



## Daniel Jeremy Silver Collection Digitization Project

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### **MS-4850: Daniel Jeremy Silver Papers, 1972-1993.**

Series II: Subject Files, 1956-1993, undated.

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Greater Cleveland Roundtable, correspondence, minutes,  
memoranda, reports, newspaper clippings, and notes, 1981.

MAYON

CONGRESS OF CITIES  
NATIONAL LEAGUE OF CITIES

Detroit, Michigan  
December 1, 1981

I am honored to speak at this plenary session along with the distinguished Governor of Vermont, Governor Snelling. He has been telling us about relationships - New Relationships - and I would like to comment on one of those important new relationships to cities, President Reagan's New Federalism.

Whether you share the President's political philosophy or not, whether you approve of his other programs or his methods or not, his prescription for New Federalism has clearly set the agenda for all of us.

"New Federalism" is a catchy new title. In fact, the idea of giving authority and responsibility to state and local government is not new at all. Abraham Lincoln said "The legitimate object of government is to do for a community of people whatever they need to have done but cannot do at all in their separate and individual capacities... and in all that people can do individually



for themselves, the government ought not to interfere."

It takes no stretch of the mind to apply this principle to intergovernmental relations. What we can do ourselves for our cities, with our own city resources, should not be done in a state capital or in Washington.

I have always believed that those dollars raised and spent locally are the best spent tax dollars.

Let me give you an example.

Almost two years ago I had some conversations with EPA and the Corps of Engineers about the possibility of a program to help in rebuilding drinking water treatment and distribution plants in cities. That program hasn't gotten off the ground, but the experience taught me something.

We're going to be doing some major drinking water projects in Cleveland in the next decade. \$200 million might cover the first phase. Let's presume, however, there was a grant program and I wanted help from it. First of all, Ohio gets back seventy or seventy one cents for each tax dollar its citizens send to

Washington. So we'd have to send one dollar and forty two cents to Washington in taxes to get a dollar back. Then, with a hypothetical seventy percent match, we'd have to put up thirty percent of the project cost ourselves anyway. Then we'd have to apply for the money. The way the Federal government does business, we would have to plan and engineer every foot of water line five times over to satisfy them. You know yourselves that this would delay us several years alone. We all know how long it takes to build a highway today in this country. Then there's the question of whether we'd get a grant at all.

No, I don't want to do all that. I want to build that water system in greater Cleveland based on our decisions and our financing. My little fairy tale about drinking water grants is, in fact, a horror story. Too many of you know stories just like it in other grant programs.

New Federalism is going to bring about new relationships with the

Federal government, with our state governments, and with our local private sector.

In capsule form, I think the New Federalism program will proceed in essentially four steps:

- Convert miscellaneous categorical grants into a system of functionally related block grants.
- Turn over control of the block grants to state and local government.
- Turn over revenue resources necessary to support the block grants to state and local government.
- Back the Federal government out of these programs entirely.

A good deal of this program consists of things we ourselves have been pushing for: block grants, local control, reduction of Federal restrictions. There's an old saying:



"Be very, very careful what you wish for, because you may get it."

The thing that bothers me most about this program is timing and the short run effects on our fellow citizens, particularly those least able to care for themselves.

It is important for the policy makers in Washington to realize that you can't do everything at once. The important thing is to set a direction toward a balanced budget and economic recovery and work toward it on a programmed, scheduled basis.

It must be a well thought out program and one that is carefully orchestrated. Much more attention must be given to the short term impact that the transferring or cutting of programs will have on millions of Americans.

These short term considerations, the lack of attention to them, and the withdrawal pains that millions of Americans will endure could very well turn out to be the Achilles Heel of the President's New Federalism. I recently wrote to several of my good friends in the United States Senate and said that it was "my feeling that the people proposing the new round of cuts don't really understand the social impact of those cuts that have already been made". I urged them "not to support any further cuts in our domestic programs". I also commented that I supported "efforts in dismembering the useless parts of the federal government which have been created during the past forty years" and applauded them for their efforts in that regard. I noted, however, that "to try and dismantle and eliminate everything that had developed during the past forty years in just three or four years is simply unrealistic. More importantly it (was) my political judgement that (they would) destroy the political consensus needed to make the programs work in the long run". I added that I agreed "that many programs



should be operated on the local and state levels, but as I mentioned to the President (in June), it will take time for the state and local governments of this nation to develop the capacity and resources to handle such programs".

There is too much at stake to charge ahead not knowing what the cuts will do or what effects the changes will cause. Governor Snelling has proposed a moratorium on further budget cuts for a couple of years to allow us to re-group. We're going to need time to figure out who should be doing what, how much it should cost and who will pay for it. This idea has very great merit.

The Federal government, first of all, needs to understand that cutting budgets and creating block grants and decreeing state control doesn't save them a lot of work or absolve them of responsibilities. They have created for themselves a whole new set of responsibilities that they'll have to work overtime to live up to.

We have to help them develop standards to judge program cuts. Across-the-board cuts don't make

rational choices between programs.

Some, perhaps, could be cut more, while others shouldn't be cut at all.

Across-the-board cuts give no recognition that there are levels below which programs become completely ineffective, or levels below which other agencies cannot pick up the slack, or levels below which human suffering is sure to result.

If you're going to cut programs it should be done with a scalpel and not a meat ax.

"The Administration must also make a clear and definite distinction between states and cities. The language of New Federalism, as we are hearing it, uses the phrase "State and local government." Its a good and useful phrase especially when it talks about giving us more say about the way things happen in our cities. Sometimes the phrase is pronounced in a different way: (slur together) "statanlowcal" government, as if it were one word. This slip of speech can become a slip of thought. State and local government

are different things. They have different responsibilities, and different ways of doing things."

Standards must be established to determine which programs must stay with the federal government and which programs should be given to state or local government. For example,

- Interest and purpose.

Aspects of health, manpower, education, and transportation programs are all, in one respect or other, matters in which the federal government has a significant interest. National interest will continue to require national participation. Otherwise, we're in the strange position where a single national purpose is supposed to be pursued in fifty different ways with fifty different degrees of enthusiasm.

- Relevance is a factor when we consider whether the state bureaucracy has a role in a particular Federal-city program.



One of the simplest examples is the area of transportation. Classically, the Highway System has crossed state lines and penetrated every sub-jurisdiction of every state. On the other hand in the Mass Transit program, there is no network of subways or transit buses extending through the various states. Any role for the states in dealing with mass transit issues is very much open to question.

• Another factor to consider is capacity. Where can problems best be dealt with? Community Development Block Grants to larger cities go directly to those cities because the structure and capability to plan programs and carry them out effectively exists at that level. Superimposing layers of administration between the Federal government and the cities does nothing to improve the program, but instead adds to

excessive regulation, delay and expense, and goes against the grain of the President's initiative to eliminate red tape and regulations.

The President and Congress need to be aware that although we have recognized the need for budget cutbacks, and that we are willing to participate in the restructuring of the intergovernmental system, there are some lines drawn which cannot be violated. Programs such as Revenue Sharing and Community Development Block Grants have been, in large measure, predecessors of the New Federalism policy and have proven to be successful.

The President has also promised that he would return tax resources to us to handle the program responsibilities being returned to us. This hasn't happened so far. Passing a three-year income tax cut of twenty-five percent is one thing. Saying that passing the tax cut is the same as turning revenue resources back to us is another thing entirely. It is not a fulfillment of the President's promise.

The federal government must quickly come to grips with a number of



key financial questions. Among them:

- Should the federal government encourage state governments to bite the bullet by permitting taxpayers to take tax credits on federal returns to offset increased tax payments to states?
- Should the federal government turn over a designated federal tax to state and local governments, such as the liquor tax, gasoline tax, etc?
- Should a set percentage of income be returned to state and local governments on a formula basis, like Revenue Sharing?
- Under any turnback plan, will there be a direct federal-local relationship or will the federal government insist upon only dealing with the states?
- Will an effort be made to equate the amount of returned revenues with the cost of returned responsibilities?

