health Research				

F-Formula

PW-Project: Direct Payment

P-Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	93.922	NIH Science Education Partnership Award	\$2,000
		1		\$2,000
Higher Education				
	P	84.251	Foreign Periodicals	\$655
	P	84.270	Teacher Corps	\$1,875
	F	84.272	National Early Intervention Scholarship and Partnership (NEISP)	\$1,875
	P	84.021	International: Overseas-Group Projects Abroad	\$2,119
	P	84.017	International Research and Studies	\$2,731
	P	84.204	School, College, and University Partnerships	\$3,893
		6		\$13,148
Housing Assistance				
	PW	14.857	Section 8 Rental Certificate Program (funding reported under 14.855)	\$0
	PW	14.851	Low-Income Housing - Homeownership Opportunities for Low-Income Families (Funds reported under 14.850)	\$0
	P	14.859	Public and Indian Housing-Comprehensive Grant Program (funding reported under 14.855)	\$0
	P	14.852	Public and Indian Housing: Comprehensive Improvement Assistance Program (funding reported under 14.855)	\$0
	P	23.005	State Appalachian Housing Programs	\$650
	P	10.442	Housing Application Packaging	\$2,000
		6		\$2,650
Law Enforcement				
	P	16.108	Americans with Disabilities Act Technical Assistance Program	\$1,500

F=Formula
 PA=Project: Direct Payment
 P=Project

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	14 408	Fair Housing Initiative Program - Administrative Enforcement Initiative	\$3,000
	P	14 409	Fair Housing Initiatives Program Education and Outreach Initiative	\$7,000
	P	14 401	Fair Housing Assistance Program - State and Local	\$7,375
		[4]		\$18,875
Military				
	P	12 613	Growth Management Planning Assistance	\$175
	P	12 610	Joint Military/Community Comprehensive Land Use Plans	\$200
	P	12 611	Community Economic Adjustment Planning Assistance for Reduction in Defense Industry Employment	\$1,720
		[3]		\$2,095
Multiple Functions				
	P	12 114	Collaborative Research and Development	\$5,306
		[1]		\$5,306
Other Income Security				
	P	93 564	Child Support Enforcement Research (funding under 93 562)	\$0
	P	93 583	Refugee and Entrant Assistance-Wilson/Fish Programs	\$6,928
	P	96 007	Social Security - Research and Demonstration	\$8,380
		[3]		\$15,308
Other Labor Services				
	P	34 002	Labor Management Cooperation	\$1,500
	P	17 005	Compensation and Working Conditions Data	\$7,150
		[2]		\$8,650

F-Formula

PF-Project Direct Payment

P-Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
Other Natural Resources				
	P	11.462	Hydrologic Research	\$120
	P	11.459	Climate and Air Quality Research	\$450
	P	11.472	Unallited Science Program	\$534
	P	15.977	State Partnerships	\$600
	P	11.429	Marine Sanctuary Program	\$1,600
	P	11.439	Marine Mammal Data Program	\$1,730
	P	11.426	Financial Assistance for Ocean Resources Conservation and Assessment Program	\$1,834
	P	11.400	Geodetic Surveys and Services	\$2,000
	P	11.405	Anadromous Fish Conservation Act Program	\$2,003
	F	11.407	Interjurisdictional Fisheries Act of 1986	\$3,156
	P	11.437	Pacific Fisheries Data Program	\$3,167
	P	11.428	Intergovernmental Climate - Programs	\$3,200
	P	11.448	Federal/State Cooperative Program in Atmospheric Research	\$3,265
	P	11.420	Coastal Zone Management Estuarine Research Reserves	\$3,300
	P	11.454	Unallited Management Projects	\$3,398
	F	11.467	Meteorologic and Hydrologic Modernization Development	\$4,000
	P	11.438	Pacific Salmon Treaty Program	\$5,089
	P	11.463	Habitat Conservation	\$7,808
		18		\$47,254
Other Social Services				
	P	93.562	Assistance Payments-Research (funding under 93.647)	\$0

F=Formula

P=Project

PR=Project: Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	F	93.586	State Court Improvement Program	\$5,000
	P	93.578	Family Support Center and Gateway Demonstration Program	\$7,371
		3		\$12,371
Other Transportation				
	P	20.006	State Access to the Oil Spill Liability Trust Fund	\$100
	P	20.703	Interagency Hazardous Materials - Public Sector Training and Planning Grants	\$6,200
		2		\$6,300
Pollution Abatement/Control				
	P	66.810	Emergency Planning and Community Right-to-Know Technical Assistance Grants	\$1,500
	P	66.467	Wastewater Operator Training Grant Program	\$2,000
	P	10.762	Solid Waste Management Grants	\$2,995
	P	66.808	Solid Waste Management Assistance	\$3,000
	P	66.951	Environmental Education Grants	\$3,000
	P	66.435	Water Pollution Control - Lake Restoration Cooperation Agreements	\$3,200
	P	66.502	Pesticides Control Research	\$3,900
	P	66.701	Toxic Substances Compliance Monitoring Program	\$4,150
	P	66.507	Toxic Substances Research	\$4,945
	P	66.505	Water Pollution Control - Research, Development, and Demonstration	\$5,509
	P	66.506	Safe Drinking Water Research and Demonstration	\$6,047
	P	66.708	Pollution Prevention Grants Program	\$7,100
	P	66.504	Solid Waste Disposal Research	\$7,174

F-Formula

PM-Project: Direct Payment

P-Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	66-032	State Indoor Radon Grants	\$8,158
	P	66-804	State Underground Storage Tanks Program	\$9,000
	F	66-433	State Underground Water Source Protection	\$9,923
		16		\$81,601
Public Assistance/Income Supplement				
	P	14-170	Congregate Housing Services Program	\$7,747
		1		\$7,747
Recreational Resources				
	P	15-617	Wildlife Conservation and Appreciation	\$1,089
	P	15-618	Administrative Grants for Federal Aid in Sport Fish and Wildlife Restoration	\$2,400
	P	15-614	Coastal Wetlands Planning, Protection and Restoration Act	\$7,042
	P	15-919	Urban Park and Recreation Recovery Program	\$7,400
	P	15-615	Cooperative Endangered Species Conservation Fund	\$8,480
		5		\$26,411
Rehab/Disability Assistance				
	P	84-231	Demonstration and Innovation Projects of National Significance in Assistive Technology for Individuals with Disabilities	\$600
	P	84-236	Training and Public Awareness Projects in Assistive Technology for Individuals with Disabilities	\$908
	P	84-263	Rehabilitation Training - Experimental and Innovative Training	\$1,153
	P	84-160	Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	\$1,510
	P	84-265	Rehabilitation Training - State Vocational Rehabilitation Unit	\$5,953

F=Formula

P=Project

PH=Project: Direct Payment

P=Project

U.S. Advisory Commission on Intergovernmental Relations

FUNCTION	TYPE ASSISTANCE	CFDA #	PROGRAM	AMOUNT (000)
	P	84.264	Rehabilitation Training - Continuing Education	\$6,448
	P	84.240	Program of Protection and Advocacy of Individual Rights	\$7,456
	P	84.177	Rehabilitation Services - Independent Living Services for Older Blind Individuals	\$8,952
	F	84.161	Rehabilitation Services - Client Assistance for Individuals with Disabilities	\$9,824
		9		\$42,804
Science/Technology	P	81.105	National Industrial Competitiveness through Energy, Environment and Economics	\$3,200
		1		\$3,200
Special Govt Assistance	P	89.003	National Historical Publications and Record Grants	\$9,000
		1		\$9,000
Training and Employment	P	17.805	Homeless Veterans Reintegration Project	\$5,011
	P	17.802	Veterans Employment Program	\$8,880
		2		\$13,891
Veterans Medical Care	F	64.016	Veterans State Hospital Care	\$4,622
		1		\$4,622
		Grand Total:	260	\$1,049,024

F-Formula

P-Project: Direct Payment

P-Project

U.S. Advisory Commission on Intergovernmental Relations

ADVISORY COMMISSION **अन्तर-राज्य संबंध आयोग**
ON INTERGOVERNMENTAL RELATIONS

Federal Grant Profile 1995

***A Report on ACIR's Federal Grant
Fragmentation Index***



SR-20

September 1995

PREFACE AND ACKNOWLEDGMENTS

This report is the third in a series published by the Advisory Commission on Intergovernmental Relations (ACIR) beginning in 1981.

In 1981, ACIR analyzed the system of federal grants to state and local governments and recommended how it might be "decongested." As part of that analysis, ACIR developed a "fragmentation index," which pointed to programs that potentially might be eliminated or devolved to state and local governments.

ACIR published an update of the grant system and the fragmentation indexes in 1993, based on the 1992 *Catalog of Federal Domestic Assistance*. This report is based on the 1995 *Catalog*. The *Catalog* is used for consistency and because it provides funding estimates that might not be available elsewhere.

This report differs somewhat from ACIR's recently published *Characteristics of Federal Grant-in-Aid Programs to State and Local Governments: Grants Funded FY 1995*. That report is based on the December 1994 *Catalog Update* and on the legislation authorizing and appropriating funds for the grant programs.

Charles Griffiths, ACIR's Director of Intergovernmental Liaison, was the principal investigator and author of the report. The report was reviewed by Bruce D. McDowell, Director of Government Policy Research, and Philip M. Dearborn, Director of Government Finance Research.

The Commission hopes that the information in this report will assist others in their consideration of federal grant reforms.

William E. Davis III
Executive Director

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HIGHLIGHTS

- ▶ *Federal assistance to state and local governments has grown significantly between FY 1980 and FY 1995.* In overall dollar terms, that growth amounted to \$61 billion, or nearly 24 percent. The number of programs has grown by 166 or nearly 25 percent.
- ▶ *This growth has accelerated greatly in the last three years.* Between FY 1980 and FY 1992, the increase in the number of programs averaged only one per year, and funding grew at 6 percent per year. In the last three years, the number of programs grew at an average rate of 35 per year, and funding at over 10 percent a year.
- ▶ *What is particularly notable about this growth is the fact that most of the new grant programs have been very small in dollar amounts.* By FY 1995, approximately 93 percent of all programs constituted only 10 percent of all funding. Looked at another way, 260 programs (41 percent of the total) comprise about one-half of one percent of all available funding to state and local governments.

This reflects a grant system of predominant small programs, most of which are likely not adequately funded to meet their objectives effectively and efficiently. The system is therefore highly fragmented, with the ratio between the number of programs in a grant category being far greater than the ratio of available funding for that category.
- ▶ *This fragmentation has been caused in part by the decline in available federal aid as the federal government attempts to reduce annual deficits and bring spending in line with available resources.* As this decline continues, the tendency is to achieve additional program objectives by simply creating more programs with fewer dollars, or to split some programs.
- ▶ *This points to a system in need of reform.* The block grant and consolidation proposals now being pursued are one response. Other avenues to consider are devolving to state and local governments programs that no longer can be adequately funded at the national level, or to terminate very small programs that have very limited benefits.

METHODOLOGY

DATA SOURCES

To compile its federal grant system updates, ACIR uses the most recent edition of the *Catalog of Federal Domestic Assistance*. Programs are grouped into categories and subcategories, using the federal budget function codes in Appendix III of the *Catalog*.

ACIR uses a different grouping for some programs based on a judgment that they will be more effective for this study. ACIR also simplified or abbreviated the *Catalog* nomenclature for some program groups and used its own terms in other instances when it was thought to be more descriptive.

PROGRAMS INCLUDED AND EXCLUDED

To maintain consistency with the earlier reports, this study focuses on programs for which state and local governments are eligible. Programs for Indian tribes and territorial governments are not included.

Again, ACIR made judgments about the types of programs to include. For example, programs targeted to local public authorities (such as housing, development, and infrastructure) are included because they are likely to have a direct or close relationship to general local governments. On the other hand, programs targeted to universities and hospitals are excluded because those institutions less frequently have a close relationship to general government functions. ACIR also excluded programs that are targeted to a few selected state or local governments. Again, this determination is subjective. For example, programs targeted to the multistate Appalachian region are included.

Finally, ACIR did not include programs listed in the *Catalog* for which funding was not authorized or appropriated for FY 1994 or estimated for FY 1995. However, funding for some programs is combined in the *Catalog* when their funding cannot be separately identified. These programs have been included. As such, the dollar amount for some programs in the tables will show \$0. There are 13 such programs included.

COMPARISON OF UPDATES

ACIR's 1981 and 1993 reports and the current update of federal grant programs are similar but not entirely comparable. Each grouping and set of programs included differ in some respects. The differences are based on judgments about the best placement of certain programs and on changes in the federal budget function groups. Most of these differences are relatively minor, and do not invalidate the general comparison of program growth and fragmentation within categories.

BASIS OF FUNDING FIGURES

ACIR's 1981 and 1993 reports used federal funding data for the preceding fiscal year (FY 1980 and FY 1992). The 1995 study uses two sets of funding data—estimated FY 1995 figures, if shown in the *Catalog*, or FY 1994 dollar amounts.

This update includes only formula, project, and direct payment types of federal grant funding. Programs that provide loans and loan guarantees or insurance programs are excluded.

THE FRAGMENTATION INDEX

ACIR's fragmentation index is the measure of how the number of programs and amount of funding in a program category compare to the overall total of programs and funding.

Each index is a composite of two types of ratios: (1) the number of programs within a category divided by the total number of all federal grant programs and (2) the amount of funding in a category divided by the total for all programs. The program ratio is divided by the funding ratio, giving the fragmentation index for the category.

FEDERAL GRANT PROFILE 1980-1995

A FRAGMENTED SYSTEM

After ACIR's 1981 report on federal grant assistance programs (*An Agenda for American Federalism*), in which the Commission found a fairly fragmented program structure, various streamlining efforts by the Congress and President resulted in fewer and less fragmented programs. But ACIR's 1993 update of the federal grant system found not only that the number of programs had grown to an all-time high (553) but that the system had become even more fragmented.

The trend found in 1993 has continued. It is this trend that first caused the National Performance Review in 1992 to request that ACIR update its original federal grant fragmentation study. This trend, along with efforts to reduce the federal deficit, also lends support to the efforts by the President and the 104th Congress to reform the grant system.

Table 1 provides an overview of federal program and funding growth over the last 15 years.

