

**The original documents are located in Box 5, folder “Block Grants” of the James M. Cannon Files at the Gerald R. Ford Presidential Library.**

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Jim Cannon

M E M O

February 14, 1975

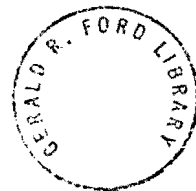
TO: THE VICE PRESIDENT

FROM: Mary Kresky

Attached is the draft outline which you requested regarding the problem of categorical grants and the need for "block" grants.

The total number of categorical grants has decreased from over 1,000 to about 870. This figure of 870 was gotten from OMB by Art Quern. The reason for the decline is that there has been some consolidation of grants by Congress in the last few years.

If the President should decide to talk to the Governors about the need for block grants, I would think that after describing the problem with categorical grants he would need to give some concrete evidence -- such as proposed legislation -- that the Administration intends to take action regarding block grants.



## DRAFT OUTLINE

### THE PROBLEM OF CATEGORICAL GRANTS AND THE NEED FOR BLOCK GRANTS

It is important at this time of economic difficulty that government at all levels make the most productive and effective use of its resources. This is unduly difficult under the present chaotic network of some 870 federal categorical grant-in-aid programs to state and local governments.

In fiscal 1975, it is estimated that \$53 billion in federal dollars alone -- not counting the state and local matching dollars -- will be spent on federal grant and shared revenue programs. Because many of these programs are so restrictive and narrowly focused, they in fact often hinder the efforts of state and local governments to meet their most urgent needs in the most effective and efficient manner.

#### A. The Problems of Categorical Grants-In-Aid

##### 1. Not geared to the needs of today

Federal grant-in-aid programs were originally designed to encourage state and local governments to undertake specific new programs, particularly to help meet social needs. In this the system was successful. But today the need is no longer for stimulative narrowly focused programs. Rather, the most urgent need is to make existing programs more effective and to help support the basic services for which state and local governments have historically been responsible.

##### 2. Distort State and Local Priorities

Because categorical grants are so narrowly focused and rigid, efforts of state and local governments to mobilize and concentrate resources on their most urgent needs are often thwarted.

Within functional areas such as education, health, and manpower, needs vary greatly between regions, states and areas within a state but the inflexibility and rigidity



of the congressionally mandated categorical grants prevents the adaptation of them to specific problem areas.

Furthermore, because these grants require matching funds, state and local governments often find that they are devoting scarce fiscal resources to lower priority programs in order to get readily available federal aid.

### 3. Inhibit Coordinated Planning

The categorical grant system tends to discourage, rather than encourage, efforts to approach problems on a comprehensive and inter-related basis. The separate programs require separate plans and it is almost impossible for a Governor or Mayor to bring about any relationship between these plans.

In the area of elementary and secondary education, for example, there are some 50 separate programs. Under these circumstances, it is almost impossible to develop a coordinated plan for improving education.

### 4. Waste of scarce fiscal resources

Attempting to work through the maze of grant programs with their authorizations, appropriations, rules and regulations, applications, procedures and reporting requirements is a time consuming, expensive and often wasteful process. Too many people have to spend too much time on the paper work and the costs are too high. It is estimated that on the average, the cost of getting a grant is 10-15% of the grant. (This figure is being checked)



### B. The Need for Block Grants

It is time for a renewed and concerted effort to consolidate the many separate but related grant-in-aid programs within broad functional areas into "block" grants.

This is a difficult objective but progress toward it can be made if officials at all levels of government will actively work for it.

- Many thought general revenue sharing would not become a reality but it has. Some progress has also already been made in consolidating grants in the areas of health, education, manpower, social services and community development.
- The present moment is especially appropriate to move from categorical to block grants because of congressional committee reform, change and reassignment of legislative responsibility.



THE WHITE HOUSE

WASHINGTON

January 23, 1976

INFORMATION

MEMORANDUM FOR

JIM CANNON

FROM

PAUL MYER

SUBJECT:

Block Grant Legislative  
Strategy

The following are some tentative thoughts with regard to the legislative strategy for implementation of the President's proposed establishment of block grant programs in health, education, social services and child nutrition.

1. All legislative proposals and messages should be transmitted to the Congress no later than February 15, 1976. Early transmittal to the Congress is necessary so that we do not compound the obvious barriers these proposals face in the form of special interest group opposition, committee jurisdictional conflicts and the maze of Budget Act procedures. Unnecessary delay in this vital first step would only serve to undercut the President's position and weaken our efforts to gain serious consideration by the Congress and the public.

2. All of the block grant legislative proposals face a jurisdictional jungle due to conflicts in the legislative authority of various committees and subcommittees in both the House and Senate. Beyond careful draftsmanship to avoid unintentional problems with respect to referral, early consultation with the Leadership and potential sponsors is a must. The image of total Congressional control and a desperate search for strong sponsorship would be legislatively damaging and weaken the political side.



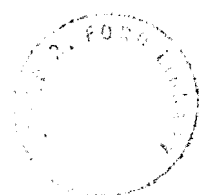
3. One of the major barriers facing the block grant legislation is the parochial Congressional concern over relinquishing the overwhelming authority committees now hold over the Federal categorical grant process. Without question, we must keep the initiative, setting forth the benefits of the President's proposals and thus focus attention on Congressional reluctance or failure to act as not simply a matter of policy dispute. In this regard, adequate facts and numbers must be made available to both the public and Members of Congress. Based upon our successful experiences with the GRS program thus far with Congressional District printouts, we may also want to consider using this approach for the block grants.

*Good  
but wait  
why  
not 70*

4. The action of the House and Senate Budget Committees in preparing the first concurrent budget resolution for FY 1977 will be viewed as an important first battle between the President and the Congress. By March 15 authorizing committees must present their estimates on level of funding and other views to the respective Budget Committees. While failure to maintain the Administration's position with respect to funding levels will not be fatal, it should not be treated lightly. Obviously, the GOP Budget Committee Members must be strong supporters and advocates of the President's position -- and every effort should be made now to insure their full support and cooperation. Note that Jim Hastings' resignation leaves an important vacancy on this Committee.

*U*

5. Outside interest groups, specifically those representing governors, county officials and mayors, should be made a part of the legislative drafting process. Of particular importance are their views on the allocation formulas. While there have already been expressions of their "conceptual" support, the extent to which they are brought into the process and clearly identified with the actual legislation could be extremely useful in terms of our legislative activity. To the extent that other interest groups can be identified as supporters, efforts should be made to also adequately brief them prior to the finalization and actual transmittal of this legislation.



THE WHITE HOUSE  
WASHINGTON

January 26, 1976

MEMORANDUM FOR

FROM

SUBJECT:

 JIM CANNON

PAUL MYER

Block Grant Legislative  
Strategy -- Referral to  
House Committees



Referral of bills in the House of Representatives is subject to the provisions of Rule X, Rules of the House of Representatives, 94th Congress.

