

BSW 112257



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

RELEASED

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APRIL 29, 1980

B-198483



112257

The Honorable Norman Y. Mineta
House of Representatives

Dear Mr. Mineta:

Subject: [Update on Federal Matching and Maintenance of Effort Requirements for California] (GGD-80-63)

In a February 27, 1980, letter, you and 12 other members of the California Congressional delegation requested an updated version of the table on matching and maintenance of effort requirements included in our report entitled "Will Federal Assistance To California Be Affected By Proposition 13?" (GGD-78-101, Aug. 10, 1978). Your letter indicated the request was being made because of the delegation's concern about the effect of Proposition 9 on the State's future ability to meet matching and maintenance of effort requirements for many Federal grant programs. Proposition 9 is a ballot initiative scheduled for June 3, 1980, which, if passed, would cut the California State income tax by 50 percent. As requested, we are also providing information on the amount of Federal funds which flow into California under large programs with matching and maintenance of effort requirements. *Note*

We did not, and cannot, determine Proposition 9's effect on Federal funds to California because Federal funding is dependent on the actions of relatively independent actors. How the State and its local governments allocate anticipated budget cuts will determine whether Federal matching and maintenance of effort requirements are met. Furthermore, the decisions of Federal agencies regarding waivers of program requirements will affect the amount of Federal funds received. *SD*

We identified 52 Federal grant programs available to California that (1) had national funding in excess of \$100 million in fiscal year 1980 and (2) had matching and/or maintenance of effort requirements. The enclosed table lists these programs. We excluded Federal grant programs

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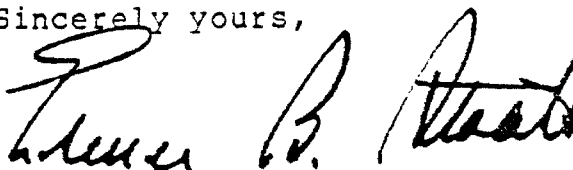
primarily available for schools of higher education, for research institutions, and for direct payments to individuals where State and local cost sharing is not federally mandated. Of the 52 programs identified, 36 have non-Federal matching requirements, and 38 have maintenance of effort requirements. The fiscal year 1980 Federal funding level for these programs in California is estimated at \$7.92 billion. The total fiscal year 1979 outlay under these programs was \$7.88 billion and represented approximately 85 percent of California's total Federal grant funds.

Forty-seven programs included in the enclosed table also appeared in our previous report. Of these 47 common programs, 19 had changes in their matching and/or maintenance of effort requirements. These changes generally involved reductions in non-Federal matching shares and more flexible maintenance of effort requirements. In addition, five programs were deleted from the updated table because they did not meet the inclusion criteria, and five new programs were added.

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As agreed with your office, this report is addressed to you on behalf of the other members of the delegation who made the request. We are sending a copy to the other members. Should you or other members of the delegation wish to discuss the report, we would be happy to do so. As arranged with your office, unless you or other members requesting this report announce its contents earlier, we plan no further distribution until 10 days from the date of the report. At that time we will make copies available to others on request.

Sincerely yours,



Comptroller General
of the United States

Enclosure

Matching and Maintenance of Effort Requirements of
Federal Programs with Total Allocations over \$100 million