Should revenues be returned on  
the basis of programs eliminated,  
per capita, needs factors, etc?  
Will the issue of fiscal disparities  
be addressed?

There are a number of  
considerations at the state level, too, in  
moving toward our new relationships.  
Since the 50 states will be getting  
block grants intimately involved with  
city programs, we can offer the states  
guidance for block grant operations.  
The City of Cleveland and its surrounding  
county have already worked out a set of  
block grant guidelines.

We, in the cities, are going to  
have to spend more time in the state  
capital. While we have our State Municipal  
Leagues and individual city lobbyists, the  
level and consistency of representation  
will have to go way up. State legislatures  
are going to begin passing more laws  
affecting cities and more laws creating  
city programs than ever before. The  
state bureaucracies will be making grabs  
for a pound of flesh from each federal  
block grant program passing through the

state house. Our in-house ability to do planning, develop allocation formulas and deal with the complexities of our own state bureaucratic machinery will have to be refined. We'll have to keep pushing to make things happen. An effort to reinforce our State Municipal League organization is called for. Just paying dues and then going fishing is not enough. When they send out a legislative alert, we've got to respond to our legislators promptly and strongly. When state legislative committee's meet, we have got to do our homework and attend.

We're also going to have to open up direct, close and continuing relationships with a whole range of state executive agencies.



It is also fairly obvious that some state laws and even some state constitutions will have to be changed to give states and their respective cities the administrative capacity and revenue to respond to the challenges of the New Federalism. In June, I suggested to the President that he call together the Governors of the 50 states and lay it on the line in terms of what they must do to make his New Federalism initiative successful. I particularly urged him to recommend changes in state constitutions so that local government would have the taxing authority needed to handle their own problems. One of the major reasons why so many cities over so many years turned to the federal government for help is the fact that their state capital ignored their problems and their pleas, particularly in terms of additional revenue needed to respond to local problems.

I can assure you that if I did not have the constitutional authority to raise Cleveland's city income tax, sanctioned by a vote of the people, Cleveland would still be on its back.

It is easy to describe new rules of conduct for the federal government and our own state legislatures. It is more difficult to change our own method of operating our city's bureaucracy.

On the local level there is much that can be done to respond to New Federalism. It can all be effectively summarized under the title of "Public-Private Partnership". In far too many instances government becomes an isolated entity unto itself and forgets that it is simply one strand of the fabric of our society and must work with other institutions if it is to realize its potential, just as other institutions must work with government to achieve their potential.

If we are going to respond to the challenges of New Federalism we are going to have to do a far better job of delivering services and utilizing the dollars that we have available to us. In many instances we will have to raise additional dollars locally to take up the slack created by federal cutbacks and the community itself will have to look more to its own resources particularly in plugging the holes increasingly evident in the human services "safety net".



What I am saying is that there is a lot more we can be doing for ourselves and I'm not talking Pie in the Sky because we are doing them in Cleveland today.

Immediately after my election as Mayor in 1979, I turned to Cleveland's business and philanthropic sectors for help. The day after my election a volunteer task force of accountants began taking an inventory of our city's financial position. In eleven weeks they established the fact that we were \$111 million in debt. While depressing at least we now knew where we stood. This volunteer group was quarter-backed by Ernst and Whinney as their firm headquarters is located in Cleveland. On the team were representatives from seven of the big eight accounting firms, plus representatives from SOHIO, Eaton, TRW, Chessie and Republic Steel. The audit was valued at over \$350,000.

I then asked the private sector to form an Operations Improvement Task Force, the primary mission of which was to determine how government services in Cleveland could be provided in a more efficient and economical manner. Emphasis was placed on immediate improvement

opportunities that could be accomplished by executive action. However, the Task Force also identified opportunities for major economies that required further in-depth study, city council action or amendments to the city charter. The contribution from the private sector was impressive. There were 89 full time executives, 62 companies loaned executives, all of which totaled to a donation of 35,000 man hours of time. There were 272 pledges amounting to a contribution of \$544,000 from corporations and labor and an added \$250,000 was donated by two Cleveland foundations.

We also have formed an urban coalition called the Cleveland Roundtable, modeled after Coleman Young's New Detroit urban coalition. The Roundtable has brought together major stake holders in our community so that we can galvanize all our cities great assets to solve community problems. The Cleveland Roundtable has taken on the problems of education, employment and housing in our community and has also agreed to help us find ways to deal with the challenges presented by funding cuts from Washington.

The Roundtable is also identifying entry level jobs in our community and has already started to identify summer youth employment positions for next summer in order to take up the slack resulting from the CETA cutbacks.

The Roundtable is also looking at developing a local plan for the rehabilitation, renovation and construction of homes in the city.

In order to support the Roundtable's effort we have also created a task force made up of the county and city, United Way and other agencies involved in providing services to those affected by cuts in Health and Human service programs. This groups two main functions are to guarantee that we don't get shortchanged by the state when they allot grants in the areas of Health and Human Services and to ascertain how we can utilize all of the cities people and private resources for Cleveland's most needy.

We have also created a new organization called MOVE, which stands for the Mayor's Operation Volunteer Effort, the purpose of which is to utilize volunteer help to better manage our city government and to supplement our staff in delivering services



to our citizens.

For years Cleveland has had the appearance of a decaying city. Recently we went to leaders in our community, to discuss this problem. It was decided that the best way that private industry could accomplish a clean-up of our city was to use peer pressure to get Cleveland businesses to landscape, clean, paint and improve their property and surrounding land. In some instances corporations have "adopted" city blocks for improvement. What a great way for the corporate community to show its pride in its community! The program, called Cleanland-Cleveland, will expand a program that has existed for several years, known as Rapid Recovery, which was designed to clean up our rapid transit rights-of-way.

Because Cleveland's economy was sagging, two of our Foundations funded long range studies that will permit us to effectively plan for the future. Questions such as what strategy should we follow in economic development, and what trends in business will affect Cleveland were addressed.

We also realize that one of our most pressing problems has been our labor-management climate. Most CEO's of manufacturing companies in Cleveland will give me a lecture on the reasons why manufacturing jobs are leaving the area. It has long been my contention that if we really are going to solve the problem, organized labor must get involved in the process of identifying the reasons for the job exodus. In an effort to understand those reasons I asked organized labor to survey its members on their perceptions of what is happening to our economy and the reason why manufacturing jobs have left the Cleveland market.

The Cleveland Roundtable has agreed to provide the forum to address those issues regarding loss of jobs so that they can be effectively dealt with.

Recognizing that more money is going to be spent for Defense, and to try and soften the blow of the cuts in the safety net, we have established the Cleveland Government Contracts Procurement Office. Modeled after similar ones in Buffalo and New York City, it is charged



with the responsibility of marrying our Greater Cleveland business sector with the federal procurement office in our region of the country. Particular emphasis is being placed on going after the \$3.6 billion set aside in non-defense strategic spending, earmarked for labor surplus areas such as Cleveland.

In addition, we are promoting the "Make It in Cleveland" program, begun in this city in conjunction with Gould Corporation's Ocean Systems Division, which manufactures torpedoes.

In order to comply with Public Law 95-507, that company and the city identified and qualified 140 subcontractors who heretofore had not done government business. As a result, the Gould Corporation spent \$14 million in Cleveland and saved 20% on their projected subcontract work. Our Contracts Procurement Office is now promoting all of our government qualified subcontractors with various Prime contractors throughout the country who have had problems complying with Public Law 95-507. It is also

important to note that this 3 year million dollar program is supported 1/3 by the city and county, 1/3 by private foundations and 1/3 by private industry.