The Speaker refers all bills to the committee which has jurisdiction over the subject matter of any provision of the legislation. While bills are generally sent to only one committee, under the referral procedures (Rule X, Clause 5), the Speaker may divide the matter among two or more committees. Attached for your review is a brief summary of the applicable House Rules regarding referral of bills, resolutions and other matters to committees.

The block grant legislation which the President has proposed will require the consolidation of numerous programs authorized under a variety of statutes. Due to the jurisdictional authority of existing Standing Committees and Subcommittees in the House (and Senate), the block grant legislative proposals will cut across jurisdictional lines and more than one committee can properly claim jurisdiction over the proposed legislation.

You will note in the attached document that there are a number of alternative referral procedures which the Speaker may follow.

As soon as we have drafts of the proposed block grant legislation before us, we can more exactly determine the jurisdictional problems and make recommendations with respect to the type of referral which would be in the President's interest. I believe the transmittal message to the Congress should specifically request a form of referral which would be most conducive to insuring that these bills are given a fair and early hearing. This will obviously require an attempt to gain the Speaker's cooperation as well as those of the Committee Chairmen and Ranking Minority Members of the committees affected. In this

respect we should also attempt to secure the strongest possible sponsorship of these legislative proposals. Even though the legislation is not yet drafted, approaches should be made to Members now to discuss with them their willingness to sponsor this legislation.

As you know, we are also beginning to involve special interest groups in the drafting of the legislation. A discussion of how they can help with the legislative strategy will parallel their input in the drafting stage.

Attachment



SUMMARY OF APPLICABLE HOUSE RULES --  
REFERRAL OF BILLS, RESOLUTIONS AND OTHER MATTERS TO  
COMMITTEES

Rule X provides for the establishment and jurisdiction of Standing Committees and sets forth the procedures for referral of bills, resolutions and other matters to these committees.

Clause 1 stipulates that all bills, resolutions and other matters relating to subjects within the jurisdiction of any Standing Committee as listed in the clause shall be referred to such committees, in accordance with and subject to Clause 5.<sup>1/</sup>

Clause 5 authorizes the Speaker to make such referrals in a manner which assures each Committee which has jurisdiction over the subject matter of any provision of a bill or resolution will have responsibility for considering such provision and reporting to the House. It specifically notes that prior precedents, rulings and procedures shall only be applied to the extent to which they contribute to the achievement of this objective.

In carrying out this responsibility, the Speaker may:

1. Refer the matter simultaneously to two or more committees for concurrent consideration or for consideration in sequence (subject to appropriate time limitations in the case of any committee after the first),
2. Divide the matter into two or more parts reflecting different subjects and jurisdictions and refer each such part to a different committee, or
3. Refer the matter to a special ad hoc committee appointed by the Speaker with approval of the House for the specific purpose of considering that matter and reporting to the House, or
4. Make such other provisions as he may consider appropriate.

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<sup>1/</sup> Prior to the 94th Congress a bill could not be divided among two or more committees although it contained matters properly within the jurisdiction of several committees. However, under Clause 5 of Rule X (made part of the Rules by adoption of H. Res. 988, 93rd Congress, effective January 3, 1975), the Speaker is authorized to refer any matter to more than one committee.



THE WHITE HOUSE  
WASHINGTON

January 29, 1976

*Steve -  
Let A  
discuss  
these  
groups*

MEMORANDUM FOR:

PAUL O'NEILL  
PHIL HANNA  
ALLEN JACKSON  
DAVID KLEINBERG  
VICTOR ZAFRA  
ART QUERN  
DICK PARSONS  
DAVID LISSY  
PAUL MEYER

FROM:

STEPHEN McCONAHEY *SM*

SUBJECT:

Block Grant Meetings with  
Public Interest Groups

The following is the schedule of meetings with representatives of public interest groups on the block grant legislation. The organizations involved include:

- National Governors Conference
- National Conference of State Legislatures
- National League of Cities
- U. S. Conference of Mayors
- National Association of Counties



Wednesday, January 28

- 9:00 a.m. Health/Social Services  
Place: Department of HEW (North), Room 5037  
Chair: Stu Altman
- 9:00 a.m. Education  
Place: Department of HEW (North), Room 5027  
Chair: Charles Cooke

Thursday, January 29

2:00 p.m.      Nutrition  
Place: Department of Agriculture, Room 201A  
Chair: John Damgard

A representative from the Domestic Council and OMB should attend each of these sessions. Either Ray Hanzlik or I will also be present. Ray will be in contact with you to confirm which meetings you plan to attend.

cc: Jim Cannon ✓



February 2, 1976

MEMORANDUM FOR: MAX FRIEDERSDORF

FROM: BOB WOLTHUIS

SUBJECT: Sponsorship of the President's Block Grant Legislation

In the next several days the Administration's messages dealing with the elderly, social services, health care, child nutrition and education will be going to the Hill. We should start thinking about sponsorship of the legislation. The block grant approach will have rough sledding because of the interest groups which strongly support categorical grants.

In my meeting last Thursday with the Agriculture, HEW and OMB legislative people they indicated some of the ranking Republicans on the key subcommittees were already showing some hesitancy about the block grant approach. Al Quie told the HEW people of his concerns about the education approach. We generally agreed they will need some convincing and work to get them on board as sponsors and co-sponsors. Some possible options are as follows:

1. We can send up the legislation with our L.A. people or the departments to gain the necessary sponsors.
2. We could send up the respective Secretaries with a White House, OMB, or L.A. representative to seek sponsors,
3. Key members could be invited to the White House in a variety of formats. These would include:
  - a. A GOP leadership meeting to include the key subcommittee members where the sponsorship question could be raised. This could be delicate.
  - b. A briefing or meeting with Lynn and/or the respective Secretary with a Presidential drop-by.



- c. A meeting as outlined in b without a Presidential drop-by.
- d. A series of single meetings with the President and Wampler, Doc Carter, Carl Curtis, Bob Dole, Al Quie, etc. to seek their assistance and sponsorship.



THE WHITE HOUSE  
WASHINGTON

*509*  
INFORMATION

February 4, 1976

MEMORANDUM FOR: THE PRESIDENT  
FROM: JAMES M. CANNON  
SUBJECT: Education Block Grant

I think you should know that at a meeting Monday with HEW officials Al Quie indicated he was so opposed to your education proposal that he would not submit the bill even on request.

Quie indicated the timing was bad because Congress, having recently considered elementary and secondary education and handicapped legislation, would be ill disposed to reopen education issues. He was unhappy with the proposed inclusion of certain programs such as adult education, libraries and the post secondary parts of vocational education. Finally, he said his constituents in Minnesota would expect him to exercise control over how Federal dollars are spent and he could not go along with a proposal which would lead to so little Federal control.