Table 1
Number and Amounts of Federal Programs Available to State and Local Governments

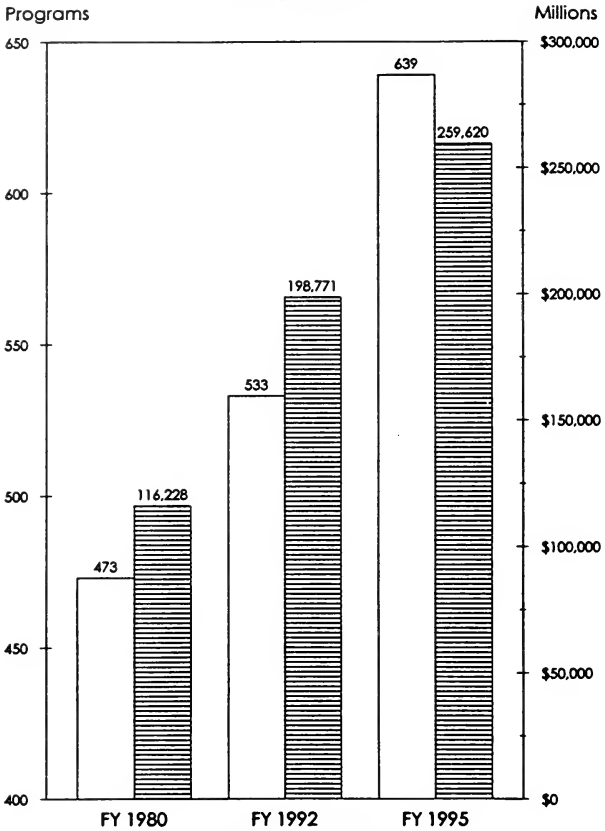
FY 1980			FY 1992			FY 1995		
Cummulative Number of Programs	Cummulative Obligations (thousands)	Cummulative Percentage	Cummulative Number of Programs	Cummulative Obligations (thousands)	Cummulative Percentage	Cummulative Number of Programs	Cummulative Obligations (thousands)	Cummulative Percentage
5	\$56,320,044	48%	3	\$100,512,921	50%	3	\$124,293,184	48%
19	92,246,837	80%	21	159,414,755	80%	21	207,217,762	80%
49	104,507,435	90%	44	179,177,355	90%	50	233,580,010	90%
473	118,227,896	100%	633	198,770,796	100%	639	259,819,944	100%
Number of Programs Comprising 10% of Federal Grants								
FY 1992 489 \$19,593,440			FY 1995 589 \$26,039,934					

HOW THE SYSTEM GREW

Between 1980 and 1995, the number of federal grant programs indexed by ACIR grew from 473 to 639, an increase of 166 programs or over 25 percent. In terms of funding, the increase was \$143 billion, or 123 percent.

Broken down between the three study periods, it took 12 years for the number of programs to increase by 60, but only three more years to grow by another 106 (see Figure 1). With respect to funding, the increase was

Figure 1
Growth of Federal Grants
FY 1980 - FY 1995



ACIR - FRAGMENTATION INDEX

\$82.5 billion over 12 years (or 71 percent), and approximately \$61 billion over the next three year period (or nearly 31 percent).

A major reason for the growth in funding has been the dramatic increase in Medicaid. Since FY 1980, Medicaid spending has grown from \$12 billion to \$88 billion, an increase of over 600 percent. Federal grants for the program grew by 71 percent between FY 1980 and FY 1992, and by another 31 percent since FY 1992. Excluding Medicaid, federal grants grew by 24 percent between FY 1980 and FY 1992. But, over the last three fiscal years, federal grants actually grew by nearly 33 percent, an increase greater than if Medicaid is included in the calculations. This shows that the growth of federal grants has accelerated over the last few years in spite of the tremendous growth in Medicaid.

This growth can also be seen if one looks at the average annual growth of programs. As shown in Table 2, between 1980 and 1992, the number of programs grew about five per year, compared to 35 per year between 1992 and 1995. Funding grew about 6 percent over 12 years, and over 10 percent during the last three years.

Table 2
Annual Average Changes in Federal Grants
FY 1980-1995

	Programs FY 1980-1992	Funding (millions)	Programs FY 1992-1995	Funding (millions)
Growth	60	82,543	106	60,849
Annual Average	5	8,879	35	20,283
Percentage Change	36.1%	57.6%	63.9%	42.4%

In 1980, five of the largest programs accounted for nearly 50 percent of all available funding. In the 1993 and 1995 updates, only three programs comprised this percentage—Medicaid, Highways, and Family Support Payments to States. In 1992, 489 programs (92 percent of all programs) comprised only 10 percent of all funding. In 1995, those figures have grown to 589 programs or 93 percent of all programs.

Over the 15 years, approximately 20 programs have accounted for about 80 percent of the funding. Appendix A lists the largest 25 programs that comprise over 82 percent of the total funding. Between 45 and 50 programs have comprised 90 percent of all funding. Appendix B takes a different look at the "smallness" of federal programs, grouping those under \$10 million into categories. The result is 260 programs (41 percent of all programs) totaling only about one-half of one percent of all funding to state and local governments.

The growth in the number of small programs is due in part to the efforts of the federal government to meet domestic policy initiatives with a decreasing amount of discretionary funding available for this purpose. One means to meet new initiatives is to spread funding across a greater

number of programs. However, this increases the overall fragmentation of the federal grant system.

DISTRIBUTION OF GRANT ELIGIBILITY

Figure 2 shows the distribution of FY 1995 grant eligibility, and the estimated amounts of federal funds associated with those grants. It should be noted that this depicts only state and local government eligibility (other entities may be eligible for the same assistance) and not the actual or estimated flow of funding.

Even with this qualification, it is clear that state governments are the primary recipients of federal funding, either directly or shared with local governments. On the other hand, a significant portion of funding received by the states is passed through to local governments.

STATE/LOCAL MATCHING OF FEDERAL ASSISTANCE

Table 3 shows the percentage matching requirements of the FY 1995 grant programs for state and local governments. There is a required match for 285 programs, or approximately 45 percent of all programs. Most have "variable" requirements, that is, either a declining or increasing match over time, or a match that varies with the different program components. For programs having one required matching rate, approximately 57 percent require a 25 percent or lower match. This increases to 61 percent of the programs with a matching requirement of 33 percent or less. In general, therefore, the majority of programs with a matching requirement approximates a federal two-thirds and recipient one-third match.

Another 30 programs "encourage" matching, meaning that there is no statutory requirement, but matching is administratively required or that a grant application will be more competitive with matching participation.

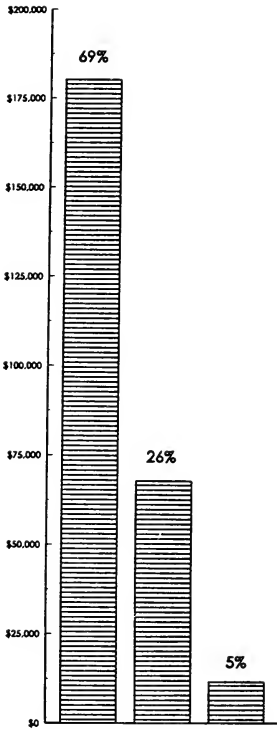
Finally, 28 programs have a "Maintenance of Effort" or a "Non-Supplantation" requirement. These requirements are essentially the same, in that federal funds cannot be used to reduce or replace the recipient's own-source revenue support of the program.

Overall, therefore, nearly 54 percent of federal programs and 76 percent of funding, are impacted by federal matching requirements in one way or another.

Table 3
Non-Federal Matching Profile: FY 1995
State/Local Match

% Required	No. Programs	Amt Federal \$ Involved (000)
Variable %	105	\$145,792,703
66%	3	\$16,162
60%	2	\$8,247
55%	1	\$426,140
50%	59	\$4,287,166
45%	1	\$47,345
40%	4	\$326,290
33%	4	\$262,968
30%	4	\$4,505,518
25%	48	\$9,664,029
20%	23	\$12,433,230
15%	6	\$538,171
10%	19	\$1,420,184
5%	8	\$410,789
	286	\$80,140,964
% All Grants:	44.40%	30.07%
Encouraged Matching	30	\$445,724
Maintenance of Effort/Non Supplantation	316	\$16,826,916
TOTALS:	343	\$196,412,494
% All Grants	63.7%	76%

Figure 2
Federal Grants by Type of Applicant
FY 1995

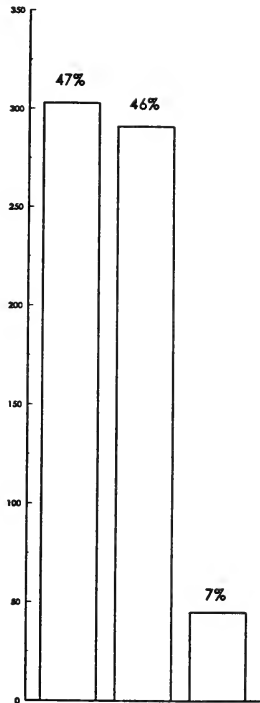


State	State/Local	Local
\$180,173	\$67,841	\$11,606

Millions

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8



State	State/Local	Local
303	291	45

Programs

CHANGES IN PROGRAM CATEGORIES

Table 4 depicts changes in federal program categories between FY 1980 and FY 1995 in terms of the percentage of federal funding to state and local governments.

In 1980, for example, the housing category accounted for the largest percentage of funding. By FY 1992, housing fell to fourth place in percentage funding, and rose one notch to third place by FY 1995. The Medical (changed to Health after FY 1980) or Health categories rose to first place in FY 1992 and remained there in FY 1995. This is due to the rapid growth in Medicaid funding. It should also be noted that the category of Health in FY 1995 now includes Occupational Health and Safety, which was a separate category in FY 1980 and FY 1992.

Transportation began in FY 1980 in fourth place, rose to second place by FY 1992, and dropped to fourth in FY 1995. The Income Security category has risen steadily since FY 1980 (combining the Public Assistance and Economic Opportunity categories in FY 1980, and the Income Security and Public Assistance portion of Social Services/Public Assistance categories in FY 1992).

Today, Income Security includes such programs as AFDC, the National School Lunch Program, WIC, state administration of Unemployment Insurance, Child Support Enforcement, Food Stamps, Low-Income Home Energy Assistance, the School Breakfast Program, and the JOBS Program (Appendix E lists all of the programs for categories and subcategories).

Employment and Training, which had the third largest percentage of funding in FY 1980, dropped significantly over the 15 years. The Social Service and Education categories have remained fairly constant (the category of Libraries in FY 1980 and 1992 was combined with Education in FY 1995). On the other hand, the Environmental category has dropped steadily. In FY 1980, that category comprised over 4 percent of all funding. By FY 1992, it had dropped to 2 percent, and by FY 1995 it dropped to 1.38 percent, even when combined in a category with Natural Resources.

The categories toward the bottom of the percentage lists have, for the most part, remained there over the 15 years, except for Disaster Prevention/Relief and Justice. Both changes are understandable given the number of significant disasters in the last few years, and the growing concern with law enforcement and the justice system.

Appendix C provides additional information for the categories used in FY 1995. Appendix D provides a listing of subcategories used for FY 1995. Some subcategories are used in more than one category. Appendix E lists each category and subcategory, along with the programs contained in the subcategories.

Table 4
Federal Grants to State and Local Governments
Ranked by Percent of Funding for FY 1980, FY 1982, and FY 1995

FY 1980 Categories		FY 1982 Categories		FY 1995 Categories	
% of Funding	No. of Programs	% of Funding	No. of Programs	% of Funding	No. of Programs
19.45%	6	38.27%	90	37.85%	123
15.11%	102	11.50%	22	15.38%	36
12.04%	18	10.88%	10	12.05%	18
10.18%	23	10.04%	13	10.49%	26
9.79%	14	7.20%	83	8.80%	72
9.19%	77	5.92%	67	8.66%	119
6.32%	24	5.35%	15	3.16%	20
5.90%	1	2.84%	26	2.05%	14
4.38%	33	2.39%	11	1.80%	13
4.15%	41	2.16%	36	1.38%	81
0.81%	21	0.82%	7	1.22%	34
0.72%	14	0.49%	36	0.27%	4
0.53%	20	0.44%	13	0.19%	15
0.48%	5	0.38%	23	0.16%	10
0.21%	7	0.28%	13	0.13%	4
0.19%	30	0.15%	36	0.10%	29
0.17%	4	0.12%	12	0.09%	8
0.17%	10	0.07%	6	0.05%	6
0.09%	5	0.07%	5	0.05%	5
0.08%	8	0.05%	5	0.02%	5
0.02%	9			0.002%	1
0.001%	3				
	473		529		639
	TOTAL		TOTAL		TOTAL
			1.12%		1.35%
			Increase from FY 80		Increase from FY 92

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GRANT CHARACTERISTICS

Table 5 outlines the types of assistance to state and local governments. None of these categories are mutually exclusive. For example, all block grants use formula distributions. In addition, a grant program may offer more than one assistance type. Table 5 applies all the funding for a program in the order of formula, project, and direct payments, even if other assistance types are offered, because it is impossible to break out the funding among types. Excluding block grants, the funding and percentages in Table 5 total all funding assistance and programs. (ACIR has traditionally labeled funding except for block grants as categorical assistance.)

Table 5
Funding Types

	Amount (000)	Percent of Funding	Percent of Programs
Block Grant	\$ 22,972,304	8.85%	2.34%
Formula Grant	213,932,274	82.40%	25.68%
Project Grant	27,947,838	10.76%	77.46%
Direct Payments	17,739,832	6.83%	2.19%

The interesting point about Table 5 is that it shows how project grants comprise a small proportion (11 percent) of federal assistance, but a majority (77 percent) of the programs. This type of funding constitutes the base for most of the fragmentation in the federal grant system.

Appendix F lists the FY 1995 Block Grants, and Appendix G lists the formula grants. Two other appendices present additional characteristics of federal assistance. Appendix H lists the FY 1995 programs that offer funding for research or studies in whole or part. Appendix I presents the FY 1995 programs that offer funding for construction or facilities in whole or part. These listings may not be complete because program descriptions are not always clear as to their possible uses.

FRAGMENTATION INDEXES

Table 6 presents a comparison of the fragmentation indexes constructed by ACIR for FY 1980, FY 1992, and FY 1995.

ACIR's fragmentation index is the measure of how the number of programs and amount of funding in a program category compare to the overall total of programs and funding.

Each index is a composite of two types of ratios: (1) the number of programs within a category divided by the total number of all federal grant programs and (2) the amount of funding in a category divided by the total for all programs. The program ratio is divided by the funding ratio, giving the fragmentation index for the category.

Table 6
Federal Grants to State and Local Governments for FY 1980, FY 1992, and FY 1995
Ranked by Fragmentation Index for Program Categories

Fragmentation Index: FY 1980				Fragmentation Index: FY 1992				Fragmentation Index: FY 1995			
Percentage of		Percentage of		Percentage of		Percentage of		Percentage of		Percentage of	
Programs	Funding	Categories	Index	Programs	Funding	Categories	Index	Programs	Funding	Categories	Index
▲	2.10%	General Revenue Sharing	0.04	▲	1.81%	10.85% Income Security	0.17	▲	2.80%	12.05% Housing	0.23
	1.27%	19.45% Housing	0.07		2.35%	10.04% Housing	0.23		8.99%	19.39% Income Security	0.36
	2.86%	9.79% Food and Nutrition	0.30		3.89%	11.50% Transportation	0.35		4.04%	18.49% Transportation	0.38
	3.81%	12.04% Employment and Training	0.32		19.27%	38.27% Health	0.43		19.10%	37.86% Health	0.50
	4.86%	10.16% Transportation	0.48		2.71%	6.35% Food and Nutrition	0.51				
	5.07%	8.16% Public Assistance	0.51		1.99%	2.39% Training and Employment	0.83				
	21.56%	15.11% Medical	1.43		1.27%	0.82% National Defense	1.55		2.17%	2.00% Employment	1.05
	19.26%	8.32% Education	1.58		4.70%	2.64% Local and Area Development	1.88		2.02%	1.90% Disaster Prevention/Relief	1.08
	8.86%	4.39% Environmental Protection	1.99		12.12%	8.92% Assistance Social Services/Public	2.08		4.50%	3.19% Community/Regional Development	1.42
	8.67%	4.15% Community Development	2.09		15.01%	7.20% Education	2.09		11.18%	8.80% Social Services	1.84
	1.06%	0.48% Economic Opportunity	2.22		6.51%	2.18% Environmental Quality	3.02		0.62%	0.27% Science/Technology	2.31
	2.96%	0.72% Vocational Rehabilitation	4.06		2.33%	0.41% Agriculture	5.38		18.48%	8.89% Education	2.77
	0.85%	0.17% Occupational Safety and Health	4.88		2.35%	0.26% Energy	6.90		5.29%	1.22% Justice	4.32
	4.44%	0.81% Conservation	6.45		4.18%	0.38% Justice	10.88		0.62%	0.13% General Govt	4.83
	1.48%	0.21% CMI Preparedness	7.09		6.51%	0.46% Natural Resources	13.31		0.79%	0.00% Veterans	8.17
	4.23%	0.53% Criminal Justice	9.01		0.80%	0.07% Veterans	13.75		12.58%	1.36% Natural Resources/Environmental Quality	9.10
	1.06%	0.06% Volunteer Service	11.78		1.09%	0.07% Libraries	16.08		1.95%	0.16% Energy	9.81
	2.11%	0.17% Miscellaneous	12.38		2.17%	0.12% Disaster Prevention/Relief	17.53		2.33%	0.19% Agriculture	12.28
	1.27%	0.06% Libraries	16.75		0.80%	0.05% Safety Occupational Health &	18.85		0.92%	0.05% Defense	18.84
	6.34%	0.19% Arts and Humanities	33.81		6.51%	0.15% Cultural Affairs	42.89		0.79%	0.02% Commerce	32.25
	1.80%	0.02% Energy	69.48						4.50%	0.10% Cultural Affairs	44.54
	0.83%	0.01% Fire Protection	874.33						0.19%	0.002% Miscellaneous	74.89

ACIR - FRAGMENTATION INDEX

In an ideal situation, the fragmentation index would equal 1.0, where the percentage ratios for funding and programs would be equal. An index less than 1.0 represents a category with lower fragmentation because the ratio of funding is greater than the ratio for programs. This situation reflects more dollars for fewer programs. Of course, the reverse is true for higher indexes, where there are fewer dollars for a greater number of programs.