Because virtually everyone in Cleveland has come to the realization, like most people in your community, that public capital resources of the community have not kept up with the need for rehabilitation and replacement of our infrastructure, the Growth Association, public officials, private sector individuals and the staff of the Urban Institute are developing a "Community Capital Investment Strategy". The strategy is designed to develop priorities and a workable financing strategy to meet those long neglected infrastructure needs.

In summary, our policies in Cleveland have been to provide a constructive and cooperative environment for business and for our citizens, to insure that city services are provided in an effective and efficient manner and to use our offices as an agent to bring all groups together in harmony.

I suggest this should be the kind of response that all cities should be giving

to the President's initiatives in the area of New Federalism.

There is a new increasingly well developed and accepted understanding in Cleveland today, an understanding that should be promoted in every city throughout this country. The understanding is that there exists a significant community of interest among business, labor, government, minorities, community organizations, Religious, cultural, social service and educational institutions and that in order to achieve our respective goals and aspirations we must work together.

Everyone in Cleveland is concerned about our cities recovery. Participation in community projects has given everyone a new sense of pride and commitment to their city. They seem to sense the same point made by Dr. Lewis Thomas, the noted biologist and essayist who, when discussing the Darwinian notion of "survival of the fittest", commented that the "fittest" who survive are those who cooperate best with other living things. The viable city of the near future, the "fittest" city if you will, will be the one where cooperation among all groups is more than slogan but a way of life.



Our state motto is "with God all things are possible". My own personal motto is "God helps those who help themselves". If Cleveland can surmount and can continue to surmount the enormous problems it has faced, there is not a city represented in this room that can not help but survive and ultimately prosper.

Arnold Toynbee, the historian, often made the point that civilizations became great by overcoming challenges. There's no doubt that American cities are faced with major challenges, and, equally, there's no doubt that our cities will become greater by facing and overcoming those challenges.

Thank you.

ASSIST DURING TRANSITION PERIOD -  
AUGUST 1981 IF ANYTHING SHOULD BE DONE.

CITY LOGGING EFFECT IN COLUMBUS - Q  
OF OUTREACH - MEMORANDUM  
ALL FUNDS - FIT NEEDS  
CONCERN OF REG. GRANTS  
ON SAFETY NET.

TO: The Executive Committee

FROM: Sarah S. Austin *SSA*

RE: Establishment of a State Liaison Committee

DATE: December 7, 1981

Phil Allen - OFFICE OF BUDGET & MANAGEMENT -

REORGANIZATION  
UNIT  
The federal administration's new federalism policy represents a major shift in the federal government's relationship to states and localities. More responsibilities will be shifted to state and local governments.

INCL  
BUDGET  
REF  
COMMITTEE  
One of the primary methods used to transfer substantial authority to the states will be through the Block Grant Program. Nine (9) Block Grant Programs represent consolidation of fifty-seven (57) former Federal Grant programs in the areas of education, health, transportation, and urban aid. The states will have wide latitude in the disbursement of these funds.

REF  
COMMITTEE  
This summer, the Ohio State Legislature established a Joint Legislative Committee on Federal Funds to determine how the state will allocate and distribute monies from the Block Grant Programs. Chairman of the Committee is Republican State Senator Donald E. Lukens. On February 1, 1981, Democratic State Representative Francine Panchal from the Greater Cleveland area will become Chairman. The Committee is currently hearing the reports from leading state agencies for the spending of the Block Grant funds. Subcommittees include:

- \* Tax
- \* Education & Health
- \* Energy & Community Development
- \* Environment, Justice, Transportation & Natural Resources
- \* Social Services & Medicaid

As a coalition of leadership from Greater Cleveland, the Roundtable needs to have input into the priority setting and decision-making that will occur at the state level. The critical needs of Greater Cleveland must be voiced. Widespread unemployment and huge layoffs are only part of the area's economic picture.

Besides input into the Block Grant process, establishment of a State Liaison Committee would make it possible for the Roundtable to get its ideas and initiatives to the Legislature. The Education Committee's proposal regarding the teacher certification requirement for

Executive Committee  
December 7, 1981  
Page 2

a school superintendent and Housing Committee issues are a few examples of areas where the Roundtable currently is exploring more legislative involvement. Its activities would complement and support the existing Roundtable committee work.

The work of such a committee would need to operate within the regulations established for non-profit organizations with a 501 (c) tax status.

SSA/kek





Bill Mc Huff

M E M O R A N D U M

December 8, 1981

TO: MR. STREETER

FROM: MR. GINN

Re: Title XX--Butler County Suit  
Before United States District  
Court in Cincinnati

61 MB  
SUMMARY AS  
ATTACHED  
CUMULATIVE

Dan Ransohoff, an old and dear friend of mine who is also well known to many people in the social service business called me from Cincinnati to lay on us his concerns about a suit recently filed by Butler County against Kenneth Creasy, the State Welfare Director, in which an attempt is being made to direct Title XX Funds away from the historic formula which favored urban areas and toward a per capita distribution. If the Title XX Funds are distributed per capita it will mean a loss to Cleveland of \$2 million to Cincinnati of \$1 million and to Columbus of a like substantial amount. It is believed that the United Way in Butler County may be behind the suit and hence there is a probability that the Ohio Citizens' Council would not take an interest directly in the matter. Kerigan

[Dec 8, 1981]

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is aware, I understand, of the problem and has expressed great concern to Ransohoff.

Recently Senator Aranoff of Cincinnati inserted a provision in the budget for the State of Ohio that mandates the historic formula approach and it may be that this is the target of the Butler County suit. The suit is pending before Art Spiegel, the new Federal District Judge, in Cincinnati.

Spiegel has a strong civil rights background and may not be an entirely inappropriate judge to pass on this issue. On the other hand, it is too important to simply allow the state to proceed without concern expressed by the affected counties.

Obviously we need more facts on this subject and equally obvious is the probability that this is only the first of many skirmishes that may be played out on distribution of funding through the state level. Voluntary agencies are, of course, a substantial beneficiary of Title XX Funds. It would seem that there are at least these options:

1. The Federation for Community Planning, possibly in conjunction with the United Way, should take an active interest in developing the facts and positions relative to the issues.

[Dec 8, 1981]

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2. The Cuyahoga County Commissioners should be sensitized to the problem. Through special counsel such as Ginn and Streeter they might intervene in the suit as an interested and affected party and thereby sharpen the issue and assure that a proper hearing would be held and hopefully a favorable determination be made. The county could, of course, use its own counsel, Tom Gill, and borrow assistance from the Federation, etc.

3. Some key voluntary agencies in Cuyahoga and other urban counties could intervene and pursue individual rights or the intervention could be by Cleveland's United Way as representative of the class of persons who will be affected by a redistribution under a different formula.

4. We can do nothing and let the chips fall where they may relying upon the State Attorney General's office to protect the public interest. Remember that as far as the State Welfare Department is concerned, it might not have much of an interest one way or another in which formula is followed since the funds are paid out to the various counties and do not presumably affect the state's budget or the budget of the Welfare Department per se.



[Dec 8, 1981]

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My own preference given the sketchy facts is for an act of interest to be taken by our Cuyahoga County Commissioners. I would prefer that this be articulated through retained counsel rather than the County Prosecutor's office primarily because it would add a dimension of concern when the court receives the pleading. The first step, however, is to gather the facts and make sure that the whole thing is worthy of effort. A staff member from the Federation could no doubt pull together the required information. Although we might need to have one of our lawyers get a set of the pleadings filed to date.

I have promised to get back to Danny Ranschoff within a reasonable time.

W.D.G.

/jlc

cc: Ralph Brody

E. Mandell deWindt  
Chairman of the Board  
  
Eaton Corporation  
World Headquarters  
100 Erieview Plaza  
Cleveland, Ohio 44114

December 9, 1981

Dear (First Name):

It's no secret that Cleveland is in the process of one of the most dramatic revivals in the history of urban America. Our spirits and our prospects for the future are higher than ever and we've got a firm grip on our own bootstraps.