In Sunday's New York Times, Al Quie was quoted in considerably less detail, but as indicating his opposition to the education block grant proposal.



THE WHITE HOUSE  
WASHINGTON

*file*  
INFORMATION

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THE WHITE HOUSE  
WASHINGTON

Date: 2-4-76

TO:

Jim Cannon

FROM: Max L. Friedersdorf

For Your Information ✓

Please Handle \_\_\_\_\_

Please See Me \_\_\_\_\_

Comments, Please \_\_\_\_\_

Other

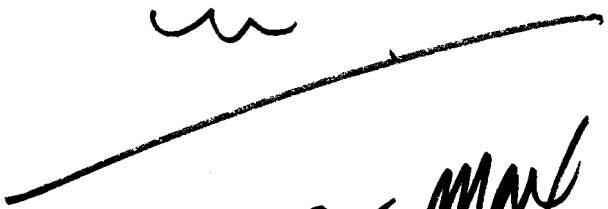
Yes. This tracks  
with your conversation  
with quie. He thinks the  
black grant education  
approach ~~is~~ is "not in  
President's best interest. O'Neill  
is seeing quie on Friday.

THE WHITE HOUSE  
WASHINGTON

Max -

showed

this 7 20  
in



Yes - max



THE WHITE HOUSE  
WASHINGTON

Date

2/4

TO:

*J. Cannon*

FROM: DAVID LISSY

         FYI

         For Appropriate Action

COMMENTS

*Per conversation.*

*DL*

FORD TOUTS BLOCK GRANTS IN SPEECH TO PRINCIPALS

President Ford talked about education Monday before a throng of enthusiastic high school principals in Washington, D. C., telling them that his administration will fatten allocations to local school authorities through block grants while "untying the red tape" that binds local prerogative.

Standard Fare

Speaking at the 60th annual convention of the National Association of Secondary School Principals, Ford sparked hearty applause by condemning what he called the "maze of complex and confusing Federal guidelines," the differing standards and the overlapping responsibility which are part of the Topsy-like growth of the Federal role in education. "Too often we ask whether Federal forms have been filled out, not whether children have been properly educated," he said.

The reins belong back in the hands of local officials whose decisions "are wiser and more responsive to community needs than the edicts of the Federal bureaucracy," Ford said.

Moving from the teachers to the taught, the President remarked that today's youth are less naive than any previous generation, but at the same time a disappointing number of citizens are untutored in the workings of the government, even the principles of the Declaration of Independence. "This is a new challenge to education," Ford announced.

Ford also noted that educators still don't know how to measure the quality of education, and attempts to buy results have failed. The real measure of quality, he said, "is the degree of your commitment and the leadership you provide."



THE WHITE HOUSE

WASHINGTON

February 20, 1976

MEMORANDUM TO:

JIM CANNON ✓  
JIM CAVANAUGH  
ART QUERN  
BOB GOLDWIN  
DAVID BOORSTIN

FROM:

DAVID LISS *DL*

Thought you might find the attached of interest.

*✓*  
*my copy to*  
*Send -*  
*Winston*  
*1/29*  
*sent 2/23 jr*  
*DL*



OFFICE OF THE VICE PRESIDENT

WASHINGTON

February 19, 1975

TO: Ann Whitman  
Jim Cannon ✓  
Dick Dunham

FROM: Art Quern

SUBJECT: PRESIDENT'S COMMENTS AT  
DINNER FOR GOVERNORS

For your information, I was contacted by Fred Bird who is the speechwriter assigned to prepare comments for President Ford to use at the Thursday evening dinner for the National Governors Conference.

Bird called me specifically to ask about block grants but casually mentioned that the President planned to make some remarks about the Vice President's new role in the Domestic Council. He had not written anything on this yet, but seemed to feel it would be a significant part of the comments.

In regard to block grants, Bird was preparing remarks along the lines of:

"one area where the Vice President is already hard at work is in efforts to consolidate the many hundreds of congressionally mandated categorical grants into some manageable set of block grants . . ."



*[Handwritten signature]*

THE WHITE HOUSE

REQUEST

WASHINGTON

March 3, 1976

MEMORANDUM FOR: JIM CANNON  
FROM: ALLEN MOORE  
SUBJECT: Modified Description of Types of  
Federal Assistance

Tuesday you asked for brief definitions of the five mechanisms for Federal assistance to be added to the paper on "Comparative Advantages of Federal Grant Mechanisms."

I have added these definitions and modified the first page of the earlier memo to be the neutral first page of a short paper on the subject instead of a memo from me to you.



## COMPARATIVE ADVANTAGES OF FEDERAL GRANT MECHANISMS

There are five distinct categories of Federal Assistance to various types of grantees, i.e. state and local governments, individuals, for-profit and not-for-profit entities. They are:

1. Categorical project grants.

(A grant intended to achieve a very specific purpose and distributed on a project-by-project basis.)

2. Formula-based categorical grants.

(A grant intended to achieve a very specific purpose and distributed on the basis of a narrowly defined eligibility "formula.")

3. Target grant.

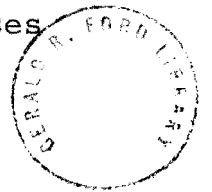
(A grant intended to achieve broadly defined purposes and distributed on a project basis to specific geographic "targets" of need.)

4. Block grant.

(A grant intended to achieve broadly defined purposes and distributed on the basis of narrowly defined eligibility criteria to various levels of general purpose government.)

5. Revenue sharing.

(A grant intended to be used for virtually unlimited purposes and distributed on the basis of narrowly defined eligibility criteria to various levels of general purpose government.)



The five types of grant programs are most easily compared on the basis of four separate factors:

- Spending discretion permitted with program funds;
- Operating conditions the grantee must meet (i.e., planning, reporting, and administration requirements);
- Distribution mechanism by which funds are allocated (and the breadth of grantee eligibility); and
- Future funding expectations.

The problem in developing an inclusive definition and description of preferred purposes is that there is considerable variation

in the extent to which real programs follow the definitions. For example, many project grant categorical programs have a state-by-state earmark for planning which works much like a block grant. Similarly, block grant programs may have percentage earmarks for specific purposes, separate titles which are project grant programs, or (as in the case of LEAA) categorical project grant attributes at the point where recipient governments spend their block grant funds.

In the consolidation proposals, we are seeking to consolidate programs with multiple attributes which range from small, narrowly categorical project grant programs to the \$9 billion, formula-grant categorical Medicaid program. A separate justification must be developed in every case which is tailored to specific problems of the antecedent programs.