The principle behind the fragmentation index is that, in general, smaller programs carry a disproportionate burden of administrative overhead and a smaller resource base to meet the objectives for which they were created. In general, the program categories with higher fragmentation indexes are potential candidates for grant consolidation, termination, or turnback to state and local governments.

Nonetheless, it is important to note that these indexes are only one element to consider in this regard. Some smaller programs are defensible in that they do provide beneficial services and results. The fragmentation analysis is only to alert policy leaders that a closer look is warranted for highly fragmented categories.

As can be seen from Table 6, many of the fragmentation indexes have remained relatively consistent over the study periods.

To a considerable degree, the fragmentation indexes follow the percentage funding order in Table 6. The categories having the greater percentage of federal funding tend to have lower fragmentation indexes. The programs that have increased their percentage of funding, such as Disaster Prevention/Relief and Justice, have also had improving fragmentation indexes.

The notable increases in fragmentation include Agriculture since FY 1992, Employment and Training and Education which have had a gradual but continuing increase since FY 1980, Energy (although the fragmentation today is much better than in FY 1980), and Cultural Affairs (Arts and Humanities programs), which has had a consistently high index, and has become more fragmented.

The Environmental Quality/Natural Resources categories, taken together, began in FY 1980 with a much smaller index, rose significantly by FY 1992, and improved somewhat by FY 1995 (although still with fairly high fragmentation).

The fragmentation indexes in Table 6 are aggregates for program categories. These categories are comprised of subcategories. Appendix J lists the fragmentation indexes for these subcategories which gives a more detailed picture of the program areas most affected by fragmentation.

SUMMARY

In a period that is witnessing a comprehensive look at reforming American Federalism, including the federal grant system, this report suggests those efforts are certainly warranted.

Federal assistance to state and local governments has and can continue to provide critical help to achieve not only national objectives but state and local government objectives as well. But these public objectives cannot be accomplished with a grant system that is unduly fragmented, in which many programs are so small as to be relatively ineffective as well as inefficient.

ACIR has advocated for many years that the most effective and efficient federal grant system is one with fewer and adequately funded programs. This can be best achieved by consolidating beneficial programs with similar objectives, devolving to state and local governments those programs that cannot be adequately funded, and terminating programs that have very limited benefits or do not truly meet vital national objectives.

Given the need to reduce the national deficit, it is critical that the funding that can be provided to state and local governments be structured and delivered as effectively as possible.

Appendix A
**Largest 25 Federal Grant Programs To State and Local Government: FY
 1995**

CFDA	PROGRAM	AMOUNT (000)
93.778	Medical Assistance Program (MEDICAID).....	\$88,438,360
20.205	Highway Planning and Construction.....	\$19,649,127
93.560	Family Support Payments to States - Assistance Payments	\$16,205,697
14.855	Section 8 Rental Voucher Program	\$15,824,157
14.239	Home Investment in Affordable Housing.....	\$14,000,000
84.010	Chapter 1 Programs - Local Educational Agencies	\$6,698,356
20.205a	Surface Transportation Program [Block Grant]	\$4,889,713
10.555	National School Lunch Program	\$4,484,668
83.516	Disaster Assistance	\$4,300,000
10.557	Special Supplemental Food Program for Women, Infants, and Children (WIC)	\$3,620,251
93.600	Administration for Children, Youth and Families - Head Start.....	\$3,534,429
14.218	Community Development Block Grants/Entitlement Grants	\$3,157,000
93.658	Foster Care - Title IV-E.....	\$3,128,023
20.507	Federal Transit Capital and Operating Assistance [Block Grant]	\$2,933,761
93.667	Social Services Block Grant	\$2,800,000
17.250	Job Training Partnership Act [Block Grant].....	\$2,520,532
17.225	Unemployment Insurance (State Administration).....	\$2,373,995
93.563	Child Support Enforcement.....	\$2,368,000
84.027	Special Education - State Grants	\$2,322,915
84.126	(Vocational) Rehabilitation Services - Basic Support	\$2,043,874
20.500	Federal Transit Capital Improvement Grants	\$1,924,904
10.561	State Administrative Matching Grants for Food Stamp Program.....	\$1,719,564
10.558	Child and Adult Care Food Program	\$1,481,349
20.106	Airport Improvement Program	\$1,450,000
10.760	Water and Waste Disposal Systems Grants for Rural Communities	\$1,334,193
93.568	Low-Income Home Energy Assistance [Block Grant]	\$1,319,451
% ALL FUNDS:		82.26%
TOTAL:		\$214,522,319

Appendix B
Federal Programs Under \$10 Million: FY 1995
Ranked by Percent of Funding

CATEGORIES	Obligations (000)	% Small Grant Funding	Number Programs	% Small Programs
Health	\$225,681	21.51%	57	21.92%
Education	\$189,922	18.10%	41	15.77%
Natural Resources	\$162,787	15.52%	44	16.92%
Cultural Affairs	\$105,491	10.06%	21	8.08%
Social Services	\$100,003	9.53%	20	7.69%
Justice	\$51,797	4.94%	14	5.38%
Income Security	\$29,805	2.84%	5	1.92%
Agriculture	\$28,276	2.70%	7	2.69%
Disaster Relief/Prevention	\$26,533	2.53%	7	2.69%
Transportation	\$23,113	2.20%	8	3.08%
Employment	\$22,541	2.15%	4	1.54%
General Govt.	\$18,915	1.80%	3	1.15%
Commerce	\$16,980	1.62%	3	1.15%
Community/Regional Development	\$15,854	1.51%	9	3.46%
Energy	\$13,453	1.28%	5	1.92%
Multiple Categories	\$5,306	.51%	1	.38%
Veterans	\$4,622	.44%	1	.38%
Science/Technology	\$3,200	.31%	1	.38%
Housing	\$2,650	.25%	6	2.31%
Defense	\$2,095	.20%	3	1.15%
Grand Total :	\$1,049,024		260	
	Percent All Funding		Percent All Programs	
	0.40%		40.69%	

Appendix C
FY 1995 Federal Grant Categories
Ranked by Descending Dollars

CATEGORIES	Obligations (000)	% Total Funding	Number Programs	% Total Programs
Health	\$96,892,295	37.32%	123	19.25%
Income Security	\$39,354,357	15.16%	36	5.63%
Transportation.....	\$31,727,667	12.22%	26	4.07%
Housing	\$30,632,984	11.80%	17	2.66%
Social Services.....	\$17,399,468	6.70%	72	11.27%
Education	\$17,051,010	6.57%	119	18.62%
Community/Regional Development.....	\$7,143,528	2.75%	26	4.07%
Employment	\$5,279,404	2.03%	14	2.19%
Disaster Relief/Prevention	\$4,862,904	1.87%	12	1.88%
Natural Resources.....	\$3,537,695	1.36%	81	12.68%
Justice	\$3,126,695	1.20%	34	5.32%
Science/Technology	\$687,566	.26%	4	.63%
Agriculture.....	\$485,375	.19%	15	2.35%
Energy.....	\$400,937	.15%	10	1.56%
General Government	\$343,453	.13%	4	.63%
Cultural Affairs	\$258,741	.10%	29	4.54%
Veterans	\$243,068	.09%	5	.78%
Defense	\$125,895	.05%	6	.94%
Commerce.....	\$61,596	.02%	5	.78%
Multiple Categories.....	\$5,306	.00%	1	.16%
Grand Total :	\$259,619,944		639	

Appendix D
Federal Grant Subcategories
Ranked by Descending Dollars: FY 1995

SUBCATEGORIES	Obligations (000)	% Total Funding	Number Programs	% Total Programs
Health Care Services	\$89,314,932	34.40%	12	1.88%
Housing Assistance	30,632,984	11.80%	17	2.66%
Ground Transportation	30,203,163	11.63%	20	3.13%
Other Income Security	24,878,645	9.58%	14	2.19%
Elementary/Secondary/Vocational.....	16,271,110	6.27%	85	13.30%
Food/Nutrition	13,026,899	5.02%	14	2.19%
Child Welfare/Youth Programs.....	7,856,291	3.03%	20	3.13%
General Health	5,742,739	2.21%	95	14.87%
Training and Employment	5,122,257	1.97%	11	1.72%
Community Development.....	5,092,388	1.96%	9	1.41%
Emergency/Preparedness.....	4,862,904	1.87%	12	1.88%
General Social Services.....	3,625,786	1.40%	8	1.25%
Rehab/Disability Assistance.....	3,344,878	1.29%	22	3.44%
Pollution Abatement/Control.....	2,274,944	.88%	33	5.16%
Area/Regional Development	2,051,140	.79%	17	2.66%
Criminal Justice.....	1,815,990	.70%	27	4.23%
Health Research.....	1,664,759	.64%	10	1.56%
Other Social Services.....	1,643,619	.63%	10	1.56%
Public Assistance/Income Supplement	1,457,489	.56%	9	1.41%
Air Transportation.....	1,450,000	.56%	1	.16%
Law Enforcement	1,310,705	.50%	7	1.10%
Aging Programs.....	907,718	.35%	10	1.56%
Science/Technology	687,566	.26%	4	.63%
Education Research/Aids.....	499,947	.19%	20	3.13%
Recreational Resources	479,517	.18%	9	1.41%
Agricultural Research/Services	420,145	.16%	13	2.03%
Conservation/Land Mgt.....	376,462	.15%	11	1.72%
General Purpose Govt. Assistance.....	334,453	.13%	3	.47%
Other Natural Resources.....	299,025	.12%	27	4.23%
Higher Education.....	292,453	.11%	15	2.35%
Arts and Humanities.....	258,741	.10%	29	4.54%

Appendix D
Federal Grant Subcategories
Ranked by Descending Dollars: FY 1995

SUBCATEGORIES	Obligations (000)	% Total Funding	Number Programs	% Total Programs
Energy Conservation	250,290	.10%	2	.31%
Veterans Medical Care.....	232,763	.09%	4	.63%
Consumer/Occupational Health & Safety.....	169,865	.07%	6	.94%
Other Labor Services	157,147	.06%	3	.47%
Energy Supply.....	149,597	.06%	7	1.10%
Water Resources	107,747	.04%	1	.16%
Military.....	79,895	.03%	5	.78%
Income Stabilization.....	65,230	.03%	2	.31%
Business/Regulation of Commerce	61,596	.02%	5	.78%
Water Transportation	56,204	.02%	2	.31%
Atomic Energy	46,000	.02%	1	.16%
Other Transportation	18,300	.01%	3	.47%
Other Veterans Benefits	10,305	.00%	1	.16%
Special Govt Assistance	9,000	.00%	1	.16%
Multiple Functions	5,306	.00%	1	.16%
Energy Information/Policy.....	1,050	.00%	1	.16%
Grand Total :	\$259,619,944		639	

Appendix E
Program Categories and Subcategories and Programs
FY 1995

Obligations
(000)

AGRICULTURE

Agricultural Research/Services

10.203	Payments to Agricultural Experiment Stations under Hatch Act	162,648
10.206	Grants for Agricultural Research - Competitive Research Grants	96,689
10.200	Grants for Agricultural Research, Special Research Grants	63,530
10.028	Animal Damage Control	26,566
10.025	Plant and Animal Disease, Pest Control, and Animal Care	22,666
10.202	Cooperative Forestry Research	19,770
10.215	Sustainable Agriculture Research Education	7,711
10.001	Agricultural Research: Basic and Applied Research	7,304
10.207	Animal Health and Disease Research.....	5,205
10.435	Agricultural Loan Mediation Program.....	3,000
10.167	Transportation Services	2,635
10.501	Agriculture Telecommunications Program	1,221
10.156	Federal-State Marketing Improvement Program	1,200

Income Stabilization

10.568	Temporary Emergency Food Assistance (Administrative Costs)	40,010
10.569	Temporary Emergency Food Assistance (Food Commodities)	25,220

COMMERCE

Business/Regulation of Commerce

11.800	Minority Business Development Centers.....	25,916
11.609	Measurement and Engineering Research and Standards	18,700
59.007	Management and Technical Assistance for Socially and Economically Disadvantaged Business	8,073
11.427	Fisheries Development and Utilization Research and Development Grants and Cooperative Agreements	7,000
11.801	American Indian Program.....	1,907

COMMUNITY/REGIONAL DEVELOPMENT

Area/Regional Development

10.760	Water and Waste Disposal Systems Grants for Rural Communities	1,334,193
11.307	Special Economic Development and Adjustment Assistance Program	291,213
11.300	Economic Development - Grants for Public Works and Development Facilities	195,000
23.002	Appalachian Supplements to Federal Grant-in-Aid (Community Development).....	100,370
10.769	Rural Development Grants.....	47,500
10.770	Water and Waste Disposal Loans and Grants (Section 306C)	25,000
11.302	Economic Development - Support for Planning Organizations	21,484
11.303	Economic Development - Technical Assistance	10,926
10.763	Emergency Community Water Assistance Grants.....	10,000

Appendix E
Program Categories and Subcategories and Programs
FY 1995

Obligations
(000)

23 009	Appalachian Local Development District Assistance	5,631
11.305	Economic Development - State and Local Economic Development Planning	4,873
23.008	Appalachian Local Access Roads	1,800
10.771	Rural Technology Development	1,750
23.011	Appalachian State Research, Technical Assistance, and Demonstration Projects	900
23.013	Appalachian Child Development	500
23.001	Appalachian Regional Development (funding reported under separate programs).....	0
11.304	Economic Development - Public Works Impact Program (funds reported in #11.300).....	0

Community Development

14.218	Community Development BLOCK GRANTS/Entitlement Grants	3,157,000
14.228	Community Development BLOCK GRANTS/State's Program	1,233,940
10.500	Cooperative Extension Service	426,140
14.244	Empowerment Zones Program	100,000
14.219	Community Development BLOCK GRANTS/Small Cities Program.....	54,360
15.904	Historic Preservation Fund Grants-in-Aid	41,421
10.772	Empowerment Zones Program	40,000
12.607	Military Base Reuse Studies and Community Planning Assistance.....	39,127
12.612	Community Base Reuse Plans	400