It's also no secret that the reason for Cleveland's turnaround is that it has been a total community effort. No one segment of our society can, or should, be responsible for the progress that has been made. It's the result of dedicated participation by all of our citizens.

The Greater Cleveland Roundtable is a bright example of that full participation. A coalition of leaders from every facet of community life, the Roundtable was established to provide a consensus of concern and concerted action in meeting the problems and reaping the opportunities that face our community. The Roundtable does not replace or diminish existing organizations but rather, acts as a focal point for discussions and deliberations in which leaders from the widest possible spectrum of community life take part.

As you know so well, it takes more than dedication to make any organization effective. The initial funding was provided by the Cleveland and Gund Foundations. The Greater Cleveland Roundtable now needs ongoing financial support and is requesting it from the broadest possible community base. Our 1982 budget of \$222,515 is modest and, in keeping with the goals of the Roundtable, should be shared by as many companies and organizations as possible.

We would like (company name) to consider a contribution of (\$0000) to the Greater Cleveland Roundtable's 1982 budget. I've enclosed some materials about the Roundtable for your information. In the meantime, (volunteer), will contact you to answer any questions you may have regarding the Roundtable and the campaign.

I look forward to your early response in the hope that the campaign can be successfully completed by January 31st.

Sincerely,

EMdeW

Mr. John Smith, President  
Smith & Co.  
1200 First Avenue  
Cleveland, Ohio 44114

PLAN - Bulwark by the  
the lobbyist - who gets  
local funds -

Other Groups working in area

SUGGESTED METHODOLOGY TO -  
GET ACCOMPLISHED -

TARGET AT STATE

PUT RESOLUTION THROUGH

Continuity of Care  
LEGISLATIVE Assembly

File



~~\*~~  
1) Subordin

2) Problem - Case Study

3) File

WRITING  
CASE  
STUDY



THE GREATER CLEVELAND ROUNDTABLE

Housing & Neighborhood Development Committee Meeting

Teamsters Union Local 507 - 1870 East 19 Street

December 9, 1981

MINUTES

PRESENT

Jackie Presser, Co-chairman  
Bruce P. Foster, Co-chairman  
Melvin C. Arnold, Claude Banks,  
Dr. Karl Bonutti, Jose Feliciano,  
Carole F. Hoover, Albert B. Ratner,  
James M. Whitley, Sarah S. Austin,  
and Charles Lowery, staff

Also attending - Gerald Smith, May Company

SUMMARY

It was generally agreed that the Committee should deal with a set number of important items. It was recommended that the Committee:

- \* Facilitate and coordinate local housing efforts. The reduction of federal funds for housing development and rehabilitation and the lack of documented and updated information on the current activities in Cleveland's neighborhoods emphasize the critical need for such action.
- \* Establish a strategy to develop mechanisms for long-term financing. Such efforts could include the use of pension funds and the strengthening of the authority and resources of the state housing agency.
- \* Serve in an advisory capacity to the Mayor - City of Cleveland.
- \* Work to upgrade the Cleveland Planning Commission.
- \* Invite bankers to be representatives on the Committee.
- \* Bring in a representative from the Michigan Housing Agency to discuss that state's activities in the area of housing.

The meeting was called to order by Co-chairman Presser at 7:29 a.m.

OVERVIEW OF HOUSING AND NEIGHBORHOOD DEVELOPMENT ACTIVITIES  
IN THE CITY OF CLEVELAND

Mr. Ken McGovern gave a presentation on housing and neighborhood development. He stated that there were many substandard housing units in Cleveland. Much of the housing stock is old, wood frame, and difficult to renovate. He said an average minimum of \$15,000 was needed to rehabilitate the units. The history of the Community Development Block Grant (CDBG) Program was outlined. Block Grant monies have been used to replace traditional capital improvement funds for sidewalks, streets, etc. Less and less money has been used for rehabilitation or renovation efforts. It was also noted that the federal government funds for the production of housing have been shrinking. In summary, there has been little or no planning done during the past 12 to 15 years on ways to use the available federal funds. Baltimore is an example of how government CDBG funds can be used in conjunction with the private sector monies in a joint revitalization effort.

Current activities in the area of housing and neighborhood development were outlined. They included:

- \* City of Cleveland CASH Program
- \* National Housing Services (NHS)
- \* Local Development Corporations and Community Development Corporations
- \* Lutheran Housing Service
- \* Famico Housing

It was felt that the efforts of some organizations were not targeted and therefore not effective. The problem of isolation was also mentioned. Many groups are doing their own community work but do not coordinate efforts with other groups.

In order to be successful in the revitalization of neighborhoods, new people must be attracted back into the neighborhoods. Mr. Foster questioned how the concerns of current residents would be met in order to minimize the displacement of the current neighborhood residents. Mr. McGovern gave the West Side as an example. In that neighborhood, the focus is on the current residents and the vacant homes. They want to market the area for other similar neighborhood residents. Mr. Presser asked about the future of commercial buildings and residential housing downtown. Mr. Ratner noted that if high-income residents are the marketing focus and they settle in the downtown area then money can be raised and diverted to the neighborhoods and poor residents. He complained that the city doesn't have a planning department or a state housing agency with enough power to get things done. Mr. McGovern stated that the high-income approach was being used in University Circle. Recently, four two-bedroom condominium units were marketed at \$125,000 each, but, to date, they have not been purchased.



The National Housing Service's model was discussed in further detail. The City of Cleveland, the lending community, and the neighborhood residents are the primary parties. All three groups caused disinvestment. In order for the NHS effort to be successful, all three groups must commit themselves to the project beforehand. A partnership of the three groups is used to make decisions at every step of the process. The partnership is the key element. The process takes time but it can work. NHS represents the most effective public-private partnership in the city for neighborhood development. The role of insurance companies in NHS was reviewed. The role of the City's housing inspection department was also mentioned.

Mr. Ratner outlined the serious condition of Cleveland's neighborhoods. He stated that help was needed to save some neighborhoods such as Hough.

The role of the Roundtable in the area of housing and neighborhood development was discussed in detail. Mr. McGovern stated that a coordination of efforts was needed. Programs must be focused and available monies targeted. Mr. Presser said that planning must take place before actual development begins.

Mr. Ratner emphasized that the role of the Roundtable should be that of facilitator. It should focus on a set number of concerns. One project should be the formation of a state housing agency to assist in the development of and building of housing. The second project should be the introduction of legislation which will also encourage housing and neighborhood revitalization. The third project should be the strengthening of the City of Cleveland Planning Department. Research must be done on the new development plans in the City, Cleveland Clinic, Playhouse Square, Cleveland Playhouse, Mount Sinai, and the new downtown projects, such as Sohio. The problems encountered by the City in getting a new downtown hotel were discussed to illustrate the current planning problems.

Mr. McGovern concluded his presentation with a review of a map which detailed the downtown and surrounding areas.

#### THE HOUGH AREA DEVELOPMENT CORPORATION'S ACTIVITIES

Mr. Claude Banks presented basic information on the Hough area. He stated that the boundaries of Hough are East 55 Street to East 105 Street and Superior Avenue to Carnegie Avenue. Most of the recent development has occurred in eastern Hough such as the Martin Luther King Plaza. In addition, the housing stock in the eastern area is in better condition.

HADC's housing plans consisted of preservation of existing housing stock and a pilot project involving new houses. The pilot project included the building of six new homes in the \$45,000 - \$55,000 range. Three homes were purchased by existing residents. New units of housing including apartments and townhouses are now being planned.