<u>Program title</u>	<u>CFDA number</u>	<u>Minimum non-Federal matching requirement</u>	<u>Can non-Federal share be reduced?</u>	<u>Maintenance of effort requirement</u>	<u>Base for fixed level requirement</u>	<u>Can MOE requirement be waived?</u>	<u>Sanctions for not maintaining effort</u>	<u>Outlays to California FY 1979</u>	<u>Allocations to California FY 1980</u>
								---(000 omitted)---	
School Breakfast Program	10.553	None	N/A	Fixed level for State administrative costs	FY 1977	No	Total reduction	\$ 29,024	\$ 35,000
National School Lunch Program	10.555	75% for regular program; 0% for free lunches	Yes, if State per capita income less than national average	Fixed level for State administrative costs	FY 1977	No	Total reduction	188,910	200,000
*Child Care Food Program	10.558	None	N/A	Nonsupplant	N/A	No	Agency uncertain	11,017	15,690
*Summer Food Service Program for Children	10.559	None	N/A	Nonsupplant	N/A	No	Agency uncertain	5,857	12,000
State Administrative Matching Grants for Food Stamp Program	10.561	50%	Yes-can be reduced to 40% for a favorable error rate	None	N/A	N/A	N/A	31,703	32,000
Payments to Agricultural Experiment Stations Under Hatch Act	10.878	50%	No	None	N/A	N/A	N/A	3,127	3,351
Cooperative Extension Service	10.881	50%	No	None	N/A	N/A	N/A	6,754	7,372
Watershed Protection and Flood Prevention	10.904	50% for all watershed related projects; 0% for all flood control projects	No	None	N/A	N/A	N/A	9,713	8,635

ENCLOSURE I

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Program Title	CFDA number	Minimum non-Federal matching requirement	Can non-Federal share be reduced?	Maintenance of effort requirement	Base for fixed level requirement	Can M.E. requirement be waived?	Sanctions for not maintaining effort	Outlays to California FY 1979	Allocations to California FY 1980
Economic Development - Grants and Loans for Public Works and Development Facilities	11.300	50%	Yes-can apply to a) distressed areas, b) exhausted revenue resources, and c) Indians	Nonsupplant	N/A	No	return supplant-ed funds	\$15,065	\$25,500
**Crippled Children's Services	13.211	"A" Funds: 50%	No	Fixed level	FY 1968	No	Withhold total grant funding for next year	6,092	4,723
*Family Planning Projects	13.217	None	N/A	Nonsupplant	N/A	No	No sanctions	10,363	10,125
Community Health Centers	13.224	Negotiated-no set match has been established	Determined on a case-by-case basis	None	N/A	N/A	N/A	25,350	16,343
Maternal and Child Health Services	13.232	"A" Funds: 50%	No	Fixed level	FY 1968	No	Proportionate reduction	12,555	15,917
*Drug Abuse Community Service Programs	13.245	40%-for both poverty and non-poverty areas	Yes-in cases where fiscal hardships exist	Fixed level	Prior year	No	Proportionate reduction	6,449	18,624
Contracts	Con-	20-40%	Yes	Nonsupplant	N/A	Agency un-certain	Partial or total termination of contract		

----- (000 omitted) -----

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**Health Planning - Health Systems Agencies	13,294 Grants	25% for State recipients	No	Nonsupplant	Average of preceding 3 years	Yes	Proportionate reduction	\$ 7,712	\$11,171
	Con-tracts	15% for local recipients	No	None	N/A	N/A	N/A		
*Community Mental Health Centers-Comprehensive Services Support	13,295	10% for poverty areas; 13 1/3% for non-poverty areas; 50% for all construction projects	No	Nonsupplant	N/A	No	Return sup- planted funds	6,597	9,500
**Adult Education - State Administered Program	13,400	10%	No	Fixed level	FY 1978	Yes-one time only for excep- tional and ur- foreseen cir- cumstances	Total reduc- tion	3,687	7,374
Bilingual Education	13,403	None	N/A	Nonsupplant	N/A	No	Return sup- planted funds	30,011	38,350