CULTURAL AFFAIRS

Arts and Humanities

45.007	Promotion of the Arts - State and Regional Program	31,075
45.129	Promotion of the Humanities - State Programs	28,014
45.149	Promotion of the Humanities - Division of Preservation and Access	24,502
45.301	Institute of Museum Services	22,052
45.130	Promotion of the Humanities - Challenge Grants	13,973
45.013	Promotion of the Arts - Challenge Grants	12,670
45.005	Promotion of the Arts - Music	10,700
45.104	Promotion of the Humanities - Humanities Projects in Media	10,264
45.125	Promotion of the Humanities - Humanities Projects in Museums and Historical Organizations.....	9,916
45.006	Promotion of the Arts - Media Arts	9,540
45.012	Promotion of the Arts - Museums	9,235
45.003	Promotion of the Arts - Arts in Education	7,110
45.002	Promotion of the Arts - Dance	6,890
45.127	Promotion of the Humanities - Elementary and Secondary Education in the Humanities	6,769
45.150	Promotion of the Humanities - Higher Education in the Humanities	6,768
45.010	Promotion of the Arts - Expansion Arts	5,290
45.014	Promotion of the Arts - Opera/Musical Theater	5,185

Appendix E
Program Categories and Subcategories and Programs
FY 1995

		Obligations (000)
45.011	Promotion of the Arts - Presenting and Commissioning	5,035
45.009	Promotion of the Arts - Visual Arts	4,850
45.004	Promotion of the Arts - Literature	4,297
45.015	Promotion of the Arts - Folk Arts	3,375
45.145	Promotion of the Humanities - Reference Materials	3,364
45.001	Promotion of the Arts - Design Arts	3,260
45.022	Promotion of the Arts - Advancement Grants	3,100
45.122	Promotion of the Humanities - Centers for Advanced Study	2,985
45.137	Promotion of the Humanities - Humanities Projects in Libraries and Archives	2,481
45.113	Promotion of the Humanities - Public Humanities Subjects	2,476
45.023	Promotion of the Arts - Local Arts Agencies Program	2,065
45.158	Leadership Opportunity in Science and Humanities Education	1,500
DEFENSE		
Atomic Energy		
81.104	Technology Development for Environmental Restoration and Waste Management	46,000
Military		
12.400	Military Construction, Army National Guard	65,800
12.002	Procurement Technical Assistance for Business Firms	12,000
12.611	Community Economic Adjustment Planning Assistance for Reduction in Defense Industry Employment	1,720
12.610	Joint Military/Community Comprehensive Land Use Plans	200
12.613	Growth Management Planning Assistance	175
<u>DISASTER RELIEF/PREVENTION</u>		
Emergency/Preparedness		
83.516	Disaster Assistance	4,300,000
83.012	Hazardous Materials Exercise Assistance Program	315,000
83.523	Federal Emergency Management Food and Shelter Program	130,000
83.503	Civil Defense - State and Local Emergency Management Assistance	74,268
83.531	State and Local Emergency Management Assistance - Other Assistance	17,103
83.528	Emergency Management Institute - Field Training Program	5,901
83.011	Hazardous Materials Training Program for Implementation of the Superfund Amendment and Reauthorization Act	4,650
83.105	Community Assistance Program - State Support Services Element	4,300
83.532	Facilities and Equipment [Emergency Management]	4,139
83.521	Earthquake Hazards Reduction Grants	3,693
83.505	State Disaster Preparedness Grants	2,500
83.527	Emergency Management Institute - Training Assistance	1,350

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Obligations
(000)

EDUCATION

Education Research/Aids

84.117	Educational Research and Development	86,200
84.034	Public Library Services	81,562
11.552	Telecommunications and Information Infrastructure Assistance Program	56,349
84.215	Innovation In Education Secretary's Fund	36,750
84.168	National Program for Strengthening Teaching and Administration in Mathematics and Science	36,356
84.154	Public Library Construction and Technology Enhancement	30,400
84.203	Star Schools Program	30,000
11.550	Public Telecommunications Facilities - Construction and Planning	27,265
84.303	Challenge Grants for Technology in Education	27,000
84.035	Interlibrary Cooperation and Resource Sharing	23,226
84.073	National Diffusion Network	14,480
84.302	Technical Support and Professional Development Consortia for Technology	9,900
84.206	Jacob K. Javits Gifted and Talented Students Education Grant Program	9,521
84.167	Library Literacy	8,026
84.039	Library Research and Demonstrations	6,500
84.091	Improving Access to Research Library Resources	5,808
84.211	First Schools and Teachers	5,396
11.551	National Endowment for Children's Educational Television (NECET)	2,258
84.286	Telecommunications Demonstration Project for Mathematics	2,250
84.287	21st Century Community Learning Centers Program	700

Elementary/Secondary/Vocational

84.010	Chapter I Programs - Local Educational Agencies	6,698,356
84.027	Special Education - State Grants	2,322,915
84.048	Vocational Education - Basic Grants to States	955,626
84.041	Impact Aid - Maintenance and Operations (Elementary/Secondary Education)	728,000
84.186	Drug-Free Schools and Communities - State Grants	456,962
84.099	Bilingual Vocational Instructor Training	441,900
84.276	Goals 2000 - State and Local Educational Systemic Improvement Grants	402,821
84.151	Federal, State, and Local Partnerships for Educational Improvement [BLOCK GRANT]	369,500
84.173	Special Education - Preschool Grants	360,265
84.298	Innovative Education Program Strategies	347,250
84.181	Grants for Infants and Toddlers with Disabilities	325,632
84.281	Eisenhower Professional Development State Grants	320,000
84.011	Migrant Education - Basic State Formula Grant Program	299,475
84.002	Adult Education - State-Administered Basic Grant Program	252,345

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	Obligations (000)
84.164	Eisenhower Mathematics and Science Education - State Grants..... 250,998
84.003	Bilingual Education 155,690
84.009	Education of Handicapped Children in State Operated or Supported Schools 116,878
84.243	Tech-Prep Education 108,000
84.165	Magnet Schools Assistance in Desegregating Districts 107,985
84.029	Special Education - Special Education Personnel Development and Parent Training..... 103,124
84.213	Even Start - Local Educational Agencies..... 102,024
84.012	Educationally Deprived Children - State Administration 60,712
84.060	Indian Education - Formula Grants to Local Educational Agencies 59,686
84.162	Emergency Immigrant Education 50,037
84.013	Chapter 1 Program for Neglected and Delinquent Children 39,311
84.201	School Dropout Demonstration Assistance..... 37,730
84.198	National Workplace Literacy Partnerships 37,516
84.049	Vocational Education - Consumer and Homemaking Education 35,234
84.284	School Facilities Infrastructure Improvement 35,000
84.216	Capital Expenses (Elementary/Secondary Education) 31,434
23.012	Appalachian Vocational and Other Educational Facilities and Operations 29,735
84.196	Education for Homeless Children and Youth - Grants for State and Local Activities..... 28,811
84.218	State Program Improvement Grants 27,560
84.195	Bilingual Education Training Grants 25,189
84.024	Early Education for Children with Disabilities 25,167
84.288	Bilingual Education - Program Development and Implementation Grants 25,100
84.184	National Programs for Drug-Free Schools and Communities 25,000
84.233	Drug-Free Schools and Communities - Emergency Grants 24,552
84.158	Secondary Education and Transitional Services for Youth with Disabilities 23,966
84.289	Bilingual Education - Systemwide Improvement Grants..... 22,400
84.004	Desegregation Assistance, Civil Rights Training, and Advisory Services..... 21,606
84.277	Safe Schools Discretionary Grants to Local Education Agencies..... 20,000
84.023	Special Education - Innovation and Development 19,885
84.026	Media and Captioning for Individuals with Disabilities 19,142
84.192	Adult Education for the Homeless..... 19,082
84.291	Bilingual Education - Systemwide Improvement Grants..... 17,400
84.051	National Vocational Education Research..... 17,268
84.188	Drug-Free Schools and Communities - Regional Centers..... 15,595
84.194	Bilingual Educational Support Services 14,330
84.207	Drug-Free Schools and Communities - School Personnel Training 13,614
84.025	Services for Children with Deaf-Blindness 12,832
84.174	Vocational Education - Community-Based Organizations 11,499

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		Obligations (000)
84.249	Foreign Languages Assistance	10,803
84.254	State Literacy Resource Centers	10,676
84.299	Indian Education - Special Programs	10,485
84.180	Technology, Educational Media and Materials for Individuals with Disabilities	10,362
84.255	Literacy Programs for Prisoners	10,200
84.086	Special Education - Severely Disabled Program	10,030
84.248	Demonstration Projects for the Integration of Vocational and Academic Learning	10,000
84.053	Vocational Education - State Councils	9,006
84.078	Postsecondary Education Programs for Persons with Disabilities	8,839
84.061	Indian Education - Special Programs and Projects	8,780
84.040	Impact Aid - Construction (Elementary/Secondary Education).....	8,584
84.014	Follow Through (Elementary/Secondary Education)	8,477
84.293	Foreign Languages Assistance	7,850
84.028	Special Education - Regional Resource and Federal Centers	7,218
84.282	Public Charter Schools	6,000
84.144	Migrant Education Interstate and Intrastate Coordination Program.....	5,985
84.123	Law-Related Education	5,952
84.199	Vocational Education Cooperative Demonstration.....	5,496
84.279	Goals 2000 - Assessment Development and Evaluation Grants	5,000
84.159	Disabled : Special Studies and Evaluation	4,160
84.237	Children and Youth with Serious Emotional Disturbances	4,147
84.083	Women's Educational Equity Act Program.....	3,964
84.191	Adult Education - National Programs	3,900
84.241	Drug-Free Schools - Counselor Training	3,600
84.294	Foreign Languages Assistance - Incentive Grants.....	3,000
84.304	International Education Exchange	3,000
84.214	Even Start - Migrant Education	2,941
84.077	Bilingual Vocational Training	2,210
84.030	Clearinghouse for Individuals with Disabilities	2,162
84.280	Goals 2000 - Opportunity-To-Learn Development Grants.....	2,000
84.292	Bilingual Education - Research Programs	1,980
84.190	Christa McAuliffe Fellowships	1,946
84.100	Bilingual Vocational Materials, Methods and Techniques.....	218
Higher Education		
84.044	Talent Search (Postsecondary Education)	78,300
84.069	Grants to States for State Student Incentives	63,375
84.185	Robert C. Byrd Honors Scholarships	29,117
84.066	Educational Opportunity Centers	24,700

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		Obligations (000)
84.267	State Postsecondary Review	20,000
84.047	Upward Bound [Higher Education].....	19,171
84.116	Fund for the Improvement of Postsecondary Education	17,543
84.176	Douglas Teacher Scholarships	14,599
84.204	School, College, and University Partnerships	3,893
84.017	International Research and Studies	2,731
84.021	International Overseas-Group Projects Abroad	2,119
84.272	National Early Intervention Scholarship and Partnership (NEISP)	1,875
84.270	Teacher Corps	1,875
84.251	Foreign Periodicals	655
EMPLOYMENT		
Other Labor Services		
17.002	Labor Force Statistics	148,497
17.005	Compensation and Working Conditions Data	7,150
34.002	Labor Management Cooperation	1,500
Training and Employment		
17.250	Job Training Partnership Act [BLOCK GRANT]	2,520,532
17.246	Employment and Training Assistance - Dislocated Workers	1,036,800
17.207	Employment Service	845,912
17.235	Senior Community Service Employment Program	410,500
17.247	Migrant and Seasonal Farmworkers	85,710
17.801	Disabled Veterans Outreach Program	83,601
17.804	Local Veterans Employment Representative Program	77,593
17.249	Employment Services and Job Training - Pilot and Demonstration Programs	35,522
17.248	Employment and Training - Research and Development Projects	12,196
17.802	Veterans Employment Program	8,880
17.805	Homeless Veterans Reintegration Project	5,011
ENERGY		
Energy Conservation		
81.042	Weatherization Assistance for Low-Income Persons	226,300
81.041	State Energy Conservation	23,990
Energy Information/Policy		
77.003	Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information	1,050
Energy Supply		
81.089	Fossil Energy Research and Development	89,967
81.065	Nuclear Waste Disposal Siting	32,200

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		Obligations (000)
81.107	Oil Recovery Demonstration.....	15,027
81.079	Biofuels and Municipal Waste Technology and Regional Programs	4,700
81.086	Conservation Research and Development	3,760
81.087	Renewable Energy Research and Development	2,100
81.081	Energy Task Force for the Urban Consortium.....	1,843
GENERAL GOVERNMENT		
General Purpose Government, Assistance		
10.665	Schools and Roads - Grants to States	324,538
12.112	Payments to States in Lieu of Real Estate Taxes	5,125
10.666	Schools and Roads - Grants to Counties.....	4,790
Special Government, Assistance		
89.003	National Historical Publications and Record Grants	9,000
HEALTH		
Consumer/Occupational Health & Safety		
17.503	Occupational Safety and Health - State Program.....	70,615
10.475	Cooperative Agreements with States for Intrastate Meat and Poultry Inspection	39,563
17.504	Consultation Agreements	31,564
93.263	Occupational Safety and Health - Training Grants	12,898
93.262	Occupational Safety and Health Research Grants	9,374
17.600	Mine Health and Safety Grants	5,851
General Health		
93.959	Substance Abuse and Preventive Treatment Services BLOCK GRANT	1,234,107
93.224	Community Health Centers	616,555
93.268	Childhood Immunization Grants.....	355,783
93.991	Preventive Health and Health Services [BLOCK GRANT].....	303,906
93.777	State Survey and Certification of Health Care Providers and Suppliers - Medicare.....	292,400
93.958	Community Mental Health Services BLOCK GRANT	277,919
93.940	HIV Prevention Activities - Health Department Based	225,923
93.217	Family Planning - Services	179,561
93.917	HIV Care Formula Grants.....	174,767
93.914	HIV Emergency Relief Project Grants.....	174,685
93.915	HIV Emergency Relief Formula Grants	174,685
93.919	State-Based Comprehensive Breast and Cervical Cancer Control Programs	152,714
14.900	Lead-Based Paint Hazard Control Program	142,000
93.116	Project Grants and Cooperative Agreements for Tuberculosis Control Programs.....	111,000
93.194	Community Partnerships Demonstration Grant (Substance Abuse)	105,048
93.283	Centers for Disease Control: Investigations and Technical Assistance	93,283

