

**FEDERALISM AND THE USE OF GRANTS-IN AID**

<p><b>Type of Grant/Requirement</b></p>	<p><b>Description</b></p>	<p><b>Examples</b></p>
<p><b>Federal Grants-in-Aid</b></p>	<ul style="list-style-type: none"> <li>• Federal funds provided to states and localities</li> <li>• General term for federal money to the states</li> </ul>	<ul style="list-style-type: none"> <li>• 1<sup>st</sup> example: land grants to finance higher education (land grant colleges like NCSU)</li> <li>• Airports, highways, education, major welfare (ex: Medicaid)</li> </ul>
<p><b>Revenue Sharing</b></p>	<ul style="list-style-type: none"> <li>• 1972-1986 - Distribution of fixed amount or share of federal tax revenues to the states for spending on almost any govt. purpose</li> <li>• “Free love”</li> <li>• Poorer, heavier taxed states get more</li> <li>• Ended in 1986 during Reagan administration when federal budget deficits soar</li> </ul>	<ul style="list-style-type: none"> <li>• \$6 billion/year in federal funds to states and localities for projects of their choosing (ex: schools, roads, libraries)</li> </ul>
<p><b>Categorical Grants</b></p>	<ul style="list-style-type: none"> <li>• Federal grants for specific purposes defined by federal law</li> <li>• Requires states or localities to put up “matching funds”</li> <li>• Many strings attached to the money</li> <li>• “There’s no such thing as a free lunch”</li> </ul>	<ul style="list-style-type: none"> <li>• School lunch programs w/ nutrition requirements</li> <li>• Head Start</li> <li>• Building airports</li> <li>• Highway funding</li> </ul>
<p><b>Federal Mandates</b> <b>[Unfunded Mandates]</b></p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• <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 \$)</li> </ul>	<ul style="list-style-type: none"> <li>• Civil rights – states may not discriminate in use of federal programs re: race, sex, age, ethnicity, handicap</li> <li>• Environmental protection – states must comply with federal laws for clean air, pure water, sewage</li> <li>• Unfunded mandate – ex. Americans with Disabilities Act (ADA) requires state and govts. and businesses to provide handicap access, but w/ little or no federal funding.</li> </ul>
<p><b>Block Grants</b></p>	<ul style="list-style-type: none"> <li>• Grants of money from the federal govt. to the states for programs in certain general areas rather than for specific kinds of programs</li> <li>• Few strings attached</li> <li>• Requires no state matching funds</li> <li>• Allows for greater flexibility by the states</li> <li>• Money is capped – when it’s gone that’s it for a particular budget cycle.</li> </ul>	<ul style="list-style-type: none"> <li>• Entitlement programs like Adult Families with Dependent Children (AFDC)</li> <li>• Medicaid now – healthcare for the poor</li> </ul>