There follows a brief description of the attributes of the five grant mechanisms identified, along with a summary of preferred purposes for such grants and a specific programmatic example:

1. Project grant categorical programs.

- Very little spending discretion
- Tight conditions on program operations
- Discretionary distribution by grantor (often on a "competitive" basis) and broad grantee eligibility
- Time-limited funding (brief -- 1-3 years)

Preferred Purposes:

The attributes of project grant categorical programs make them most useful for research and demonstration purposes. In such cases, grants can be made on a competitive basis, for very specific purposes, with tightly administered reporting and control mechanisms, and for a relatively short, specified period of time. These grants are not well suited to ongoing projects where flexibility of spending and administrative requirements is preferred, because so much effort is wasted in competing for funds and fulfilling operating conditions. Categorical programs not utilized for research or demonstration purposes are also particularly vulnerable to grantsmanship and political partisanship because demand far exceeds supply and knowing how to "win" a grant is most of the battle. (Unfortunately, categorical grant programs often fail to fulfill a demonstration function, becoming instead small "operating" programs popular locally and with locally elected Congressional representatives.)

Example: HEW's former Youth Development and Delinquency Prevention Program made grants for local delinquency prevention (demonstration) projects on a competitive basis. Funds had to be spent for carefully spelled out purposes outlined in the proposal. Spending and program results were supposedly closely monitored throughout the project for results which could be replicated elsewhere. The projects were funded only for one to three years. Although funds were quite limited, any community in the nation could apply. (The program was under attack for its failure to "demonstrate" anything useful, and was consolidated into a larger program.)

2. Formula-based categorical programs.

- Very little spending discretion
- Tight conditions on program operations
- Distribution based on statutory entitlement formula (narrow grantee eligibility)
- Indefinite funding (more than 5 years)

Preferred Purposes:

The formula-based categorical program serves as the preferred means for distributing funds for very specific purposes to a broad clientele. Like the project grant categoricals, there is little spending discretion and rigid operating rules. But unlike the project categorical, there is no competition (or grantsmanship or patronage) for funds -- they are distributed on a formula basis. Funding is usually expected to continue indefinitely. Programs like AFDC, SSI, and Food Stamps fit logically into this category.

Example: Medicaid shares with States the costs of medical care to the poor on a statutory formula basis. Funds must be spent for medical services allowed by Federal regulation. Reporting requirements are tightly enforced. Persons eligible for assistance are defined carefully in the law, and funding is presumed to be available on a continuing basis.



3. Target grants.

- Broad spending discretion
- Moderate conditions on program operations
- Discretionary funding (broad grantee eligibility)
- Time-limited funding (intermediate, 3-5 years)

Preferred Purposes

Target grants best serve a program development purpose. With broad spending discretion, modest operating requirements, and time-limited funding, these grants are useful in developing the initial capacity for handling a problem. The "target" is usually a depressed or problem area where there is a need for flexible funds targeted at specified purposes but where funding is scheduled to phase out over time. Model Cities and OEO's Community Action Agency Programs are examples of target grants.

Example: The Appalachian Regional Commission legislation provides funds for a variety of social and economic purposes in Appalachia. The law has several functional titles, but within each title (e.g. health services) there is fairly broad spending discretion. Only moderate operating conditions are imposed on grantees who receive their funds on a discretionary basis as a result of submitted proposals. The law defines quite broadly the types of groups eligible to submit proposals. Funding is limited to three years when mandatory phasing out of Federal funding must begin.

4. Block grants.

- Broad spending discretion
- Moderate conditions on program operations
- Funding by entitlement formula (narrow grantee eligibility)
- Indefinite term funding (5 years +)



### Preferred Purposes

Block grants are similar to target grants except that they are usually available on a formula basis to specified levels of general purpose government. Since spending is flexible and the formula usually relates to some measure of need, future funding expectations tend to be indefinite in length. Community Development Block Grants and Partnership for Health Grants are examples of block grants.

Example: The C.E.T.A. program provides funds for manpower planning, job training, and public service employment. Funds are distributed on a formula basis to "prime sponsors" -- metropolitan areas of 100,000 or more, or states. There is broad flexibility in the statute regarding how funds may be spent. Planning, administration, and reporting requirements are moderate, although prime sponsors are encouraged to take strong initiative for their own purposes. Funding is expected to be available indefinitely.

#### 5. Revenue sharing.

- Virtually unlimited spending discretion
- Nominal conditions on program operations
- Funding by entitlement formula
- Indefinite term funding (5 years +)

### Preferred Purposes

General revenue sharing is most useful as a means to redistribute wealth from some portions of the population to others, at minimal collection cost. Redistribution can occur from wealthy to poor, urban to rural, etc. depending upon the distribution formula. Empirical evidence indicates it is extremely difficult to place any meaningful controls on the purposes for which general revenue sharing funds may be spent.



Example: General revenue sharing is basically a transfer of Federal funds to State and local governments based on a simple statutory entitlement formula. The funds are passed without any meaningful restrictions on how they may be used, and only nominal operating conditions are attached to the program. Funding is limited by statute, but the expectation of state and local governments is that the program will extend indefinitely.

cc: Art Quern




THE WHITE HOUSE

REQUEST

WASHINGTON

March 23, 1976

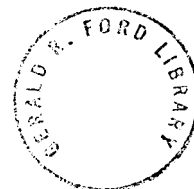
MEMORANDUM FOR THE PRESIDENT

FROM: JIM CAVANAUGH 

SUBJECT: Decrease in Indianapolis's Community  
Development Block Grant Funding for FY 76

In response to your inquiry about the decrease of Indianapolis's Community Development Block Grant funding in FY 76, as reported to you by Mayor William Hudnut, the decrease occurred because prior to FY 76 Indianapolis's "hold harmless" block grant contained full funding for model cities programs. In FY 76, however, the model cities portion was reduced 20% because, under the terms of the Housing and Community Development Act of 1974, model cities grants were assigned a different phase out formula than the rest of the "hold harmless" programs - in effect allowing cities receiving model cities grants five action years of full funding, followed by three years of declining percentages of the full amount.

Indianapolis's last full year of eligibility for model cities was FY 75. In FY 76, the overall block grant was reduced by 20% of the full model cities allocation. Out of approximately \$14 million in FY 75 block grants, Indianapolis was docked approximately \$1 million in FY 76.



*Subj.*

THE WHITE HOUSE  
WASHINGTON

INFORMATION

April 14, 1976

MEMORANDUM FOR: THE PRESIDENT  
FROM: JIM CANNON *J. Cannon*  
SUBJECT: Support of Block Grants

Attached is a copy of a letter jointly signed by Governor Andrus (D-Idaho) and Governor Evans (R-Washington) expressing to the other Governors of this country their support for your block grant proposals. In their letter, these Governors request that other chief executives help stimulate the discussion and support for these proposals in order that they receive a due hearing and consideration by the Congress.