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	Obligations (000)	
93.779	Health Care Financing Research, Demonstrations and Evaluations	78,958
93.977	Preventive Health Service - Sexually Transmitted Diseases Control Grants	72,703
93.246	Migrant Health Centers Grants	65,000
93.144	Demonstration Grants for the Prevention of Alcohol and Other Drug Abuse among High-Risk Youth	59,249
93.918	Grants to Provide Outpatient Early Intervention Services with Respect to HIV Disease	52,568
93.944	HIV/AIDS Surveillance	51,300
93.125	Mental Health Planning and Demonstration Projects	41,000
93.118	AIDS Activity	36,277
93.104	Comprehensive Community Mental Health Services for Children with Serious Emotional Disturbances	35,000
93.102	Demonstration Grants for Residential Treatment for Women and Their Children	34,561
93.982	Mental Health Disaster Assistance and Emergency Mental Health	30,000
93.150	Projects for Assistance in Transition from Homelessness [BLOCK GRANT]	28,874
93.938	Cooperative Agreements to Support School Health Education to Prevent the Spread of AIDS	27,340
93.136	Injury Prevention and Control Research and State Grants Projects	27,000
93.941	HIV Demonstration, Research, Public and Professional Education Project	27,000
93.153	Pediatric AIDS Health Care Demonstration Program	26,000
93.196	Cooperative Agreements for Drug Abuse Treatment Improvement Projects in Target Cities	25,000
93.101	Residential Treatment Programs for Pregnant and Postpartum Women	24,505
93.197	Childhood Lead Poisoning Prevention Projects - State and Community-Based Childhood Lead Poisoning	24,500
93.943	Epidemiologic Research Studies of AIDS and HIV in Selected Population Groups	22,450
93.138	Protection and Advocacy for Individuals with Mental Illness	21,518
93.902	Model Comprehensive Drug Abuse Treatment Programs for Critical Populations	20,801
93.169	Model Projects for Pregnant and Postpartum Women and Their Infants (Substance Abuse)	19,903
93.928	Special Projects of National Significance [Health]	17,919
93.903	Model Criminal Justice Drug Abuse Treatment - Incarcerated Populations, Non-Incarcerated Populations and Juvenile Justice Populations	17,022
93.145	National AIDS Education and Training Centers	16,435
93.887	Project Grants for Non-Acute Care Intermediate and Long-Term Care Facilities for Patients with AIDS	15,000
93.988	Cooperative Agreements for State-Based Diabetes Control Programs and Evaluation of Surveillance Systems	11,167
93.957	Occupational Health and Surveillance	10,729
93.937	Comprehensive Residential Drug Prevention and Treatment Projects for Substance - Using Women and their Children	10,168
93.927	Residents of Public Housing Primary Care Program	9,518
93.184	Disabilities Prevention	9,200
93.229	Demonstration Cooperative Agreements for Development and Implementation of Criminal Justice Treatment Networks	9,000
93.201	Public Health Assessments and Related Site-Specific Biologic Testing	8,000

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		Obligations (000)
93.177	Integrated Community-Based Primary Care and Drug Abuse Treatment Services.....	7,800
93.949	HIV/AIDS and Related Diseases among Substance Abusers - Community-Based Outreach and Intervention Demonstration.....	7,500
93.109	Linking Community-Based Primary Care, Substance Abuse, HIV/AIDS, and Mental Health Treatment Services	7,349
93.950	Capacity Expansion Program [Health]	6,701
93.128	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services -Mental Health Statistics Improvement Program	6,400
93.131	Cooperative Agreements for Addiction Treatment Training Centers	6,277
93.978	Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants	6,085
93.161	Health Program for Toxic Substances & Disease Registry.....	6,000
93.947	Tuberculosis Demonstration, Research, Public and Professional Education	6,000
93.955	Health and Safety Programs for Construction Work	5,828
93.260	Family Planning - Personnel Training	5,131
93.122	Substance Abuse Treatment and Recovery Systems for Rural, Remote and Culturally Distinct Populations	4,500
93.965	Coal Miners Respiratory Impairment Treatment Clinics and Services (Black Lung Clinics).....	4,142
93.995	Adolescent Family Life - Demonstration Projects	4,013
93.956	Centers for Agricultural Research, Education and Disease and Injury Prevention and Occupational Respiratory Disease and Musculoskeletal Disorders Evaluation and Rehabilitation	3,957
93.913	Operation of Offices of Rural Health	3,800
93.953	Modification of Trauma Care Component of State EMS Plan	3,796
93.192	Interdisciplinary Training for Health Care for Rural Areas	3,721
93.137	Minority Community Health Coalition Demonstration	3,200
93.155	Rural Health Policy/Research Centers.....	2,750
93.942	Research, Treatment and Education Programs on Lyme Disease in the U.S.....	2,703
93.132	Managed Care Demonstration Models for SSI Beneficiaries Disabled Due to Addiction to Alcohol and Drugs ...	2,651
93.987	Health Programs for Refugees	2,400
93.886	Grants for Physician Assistant Training Program	2,400
93.120	Mental Health Services for Cuban Entrants	2,400
93.901	Communications Programs Aimed toward the Prevention of Alcohol, Tobacco, and Other Drug Problems.....	2,300
93.946	Cooperative Agreements to Support State-Based Infant Health Initiative Programs.....	2,232
93.244	Mental Health Clinical or Service-Related Training Grants	2,000
93.185	Immunization Research, Demonstration, Public Information and Education.....	2,000
93.203	Health Activities Recommendation Panel Health Activities; Health Outcome Studies to Hazardous Substances and Adverse Health Outcomes	2,000
93.216	HIV/AIDS Mental Health Services Demonstration Program	2,000
23.004	Appalachian Health Program	1,800
93.119	Grants for Technical Assistance Activities Related to the Block Grant for Community Mental Health Services - Technical Assistance Centers for Evaluation.....	1,500

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	Obligations (000)
93.200	Educating Health Professionals Regarding Environmentally Hazardous Substances 1,416
93.974	Family Planning Services Delivery Improvement Research 1,225
93.204	Surveillance of Hazardous Substance Emergency Events, Surveillance of the Relationship between Hazardous Substance Exposure and Adverse Health Outcomes 1,100
93.174	Conference Grant (Substance Abuse)..... 1,077
93.205	Health Activities Recommendation Panel Health Activities; Health Outcome Studies to Hazardous Substances and Adverse Health Effects 1,000
93.221	Junior National Health-Service Corps/Junior Health Careers Opportunity Program 1,000
93.111	Adolescent Family Life Research 690
93.206	Health Studies Initiative of Priority Health Conditions 500
93.952	Improving EMS/Trauma Care in Rural Areas 475
93.218	Substance Abuse Treatment Conference Grants..... 400
93.141	Special Initiatives Trauma Grant Program..... 300
93.207	Surveillance of Hazardous Substance Emergency Events, between Hazardous Substance Exposure and Adverse Health Outcomes 219
Health Care Services	
93.778	Medical Assistance Program (MEDICAID) 88,438,360
93.994	Maternal and Child Health Services [BLOCK GRANT]..... 572,259
93.926	Healthy Start Initiative 95,868
93.775	State Medicaid Fraud Control Units 76,000
93.151	Project Grants for Health Services to the Homeless 65,445
93.912	Rural Health Services Outreach..... 27,000
93.127	Emergency Medical Services for Children 10,000
93.130	Primary Care Services: Resource Coordination and Development Cooperative Agreements 9,000
93.129	Technical and Non-Financial Assistance to Community and Migrant Health Centers 8,700
93.165	Grants for State Loan Repayment 7,000
93.951	Demonstration Grants to States with Respect to Alzheimer's Disease 4,800
93.931	Demonstration Grants to States for Community Scholarship 500
Health Research	
93.242	Mental Health Research Grants 424,439
93.866	Aging Research 330,563
93.279	Drug Abuse Research Programs 322,199
93.865	Research for Mothers and Children 242,839
93.864	Population Research [NIH] 124,791
93.273	Alcohol Research Programs..... 118,927
93.180	Medical Treatment Effectiveness Research 49,170
93.226	Health Service Research and Development Grants..... 29,934
93.891	Alcohol Research Center Grants 19,897

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		Obligations (000)
93.922	NIH Science Education Partnership Award	2,000
HOUSING		
14.855	Section 8 Rental Voucher Program	15,824,157
14.239	Home Investment in Affordable Housing	14,000,000
14.850	Public and Indian Housing (includes funding for 14.851, 14.852, 14.853, 14.854)	263,000
14.187	Preservation of Affordable Housing	175,000
14.241	Housing Opportunities for Persons with AIDS	156,000
14.856	Lower Income Housing Assistance Program - Section 8 Moderate Rehabilitation	54,000
14.240	HOPE for Homeownership of Single Family Homes	50,000
14.858	HOPE for Public and Indian Housing Homeownership	47,325
10.405	Farm Labor Housing Loans and Grants	26,202
10.433	Rural Housing Preservation Grants	22,000
10.420	Rural Self-Help Housing Technical Assistance	12,650
10.442	Housing Application Packaging	2,000
23.005	State Appalachian Housing Programs	650
14.852	Public and Indian Housing Comprehensive Improvement Assistance Program (funding reported under 14.855)	0
14.859	Public and Indian Housing-Comprehensive Grant Program (funding reported under 14.855)	0
14.851	Low-Income Housing - Homeownership Opportunities for Low-Income Families (Funds reported under 14.850)	0
14.857	Section 8 Rental Certificate Program (funding reported under 14.855)	0
INCOME SECURITY		
Food/Nutrition		
10.555	National School Lunch Program	4,484,668
10.557	Special Supplemental Food Program for Women, Infants, and Children (WIC)	3,620,251
10.561	State Administrative Matching Grants for Food Stamp Program	1,719,564
10.558	Child and Adult Care Food Program	1,481,349
10.553	School Breakfast Program	1,053,786
10.559	Summer Food Service Program for Children	256,456
10.570	Nutrition Program for the Elderly (Commodities)	150,333
10.560	State Administrative Expenses for Child Nutrition	92,196
10.565	Commodity Supplemental Food Program	84,536
10.571	Food Commodities for Soup Kitchens	40,000
10.556	Special Milk Program for Children	18,063
10.564	Nutrition Education and Training Program	10,271
10.572	WIC Farmers' Market Nutrition Program (FMNP)	6,750
Other Income Security		
93.560	Family Support Payments to States - Assistance Payments	16,205,697
17.225	Unemployment Insurance (State Administration)	2,373,995

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	Obligations (000)	
93.563	Child Support Enforcement	2,368,000
93.568	Low-Income Home Energy Assistance [BLOCK GRANT].....	1,319,451
93.561	Job Opportunities and Basic Skills Training (JOBS).....	980,000
93.575	Payments to States for Child Care Assistance [BLOCK GRANT]	934,642
93.574	Child Care for Families At-Risk of Welfare Dependency.....	357,000
93.566	Refugee and Entrant Assistance - State-Administered Programs	215,448
93.584	Refugee and Entrant Assistance-Targeted Assistance.....	55,397
93.567	Refugee Assistance-Voluntary Agency Programs.....	41,987
93.576	Refugee and Entrant Assistance-Discretionary Grants	11,720
96.007	Social Security - Research and Demonstration	8,380
93.583	Refugee and Entrant Assistance-Wilson/Fish Programs	6,928
93.564	Child Support Enforcement Research (funding under 93.562)	0
Public Assistance/Income Supplement		
10.427	Rural Rental Assistance Payments	523,008
14.235	Supportive Housing Program	334,000
14.854	Public and Indian Housing Drug Elimination Program	250,392
14.238	Shelter Plus Care	123,000
14.231	Emergency Shelter Grants Program	115,000
14.243	Opportunities for Youth-Youthbuild Program.....	48,000
14.185	Homeownership and Opportunity for People Everywhere (HOPE 2)	30,000
14.861	Public and Indian Housing Family Investment Centers Program	26,342
14.170	Congregate Housing Services Program.....	7,747
JUSTICE		
Criminal Justice		
16.586	Violent Offender Incarceration and Truth in Sentencing Incentive Grants	750,000
16.579	Drug Control and System Improvement - Formula Grants	454,775
16.554	National Criminal History Improvement Program	100,000
16.575	Crime Victim Assistance	79,749
16.540	Juvenile Justice and Delinquency Prevention - Allocation to States.....	79,294
16.580	Drug Control and System Improvement - Discretionary Grants	67,352
16.576	Crime Victim Compensation.....	64,674
16.548	Title V-Delinquency Prevention Program	30,689
16.585	Drug Court Discretionary Grant Program	28,710
16.560	Justice Research, Development, and Evaluation Project Grants	26,731
16.588	Violence Against Women Formula Grants	23,450
16.542	National Institute for Juvenile Justice and Delinquency Prevention	18,281
16.595	Executive Office for Weed and Seed	13,456

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(000)

16.541	Juvenile Justice and Delinquency Prevention - Special Emphasis.....	13,053
16.547	Victims of Child Abuse	11,754
84.285	Family and Community Endeavor Schools Grant Program	11,100
16.549	Part E - State Challenge Activities.....	10,000
16.543	Missing Children's Assistance: Public Information	9,351
93.643	Children's Justice Grants to States	9,325
16.582	Crime Victim Assistance/Discretionary Grants	5,802
16.603	Corrections - Technical Assistance/Clearinghouse.....	2,647
16.550	Criminal Justice Statistics Development	2,400
16.601	Corrections - Training and Staff Development	1,876
16.577	Emergency Federal Law Enforcement Assistance	1,123
16.602	Corrections - Research and Evaluation and Policy Formulation.....	315
16.574	Criminal Justice Discretionary Grant Program	75
16.581	Drug Law Enforcement Program Prison Capacity.....	8
Law Enforcement		
16.710	Public Safety and Community Policing Grants.....	1,250,330
30.002	Employment Discrimination - State and Local Fair Employment Practices Agency Contracts.....	26,500
16.711	Troops to Cops	15,000
14.401	Fair Housing Assistance Program - State and Local	7,375
14.409	Fair Housing Initiatives Program: Education and Outreach Initiative	7,000
14.408	Fair Housing Initiative Program - Administrative Enforcement Initiative.....	3,000
16.108	Americans with Disabilities Act Technical Assistance Program.....	1,500
MULTIPLE CATEGORIES		
Multiple Functions		
12.114	Collaborative Research and Development (Dept. of Defense).....	5,306
NATURAL RESOURCES		
Conservation/Land Mgt.		
15.252	Abandoned Mine Land Reclamation Program	135,734
10.664	Cooperative Forestry Assistance.....	91,521
11.419	Coastal Zone Management Administration Awards.....	53,500
15.250	Regulation of Surface Coal Mining and Surface Effects of Underground Coal Mining	51,661
10.652	Forestry Research	21,525
66.461	Wetlands Protection - State Development Grants	15,000
10.670	National Forest - Dependent Rural Communities	4,910
10.901	Resource Conservation and Development	2,464
15.222	Cooperative Inspection Agreements with States and Tribes	147
15.224	Cultural Resource Management (not separately identifiable).....	0

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Program Categories and Subcategories and Programs
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		Obligations (000)
15.225	Recreation Resource Management (nor separately identifiable)	0
Other Natural Resources		
15.975	Research Information	83,352
11.417	Sea Grant Support	51,400
11.431	Climatic and Atmospheric Research	28,400
11.469	Congressionally Identified Construction Projects	18,515
59.045	Natural Resource Development	17,600
11.430	Undersea Research	16,701
11.436	Columbia River Fisheries Development Program	13,609
15.807	Earthquake Hazards Reduction Program	12,000
11.452	Unallied Industry Projects	10,194
11.463	Habitat Conservation	7,808
11.438	Pacific Salmon Treaty Program	5,089
11.467	Meteorologic and Hydrologic Modernization Development	4,000
11.454	Unallied Management Projects	3,398
11.420	Coastal Zone Management Estuarine Research Reserves	3,300
11.448	Federal/State Cooperative Program in Atmospheric Research	3,265
11.428	Intergovernmental Climate - Programs	3,200
11.437	Pacific Fisheries Data Program	3,167
11.407	Interjurisdictional Fisheries Act of 1986	3,156
11.405	Anadromous Fish Conservation Act Program	2,003
11.400	Geodetic Surveys and Services	2,000
11.426	Financial Assistance for Ocean Resources Conservation and Assessment Program	1,834
11.439	Marine Mammal Data Program	1,730
11.429	Marine Sanctuary Program	1,600
15.977	State Partnerships	600
11.472	Unallied Science Program	534
11.459	Climate and Air Quality Research	450
11.462	Hydrologic Research	120
Pollution Abatement/Control		
66.458	Capitalization Grants for State Revolving Funds (Wastewater Treatment Facilities)	1,235,200
66.001	Air Pollution Control Program Support	180,709
66.802	Hazardous Substance Response Trust Fund	100,000
66.460	Nonpoint Source Implementation Grants	100,000
66.500	Environmental Protection - Consolidated Research	98,588
66.801	Hazardous Waste Management State Program Support	97,050
66.419	Water Pollution Control - State and Interstate Program Support	79,534
66.432	State Public Water System Supervision	70,000