-----(000 omitted)----

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								----(000 omitted)----	
Program for Education of Handicapped Children in State Operated or Supported Schools	13.427	None	N/A	Fixed level	Preceding year compared to second preceding year; 5% reduction permitted	Yes-under exceptional circumstances	No reduction, proportionate reduction, or total reduction	\$ 3,263	\$ 3,098
				Nonsupplant	N/A	No	Return supplant-ed funds		
				Comparability	N/A	No	Total reduction/return of funds		
Educationally Deprived Children - Local Educational Agencies	13.428	None	N/A	Fixed level	Preceding year compared to second preceding year; 5% reduction permitted	Yes-under exceptional circumstances	Total reduction	212,948	226,596
				Nonsupplant	N/A	No	return supplant-ed funds		
*Educationally Deprived Children - Migrants	13.429	None	N/A	Nonsupplant	N/A	No	Return supplant-ed funds	36,432	44,805
*Handicapped Preschool and School Programs	13.449	None	N/A	Fixed level (local level)	Previous fiscal year	No	Total reduction	51,583	72,438
				Nonsupplant (State level)	N/A	Yes	Return supplant-ed funds		
				Comparability	N/A	No	Agency uncertain		

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School Assistance in Federally Affected Areas - Maintenance and Operation	13.478	None	N/A	Fixed level	Second preceding year	Yes-under exceptional circumstances	Proportionate reduction	\$100,870	\$95,000
Vocational Education - Basic Grants to States	13.493	50%	No	Fixed level	Preceding year compared to second preceding year, 5% reduction permitted	Yes-under exceptional circumstances	No reduction, proportionate reduction, or total reduction	37,531	57,094
Vocational Education - Program Improvement and Supportive Services	13.495	50%	No	Fixed level	Previous fiscal year	Yes-5% reduction without penalty	Total reduction	9,483	9,895
Emergency School Aid Act - Basic Grants to Local Educational Agencies	13.525	None	N/A	Fixed level	Second preceding year	No	No reduction	18,471	15,285
Instructional Materials and School Library Resources	13.570	None	N/A	Non-applicant (applies only to the implementation of demonstration programs) Fixed level	Previous year, if higher than second preceding year	Yes-under exceptional circumstances	Proportionate reduction	16,950	16,950

----- (000 omitted) -----

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								---(000 omitted)---	
*Administration for Children, Youth and Families - Head Start	13.600	20%	Yes-under exceptional circumstances	Nonsupplant	N/A	No	Proportionate reduction or total reduction	\$ 62,531	\$ 64,655
Rehabilitation Services and Facilities - Basic Support	13.624	Services: 20%	No	Fixed level	FY 1972	No	Proportionate reduction	62,141	60,453
		Facilities: 20%	No	Fixed level	Prior 3 years' average	No	Proportionate reduction		
*Special Programs for the Aging - Title III Parts A and B - Grants for States and Community Programs on Aging	13.633	25%	No	Fixed level	Previous fiscal year	No	Proportionate reduction or total reduction	18,844	23,655
Special Programs for the Aging - Title III Part C - Nutrition Services	13.635	10%	No	None	N/A	N/A	N/A	22,603	28,628
Social Services for Low Income and Public Assistance Recipients	13.642	25%	10% for family planning	Fixed level - only if the State has not spent its entire allotment; if not, no MOE requirement	FY 1973 or FY 1974, whichever is lower	No	Total reduction or 3% reduction	296,240	253,037

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---(000 omitted)---									
**Social Services Training Grants - Title XX	13.644	25%	No	None	N/A	N/A	N/A	\$ 3,023	\$ 4,428
Work Incentive Program	13.646	10%	No	None	N/A	N/A	N/A	14,045	15,591
Child Support Enforcement	13.679	25%	No	None	N/A	N/A	N/A	43,602	64,134
*Medical Assistance Program	13.714	17-50% Nationwide 50% California	Yes-6 specific exceptions by which match can be reduced	None	N/A	N/A	N/A	1,451,729	1,474,483
Supplemental Security Income	13.807	None	N/A	Fixed level	State's prior year supplement of Federal SSI payment	No	Total reduction of Medicaid	630,361	692,100
Assistance Payments - Maintenance Assistance (State Aid)	13.808	17-50% Nationwide 50% California	No	None	N/A	N/A	N/A	1,015,773	1,029,919