An industrial park designed to bring industry into Hough and create jobs for community residents has been proposed. The park boundaries extend

Housing & Neighborhood Development Committee Meeting  
December 9, 1981  
Page 4

from East 55 Street to East 71 Street and from Chester Avenue to Carnegie Avenue. A feasibility study has already been done. Mr. Banks stated that a better coordinated planning process is needed to make the industrial park a reality. One company is interested in a park site but more companies are needed.

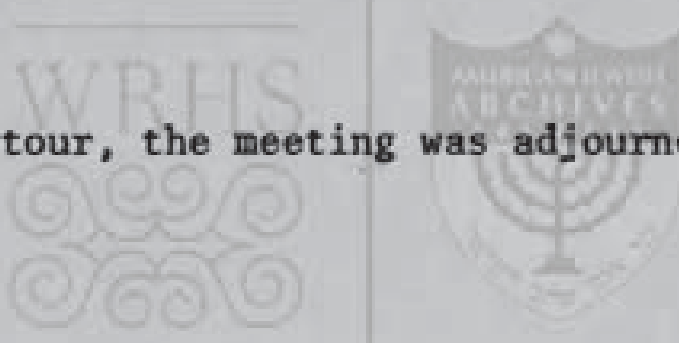
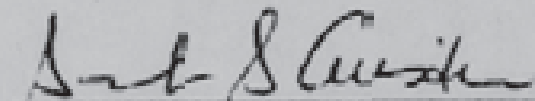
Mr. Banks described some of the problems he has encountered with the City Council. The need for a blight study has recently handicapped HADC efforts. Various maps were used to illustrate the existence of vacant land, the location of housing and the status of the proposed industrial park.

BUS TOUR

Committee members took a bus tour of the Hough area. They toured the neighborhood and viewed the residential housing including the six new HADC homes.

ADJOURNMENT

Following the bus tour, the meeting was adjourned at 12 noon.

  
  
Sarah S. Austin  
Executive Director

SSA/kek



Jul Fox

ROOM 2041 100 ERIEVIEW PLAZA CLEVELAND, OHIO 44114 (216) 579-9980

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Frank Valenta  
Mayor George V. Volinovich  
Dr. Walter B. Waetjen  
Ronald G. Wallace  
Alton W. Whitehouse, Jr.  
James M. Whitley  
Dr. Willis Winn

December 9, 1981

Rabbi Daniel J. Silver  
The Temple  
University Circle at  
Silver Park  
Cleveland, OH 44106

Dear Rabbi Silver:

As you know, there is increasing community concern about the "new federalism" and its impact on the Cleveland area.

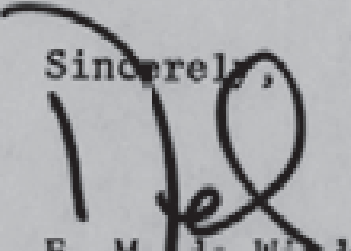
The increased responsibility of state government in the operation of programs and disbursement of funds has prompted the Executive Committee to establish an ad hoc State Liaison Committee. It is my hope that the Committee might help us better understand how the state is handling its new responsibilities and what the Roundtable can do to insure that Cleveland gets its fair share of programs and funds.

I would be extremely pleased if you would agree to serve as chairman of this Committee.

I am also asking Melvin Arnold, Leona Bevis, and David Hill to work with you.

I would appreciate hearing from you before our Board meeting on December 17.

Sincerely,

  
E. M. de Windt  
Chairman

/kek





# OHIO LEGISLATIVE SERVICE COMMISSION

R-114-1610

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December 9, 1981

Ms. Sarah Austin, Executive Director  
Cleveland Round Table  
100 Erieview Plaza, Room 2041  
Cleveland, OH 44114

Dear Ms. Austin:

You requested some information relating to the Joint Legislative Committee on Federal Funds, its activities, and its plans for 1982.

### Committee Establishment and Membership

The Committee was originally established by House Joint Resolution 39 of the 114th General Assembly, and was reestablished by Section 168 of Amended Substitute House Bill 694, the general appropriations act for 1981-1983. I have enclosed a copy of Section 168 of Am. Sub. H.B. 694, which sets forth the membership of the Committee, its organization, its duties, and its powers. Interest in establishing the Committee first grew out of legislative concern with President Reagan's proposals to consolidate various federal programs into block grants.

Am. Sub. H.B. 694 charges the Committee to monitor the receipt, expenditure, and distribution of federal moneys; review state agency applications for federal moneys; review and make recommendations concerning amounts of federal moneys and state matching contributions; monitor and report to the legislative leadership on Congressional actions that may affect any appropriations act; review and recommend to the General Assembly actions relating to Ohio participation in federal programs not anticipated when Am. Sub. H.B. 694 was enacted; and review state agency applications for moneys under the categorical grant programs that President Reagan proposed for consolidation into block grants.

The current Committee Chairman is Senator Donald Lukens, Republican (R) of Middletown. The Vice-Chairman, who will become Committee Chairman in January, 1982, is Representative Francine Panehal, Democrat (D) of Cleveland.

continued...

Ms. Austin  
December 9, 1981

Page Two

The other Senate members are: Stanley Aronoff (R), Cincinnati; William F. Bowen (D), Cincinnati; Theodore Gray (R), Columbus; and Marigene Valiquette (D), Toledo.

The other House members are: Robert Brown (R), Perrysburg; Dean Conley (D), Columbus; Robert Corbin (R), Dayton; and Thomas Gilmartin (D), Youngstown.

#### Subcommittees

The Committee has established subcommittees to consider various federal programs and, in particular, the block grants that were enacted by the federal Omnibus Budget Reconciliation Act of 1981. That federal legislation combined 57 former federal categorical grant programs into nine block grants. The subcommittees' subject areas and membership appear below. In each instance, the first subcommittee member named currently chairs the subcommittee and the second subcommittee member named will become chairman in January, 1982:

Subcommittee on Medicaid and Welfare, with authority over the Social Services Block Grant--Rep. Brown, Sen. Lukens.

Subcommittee on Education, Health, and Human Services, with authority over the Education; Alcohol, Drug Abuse, and Mental Health; Primary Care; Maternal and Child Health Services; and Preventive Health and Health Services Block Grants--Rep. Panehal, Sen. Bowen.

Subcommittee on Energy, Employment, and Economic and Community Development, with authority over the Low-Income Home Energy Assistance, Community Services, and Community Development Block Grants, and over CETA and other employment programs--Rep. Gilmartin, Sen. Gray.

Subcommittee on Natural Resources, Justice, and Environment, with no authority over any particular block grant but concerned with loss of categorical grant funds in these subject areas and with the effects of reductions of federal funds on general government operations--Rep. Corbin, Sen. Valiquette.

Subcommittee on Taxes, with no authority over any particular block grant but concerned with changes in federal tax laws that will affect Ohio tax revenues--Rep. Conley, Sen. Aronoff.

These subcommittees have been meeting periodically and will present reports, including draft legislation, to the full committee by January 5, 1982. The full committee will then consider legislative proposals affecting block grants and other federal programs. Sherry Layton of the Ohio Legislative Budget Office, at 614-466-8734, is the most knowledgeable staff person on actions the subcommittees have taken. The Subcommittee on Medicaid and Welfare, however, has presented drafts of legislation relating to Title XX Social Services Programs to the full committee. Jeanne Young of the Legislative Service Commission staff, at 614-466-3829, should be able to provide you with information on that proposed legislation. However, I suggest that you contact Rep. Brown's office if you wish a copy of the proposed legislation. His office phone is 614-466-6095.

Ms. Austin  
December 9, 1981

Page Three

### Ohio Action on Block Grants

The Joint Legislative Committee on Federal Funds recommended that Ohio assume responsibility for six of the nine block grants on October 1, 1981. The Governor has designated "lead agencies" to serve as the primary state agency in dealing with the federal government on these grants. The list below identifies each of the six block grants by title, the lead agency for each grant, and, as appropriate, any "associated agency" that will cooperate with the lead agency in developing administration of the block grant within Ohio.