Appendix E
Program Categories and Subcategories and Programs
FY 1995

	Obligations (000)
66.805	Underground Storage Tank Trust Fund Program..... 64,550
66.501	Air Pollution Control Research 39,224
66.600	Environmental Protection Consolidation Grants - Program Support 38,384
66.463	National Pollutant Discharge Elimination System Related State Program Grants 22,500
66.700	Consolidated Pesticides Compliance Monitoring and Program Cooperative Agreement 16,136
66.456	National Estuary Program..... 14,168
66.454	Water Quality Management Planning 13,300
66.707	TSCA Title IV State Lead Grants-Certification of Lead-Based Paint Professionals 12,500
66.809	Core Program Cooperation Agreements..... 11,500
66.433	State Underground Water Source Protection 9,923
66.804	State Underground Storage Tanks Program 9,000
66.032	State Indoor Radon Grants 8,158
66.504	Solid Waste Disposal Research 7,174
66.708	Pollution Prevention Grants Program..... 7,100
66.506	Safe Drinking Water Research and Demonstration 6,047
66.505	Water Pollution Control - Research, Development, and Demonstration..... 5,509
66.507	Toxic Substances Research 4,945
66.701	Toxic Substances Compliance Monitoring Program 4,150
66.502	Pesticides Control Research 3,900
66.435	Water Pollution Control - Lake Restoration Cooperation Agreements 3,200
66.808	Solid Waste Management Assistance..... 3,000
66.951	Environmental Education Grants 3,000
10.762	Solid Waste Management Grants 2,995
66.467	Wastewater Operator Training Grant Program 2,000
66.810	Emergency Planning and Community Right-to-Know Technical Assistance Grants 1,500
Recreational Resources	
15.611	Wildlife Restoration (Pittman-Robertson Program)..... 205,760
15.605	Sport Fish Restoration (Dingell-Johnson Program) 199,751
15.916	Outdoor Recreation - Acquisition, Development and Planning..... 32,595
15.600	Anadromous Fish Conservation 15,000
15.615	Cooperative Endangered Species Conservation Fund..... 8,480
15.919	Urban Park and Recreation Recovery Program 7,400
15.614	Coastal Wetlands Planning, Protection and Restoration Act..... 7,042
15.618	Administrative Grants for Federal Aid in Sport Fish and Wildlife Restoration 2,400
15.617	Wildlife Conservation and Appreciation 1,089
Water Resources	
10.904	Watershed Protection and Flood Prevention 107,747

Appendix E
Program Categories and Subcategories and Programs
FY 1995

Obligations
(000)

SCIENCE/TECHNOLOGY

Science/Technology

47.076	Education and Human Resources	605,974
12.113	State Memorandum of Agreement Program for the Reimbursement of Technical Services	39,953
81.109	Financial Assistance Program - Science Education and Technical Information	38,439
81.105	National Industrial Competitiveness through Energy, Environment and Economics	3,200

SOCIAL SERVICES

Aging Programs

93.043	Special Programs for the Aging (Title III-C) - Nutrition Services	469,874
93.044	Special Programs for the Aging (Title III-B) - Grants for Supportive Services and Senior Centers	306,711
94.002	Retired Senior Volunteer Program	35,808
94.016	Senior Companion Program	31,394
93.048	Special Programs for the Aging - Title IV, Training, Research, and Discretionary Projects/Programs	26,529
93.043	Special Programs for the Aging (Title III-F) - Disease Prevention and Health Promotion Services	16,982
93.046	Special Programs for the Aging (Title III-D) - In-Home Services for Frail Older Individuals	9,263
93.041	Special Programs for the Aging (Title VII) - Prevention of Elder Abuse, Neglect, and Exploitation	4,732
93.042	Special Programs for the Aging (Title VII) - Long-Term Care Ombudsman Services for Older Individuals	4,449
93.049	Special Programs for the Aging-Title VII, Chapter 6-Allotments for Vulnerable Elder Rights Protection	1,976

Child Welfare/Youth Programs

93.600	Administration for Children, Youth and Families - Head Start	3,534,429
93.658	Foster Care - Title IV-E	3,128,023
93.659	Adoption Assistance	425,639
93.645	Child Welfare Services - State Grants	291,989
93.556	Family Preservation and Support Services	145,000
93.674	Independent Living	70,000
93.666	Comprehensive Child Development Centers	46,560
93.623	Administration for Children, Youth and Families - Runaway and Homeless Youth	40,458
94.004	Learn and Serve America - School and Community Based Programs	37,500
93.669	Administration for Children, Youth and Families - Child Abuse and Neglect State Grants	22,854
93.670	Administration for Children, Youth and Families - Child Abuse and Neglect Discretionary Activities	15,385
93.657	Drug Abuse Prevention Program for Runaway and Homeless Youth	14,466
93.551	Abandoned Infants	14,406
93.550	Transitional Living for Runaway and Homeless Youths	13,649
93.652	Administration for Children, Youth and Families - Adoption Opportunities	13,000
93.673	Grants to States for Planning and Development of Dependent Care Programs	12,823
93.656	Temporary Child Care and Crisis Nurseries	11,835
93.660	Drug Abuse Prevention and Education Relating to Youth Gangs	10,520

Appendix E
Program Categories and Subcategories and Programs
FY 1995

		Obligations (000)
93.608	Child Welfare Research and Demonstration.....	6,395
93.614	Child Development Associate Scholarships.....	1,360
Food/Nutrition		
93.571	Community Services Block Grant Discretionary Awards - Community Food and Nutrition	8,676
General Social Services		
93.667	Social Services BLOCK GRANT.....	2,800,000
93.569	Community Services BLOCK GRANT	396,700
94.006	Americorps	281,430
94.007	Planning and Program Development Grants.....	61,903
93.570	Community Services Block Grant - Discretionary Awards	45,015
94.009	Training and Technical Assistance	17,800
93.647	Social Services Research and Demonstration	14,961
93.573	Community Services Block Grant Discretionary Awards - Demonstration Partnership	7,977
Higher Education		
94.005	Learn and Serve America - Higher Education.....	12,500
Other Social Services		
93.565	State Legalization Impact Assistance Grant	811,901
93.585	Empowerment Zones Program.....	640,000
94.011	Foster Grandparent Program	67,762
14.169	Housing Counseling Assistance Program	50,000
93.671	Family Violence Prevention and Services	27,133
93.572	Emergency Community Services for the Homeless	19,752
94.003	State Commission	14,700
93.578	Family Support Center and Gateway Demonstration Program.....	7,371
93.586	State Court Improvement Program	5,000
93.562	Assistance Payments-Research (funding under 93.647)	0
Rehab/Disability Assistance		
84.126	(Vocational) Rehabilitation Services - Basic Support.....	2,043,874
84.246	Rehabilitation Short-Term Training	800,000
93.630	Developmental Disabilities Basic Support and Advocacy Grants	97,156
84.133	National Institute on Disability and Rehabilitation Research	70,000
93.631	Administration on Developmental Disabilities - Projects of National Significance	57,715
84.132	Centers for Independent Living	40,533
84.224	State Grants for Technology-Related Assistance to Individuals with Disabilities.....	39,429
84.187	Supported Employment Services for Individuals with Severe Handicaps	36,536
84.128	(Vocational) Rehabilitation Services - Service Projects.....	30,558
84.129	(Vocational) Rehabilitation Training	22,401

Appendix E
Program Categories and Subcategories and Programs
FY 1995

		Obligations (000)
84.234	Projects with Industry	22,071
84.169	Comprehensive Services for Independent Living	21,859
84.235	Special Projects and Demonstrations for Providing Vocational Rehab. Services to Individuals with Severe Disabilities.....	19,942
84.161	Rehabilitation Services - Client Assistance for Individuals with Disabilities	9,824
84.177	Rehabilitation Services - Independent Living Services for Older Blind Individuals	8,952
84.240	Program of Protection and Advocacy of Individual Rights	7,456
84.264	Rehabilitation Training - Continuing Education	6,448
84.265	Rehabilitation Training - State Vocational Rehabilitation Unit.....	5,953
84.160	Training Interpreters for Individuals who are Deaf and Individuals who are Deaf-Blind	1,510
84.263	Rehabilitation Training - Experimental and Innovative Training.....	1,153
84.236	Training and Public Awareness Projects in Assistive Technology for Individuals with Disabilities	908
84.231	Demonstration and Innovation Projects of National Significance in Assistive Technology for Individuals with Disabilities	600
TRANSPORTATION		
Air Transportation		
20.106	Airport Improvement Program.....	1,450,000
Ground Transportation		
20.205	Highway Planning and Construction	16,309,464
20.205a	Surface Transportation Program [Block Grant]	4,889,713
20.507	Federal Transit Capital and Operating Assistance [BLOCK GRANT] Formula Grants.....	2,933,761
20.500	Federal Transit Capital Improvement Grants.....	1,924,904
23.003	Appalachian Development Highway System.....	233,479
20.509	Public Transportation for Nonurbanized Areas.....	151,877
20.600	State and Community Highway Safety	123,000
20.218	Motor Carrier Safety Assistance Program	73,078
20.513	Capital Assistance Program for Elderly Persons and Persons with Disabilities	59,192
20.505	Federal Transit Technical Studies Grants.....	43,528
20.514	Federal Transit Technical Assistance (also funds: 20.503; 20.511; 20.512).....	38,191
20.601	Alcohol Traffic Safety and Drunk Driving Prevention Incentive Grants	25,000
20.312	High Speed Ground Transportation.....	24,500
20.308	Local Rail Freight Assistance Program.....	17,000
20.515	State Planning and Research (Transit).....	8,889
20.215	Highway Training and Education.....	6,369
20.219	National Recreational Trails Program	1,555
20.512	Federal Transit Technical Assistance (reported under 20.514)	0
20.511	Human Resource Programs (reported under 20.514).....	0

Appendix E
Program Categories and Subcategories and Programs
FY 1995

		Obligations (000)
20.503	Federal Transit Managerial Training Grants (reported under 20 514)	0
Other Transportation		
20.700	Pipeline Safety	12,000
20.703	Interagency Hazardous Materials - Public Sector Training and Planning Grants	6,200
20.006	State Access to the Oil Spill Liability Trust Fund.....	100
Water Transportation		
20.005	Boating Safety Financial Assistance.....	31,850
20.007	Bridge Alteration.....	24,354
VETERANS		
Other Veterans Benefits		
64.203	State Cemetery Grants	10,305
Veterans Medical Care		
64.015	Veterans State Nursing Home Care.....	161,079
64.005	Grants to States for Construction of State Nursing Home Care Facilities	47,345
64.014	Veterans State Domiciliary Care.....	19,717
64.016	Veterans State Hospital Care.....	4,622

Appendix F
Federal Block Grants To State and Local Government: FY 1995

CFDA	PROGRAM	Descending Obligations (000)
20.205a	Surface Transportation Program	\$4,889,713
14.218	Community Development Entitlement Grants.....	3,157,000
20.507	Federal Transit Capital and Operating Assistance Formula Grants	2,933,761
93.667	Social Services.....	2,800,000
17.250	Job Training Partnership Act	2,520,532
93.568	Low-Income Home Energy Assistance.....	1,319,451
93.959	Substance Abuse and Preventive Treatment Services	1,234,107
14.228	Community Development: State's Program	1,233,940
93.575	Payments to States for Child Care Assistance	934,642
93.994	Maternal and Child Health Services	572,259
93.569	Community Services.....	396,700
84.151	Federal, State, and Local Partnerships for Educational Improvement.....	369,500
93.991	Preventive Health and Health Services.....	303,906
93.958	Community Mental Health Services	277,919
93.150	Projects for Assistance in Transition from Homelessness	28,874

APPROXIMATE % ALL FUNDS: 8.85% TOTAL: \$22,972,304

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No. Programs	Obligations (000)
AGRICULTURE		
10.207 Animal Health and Disease Research		5,205
10.202 Cooperative Forestry Research		19,770
10.569 Temporary Emergency Food Assistance (Food Commodities)		25,220
10.568 Temporary Emergency Food Assistance (Administrative Costs).....		40,010
10.203 Payments to Agricultural Experiment Stations under Hatch Act		162,648
	5	\$252,853
COMMUNITY/REGIONAL DEVELOPMENT		
15.904 Historic Preservation Fund Grants-in-Aid		41,421
10.500 Cooperative Extension Service		426,140
14.228 Community Development BLOCK GRANTS/State's Program		1,233,940
14.218 Community Development BLOCK GRANTS/Entitlement Grants		3,157,000
	4	\$4,858,501
CULTURAL AFFAIRS		
45.007 Promotion of the Arts - State and Regional Program.....		31,075
	1	\$31,075
DISASTER RELIEF/PREVENTION		
83.105 Community Assistance Program - State Support Services Element		4,300
83.503 Civil Defense - State and Local Emergency Management Assistance		74,268
83.523 Federal Emergency Management Food and Shelter Program		130,000
	3	\$208,568
EDUCATION		
84.272 National Early Intervention Scholarship and Partnership (NEISP).....		1,875
84.190 Christa McAuliffe Fellowships		1,946
84.053 Vocational Education - State Councils		9,006
84.254 State Literacy Resource Centers		10,676
84.249 Foreign Languages Assistance		10,803
84.174 Vocational Education - Community-Based Organizations		11,499
84.176 Douglas Teacher Scholarships		14,599
84.267 State Postsecondary Review		20,000
84.035 Interlibrary Cooperation and Resource Sharing.....		23,226

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No. Programs	Obligations (000)
84.218	State Program Improvement Grants	27,560
84.196	Education for Homeless Children and Youth - Grants for State and Local Activities	28,811
84.185	Robert C. Byrd Honors Scholarships	29,117
84.154	Public Library Construction and Technology Enhancement	30,400
84.216	Capital Expenses (Elementary/Secondary Education)	31,434
84.049	Vocational Education - Consumer and Homemaking Education	35,234
84.013	Chapter 1 Program for Neglected and Delinquent Children	39,311
84.162	Emergency Immigrant Education	50,037
84.012	Educationally Deprived Children - State Administration	60,712
84.069	Grants to States for State Student Incentives	63,375
84.034	Public Library Services.....	81,562
84.213	Even Start - Local Educational Agencies	102,024
84.243	Tech-Prep Education	108,000
84.009	Education of Handicapped Children in State Operated or Supported Schools.....	116,878
84.164	Eisenhower Mathematics and Science Education - State Grants.....	250,998
84.002	Adult Education - State-Administered Basic Grant Program.....	252,345
84.011	Migrant Education - Basic State Formula Grant Program	299,475
84.281	Eisenhower Professional Development State Grants	320,000
84.181	Grants for Infants and Toddlers with Disabilities	325,632
84.298	Innovative Education Program Strategies.....	347,250
84.173	Special Education - Preschool Grants	\$360,265
84.151	Federal, State, and Local Partnerships for Educational Improvement [BLOCK GRANT]..	369,500
84.276	Goals 2000 - State and Local Educational Systemic Improvement Grants	402,821
84.186	Drug-Free Schools and Communities - State Grants	456,962
84.048	Vocational Education - Basic Grants to States	955,626
84.027	Special Education - State Grants	2,322,915
84.010	Chapter 1 Programs - Local Educational Agencies.....	6,698,356
	36	\$14,270,230