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Community Development Block Grants/Entitlement Grants	14.218	None	N/A	Fixed level for "public services"	Prior year for "public services"	Yes-if events were beyond the control of the applicant	Reduce next year's grant or seek partial or total recovery of the current fiscal year grant	----- (000 omitted) ----- \$297,372	\$323,661
*Community Development Block Grants/Small Cities Program	14.219	20% for Urban Development Action Grants (UDAG) only; otherwise, none	For UDAG program, no; otherwise, N/A	Fixed level for "public services"	Prior year for "public services"	Yes	Reduce next year's grant or seek partial or total recovery of the current FY grant	18,194	23,702
Outdoor Recreation - Acquisition, Development and Planning	15.400	50%	No	Nonsupplant	N/A	No	Return supplanted funds	28,554	21,002

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								---(000 omitted)---	
Law Enforcement Assistance - Improving and Strengthening Law Enforcement and Criminal Justice	16.502	50% of 7 1/2% of the total grant award	No	Fixed level	FY 1980	No	Increase fixed level MOE on future awards	\$ 29,262	\$ 22,404
Comprehensive Employment and Training Programs	17.232	None	N/A	Fixed level (public service jobs)	Current year employment level	Yes-for "bonafide" reductions	Total reduction in affected job title	997,560	669,234
				Nonsupplant (public service jobs)	N/A	No	Return supplant-ed funds		
				Nonsupplant (training)	N/A	No	Return supplant-ed funds		
Senior Community Service Employment Program	17.235	10%	Yes-depends on the severity of the economic condition of a given area	Nonsupplant	N/A	No	Return supplant-ed funds	4,716	4,400
Airport Development Aid Program	20.102	10%-"non-IRB" airports; 25%-"IRB" airports	No	None	N/A	N/A	N/A	58,182	60,600

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								----(000 omitted)----	
*Highway Research, Planning, and Construction	20.205	8 programs ranging from 0% to 25% depending upon type of funding	No	Fixed level	June 18, 1934	No	Total reduction	\$522,000	\$642,000
Urban Mass Transportation Capital Improvement Grants	20.500	20%	No	None	N/A	N/A	N/A	53,734	115,806
*Urban Mass Transportation Capital and Operating Assistance Formula Grants	20.507	20%-Capital Assistance; 50%-Operating Assistance	No	Fixed level	Average operating subsidy for prior 2 years	No	Proportionate reduction	186,127	192,211
*State and Community Highway Safety	20.600	25%	Yes-to 0% for Indian Tribes; Yes-to 5% if State has substantial Federal lands	Fixed level	Average of FY 1964 and FY 1965	No	Total reduction	11,298	15,382
*Community Action (Title 221)	49.002	20%	Yes-reduction to 0% if grantee is unable to meet match	Fixed level	Agency uncertain	Yes-through administrative regulations only	Proportionate reduction or total reduction	34,965	34,000

Program title	CFIA number	Minimum non-Federal matching requirement	Can non-Federal share be reduced?	Maintenance of effort requirement	Base for fixed level requirement	Can M&E requirement be waived?	Sanctions for not maintaining effort	Outlays to California FY 1979	Allocations to California FY 1980
Construction Grants for Wastewater Treatment Works	66.418	25%	Yes-reduction to 15% for innovative or alternative technologies	None	N/A	N/A	N/A	\$129,323	\$266,595
General Revenue Sharing	None	None	N/A	Fixed level	Overall State assistance to local governments averaged for prior 2 years must equal average for preceding 2 years	No	Reduction in State entitlement equal to the shortfall between prior 2 years and preceding 2 years* assistance to local governments	778,938	798,920

--- (000 omitted) ---

LEGEND:

CFIA - Catalog of Federal Domestic Assistance

* Programs containing changes in matching and/or maintenance of effort requirements since 1978 GAO report.

** Programs added since 1978 GAO report.