Alcohol, Drug Abuse, and Mental Health Block Grant--lead agency Department of Mental Health; associated agency Department of Health.

Preventive Health and Health Services Block Grant--lead agency Department of Health; no "associated agency."

Community Services Block Grant--lead agency Department of Economic and Community Development; no "associated agency."

Maternal and Child Health Services Block Grant--lead agency Department of Health; no "associated agency."

Social Services Block Grant--lead agency Department of Public Welfare; associated agencies Department of Mental Health and Department of Mental Retardation and Developmental Disabilities.

Low-Income Home Energy Assistance Program Block Grant--lead agency Department of Economic and Community Development; no "associated agency."

The remaining block grants are as follows:

Primary Health Care Block Grant--no funds will be available under this program until federal fiscal year 1983. The likely lead agency is the Department of Health.

Community Development Block Grant--administration of this block grant, under which Ohio may assume responsibility for the "Small Cities" portion of the Community Development Block Grants Program, awaits final adoption of federal rules. Department of Economic and Community Development will be Ohio's lead agency.

Education Block Grant--the Joint Legislative Committee on Federal Funds decided to hold off on assumption of this block grant until federal appropriations and regulations were clearer. The Department of Education is the likely lead agency.

The Governor's Executive Orders that officially accepted the block grants require the lead agencies to apply for the full allocation of funds, follow federal requirements in administering and accounting for the funds, and act on behalf of the Governor in dealing with federal agencies.



Ms. Austin  
December 9, 1981

Page Four

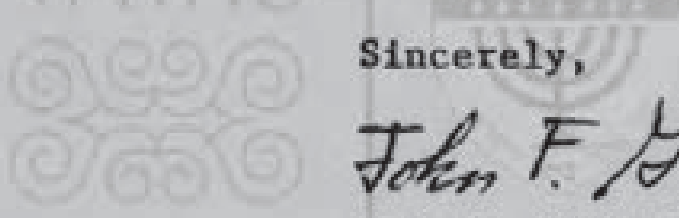
The General Assembly will consider during 1982 legislative proposals to define further Ohio's administration of these block grant programs.

Sources of Further Information

The Ohio Office of Budget and Management is the executive agency that deals overall with block grant programs. The County Commissioners' Association of Ohio, at 51 North High Street, Suite 501, Columbus, Ohio 43215, 614-221-5627, is publishing a series of reports called Block Grant News that provides useful information on legislative and administrative developments on block grants; contact Larry Long at the Association for further information. The Ohio Legislative Budget Office has been assigned primary responsibility for staff assistance to the Joint Legislative Committee on Federal Funds; either Richard Sheridan, the Legislative Budget Officer, or Sherry Layton, whom Mr. Sheridan has designated as the principal staff officer on federal programs, can provide you with further information. They are at 614-466-8734. Of course, feel free to contact David Johnston or me for further information.

I hope this letter is of some use to you. I welcome you to the Wonderful World of Federal Funds, and wish you the best of luck in dealing with it. Based on my experience and that of everyone else who has had to enter that Wonderful World, you will need all the luck you can get.

Sincerely,



*John F. Gallagher*

John F. Gallagher  
Chief, General Government Services

rlr/cjm

Creation of Joint Legislative Committee on Federal Funds

Section 168. There is hereby created the Joint Legislative Committee on Federal Funds. The Committee shall consist of five members of the House of Representatives who are members of the House Finance-Appropriations Committee and five members of the Senate who are members of the Senate Finance Committee. Three members of the House of Representatives and three members of the Senate shall be members of the majority party appointed by the Speaker of the House of Representatives and President of the Senate, respectively, and two members of the House of Representatives and two members of the Senate shall be members from the minority party appointed by the Minority Leader of the House of Representatives and Minority Leader of the Senate, respectively. Any vacancies that occur on the Joint Legislative Committee on Federal Funds shall be filled in the manner of the original appointment.

In the first regular session of a General Assembly, the Chairman of the Senate Finance Committee's Subcommittee on Federal Funds shall serve as the Chairman of the Joint Legislative Committee on Federal Funds. In the second regular session of a General Assembly, the Chairman of the House Finance-Appropriations Committee's Subcommittee on Federal Funds Review shall serve as the Chairman of the Joint Legislative Committee on Federal Funds.

The Joint Legislative Committee on Federal Funds may meet during periods when the General Assembly has adjourned. The Committee may request staff assistance from the Legislative Service Commission and from employees of the Senate and the House of Representatives. The Committee may administer oaths, issue subpoenas compelling the attendance of witnesses and the production of any papers, books, accounts, and testimony, and cause the deposition of witnesses. In case of disobedience on the part of any person to comply with a subpoena issued on behalf of the Committee, or on the refusal of any witness to testify in matters regarding which he may be lawfully interrogated, it shall be the duty of the county prosecutor in any county on application of the Committee, to bring a proceeding for contempt. Each department, agency, institution, board, commission, or other instrumentality or officer of the state, a county, municipal corporation, township, school district, or other governmental entity of the state shall cooperate with the Committee.

The Joint Legislative Committee on Federal Funds shall:

- (A) Monitor the receipt, expenditure, and distribution of federal moneys that are appropriated by the General Assembly or are obtained for this state under an executive order issued under section 107.17 or 107.18 of the

(B) Review applications by state departments, agencies, institutions, boards, commissions, or other instrumentalities for federal moneys;

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(C) Review and make recommendations to the General Assembly concerning the amounts of federal moneys and state matching contributions to be included in appropriations acts;

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(D) Monitor and report to the Speaker of the House of Representatives and the President of the Senate on any congressional action that will or may affect any appropriations act;

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(E) Review and make recommendations to the General Assembly relative to participation by this state in federal programs that were not anticipated when the General Assembly enacted appropriations acts.

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The Joint Legislative Committee on Federal Funds shall review state agency applications for moneys under the eighty-three federal categorical grant programs that the President of the United States proposed in 1981 be consolidated into six block grants, and make recommendations to the General Assembly concerning the appropriations of moneys under these categorical grant programs into a supplemental appropriations act.

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~~Section 16-9. Notwithstanding section 2743.70 of the Revised Code, the court in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, shall impose the sum of ten dollars as costs in the case in addition to any other court costs that the court is required by law to impose upon the offender. The court shall not waive the payment of the ten dollars court costs, unless the court waives the payment of all court costs. All such moneys shall be transmitted on the first business day of each month by the clerk of the court to the treasurer of state and deposited by the treasurer in the reparations special account.~~

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~~Notwithstanding section 2743.70 of the Revised Code, the juvenile court in which a child is found to be a delinquent child or a juvenile traffic offender for an act which, if committed by an adult, would be an offense other than a traffic offense that is not a moving violation, shall impose the sum of ten dollars as costs in the case in addition to any other court costs that the court is required or permitted by law to impose upon the~~

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# MINIMUM NEEDS AND APPROPRIATIONS FOR ESSENTIAL HUMAN SERVICES

PROGRAM	FY 1982			FY 1983		
	MINIMUM NEED	APPROPRI- ATION	DIFFER- ENCE	MINIMUM NEED	APPROPRI- ATION	DIFFER- ENCE
WELFARE						
Aid to Dependent Children @ 100% Standard of Need <sup>1</sup>	700.9 798.5	624.0	76.9	655.8 783.7	651.1	4.7
General Relief & Medicaid @ 100% Standard of Need <sup>1</sup>	125.8 180.2	109.1	16.7	132.5 206.9	120.5	12.0
EDUCATION						
Primary/Secondary Education	2,170.2	1,835.1	335.1	2,327.4	2,262.7	64.7
Higher Education	934.7	820.5		1,013.0	946.3	
JUSTICE						
Community Adult Corrections	4.7	2.2	2.5	5.5	2.8	2.7
HEALTH						
Local Subsidy	11.4	1.7	9.7	11.4	1.7	9.7
Alcoholism Program <sup>2</sup>	11.0	2.1	8.9	11.0	2.1	8.9
Speech and Hearing <sup>3</sup>	3.0	***		3.0	***	
MENTAL HEALTH						
Institutions	170.2	128.4	41.8	172.1	130.4	41.7
Community Programs	68.4	54.1	14.3	78.4	64.9	13.5
MENTAL RETARDATION						
Community Programs	74.3	51.2	23.1	78.5	65.4	13.1
SOCIAL SERVICES						
Title XX	32.8	16.4	16.4	53.4	16.4	37.0
Children Services Subsidy	17.5	12.2	5.3	23.5	13.5	10.0
TOTALS	4,307.9	3,657.0	(550.7)	4,612.2	4,227.8	(218.0)

<sup>1</sup>Figures for ADC and GR at 100% of the state Standard of Need are not added in total.