The Governors' Conference has been extremely interested and cooperative in these block grant proposals. Governor Andrus has taken special effort to go beyond party line and to support a concept that he believes in very strongly.

We are continuing to work with Governor Andrus and Governor Evans and their Human Resource Committee on a number of items, and I am hopeful that this continued cooperation will help move the block grants from their current stalemate position.



# National Governors' Conference



1150 Seventeenth Street N.W. Suite 600

Washington, D.C. 20036

(202)785-5600

Robert D. Ray  
Governor of Iowa  
Chairman

April 1, 1976

*Steve*

1) *AWC*  
*WT track*  
2) *Info copy to*  
*President*  
*with cover*  
*note*

*Jim*

Mr. James Cannon  
Assistant to the President  
for Domestic Affairs  
The White House  
Washington, D.C. 20500

Dear Jim:

I thought you might like to see a copy of the enclosed letter from Governor Andrus and Governor Evans to their fellow Governors on the subject of the President's block grant proposals.

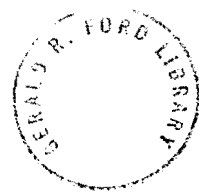
Sincerely,

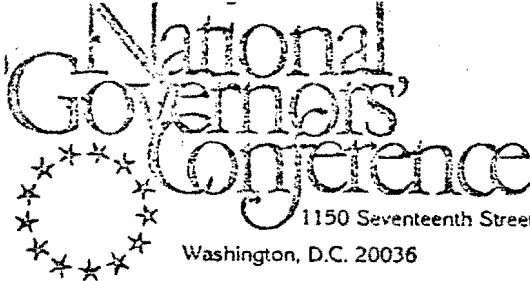
*Steve*

Stephen B. Farber  
Director

Enclosure

*cc McCouhey*





1150 Seventeenth Street N.W. Suite 600

Washington, D.C. 20036

(202)785-5600

Robert D. Ray  
Governor of Iowa  
Chairman

March 29, 1976

Honorable (ALL GOVERNORS)  
Governor of

Dear :

We take this opportunity to express our mutual belief that Congress should shortly hold public hearings on the Administration's block grant proposals.

During the past ten years we have all become painfully aware of the program and management conditions caused by federal categorical funding of human services. One of our biggest challenges in the next years will be revamping the intergovernmental funding and management of education and human services so that these services may become more responsive, realistic, and meaningful to recipients of the services as well as to the people who pay for them.

While neither of us endorses all the specific details of the Administration's block grant proposals, we firmly believe it is important that the concepts be publicly discussed. Furthermore, we believe that Congress must be given a concise message that this is a direction in intergovernmental funding that Governors believe to be vital to the successful exercise of our joint responsibility for the funding and management of human service programs.

We are asking that you join us in communicating to our respective Congressional delegations and appropriate Committee chairmen our belief that hearings should be soon held for the purpose of discussing the concepts contained in the Administration's block grant proposals. The list of block grant proposals and the Committee to which they have been referred is attached for your reference. Through our united efforts we hope to impress upon Congress the necessity of addressing these issues promptly and directly.

Sincerely,

---

Cecil D. Andrus  
Chairman, NGC Committee on  
Human Resources

---

Daniel J. Evens  
Vice Chairman, NGC Committee on  
Human Resources





*Dan*

Dear Governor Evans:

I would like to thank you and Governor Andrus for your March 29th letter in which you expressed to your fellow Governors your joint support for the Administration's block grant proposals.

As I am sure you are aware, these proposals reflect the President's desires to improve the delivery of Federal categorical programs. Needless to say, there has not been overwhelming support shown for these proposals in the Congress. The support that you express in your letter and the support which your letter will hopefully create within the Governors' Conference are much needed and appreciated.

I would like to again express my appreciation for your support and hope that it will, along with other efforts, generate a positive response in the Congress.

Sincerely,

*J. M. Cannon*

James M. Cannon  
Assistant to the President  
for Domestic Affairs

The Honorable Daniel J. Evans  
Governor of Washington  
Olympia, Washington 98501

RECEIVED  
MAY 11 1971  
U.S. DEPARTMENT OF JUSTICE  
WASHINGTON, D.C.  
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U.S. DEPARTMENT OF JUSTICE  
WASHINGTON, D.C.  
OFFICE OF THE ATTORNEY GENERAL



HOUSE

WASHINGTON

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Dear Governor Andrus:

I would like to thank you and Governor Evans for your March 29th letter in which you expressed to your fellow Governors your joint support for the Administration's block grant proposals.

As I am sure you are aware, these proposals reflect the President's desires to improve the delivery of Federal categorical programs. Needless to say, there has not been overwhelming support shown for these proposals in the Congress. The support that you express in your letter and the support which your letter will hopefully create within the Governors' Conference are much needed and appreciated.

I would like to again express my appreciation for your support and hope that it will, along with other efforts, generate a positive response in the Congress.

Sincerely,

Handwritten signature of James M. Cannon, enclosed in a large, hand-drawn oval.

James M. Cannon  
Assistant to the President  
for Domestic Affairs

The Honorable Cecil D. Andrus  
Governor of Idaho  
Boise, Idaho 83701



Vertical text on the right margin, possibly a routing slip or stamp, containing various numbers and words.

*Block Grant*

THE WHITE HOUSE  
WASHINGTON

April 27, 1976

MEMORANDUM FOR:

JIM CANNON  
PAUL O'NEILL  
ART QUERN

FROM:

STEVE McCONAHEY *JSM*

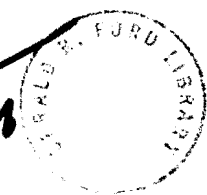
SUBJECT:

ACIR's Tentative Evaluation  
on Health and Safe Streets  
Block Grant Programs

Attached are ACIR's (tentative) summary findings of their evaluation of the Partnership for Health and Safe Streets block grant programs. The preliminary findings are part of a broader study of The Block Grant Principles, Practice, and Prognosis in which several block grant programs are being evaluated. (Earlier, I forwarded a memo to you on the evaluation of CETA). I have indicated our interest in these analyses and findings, and Wayne Anderson has agreed to keep us posted.

Attachment

*How are you supposed to work this? What, in Bowditch, does it say? June*



Lessons From The Case Studies

The Safe Streets and Partnership for Local Acts provide several important lessons about how, through the block grant instrument, national purposes can be achieved while at the same time maximizing State and local discretion. They also underscore the difference between the conceptual and operational features of block grants and reveal the compromises and trade-offs that apparently need to be made in order to ensure the effectiveness and perhaps survival of the instrument. At this point, it is useful to summarize our principal findings concerning the block grant experience under these Acts, and to indicate their significance to intergovernmental policy-makers.



