Chapter Three: Federalism and Intergovernmental Relations
Federalism and Intergovernmental Relations

- Federalism
- Intergovernmental relations (IGR)
  - Expansion of financial assistance
  - Increased intergovernmental aid
  - Homeland security
  - Diminished federal fiscal support
The Nature of Federalism

- *Constitutional* division of governmental power
- *Political* arrangement
- Important *fiscal/administrative* dimension
The Nature of Federalism: Historical Perspective

- *McCulloch v. Maryland*
- Slavery issue
  - Confirms federal authority
- Overlapping government authority emerges
  - Agricultural programs, state highway system, Vocational Education Act
Intergovernmental Relations: The Action Side of Federalism

- Consequences often unpredictable
- Individual actions/attitudes determine relations between units of government
- Continuous series of informal contacts and exchanges of information
  - **No Child Left Behind Act**
  - Homeland security, transportation, pollution control, agriculture
Intergovernmental Relations: The Action Side of Federalism

- Decisions *fragmented* not *comprehensive*
- No single national policy
  - Hundreds of governmental agencies at all levels act independently
  - Responsibilities shared (state and federal)
  - Involves nonprofit and private sectors
Dual Versus Cooperative Federalism

Dual Federalism

Cooperative Federalism

Cooperate on some policies
The Courts and Intergovernmental Relations

- Role of courts increasing
- Rehnquist Court favored state authority over national or citizen rights
  - *New York v. United States*
  - *United States v. Lopez*
  - *Alden v. Maine*
  - *United States v. Morrison*
The Courts and Intergovernmental Relations

- Other issues
  - Preemptions
  - Eminent domain
- After 2002, Court did not invalidate federal congressional authority
Contemporary Intergovernmental Relations: Rise of Complexity

- FDR administration brings huge leap in national government activity
  - Highway programs, urban renewal
  - Government social welfare replaces private
- Eisenhower administration: HEW
- 1960s IGR takes new forms
Contemporary Intergovernmental Relations: Rise of Complexity

- Today concerns emerge over control
- Growing service delivery roles of nonprofits and private sector
- Conflicts:
  - Functional alliances dominate
  - Elected officials vs. specialists
  - Centralization vs. decentralization
Intergovernmental Fiscal Relations

- **Fiscal federalism**
  - Scope rapidly increased since 1961
  - National government has more fiscal resources
  - State/local governments provide more public services

- **Fiscal mismatch**
Intergovernmental Fiscal Relations

- **Grants-in-aid** fund domestic policy programs and social objectives

- **Advantages:**
  - Focused policy action
  - National support for minority policies
  - Coordinated response to national issues
  - **Externalities**
Intergovernmental Fiscal Relations

- **Categorical grants**
  - Formula grants specified by legislation
  - Project grants shaped by administrators

- **Complex system**
  - Few grants account for majority of spending
  - National vs. state expenditures varies widely
Rise and Fall of Federal Assistance 1960-2010

Categorical Grants and Administrative Complexity

- Grant reliance → interdependence, political bargaining, administrative complexity
- Gubernatorial prerogatives
- Single state agency requirements
  - Highway Act, Vocational Education Act
  - Vertical functional autocracies
Picket-Fence Federalism

Categorical Grants: Growing Dissatisfaction

- Inequality of services
- Program priorities and management
- Procedural difficulties
- Conflicts: state/local officials, bureaucrats, national officials, agencies
  - Partisan conflicts
  - Grant coordination issues
Grant Reform: Multiple Efforts, More Complexity

- Reform efforts reduce national influence
- Fiscal reform: general revenue sharing and **block grants**

**Impact:**
- Policy concerns decline for urban minorities
- Funding conditions loosen
Administrative Reform

- Increase in citizen participation
- Better coordination among programs
- Better information and training
- “New Federalism” approach
- Increased state and local activism
Obama Administration and Contemporary Federalism

- Took office with mandate for change, but:
  - More money for state/local governments
  - Efforts to control state budgets, policies, admin.
  - Expanded project grants
  - Blurred, entangled division of responsibilities
  - Increased national influence
  - Desire to reduce disparities
  - Accountability with measured results
Obama Administration and Contemporary Federalism

- National versus state control debate continues
  - Obama administration moves toward centralization
  - Divided government dilutes national authority
  - Growing political pressure for less government
Activity in Contemporary Federalism

- Cities/states face worsening economies
  - As tax revenues fall, requests for assistance rise
  - Harder for local economies to recover
- Increase in local activism in policy areas
- States as “laboratories” of government
Prospects and Issues in IGR: A Look Ahead

- Regulatory federalism increases
  - Crosscutting rules
  - Program-based rules
- Mandates: unfunded and state-based
- Devolution
Intergovernmental Relations and Public Administration

- Subsystem politics
  - Strength of multilevel bureaucracies
- Fiscal constraints
- Control over grants and funding
- Rise in intergovernmental regulatory issues and role of courts
- Degree of centralization