EMPLOYMENT

17.804	Local Veterans Employment Representative Program	77,593
17.801	Disabled Veterans Outreach Program	83,601

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No. Programs	Obligations (000)
17.247 Migrant and Seasonal Farmworkers		85,710
17.235 Senior Community Service Employment Program		410,500
17.207 Employment Service.....		845,912
17.246 Employment and Training Assistance - Dislocated Workers.....		1,036,800
17.250 Job Training Partnership Act [BLOCK GRANT]		2,520,532
	7	\$5,060,648
ENERGY		
81.041 State Energy Conservation		23,990
81.042 Weatherization Assistance for Low-Income Persons.....		226,300
	2	\$250,290
GENERAL GOVT		
10.666 Schools and Roads - Grants to Counties		4,790
12.112 Payments to States in Lieu of Real Estate Taxes.....		5,125
10.665 Schools and Roads - Grants to States		324,538
	3	\$334,453
HEALTH		
93.138 Protection and Advocacy for Individuals with Mental Illness		21,518
93.150 Projects for Assistance in Transition from Homelessness [BLOCK GRANT].....		28,874
93.775 State Medicaid Fraud Control Units		76,000
93.915 HIV Emergency Relief Formula Grants.....		174,685
93.917 HIV Care Formula Grants.....		174,767
93.958 Community Mental Health Services BLOCK GRANT		277,919
93.777 State Survey and Certification of Health Care Providers and Suppliers - Medicare		292,400
93.991 Preventive Health and Health Services [BLOCK GRANT].....		303,906
93.994 Maternal and Child Health Services [BLOCK GRANT]		572,259
93.959 Substance Abuse and Preventive Treatment Services BLOCK GRANT		1,234,107
93.778 Medical Assistance Program (MEDICAID).....		88,438,360
	11	\$91,594,795

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No. Programs	Obligations (000)
HOUSING		
14.241 Housing Opportunities for Persons with AIDS.....		156,000
14.239 Home Investment in Affordable Housing.....		14,000,000
	2	\$14,156,000
INCOME SECURITY		
10.572 WIC Farmers' Market Nutrition Program (FMNP).....		6,750
10.564 Nutrition Education and Training Program.....		10,271
10.556 Special Milk Program for Children.....		18,063
10.571 Food Commodities for Soup Kitchens.....		40,000
93.584 Refugee and Entrant Assistance-Targeted Assistance.....		55,397
10.565 Commodity Supplemental Food Program.....		84,536
10.560 State Administrative Expenses for Child Nutrition.....		92,196
14.231 Emergency Shelter Grants Program.....		115,000
10.570 Nutrition Program for the Elderly (Commodities).....		150,333
10.559 Summer Food Service Program for Children.....		256,456
93.574 Child Care for Families At-Risk of Welfare Dependency.....		357,000
93.575 Payments to States for Child Care Assistance [BLOCK GRANT].....		934,642
93.561 Job Opportunities and Basic Skills Training (JOBS).....		980,000
10.553 School Breakfast Program.....		1,053,786
93.568 Low-Income Home Energy Assistance [BLOCK GRANT].....		1,319,451
10.558 Child and Adult Care Food Program.....		1,481,349
10.561 State Administrative Matching Grants for Food Stamp Program.....		1,719,564
93.563 Child Support Enforcement.....		2,368,000
17.225 Unemployment Insurance (State Administration).....		2,373,995
10.557 Special Supplemental Food Program for Women, Infants, and Children (WIC).....		3,620,251
10.555 National School Lunch Program.....		4,484,668
93.560 Family Support Payments to States - Assistance Payments.....		16,205,697
	22	\$37,727,405
JUSTICE		
93.643 Children's Justice Grants to States.....		9,325
16.549 Part E - State Challenge Activities.....		10,000

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No.	Obligations
	Programs	(000)
16.588 Violence Against Women Formula Grants		23,450
16.548 Title V-Delinquency Prevention Program		30,689
16.576 Crime Victim Compensation		64,674
16.540 Juvenile Justice and Delinquency Prevention - Allocation to States		79,294
16.575 Crime Victim Assistance		79,749
16.579 Drug Control and System Improvement - Formula Grants		454,775
	8	\$751,956

NATURAL RESOURCES

11.407 Interjurisdictional Fisheries Act of 1986		3,156
11.467 Meteorologic and Hydrologic Modernization Development		4,000
66.433 State Underground Water Source Protection		9,923
66.454 Water Quality Management Planning		13,300
66.600 Environmental Protection Consolidation Grants - Program Support		38,384
11.419 Coastal Zone Management Administration Awards		53,500
66.432 State Public Water System Supervision		70,000
66.419 Water Pollution Control - State and Interstate Program Support		79,534
10.664 Cooperative Forestry Assistance		91,521
66.801 Hazardous Waste Management State Program Support		97,050
66.460 Nonpoint Source Implementation Grants		100,000
15.252 Abandoned Mine Land Reclamation Program		135,734
66.001 Air Pollution Control Program Support		180,709
15.605 Sport Fish Restoration (Dingell-Johnson Program)		199,751
15.611 Wildlife Restoration (Pittman-Robertson Program)		205,760
66.458 Capitalization Grants for State Revolving Funds (Wastewater Treatment Facilities)		1,235,200
	16	\$2,517,522

SOCIAL SERVICES

93.614 Child Development Associate Scholarships		1,360
93.049 Special Programs for the Aging-Title VII, Chapter 6-Allotments for Vulnerable Elder Rights Protection Programs		1,976
93.042 Special Programs for the Aging (Title VII) - Long-Term Care Ombudsman Services for Older Individuals		4,449

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No. Programs	Obligations (000)
93.041 Special Programs for the Aging (Title VII) - Prevention of Elder Abuse, Neglect, and Exploitation		4,732
93.586 State Court Improvement Program		5,000
93.571 Community Services Block Grant Discretionary Awards - Community Food and Nutrition ..		8,676
93.046 Special Programs for the Aging (Title III-D) - In-Home Services for Frail Older Individuals		9,263
84.161 Rehabilitation Services - Client Assistance for Individuals with Disabilities		9,824
93.673 Grants to States for Planning and Development of Dependent Care Programs		12,823
93.043 Special Programs for the Aging (Title III-F) - Disease Prevention and Health Promotion Services		16,982
93.572 Emergency Community Services for the Homeless		19,752
84.169 Comprehensive Services for Independent Living		21,859
93.669 Administration for Children, Youth and Families - Child Abuse and Neglect State Grants ..		22,854
93.671 Family Violence Prevention and Services		27,133
84.187 Supported Employment Services for Individuals with Severe Handicaps		36,536
93.674 Independent Living		70,000
93.630 Developmental Disabilities Basic Support and Advocacy Grants		97,156
93.556 Family Preservation and Support Services.....		145,000
93.645 Child Welfare Services - State Grants		291,989
93.044 Special Programs for the Aging (Title III-B) - Grants for Supportive Services and Senior Centers		306,711
93.569 Community Services BLOCK GRANT		396,700
93.659 Adoption Assistance		425,639
93.045 Special Programs for the Aging (Title III-C) - Nutrition Services		469,874
93.585 Empowerment Zones Program		640,000
93.565 State Legalization Impact Assistance Grant		811,901
84.126 (Vocational) Rehabilitation Services - Basic Support		2,043,874
93.667 Social Services BLOCK GRANT		2,800,000
93.658 Foster Care - Title IV-E		3,128,023
	28	\$11,830,086

Appendix G
Formula Grants to State and Local Governments
FY 1995

	No. Programs	Obligations (000)
TRANSPORTATION		
20.219 National Recreational Trails Program		1,555
20.515 State Planning and Research (Transit).....		8,889
20.700 Pipeline Safety.....		12,000
20.005 Boating Safety Financial Assistance.....		31,850
20.505 Federal Transit Technical Studies Grants		43,528
20.513 Capital Assistance Program for Elderly Persons and Persons with Disabilities.....		59,192
20.218 Motor Carrier Safety Assistance Program		73,078
20.600 State and Community Highway Safety.....		123,000
20.509 Public Transportation for Nonurbanized Areas		151,877
20.500 Federal Transit Capital Improvement Grants.....		1,924,904
20.507 Federal Transit Capital and Operating Assistance [BLOCK GRANT]		2,933,761
20.205a Surface Transportation Program [BLOCK GRANT].....		4,889,713
20.205 Highway Planning and Construction		14,759,414
	13	\$29,902,474
VETERANS		
64.016 Veterans State Hospital Care		4,622
64.014 Veterans State Domiciliary Care		19,717
64.015 Veterans State Nursing Home Care.....		161,079
	3	\$185,418
	Grand Total :	\$213,932,274
	% Grants:	82.40%
	Total Programs:	164
	% Programs:	24.7%

Appendix H
Grants to State and Local Governments
Funding Research/Development (in Whole or Part)
FY 1995

	No. Programs	Obligations (000)
AGRICULTURE		
10.207		5,205
10.001		7,304
10.215		7,711
10.202		19,770
10.200		63,530
10.206		96,689
10.203		162,648
	7	\$362,857
COMMERCE		
11.427		7,000
11.609		18,700
	2	\$25,700
COMMUNITY/REGIONAL DEVELOPMENT		
23.011		900
	1	\$900
DEFENSE		
81.104		46,000
	1	\$46,000
EDUCATION		
84.100		218
84.292		1,980
11.551		2,258
84.017		2,731
84.039		6,500
84.024		25,167
	6	\$38,854
EMPLOYMENT		
17.005		7,150
17.248		12,196

Appendix H
Grants to State and Local Governments
Funding Research/Development (in Whole or Part)
FY 1995

	No. Programs	Obligations (000)
17.002 Labor Force Statistics		148,497
	3	\$167,843
ENERGY		
77.003 Enhance Technology Transfer and Dissemination of Nuclear Energy Process and Safety Information		1,050
81.087 Renewable Energy Research and Development		2,100
81.086 Conservation Research and Development		3,760
81.079 Biofuels and Municipal Waste Technology and Regional Programs		4,700
81.089 Fossil Energy Research and Development		89,967
	5	\$101,577
HEALTH		
93.206 Health Studies Initiative of Priority Health Conditions		500
93.111 Adolescent Family Life Research		690
93.205 Health Activities Recommendation Panel Health Activities; Health Outcome Studies to Hazardous Substances and Adverse Health Effects		1,000
93.974 Family Planning: Services Delivery Improvement Research		1,225
93.185 Immunization Research, Demonstration, Public Information and Education		2,000
93.942 Research, Treatment and Education Programs on Lyme Disease in the U.S.		2,703
93.956 Centers for Agricultural Research and Musculoskeletal		3,957
93.947 Tuberculosis Demonstration, Research, Public and Professional Education		6,000
93.978 Sexually Transmitted Diseases Research, Demonstrations, and Public Information and Education Grants		6,085
93.262 Occupational Safety and Health Research Grants		9,374
93.943 Epidemiologic Research Studies of AIDS and HIV in Selected Population Groups		22,450
93.136 Injury Prevention and Control Research and State Grants Projects		27,000
93.226 Health Service Research and Development Grants		29,934
93.180 Medical Treatment Effectiveness Research		49,170
93.779 Health Care Financing Research, Demonstrations and Evaluations		78,958
93.273 Alcohol Research Programs		118,927
93.864 Population Research [NIH]		124,791
93.865 Research for Mothers and Children		242,839

Appendix H
Grants to State and Local Governments
Funding Research/Development (in Whole or Part)
FY 1995

	No. Programs	Obligations (000)
93.279 Drug Abuse Research Programs		322,199
93.866 Aging Research		330,563
93.242 Mental Health Research Grants.....		424,439
	21	\$1,804,804
INCOME SECURITY		
93.564 Child Support Enforcement Research (funding under 93.562).....		0
96.007 Social Security - Research and Demonstration		8,380
	2	\$8,380
JUSTICE		
16.602 Corrections - Research and Evaluation and Policy Formulation		315
16.550 Criminal Justice Statistics Development		2,400
16.542 National Institute for Juvenile Justice and Delinquency Prevention.....		18,281
16.560 Justice Research, Development, and Evaluation Project Grants		26,731
	4	\$47,727
MULTIPLE CATEGORIES		
12.114 Collaborative Research and Development (Dept. of Defense)		5,306
	1	\$5,306
NATURAL RESOURCES		
11.462 Hydrologic Research.....		120
11.459 Climate and Air Quality Research.....		450
11.472 Unallied Science Program		534
15.977 State Partnerships.....		600
15.617 Wildlife Conservation and Appreciation		1,089
11.429 Marine Sanctuary Program		1,600
11.439 Marine Mammal Data Program.....		1,730
11.426 Financial Assistance for Ocean Resources Conservation and Assessment Program		1,834
11.400 Geodetic Surveys and Services		2,000
11.405 Anadromous Fish Conservation Act Program		2,003
11.407 Interjurisdictional Fisheries Act of 1986		3,156
11.437 Pacific Fisheries Data Program		3,167
11.428 Intergovernmental Climate - Programs		3,200

Appendix H
Grants to State and Local Governments
Funding Research/Development (in Whole or Part)
FY 1995

	No. Programs	Obligations (000)
11.448	Federal/State Cooperative Program in Atmospheric Research	3,265
11.420	Coastal Zone Management Estuarine Research Reserves	3,300
11.454	Unallied Management Projects	3,398
66.502	Pesticides Control Research	3,900
11.467	Meteorologic and Hydrologic Modernization Development	4,000
66.507	Toxic Substances Research	4,945
66.505	Water Pollution Control - Research, Development, and Demonstration	5,509
66.506	Safe Drinking Water Research and Demonstration	6,047
66.504	Solid Waste Disposal Research	7,174
11.463	Habitat Conservation	7,808
15.615	Cooperative Endangered Species Conservation Fund	8,480
11.452	Unallied Industry Projects	10,194
15.807	Earthquake Hazards Reduction Program	12,000
15.600	Anadromous Fish Conservation	15,000
11.430	Undersea Research	16,701
10.652	Forestry Research	21,525
11.431	Climate and Atmospheric Research	28,400
66.501	Air Pollution Control Research	39,224
11.417	Sea Grant Support	51,400
15.975	Research Information	83,352
66.500	Environmental Protection - Consolidated Research	98,588
15.605	Sport Fish Restoration (Dingell-Johnson Program)	199,751
15.611	Wildlife Restoration (Pittman-Robertson Program)	205,760
	36	\$861,204
SCIENCE/TECHNOLOGY		
47.076	Education and Human Resources	605,974
	1	\$605,974
SOCIAL SERVICES		
93.562	Assistance Payments-Research (funding under 93.647)	0
93.608	Child Welfare Research and Demonstration	6,395
93.647	Social Services Research and Demonstration	14,961

Appendix H
Grants to State and Local Governments
Funding Research/Development (in Whole or Part)
FY 1995

	No. Programs	Obligations (000)
93.048 Special Programs for the Aging - Title IV, Training, Research, and Discretionary		
Projects/Programs		26,529
84.133 National Institute on Disability and Rehabilitation Research.....		70,000
	5	\$117,885
TRANSPORTATION		
20.515 State Planning and Research (Transit)		8,889
20.700 Pipeline Safety		12,000
20.312 High Speed Ground Transportation		24,500
	3	\$45,389
	Grand Total :	\$4,240,400
	% Grants:	1.63%
	Total Programs:	98