<sup>2</sup>In addition, a minimum of \$4.7 million is also appropriated each year from a newly established special revenue fund of earmarked liquor profits and liquor permit fees.

Compiled by: Ohio Citizens' Council  
155 North High Street, Room 300

December 10, 1981

bb2/P

MEMORANDUM

December 14, 1981

TO: Joseph Ferrante  
Art Brooks ✓

FROM: Charles Beard

RE: FEDERAL AND STATE ADC CUTS IN OHIO

ADC

By 27 November 1981, 35 percent of Ohio's ADC caseload had received desk reviews to determine eligibility under new, first-round federal restrictions on the program. Of these 75,000 cases, 11,674 (15.5 percent) were found to be ineligible under new federal rules. Another 5,569 (7.4 percent) ADC cases would have their monthly benefits reduced.\* It is important to remember that loss of ADC eligibility also means a loss in Medicaid benefits.

The two groups reviewed represent that portion of the total state ADC caseload that officials believe will accrue the greatest "savings and spending" to government. So, when all desk reviews have been completed, it is anticipated that the total percentage of first-round federal cuts and reductions will be smaller than the 15.5 percent of Ohio desk reviews completed at the end of November.

The second-round of federal cuts will include seven additional restrictions on ADC eligibility, out of the total of 22.

SSI

About 2½ years ago when HEW found Ohio in non-compliance with federal SSI eligibility rules regarding Medicaid, Ohio changed its Medicaid plan option under the federal rules. This option would have reduced Medicaid eligibility to about 12,000 Ohioans receiving benefits under SSI, unless they reduce their assets and resources in the payment of private medical bills to the level required for state medical assistance. This is known as "spend-down."

---

\* The cuts and reductions are contingent upon a ruling by the Sixth U.S. Court of Appeals, concerning the challenge by Legal Aid Society to the legality of the federal HCPA's making rule changes in violation of federal review and comment procedures. If the court rules against the U.S. government, all desk reviews legally will have to be re-done.

[Dec 14, 1981]

Rather than abate subsidized medical assistance to these SSI recipients, a state policy decision was made by the 113th Ohio General Assembly. The state decided to appropriate from the General Fund, alone, the total dollars necessary for reimbursement for health care treatment to these recipients under Medicaid. This required no federal contribution.

Now, under the budget bill recently passed (HB 694) these SSI recipients ~~will~~ ~~will not~~ will not be covered under Medicaid because the state appropriation for their care has been discontinued. It is anticipated by the state that these ~~recipients~~ recipients will be cut from Medicaid by 1 January 1982.

I have attached, for your information, significant portions of House Bill 694, as it pertains to ODPW.

BB2/E  
Attachment





**The Greater Cleveland Roundtable**

Room 2041  
100 Erieview Plaza  
Cleveland, Ohio 44114

(216) 579-9980

**Sarah S. Austin**  
Executive Director

December 15, 1981

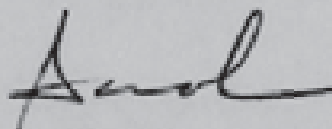
Rabbi Daniel J. Silver  
The Temple  
University Circle at  
Silver Park  
Cleveland, OH 44106

Dear Rabbi Silver:

I am absolutely delighted that you  
have agreed to chair the State Liaison  
Committee for the Roundtable.

Attached are the materials I  
promised to send you.

Sincerely,



Sarah S. Austin  
Executive Director

SSA/kek

Attachment



7772

## THE JEWISH COMMUNITY FEDERATION OF CLEVELAND

1750 EUCLID AVENUE • CLEVELAND, OHIO 44115 • PHONE (216) 566-9200

December 16, 1981

Rabbi Daniel J. Silver  
The Temple Branch  
26000 Shaker Blvd.  
Cleveland, Ohio 44122

Dear Rabbi Silver,

I have enclosed two documents which are the best I have seen to interpret the federal funding picture of health, human service and education programs. The AJC document is a brief but very informative outline of the structure of the Reagan program; the CJF paper goes into significantly more detail in each type of service.

On the state scene, the situation is still developing and it is difficult, if not impossible, to say exactly what the impact on local communities will be. The legislature has set up a joint committee on federal funds, which for 1982 has given the responsibility for decision-making on expenditure of federal funds to the governor's office. The governor from all indications, designed his budget as if the old categorical programs still existed at the federal level. The state budget recently passed seems to have maintained this general principal. Francine Panehal is the only representative from northeastern Ohio on the Joint Legislative Committee. Next year, Francine will chair the Committee; and she has already promised that the legislators will be ready at that time to take on their full responsibility for making decisions on the expenditure of federal funds.

The best general information source in the community is the Federation for Community Planning. If you have any questions, please feel free to call me at the Federation.

I hope this information is helpful to you.

Sincerely,

Joel Fox  
Social Planning Associate

1s

REAGANOMICS: IMPACT ON UNITED WAY AND VOLUNTARY AGENCIES  
An Overview

INTRODUCTION

Cleveland has long been considered one of the most, if not the most, philanthropic cities in the country.

Back at the turn of the century, it won prominence for being the first to consolidate fund raising for voluntary agencies and for developing a process to equitably distribute the funds collected...becoming the forerunner of all 2000+ United Way organizations in the country today.

Today, its United Way Campaign is second to none...with per capita giving of \$22.91 leading all other major cities, nearly four times that of New York, twice that of Boston and Chicago. In total giving it ranks fifth, behind only such giants as New York, Los Angeles, Chicago and Detroit. Cleveland's Jewish Federation drive is also a national leader.

With all this success...and with what is undoubtedly the finest voluntary system of human service organizations in the country...you would assume there are few problems.

Nothing could be more wrong.

Today, United Way Services and the 171 agencies it supports with voluntary contributions are facing what may well be the most serious crisis since the Depression...a financial crisis caused by years of double-digit inflation, rising numbers of people in need of help, inadequate funding increases...and now, a final blow in the form of major cutbacks in government spending, cutbacks that could go as high as \$14 million.

The following is an attempt to explore the problems in some depth, despite difficulties in predicting impending government actions.

"THE LEAN YEARS" - THE LATE SEVENTIES, EARLY EIGHTIES

1. United Way Campaign vs. Inflation, the Economy

By most standards, United Way fund raising efforts have been immensely successful. Results have doubled in the past decade, rising from \$17 million in 1970 to \$37 million in 1980. This resulted from an effort to "narrow the gap" between community needs and the funds available to meet those needs. Prior to 1970 fund raising efforts had fallen far short of what was needed to maintain services. The Cleveland Commission was formed to reverse the trend...and, as a result, great progress was made. By 1975, United Way was raising in excess of \$25 million.



But in the late 70's fund raising gains were eroded by an ever-increasing inflation rate. In terms of actual dollars, adjusted for inflation, United Way is raising nearly \$2 million less than it was raising in 1973.