Purpose

The block grant means different things to different people. In the past, it has been proposed on the grounds of economy and efficiency, functional and fiscal expansion, policy and administrative decentralization, and political compromise. These reflect the high expectations generated by either consolidating a number of narrow existing categorical grants into a broad, visible assistance program covering a wide functional territory or to the launching of a new, presumably integrated, Federal initiative in an area that traditionally had been the most exclusive domain of State and local jurisdictions. At the present time, at least three major purposes of a grant instrument can be distilled: stimulation; system building; and system support. Where a mix of these objectives is sought, the block grant device appears most appropriate. Taken individually, however, it seems that the project grant maximizes opportunities for innovation; a formula based categorical or revenue sharing is best suited to system support, while the block grant enhances system building prospects.

*Evolution  
of  
Programs*  
↓  
\*

### Funding Threshold

When a block grant accounts for a relatively small proportion of total public sector expenditures in a functional area, as in both criminal justice and health, it is often difficult to discern an impact resulting from the investment of Federal funds. This is the case both when a "mix" of program objectives is sought and funds tend to be spread (sometimes thinly) between innovative, supportive, and "systemic" undertakings, and when a cluster of other Federal aids and State supported efforts crowd its functional terrain. If the block grant is expected to produce even short-term changes in intergovernmental or functional relationships and show progress in tackling problems it was designed to address, then the funding threshold must be increased substantially relative to State-local direct outlays and relative to the total for the grants consolidated (if this is the mode of establishment) to generate a "critical mass" for change, or the basic objectives must be prioritized to avoid dilution of available resources.

### Discretion

As can be seen from both studies, the block grant gives wide discretion to recipients in planning for and allocating Federal funds. Yet, in the case of Safe Streets, LEAA has been accused of being too intrusive vis-a-vis States and localities. With Partnership for Health, of course, State program and policy discretion grew to the point where after 1970 no Federal supervision of any significance occurred and with this State dominance came a decline in Congressional interest and a static supply of dollars. The block grant forces (or should force) Federal administrators to walk a tightrope between

Congressional demands for accountability and State demands for flexibility. While the two demands are not irreconcilable, it is a difficult balance to strike, especially in the absence of clear expressions of Congressional intent. While it affords recipients maximum flexibility in determining the use of funds, the block grant instrument does not excuse the Federal administering agency from developing and enforcing performance standards, conducting substantive reviews of recipient plans and activities, and exercising other oversight responsibilities--even if this leads to a withholding of funds or State secession from the program. If these responsibilities are ignored, the fate of the program is jeopardized.

Categorization

An ideal type block grant does not exist. Partly in response to political pressures and partly due to gaps in block grant allocations, the earmarking of assistance categories within the grant or the establishment of categoricals around it have been facts of life with which most block grant administrators have had to reckon. As the block grant matures, two conflicting patterns emerge: Congress becomes more interested in categorizing, while States become better equipped to achieve functional and jurisdictional balance in funding. The presence of a discretionary fund, however, seems to be an expeditious way of deflecting pressures for earmarking and increasing funding flexibility at the Federal level.



## Generalists

The block grant approach carries with it a functional framework and decision-making process conducive to generalist participation. The Safe Streets and PHA experience, however, suggests that it is difficult to harness the rather diverse political, programmatic, and personal interests of elected chief executives, legislators, top administrators, and planners. Unless the block grant provides substantial amounts of Federal funds, decentralizes authority to make resource allocation decisions, or fills a major program void, generalists will be reluctant to make the time and intellectual commitments necessary for effective involvement. Otherwise, functional specialists and professional staff will dominate policy-making.

## Planning

State criminal justice planning under SPA auspices has been geared largely to the allocation of Safe Streets funds. Too often planning has been eclipsed by grant administration. SPAs have been generally unable, and occasionally unwilling, to comprehensively plan for the State criminal justice system and to seek to influence spending decisions on the part of related State agencies. In the case of PHA, there has been little real relationship to the comprehensive health planning process, though in practical terms the program has been used fairly widely as a means of filling small program gaps left after the allocation of Federal categorical and State health funds. If the planning process is considered instrumental to achieving the objectives of a block grant, then the State agency responsible for comprehensive planning must have sufficient authority to plan for all activities encompassed within the functional scope of the block grant, including those supported directly by State appropriations.

THE WHITE HOUSE  
WASHINGTON

May 11, 1976

MEMORANDUM FOR: JIM CANNON  
JIM CAVANAUGH  
ART QUERN  
PAUL O'NEILL

FROM: DAVID LISSY *DL*

I wanted to be sure you were aware of the attached letter to David Mathews from Senators Domenici and Bellmon. They suggest a modified, optional, block grant but do not indicate what "substantial changes" are necessary.

Attachment

*Art*  
*Do you think*  
*we should*  
*discuss w/*  
*Mathews?*  
*Juni*



FRANK E. MOSS, UTAH, CHAIRMAN  
STANTON SYMINGTON, MO.  
JOHN C. STENNIS, MISS.  
HOWARD W. CANNON, NEV.  
WINDFELL H. FORD, KY.  
LALOR LUMPERS, ARK.  
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PETE V. DOMENICI, N. MEX.  
PAUL LAYALT, NEV.  
JAKE GARN, UTAH

GILBERT W. KEYES, STAFF DIRECTOR

# United States Senate

COMMITTEE ON  
AERONAUTICAL AND SPACE SCIENCES  
WASHINGTON, D.C. 20510

May 5, 1976

① Dick H.

② SK

③ BB

④ Loretta

⑤ CFA

Honorable David Mathews  
Secretary  
Department of Health, Education  
and Welfare  
330 Independence Avenue, S. W.  
Washington, D. C. 20201

Dear Secretary Mathews:

We are advocates of modifying the categorical grant programs for the country's elementary and secondary schools. We believe a block grant approach such as suggested by the President is a viable alternative.

As you know, it is unlikely that the block grant legislation will pass at this time. We strongly believe, however, that legislation which would make it optional for states to take the block grant alternative is a more realistic approach and could be promptly enacted. During the past few weeks, a possible optional approach to block grant legislation has been discussed with several Senators and the idea was enthusiastically received. Therefore, we have joined in developing an optional approach. We believe this idea is realistic as it has favorable political overtones which should add immeasurably to its chances to become law.

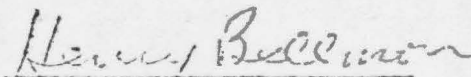
There are certain legislative problems with the block grant proposal as specified in S. 3166. It will be necessary to make substantial changes in this bill as well as making the program optional to individual states. We would appreciate it if you would enlist the Office of Education to provide its expertise to us for the purpose of drafting new legislation.

As the current session of Congress will be abbreviated substantially to accommodate the political conventions and elections, we hope to introduce this legislation within the next month. Your early response will be greatly appreciated.

