

FEDERALISM AND THE USE OF GRANTS-IN AID

Directions: You will find the grants-in aid categories below in several different sources: a) Sabato 105-109, b) Wilson Ch. 3 59-69, and c) internet sources (examples: <http://desart.us/courses/1100/grants.html>)

Type of Grant/Requirement	Description	Examples
Federal Grants-in-Aid	<ul style="list-style-type: none"> Federal funds provided to states and localities General term for federal money to the states 	<ul style="list-style-type: none"> 1st example: land grants to finance higher education (land grant colleges like NCSU) airports, highways, education, major welfare (ex: Medicaid)
Revenue Sharing	<ul style="list-style-type: none"> 1972-1986 Distribution of fixed amount or share of federal tax revenues to the states for spending on almost any govt. purpose “free love” Poorer, heavier taxed states get more Ended in 1986 during Reagan administration when federal budget deficits soar 	<ul style="list-style-type: none"> \$6 billion/year in federal funds to states and localities for projects of their choosing (ex: schools, roads, libraries)
Categorical Grants	<ul style="list-style-type: none"> Federal grants for specific purposes defined by federal law Requires states or localities to put up “matching funds” Many strings attached to the money “There’s no such thing as a free lunch” 	<ul style="list-style-type: none"> School lunch programs w/ nutrition requirements building airports highways
Unfunded Mandates	<ul style="list-style-type: none"> National laws that direct state or local governments to comply with federal rules or regulations (clean air or water standards) but contain little or no federal funding to defray the costs of meeting these requirements. <i>cross-over sanctions</i> a.k.a. “Carrot and the Stick” – sanctions permit use of fed \$ in one program to influence state and local policy in another (Ex: withhold federal highway \$) 	<ul style="list-style-type: none"> Civil rights – states may not discriminate in use of federal programs re: race, sex, age, ethnicity, handicap Environmental protection – states must comply with federal laws for clean air, pure water, sewage unfunded mandate – ADA requires state govts. & business to provide handicap access, but w/ no federal funding.
Block Grants	<ul style="list-style-type: none"> Grants of money from the federal govt. to the states for programs in certain general areas rather than for specific kinds of programs few strings attached requires no state matching funds allows for greater flexibility by the states money is capped – when it’s gone that’s it for a particular budget cycle. 	<ul style="list-style-type: none"> Entitlement programs like Adult Families with Dependent Children (AFDC) Medicaid now

Discussion Questions:

- Why do states have problems with categorical grants and mandates? Why does Congress favor these methods?
- Where do grants-in-aid fit with the 10th amendment?
- How do block grants represent a compromise that tries to mediate concerns of the states?
- Where do we stand post-9/11 with No Child Left Behind and homeland security issues with regard to grants-in-aid