Appendix I
Grants to State and Local Governments
Funding Construction/Facilities in Whole or Part
FY 1995

	No. Programs	Obligations (000)
COMMUNITY/REGIONAL DEVELOPMENT		
23.001		Appalachian Regional Development (funding reported under separate programs)..... 0
11.304		Economic Development - Public Works Impact Program (funds reported in #11.300)..... 0
23.013		Appalachian Child Development 500
23.011		Appalachian State Research, Technical Assistance, and Demonstration Projects 900
23.008		Appalachian Local Access Roads 1,800
23.009		Appalachian Local Development District Assistance..... 5,631
10.763		Emergency Community Water Assistance Grants 10,000
10.770		Water and Waste Disposal Loans and Grants (Section 306C)..... 25,000
15.904		Historic Preservation Fund Grants-in-Aid 41,421
10.769		Rural Development Grants 47,500
14.219		Community Development BLOCK GRANTS/Small Cities Program 54,360
23.002		Appalachian Supplements to Federal Grant-in-Aid (Community Development) 100,370
11.300		Economic Development - Grants for Public Works and Development Facilities 195,000
11.307		Special Economic Development and Adjustment Assistance Program 291,213
14.228		Community Development BLOCK GRANTS/State's Program 1,233,940
10.760		Water and Waste Disposal Systems Grants for Rural Communities 1,334,193
14.218		Community Development BLOCK GRANTS/Entitlement Grants 3,157,000
	17	\$6,498,828
DEFENSE		
12.400		Military Construction, Army National Guard 65,800
	1	\$65,800
DISASTER RELIEF/PREVENTION		
83.532		Facilities and Equipment [Emergency Management]..... 4,139
	1	\$4,139
EDUCATION		
84.040		Impact Aid - Construction (Elementary/Secondary Education) 8,584
11.550		Public Telecommunications Facilities - Construction and Planning 27,265
23.012		Appalachian Vocational and Other Educational Facilities and Operations 29,735
84.154		Public Library Construction and Technology Enhancement 30,400
84.216		Capital Expenses (Elementary/Secondary Education) 31,434

Appendix I
Grants to State and Local Governments
Funding Construction/Facilities in Whole or Part
FY 1995

	No. Programs	Obligations (000)
84.284 School Facilities Infrastructure Improvement		35,000
	6	\$162,418
ENERGY		
81.042 Weatherization Assistance for Low-Income Persons		226,300
	1	\$226,300
HEALTH		
93.246 Migrant Health Centers Grants		65,000
93.224 Community Health Centers		616,555
	2	\$681,555
HOUSING		
14.852 Public and Indian Housing: Comprehensive Improvement Assistance Program (funding reported under 14.855).....		0
14.859 Public and Indian Housing-Comprehensive Grant Program (funding reported under 14.855)		0
23.005 State Appalachian Housing Programs		650
10.433 Rural Housing Preservation Grants		22,000
10.405 Farm Labor Housing Loans and Grants		26,202
14.858 HOPE for Public and Indian Housing Homeownership		47,325
14.240 HOPE for Homeownership of Single Family Homes.....		50,000
14.241 Housing Opportunities for Persons with AIDS.....		156,000
14.850 Public and Indian Housing (includes funding for 14.851, 14.852, 14.853,14.854).....		263,000
14.239 Home Investment in Affordable Housing		14,000,000
	10	\$14,565,177
INCOME SECURITY		
14.231 Emergency Shelter Grants Program.....		115,000
14.235 Supportive Housing Program		334,000
	2	\$449,000
JUSTICE		
16.541 Juvenile Justice and Delinquency Prevention - Special Emphasis		13,053
16.579 Drug Control and System Improvement - Formula Grants		454,775
	2	\$467,828

Appendix I
Grants to State and Local Governments
Funding Construction/Facilities in Whole or Part
FY 1995

	No. Programs	Obligations (000)
NATURAL RESOURCES		
10.901	Resource Conservation and Development	2,464
11.420	Coastal Zone Management Estuarine Research Reserves	3,300
15.919	Urban Park and Recreation Recovery Program	7,400
11.463	Habitat Conservation	7,808
15.600	Anadromous Fish Conservation	15,000
11.469	Congressionally Identified Construction Projects	18,515
15.916	Outdoor Recreation - Acquisition, Development and Planning	32,595
11.419	Coastal Zone Management Administration Awards	53,500
10.904	Watershed Protection and Flood Prevention	107,747
66.458	Capitalization Grants for State Revolving Funds (Wastewater Treatment Facilities)	1,235,200
	10	\$1,483,529
SOCIAL SERVICES		
84.169	Comprehensive Services for Independent Living	21,859
	1	\$21,859
TRANSPORTATION		
20.219	National Recreational Trails Program	1,555
20.308	Local Rail Freight Assistance Program	17,000
20.007	Bridge Alteration	24,354
20.005	Boating Safety Financial Assistance	31,850
23.003	Appalachian Development Highway System	233,479
20.106	Airport Improvement Program	1,450,000
20.500	Federal Transit Capital Improvement Grants	1,924,904
20.507	Federal Transit Capital and Operating Assistance [BLOCK GRANT] Formula Grants	2,933,761
20.205a	Surface Transportation Program [BLOCK GRANT]	4,889,713
20.205	Highway Planning and Construction	19,649,127
	10	\$31,155,743
VETERANS		
64.203	State Cemetery Grants	10,305
64.005	Grants to States for Construction of State Nursing Home Care Facilities	47,345
	2	\$57,650
	Grand Total :	\$55,839,826
	% Grants:	21.51%
	Total Programs:	65

Appendix J
Fragmentation Indexes By Categories For Subcategories FY 1995

	(000)	No. Programs	Fragmentation Index
AGRICULTURE			
Agricultural Research/Services	420,143	13	12.57
Income Stabilization	65,230	2	12.46
COMMERCE			
Business/Regulation of Commerce	61,596	5	32.98
COMMUNITY/REGIONAL DEVELOPMENT			
Area/Regional Development	2,051,140	17	3.37
Community Development	5,092,388	9	0.72
CULTURAL AFFAIRS			
Arts and Humanities	258,741	29	45.54
DEFENSE			
Atomic Energy	46,000	1	8.83
Military	79,895	5	25.43
DISASTER RELIEF/PREVENTION			
Emergency/Preparedness	4,862,904	12	1.00
EDUCATION			
Education Research/Aids	499,947	20	16.25
Elementary/Secondary/Vocational	16,271,110	85	2.12
Higher Education	279,953	14	20.32
EMPLOYMENT			
Other Labor Services	157,147	3	7.76
Training and Employment	5,122,257	11	0.87
ENERGY			
Energy Conservation	250,290	2	3.25
Energy Information/Policy	1,050	1	386.94
Energy Supply	149,597	7	19.01
GENERAL GOVT			
General Purpose Govt. Assistance	334,453	3	3.64
Special Govt. Assistance	9,000	1	45.14
HEALTH			
Consumer/Occupational Health & Safety	169,865	6	14.35
General Health	5,742,739	95	6.72
Health Care Services	89,314,932	12	0.05
Health Research	1,664,759	10	2.44

Appendix J
Fragmentation Indexes By Categories For Subcategories FY 1995

	(000)	No. Programs	Fragmentation Index
HOUSING			
Housing Assistance	30,632,984	17	0.23
INCOME SECURITY			
Food/Nutrition	13,018,223	13	0.41
Other Income Security	24,878,645	14	0.23
Public Assistance/Income Supplement	1,457,489	9	2.51
JUSTICE			
Criminal Justice	1,815,990	27	6.04
Law Enforcement	1,310,705	7	2.17
MULTIPLE CATEGORIES			
Multiple Functions	5,306	1	76.57
NATURAL RESOURCES			
Conservation/Land Mgt.	376,462	11	11.87
Other Natural Resources	299,025	27	36.69
Pollution Abatement/Control	2,274,944	33	5.89
Recreational Resources	479,517	9	7.63
Water Resources	107,747	1	3.77
SCIENCE/TECHNOLOGY			
Science/Technology	687,566	4	2.36
SOCIAL SERVICES			
Aging Programs	907,718	10	4.48
Child Welfare/Youth Programs	7,856,291	20	1.03
Food/Nutrition	8,676	1	46.83
General Social Services	3,625,786	8	0.90
Higher Education	12,500	1	32.50
Other Social Services	1,643,619	10	2.47
Rehab/Disability Assistance	3,344,878	22	2.67
TRANSPORTATION			
Air Transportation	1,450,000	1	0.28
Ground Transportation	30,203,163	20	0.27
Other Transportation	18,300	3	66.61
Water Transportation	56,204	2	14.46
VETERANS			
Other Veterans Benefits	10,305	1	39.43
Veterans Medical Care	232,763	4	6.98

Government Restructuring and Consolidation

Statement for the Record

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Robert M. La Follette Institute of Governmental Affairs
University of Wisconsin-Madison

Center for Public Management
The Brookings Institution

Committee on Governmental Affairs
United States Senate

June 13, 1995

The Committee is exploring a matter of critical importance: How best to ensure that the federal government is organized to produce effective and efficient service. We now have a unique opportunity to ask truly fundamental questions about how we can best do the job.

I am a professor of public affairs and political science at the University of Wisconsin-Madison, and a non-resident senior fellow at the Brookings Institution's Center for Public Management. Through the Center, we have been conducting a long-term review of the federal government's management and, in particular, how best to think smart about restructuring the federal government. I very much appreciate this opportunity to submit a statement for the record.

My basic argument is this: *The federal government has far too much redundancy and overlap in some services. There are substantial gaps in delivering others. We need to restructure federal agencies and programs to maximize the efficiency and effectiveness of the federal government. But we need to be smart about how we do it to avoid causing more problems than we cure.*

We need to begin by analyzing which agencies perform which functions. Such an analysis provides the building blocks for consolidating programs. But not all functionally related programs ought to be consolidated, for a number of reasons which I discuss below.

However, restructuring, consolidation, and reorganization often become ends in their own sakes, for reasons of organizational neatness or political symbolism. What we most need to do is to think about why we want to restructure government. *The best approach, in my view, is to organize government, from the top down, so that it much better serves the needs of citizens, from the bottom up.*

To think carefully about restructuring, we need to consider several points.

- First, we need to analyze carefully the redundancies that currently exist in government. In its report, the General Accounting Office has performed a real service in identifying the many overlapping jurisdictions in federal programs. We certainly do not need 150 different job training programs. Consolidation, restructuring, and even elimination of some of these programs is long overdue. GAO's report is the ideal place from which to start.

 - Second, having identified enormous redundancy, we need to be careful about jumping to conclusions about solutions. We could quickly group together functionally related programs. But there are other alternatives. Some departments are organized primarily by area (Interior — despite its name, it's really the "department of the west"); others are organized by client (Veterans Affairs). Function is not the only, or always the best, building block for government organization.
- Consider the Department of Veterans Affairs. Organizing it by client instead of function leads to duplication with other federal programs. We could, for example, provide veterans health care through Health and Human Services, job training through the Department of Labor, and school loans through the Department of Education. But there has long been a strong argument for grouping veterans' services in one place, so veterans have something close to one-stop shopping. Separation of veterans' services by function and consolidating them in other departments would eliminate duplication but it would certainly stir up enormous political controversy. It would also reduce the special client-based protection that veterans receive as veterans. Some reformers in the past have, in fact, argued that we ought to consolidate programs functionally for exactly that reason: to minimize client-based demands on government, which can drive program costs up. It's better, they say, to organize functionally to do the job best and most cheaply wherever it needs to be done.

Or think about job training programs. These programs are unquestionably an administrative morass. But consider cases in which a college graduate incurs a disabling injury; a veteran returning from the service needs to manage a transition to the private work force; a long-term worker finds that, on being laid off, jobs in his former line of work have evaporated because technology has changed; a high school dropout decides to enroll in technical training to get better than a minimum wage job; and a welfare mom has to get training to keep welfare benefits. These are very different problems requiring very different kinds of programs. A single consolidated program would not serve such a varied group of citizens well. There would unquestionably be a strong need and irresistible political demands to make these programs more customer-friendly.

For most of our history, we have chosen function as our major organizational strategy. We have dealt with client and geography issues principally through creating similar programs in different agencies. That is, we have quite intentionally created redundant programs. It can paradoxically often be more efficient to tolerate such redundancy than to serve very different clients in a functionally consolidated agency.

This is certainly not to make a case for waste. Nor is it a defense of the status quo, which would be impossible to defend. It is, rather, a case for thinking very carefully about what we really want to accomplish through restructuring, and to act accordingly.

• Third, if we did want to consolidate functionally, it is often difficult to decide which function should dominate. One of the reasons why we have so many job training programs is that some were conceived fundamentally as education programs (and put in the Department of Education); some were structured as veterans programs (and put in the Department of Veterans Affairs); some as labor development programs (and put in the Department of Labor); and so on. In case of overlap, which function ought to rule? There, quite simply, is no good administrative answer to that question. The question is, at its core, political. Over time it has been answered in many different ways. That is what has created the patchwork of programs the Committee is now considering. We can now neither abolish the underlying functional ambiguities that allowed the patchwork to develop, nor can we abolish the politics that created the ambiguities. This is not an argument against functional consolidation. It is an argument that deciding which functions ought to be the core functions is deceptively hard.

• Fourth, if function is not always the best way to organize, how should we attack these problems? Top-down restructuring can create an artificial sense of neatness and efficiency. It can also make the bureaucracy more impenetrable to

citizens who encounter it. Citizens are upset at the deficit, but public opinion polls show they are much more upset by bureaucratic unresponsiveness. That is where the problem has to be attacked.

The key is to design the system from the top down, so that it's seamless to citizens at the bottom. People don't care about who solves their problems; they just want their problems solved, and they don't want to tolerate aggravation in the process.

The upshot: thinking about government's functional organization makes great sense. But what matters most is how government works from the bottom up. It can't be successfully restructured solely by shuffling boxes at the top.

The dilemma is that there is no one form of organization that is inherently any better than every other. Functional consolidation could neaten the organization chart but undercut customer service. Too much emphasis on customer service could create proliferating client-based agencies that drive costs up. Government restructuring is most fundamentally about finding the best balance among valuable and competing objectives than simply maximizing efficiency.

Fifth, process reforms can be a valuable supplement to consolidation. Many of the Hoover Commission's great successes came about through rationalizing the federal government's structure. We badly need today to restructure many government programs and agencies. But restructuring won't solve all the problems. Poorly managed restructuring could even make them worse.

How can we fill in the gaps that any organizational strategy inevitably will leave behind? It is possible to solve some of these problems through *changes in process* instead of through wrenching reorganization battles. The Oregon Benchmarks experiment, in which the federal government has removed many barriers to program coordination in exchange for Oregon officials' pledge to define and deliver performance, is well worth examining as an alternative. The Clinton administration has proposed an intriguing idea, performance partnerships, which will expand this experiment into a broader effort. And this Committee has long led the battle for the Government Performance and Results Act, which provides an opportunity to think about what we want to accomplish, how well we are doing, and how to restructure government to do the job better.

Process is no solution to the tough restructuring problems. But it can provide a high-grade lubricant to reduce the grating that government's loose fitting gears often produce.

In sum, we need to root out costly duplication in the federal government's programs and structures. A function-by-function analysis is the place to start. But we must be cautious about causing mischief, by worrying only about organizational neatness and by ignoring the fundamental judgments about wide-ranging values that choices about organizational strategies involve.



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