Sincerely,



Pete V. Domenici  
United States Senator



Henry Bellmon  
United States Senator



Block Grants

RECOMMENDATIONS ON MIDDLE RANGE REFORM EFFORTS IN  
THE INTERGOVERNMENTAL GRANT SYSTEM ADOPTED MARCH 11, 1976  
AND MAY 20, 1976

RECOMMENDATION 1: BASIC POLICY POSITION

On balance, while fully supporting the enactment of additional block grants where appropriate and the effective administration of existing ones, the Commission concludes that categorical grant programs will continue to be an integral component of the Federal assistance system. Hence, the Commission believes that efforts must be continued to improve grant<sup>1/</sup> administration through such means as management circulars, measures to improve intergovernmental information and consultation, as well as procedures for strengthening State and local coordination and discretion.

Hence, the Commission recommends that the political branches of the Federal, State, and general units of local government assume their historic responsibility for jointly establishing and sustaining the necessary central management mechanisms to achieve improved operations of governmental programs and to render the civil service more fully accountable. The Commission further urges that the intergovernmental dimensions (fiscal, programmatic, and policy) of public management be made an integral component of all such administrative systems.

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1/ This includes block grants as well as categoricals.



RECOMMENDATION 2: THE CENTRAL MANAGEMENT MECHANISM

The Commission concludes that the Federal executive branch needs a stronger central management capacity, but recognizes that no single strategy for organizing the Executive Office of the President could or would over time suit the varying administrative styles of individual Presidents. Hence, the Commission recommends that the organization of the Executive Office of the President for central management purposes be flexible enough to reflect Presidential desires, but that there should be in place sufficient institutional staff to enable the President to exert vigorous and visible leadership in the five basic central management activities essential to smoother and more productive Federal-State-local relations: budget preparation and consultation; management, including government-wide grants management; domestic policy development; intergovernmental liaison; and legislative reference. The Executive Re-organization Act concept should be revived to allow the President expeditiously to achieve his desired Executive Office organizational objectives.

The Commission further recommends that the President appoint a high-ranking assistant for intergovernmental affairs having direct access to the President who, with a small professional staff, would monitor and evaluate for the President the various intergovernmental relations activities performed on a government-wide basis under whatever organizational arrangements the President may establish. A key official in agencies responsible for budget preparation, management, and domestic policy development, as well as officers of Presidential appointive rank responsible for intergovernmental affairs in each department, would serve as strategic points of contact.

for and consultation with the Presidential assistant.

Furthermore, recognizing the present essentially bifurcated pattern of management-budget and policy organization, the Commission recommends that, if this present arrangement is continued, the organization, staffing, and internal operating procedures of the Office of Management and Budget be thoroughly reviewed and evaluated by the President, the Director, and the appropriate committees of the Congress, with a view toward making the OMB the primary focal point with adequate staff for management improvement on an interdepartmental, interprogram, and intergovernmental basis. Specific provision should be made for regular consultation between the Office of Management and Budget and officials and representatives of State and local governments on long- and short-range budgetary and fiscal issues. Activities relating to intergovernmental relations and grants management delegated by executive order to the Department of the Treasury (TC1082) and by Circular A-85 to the Advisory Commission on Intergovernmental Relations should be vested in the Office of Management and Budget. A key OMB official should be specifically assigned intergovernmental responsibilities.

The Commission also recommends that the performance of the Domestic Council or its successor in the identification of domestic problems requiring national attention and the development of general domestic objectives and policies through the report on national growth and other activities be improved. Meetings of the full membership of the Council for the consideration of domestic policy problems and issues should be held on a regular basis. Other domestic policy-related councils and boards with membership which largely duplicates that (in full or part)

of the Domestic Council should be consolidated with the Domestic Council.

The creation of similar bodies in the future should be avoided.

The Commission further recommends that OMB and the Domestic Council continue to collaborate, but more effectively, in "the determination of national domestic priorities for the allocation of available resources" and in assuring "a continuing review of ongoing programs from the standpoint of their relative contribution to national goals as compared with the use of available resources," as was called for in executive order 11541.

Finally, the Commission recognizes that organizational arrangements may change from time to time, but believes that the essence of this recommendation pertaining to the budget, management, and policy functions will remain valid and compelling.

RECOMMENDATION 3: THE FEDERAL REGIONAL COUNCILS

The Commission recommends that the President, the Office of Management and Budget , and the Under Secretaries Group for Regional Operations move aggressively to eliminate the impediments to the more effective operation of the Federal Regional Councils by (a) fully familiarizing policy-level officials of State and local governments with the purposes and activities of the Councils; (b) analyzing the political and administrative factors that permit decentralization of grant sign-off authority in some assistance programs and not in others and securing the decentralization of the former under the direction of the principal regional official of each appropriate department and agency; (c) obtaining greater conformity to the standard administrative regions and field office locations set forth in OMB Circular A-105; (d) assuring the assignment by each FRC member agency of the staff members required for ongoing Council operations, including the A-95 review and comment procedure, joint funding, and special task forces; (e) providing to Council staff such special training as is required for the effective performance of their duties; and (f) assuring continuing communications with and support from Washington, largely through a more active Under Secretaries Group.<sup>1/</sup>

RECOMMENDATION 4: ASSIGNMENT OF RESPONSIBILITY FOR INTERPROGRAM GRANTS MANAGEMENT WITHIN INDIVIDUAL DEPARTMENTS AND AGENCIES

The Commission recommends that the President require the heads of Federal grant-administering departments and agencies to assign leadership

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<sup>1/</sup> Mr. Cannon and Mr. White dissented on Recommendation 3.



responsibility for interprogram grants management activities to a single unit with adequate authority, stature, and staff in their respective departments or agencies. Such activities, at a minimum, should include oversight of the agency's compliance with OMB Circulars A-85, A-89, and A-95 and management circulars (including FMC 74-7, FMC 74-4, FMC 73-2, and OMB Circular A-105), and responsibility for leadership and compliance with regulations under the Joint Funding Simplification Act of 1974.

RECOMMENDATION 5: MONITORING INTERAGENCY AGREEMENTS

The Commission recommends that the Office of Management and Budget be given responsibility for compiling and updating a list of the interagency agreements in effect, for evaluating them and initiating new ones or improvements to existing ones as needed to effectively further and support maximum feasible coordination among the various Federal aid programs. The Office of Management and Budget, acting through the Under Secretaries Group for Regional Operations and the Federal Regional Councils, also should be given responsibility for monitoring and supporting the proper and full implementation of these agreements. All new and amended interagency agreements having a significant and broad intergovernmental impact on the management of Federal aid programs should be reviewed and commented upon at the draft stage by State and local governments through the A-85 consultation process.

