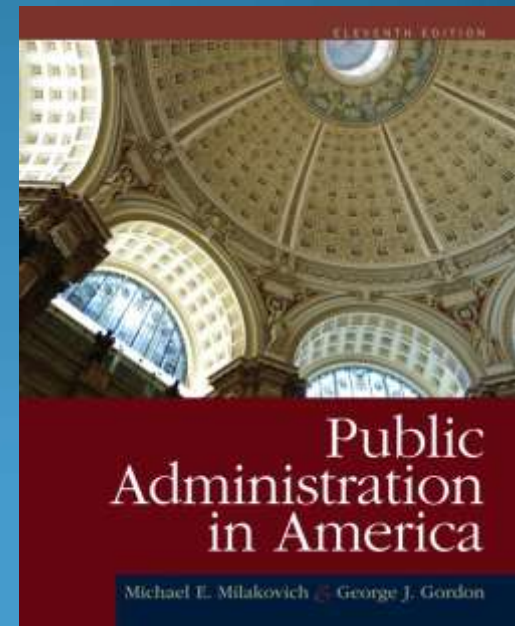


Public Administration in America 11e

Michael E. Milakovich and George J. Gordon

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

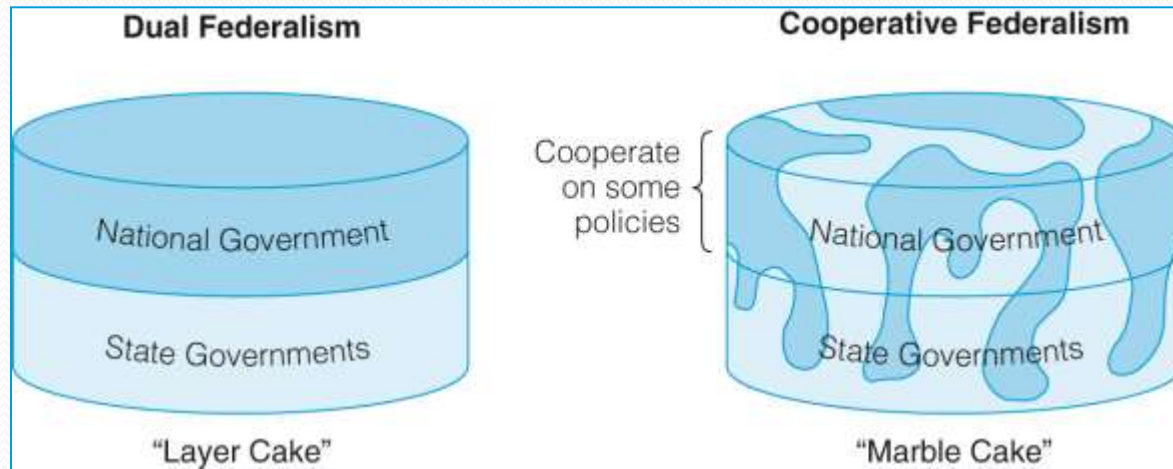
Intergovernmental Relations: The Action Side of Federalism

- 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



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**

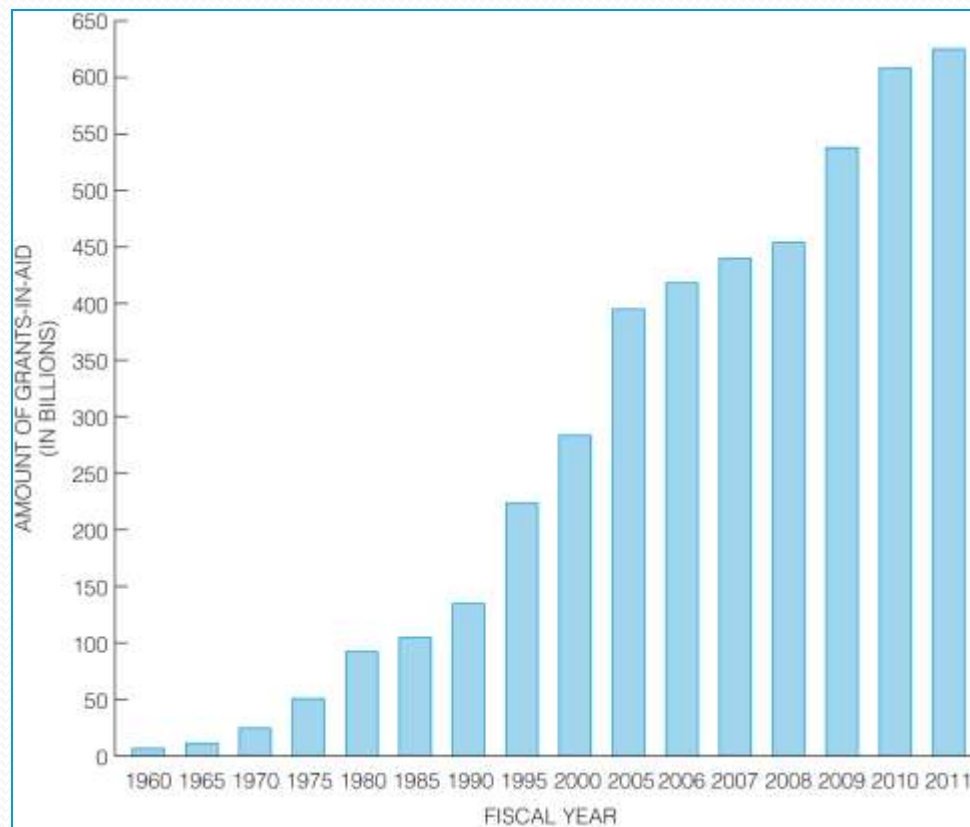
- Scope rapidly increased since 1961
- National government has more fiscal resources
- State/local governments provide more public services