RECOMMENDATION 6: INTERAGENCY COMMITTEE MANAGEMENT

The Commission recommends that the President re-institute administrative guidelines and instructions regarding the establishment, use, and termination of interagency committees, with a view toward (a) monitoring and evaluating the operation of such committees within the executive branch; (b) supporting and strengthening those committees necessary to the effective operation of Federal assistance programs and related activities; and (c) discouraging the formation or continuation of unnecessary or unproductive committees.

RECOMMENDATION 7: CONGRESSIONAL SUPPORT FOR CIRCULARS

The Commission recommends that Congress provide specific statutory authorization for OMB Circulars A-85 and A-95 and existing and future circulars issued by the Office of Management and Budget directed toward standardization, simplification, and other improvements of grants management.

The Commission further recommends that Congress enact legislation clearly vesting in the Office of Management and Budget the responsibility for developing the circulars, interpreting them, and otherwise enforcing compliance by the grants-administering agencies. Monitoring by the OMB of agencies' compliance with the circulars should include approval of agency regulations and related documents implementing these circulars.

Finally, the Commission recommends that Congress enact legislation requiring submission of periodic evaluation reports on the circulars to the Congress by the Office of Management and Budget.

RECOMMENDATION 8: POSSIBLE MODIFICATIONS OF STANDARDIZATION REQUIREMENTS

The Commission recommends that the Office of Management and Budget organize and head an interagency review of FMC 74-7 for the purpose of determining whether additional areas of administrative requirements should be standardized and whether existing standardized requirements should be modified. Representatives of State and local governments should be given the opportunity to review and comment on any revisions recommended by the interagency group.

RECOMMENDATION 9: THE STATES AND THE MANAGEMENT CIRCULARS

The Commission recommends that the States examine their legislative and administrative policies and practices applicable to the expenditure of Federal grant funds by the States or their political subdivisions, including conditions attached to the pass-through of Federal funds to localities, with a view toward resolving in cooperation with the Office of Management and Budget any conflicts between those policies and practices and the provisions of Federal grants management circulars. Such examination should include problems involved in claiming allowable overhead costs in performance of audits by non-Federal agencies.

RECOMMENDATION 10: THE STATE AND A-95

The Commission recommends that States upgrade their participation in the Circular A-95 process. Specifically, the Commission recommends



that Governors and/or legislatures take steps to assure that Federal program plans are reviewed for their conformity with State policies and plans pursuant to Part III of the Circular; and that where States have developed and adopted statewide policies and plans impacting on local government, the legislatures enact statutes or the Governors issue executive orders making State grants to political subdivisions that relate to such policies and plans subject to the A-95 clearance process.

RECOMMENDATION 11: A-85 AND THE PUBLIC INTEREST GROUPS

The Commission recommends that the public interest groups involved in OMB Circular A-85 re-examine their internal A-85 procedures and the resources they deploy to them and take steps necessary to assure more fully responsive participation in the process.

RECOMMENDATION 12: FRCs AND A-95

The Commission recommends that the Office of Management and Budget designate the Federal Regional Councils as Federal clearing-houses under Circular A-95, making them responsible for (a) notifying affected Federal agencies of grant applications having major regional impact and intergovernmental significance, as well as comparable direct Federal activities subject to A-95, (b) preparing comments concerning the interprogram and intergovernmental effects of these proposed projects, (c) transmitting their own comments as well as individual agency

reviews to the Federal action agency, and (d) more vigorously pursuing their currently assigned responsibilities for enforcing Federal agency compliance with existing Circular A-95 provisions. The Commission further recommends that Federal Regional Councils provide the means for resolving issues raised in the Federal interagency review process.

RECOMMENDATION 13: JOINT FUNDING AND RECIPIENTS

To strengthen State and local support for and use of the Joint Funding Simplification Act, the Commission recommends that States and larger units of general local government assign to a single agency leadership responsibility for participation by their respective jurisdictions in jointly funded projects. Such responsibility should include the development of proposed projects and coordination of the joint funding activities of participating departments.

RECOMMENDATION 14: IMPROVING GRANT INFORMATION

The Commission recommends that Congress and the Administration take steps to improve information that is available on grants-in-aid through the Catalog of Federal Domestic Assistance and other sources.

Specifically, the Commission recommends that:

(a) Congress amend Section 201 of the Intergovernmental Cooperation Act of 1968 to require Federal agencies, upon request of the chief executive or legislative body of larger cities and counties, to inform them on a timely basis of the purpose and amounts of grants-in-aid that are made directly to such localities and authorities within such localities;

(b) the Office of Management and Budget publish annually, prior to the conclusion of each calendar year, a list of grant-in-aid programs that are scheduled to terminate in the following calendar year;

(c) the Office of Management and Budget assume the initiative for assuring that all authorized programs are listed in the Catalog of Federal Domestic Assistance instead of relying on grantor agencies to identify such programs; and

(d) the Office of Management and Budget revise the format of the Catalog of Federal Domestic Assistance so that each listing represents not more than one discrete program or clearly identifies the separate programs included under that listing; that all authorized programs are listed whether or not funds are appropriated therefor; and that the program titles in the State and local government indexes show the code for the type of assistance provided (for example, formula grants, project grants, direct loans, technical assistance, training).

The Commission further recommends, in connection with paragraph (a) above, that States explore the possibility of providing their larger localities with information on the purpose and amounts of grants-in-aid which the States sends to such localities. Such information should cover both direct grants from the State and Federal grants passed through the State government.

THE WHITE HOUSE  
WASHINGTON

*For meeting*

June 11, 1976

MEMORANDUM FOR: JAMES CANNON  
FROM: BILL DIEFENDERFER *(initials)*  
RE: Education Block Grant Proposal  
Update

On June 9, 1972 the first of two scheduled days of hearings in the House Subcommittee on Elementary, Secondary and Vocational Education were held on the Administration education block grant proposal. Four witnesses testified and expressed strong support for the proposal. The witnesses were: State Senator Hunter Andrews (Va) representing Education Commission of the States; Owen Kiernan, Executive Secretary National Association of Secondary School principals; Edward Keller, Deputy Executive Director, National Association of Elementary School Principals and Secretary David Matthews, HEW.

The committee members directed much of their attention to the red tape and paperwork problem that surrounds Federal education programs. There was some indication that those opposed to the Block Grant proposal were anxious to make red tape and paperwork the central issue as they felt remedies could be found for those problems without adopting the block grant concept. Secretary Mathews pointed out that implementation and encouragement of state and local initiatives as well as increased flexibility were major improvements to be gained through adoption of the block grant approach.

The second day of hearings is scheduled for 15 June 1976. Scheduled to testify are: Senators Domenici and Bellmon; The National Council of State Legislators represented by Martin Sabo and Gerald Harden; National State Boards of Education represented by James Connor, President.