- **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**

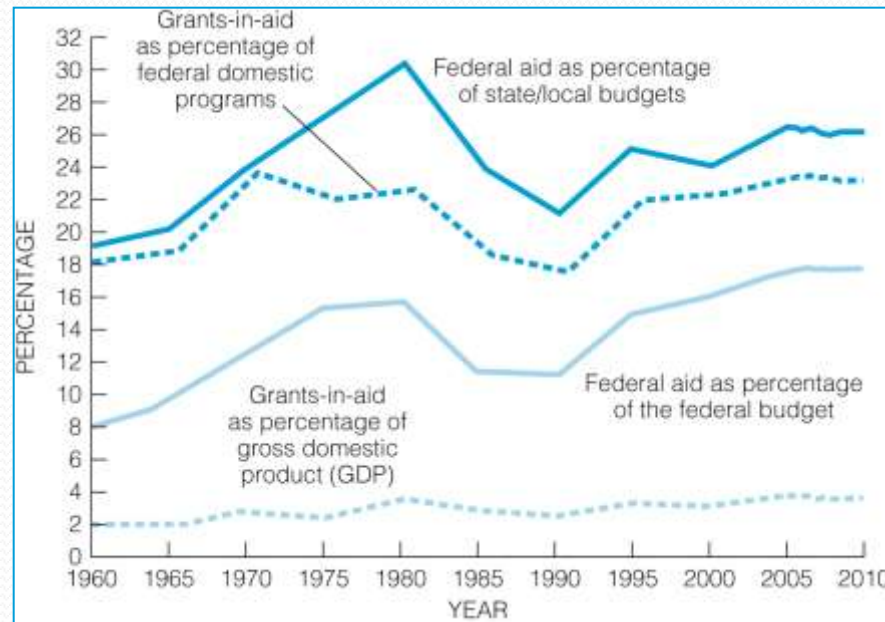
Historical Trends of Federal Grants-in-Aid, 1960-2011



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

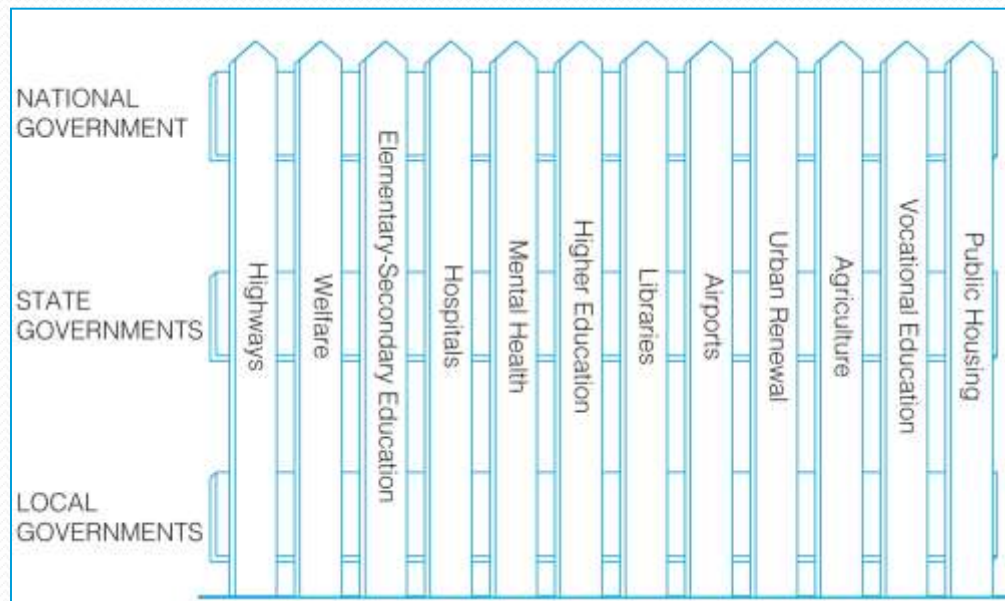


Source: U.S. Office of Management and Budget, Budget of the United States Government, Fiscal year 2010, Analytical Perspectives (Washington, D.C. Government Printing Office, 2009). Table 8.3, p. 131; U.S. Bureau of Census, Statistical Abstract of the United States, 2007 (Washington, D.C., Government Printing Office, 2007), Table 421. Retrieved at: <http://whitehouse.gov/sites/default/files/smb/budget/fy2012/assets/hist.pdf>.

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



Source: Adapted from *Understanding Intergovernmental Relations*, 3rd ed., by Deil S. Wright. Copyright © 1988, 1982, 1978 by Wadsworth, Inc. Reprinted by permission of Brooks/Cole Publishing Company, Pacific Grove, Calif. 93950.

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