In 1980 the economy in the Cleveland area dealt another blow...as employment in auto and auto-related industries plummeted...and as the "tight money" situation and rising costs affected the ability of both corporations and individuals to increase gifts.

There was talk that United Way might not be able to match the results of the previous year...but the Campaign managed to squeak over the '79 mark with a 3.4% increase. Hardly enough after several years of double-digit inflation, including escalating energy costs.

At the same time, agencies were being pressed to give more services. Traditionally, in poor economic times, the numbers of people needing help increase. And 1980 was no different.

The number of people seeking help from Consumer Protection Agency doubled... and the clientele changed from mostly welfare recipients to most middle-income individuals who were having difficulty keeping up with bills and rising energy costs.

Emotional problems, alcoholism, drug abuse, domestic problems and violence, child abuse, etc., tend to increase when people are undergoing financial stress...and this was proven as counseling and other agencies experienced higher caseloads. Problems of the elderly, on fixed incomes, too, created additional needs.

Other factors contributed to the rising numbers of people seeking help... deinstitutionalization of mental patients was one of these.

## 2. Government Funding and Voluntary Agencies

With the institution of the "Great Society" in the Sixties, increasing amounts of government money began flowing into private, voluntary agencies. At first, growth was slow; then during the early 1970's, many agencies found they could serve many more people in need of help by taking advantage of these funds.

United Way began to put up "matching funds" so agencies could utilize government dollars...while, at the same time, warning agencies not to become too dependent on public funds. But, for many, additional dollars meant fewer people in need would go unhelped...and they proceeded to apply for governmental funds.

Today...in addition to the \$37 million allocated to member agencies by United Way in 1981; another \$35 million in federal, state and local funds flows to these agencies.

However, over the past five years much of the government funding has eroded.

As an example, Title XX funds--which currently account for approximately \$9 million of the total government dollars being disbursed among United Way agencies, have been reduced. These funds are allocated on the basis of state population. Since Ohio population has decreased so has funding.

In addition, other unheralded cuts in government funds have taken place in recent years.

### 3. Agencies Cut Back, Increase Productivity To Cope

Due to the aforementioned problems, United Way agencies, for the most part have been operating on "bare-bones" budgets. Given a choice between cutting back services and finding innovative cost-cutting measures, a majority of agencies have chosen the latter. But, still, cuts in service have had to be made.

Following are some examples:

Children's Services: Among those served by this agency are some of the most severely victimized, abused youngsters in this community. Here, due to a combination of United Way and government funding, youngsters are counseled, treated, loved and helped back to normal lives. The success rate is exceptional.

Yet this agency's Title XX contract has been frozen for four years... United Way increases have fallen short of inflation. Cuts in nutrition subsidies have taken place, increasing operating costs. This is in addition to rising energy and other costs which have affected all agencies.

This agency has undertaken extraordinary measures in order to give service to its full capacity of youngsters...though its funding is for six youngsters less.

They have been able to do this by stretching resources. Staff members in addition to working eight plus hour days are required to alternate sleeping nights with the children, saving the cost of additional staff. Because these youngsters are severely disturbed, this often means that the staff member gets no sleep after working a full day.

In addition the agency has cut maintenance staff and has left numerous repair and maintenance projects undone and is closely monitoring other costs. (See additional piece on agency.)

Salvation Army: Major Gordon Brown wonders aloud what would happen to this agency if it were not for the extreme commitment and dedication of its officers and staff. Their days average 12-14 hours and often more. Salaries are well below even the minimum standards outlined by United Way Services (and these are well below those in the private sector).

Even with staff being stretched to this degree, insufficient funding has forced the closing of several centers--the West Corps Community Center at W. 26th and Lorain (9-80), the So. Cleveland Community Center (4-81), the Group Home for Boys (9-81). The Family Service Bureau has been dissolved (9-80) and programs at Berea and Strongsville have been consolidated. Music enrichment programs for youth have been eliminated.

The work of the Army in helping alcoholics, the poor and indigent, ex-offenders, etc., is widely known and respected...but this agency has already cut way back. It seems to Major Brown impossible to cut further when more funding reductions occur.

(See additional piece on agency.)

Center for Human Services: As funds have become more scarce, this agency has taken some innovative approaches to improving productivity, and maximizing utilization of resources.

As an example, they have increased their day care capacity from 255 to 350 with no increase in funding. Many jobs were stripped. The agency found it could still provide quality services with one teacher and an assistant rather than two teachers, for example.

Currently they are keeping only a core staff, adding part-timers and work-study people as needed.

In addition, the homemaker program has also upped productivity to close to 1976 levels despite the fact there are 12 fewer homemakers.

Child Guidance Center has improved productivity also--by 20%.

VGRS has closed two locations, consolidated activities in one building to save energy, other costs and has had to close its electronics training and placement program (meaning of course that many individuals will lose the opportunity to gain job skills and enter the employment market).

Community Information Services has seen its total number of calls increase from 15,000 in 1970 to 52,880 in 1980. However, its funding has decreased or remained even each year since 1972.

This has necessitated closing several neighborhood offices, created to reach the very poor and needy, those with basic survival needs. These people are less likely to call a central number and ask for help. 50% of those helped by neighborhood offices were in need of basic necessities, food, clothing, shelter compared with 30% overall.

With escalating costs and diminishing resources, CIS has chosen to maintain the high volume of people helped by centralizing operations at the expense of closing the more costly neighborhood offices. Only three of these offices remain and they are likely casualties of further cuts.

Health Hill, United Cerebral Palsy, Society for Crippled Children are working to eliminate duplication of services by coordinating similar services and sharing facilities.

Other agencies are taking advantage of the United Way Services-Sohio program to cut energy costs by making simple modifications, in buildings, adding insulation, weatherstripping, etc. This program received a \$50,000 grant from Sohio to help agencies make these adjustments.



And it is safe to say that all agencies are closely monitoring budgets to provide maximum efficiency...working to reduce energy, telephone costs, paper costs. They are tightening controls on purchases...others are recruiting volunteers where possible.

Some feel the only alternative is to increase the paying clients...which many view as a disservice to low and lower middle-income individuals.

#### UNDERFUNDED SERVICES, EMERGING NEEDS

In struggling to maintain existing services agencies have been unable to keep up with new problems and new needs.

Consequently there are simply no additional funds available to meet growing needs, of these groups, in particular:

##### 1. The Growing Elderly Population

In 1970, there were 168,888 people 65 or over in Cuyahoga County, representing 9.8% of the total population.

In 1900, the proportion of persons age 60 and over to the total U.S. population was 1 in 16. In 1978, it was 1 in 7. It is projected that by the year 2035 the elderly will constitute 1 out of every 4 citizens.

More than 24 million Americans are 65 or older.

For the five-county area: In 1970, there were 208,047 people age 65 and over, representing 10% of the population; in 1985, this figure is projected to increase to 312,266, or 15% of the population.

In Cuyahoga County, there are approximately 224,624 people, age 65 and over, out of a total population of 1,540,035. Projected figures are 229,494 for 1982; 233,833 for 1983; 237,708 for 1984; and 241,174 for 1985.

An estimated 32,000 currently need visiting nurses, homemakers, and home health aides, while an estimated 16,000 need food programs, such as meals on wheels. Many more are victims of rising costs, with its countless programs. And these numbers, obviously, will continue to grow.

##### 2. Working Parents

The numbers of women in the workforce have risen dramatically - due to economic conditions and an increasing divorce rate. Many of these are mothers. It is estimated that 5000-6000 youngsters are in need of day care services. Only about 2500 can presently be served.

Based on a sample of incoming calls to the Childhood Information and Referral Service, one indication of current demand showed that 87% of the callers said they were not able to work unless they could get child care. This is a major area of concern as it is to the community's advantage to have people working rather than on welfare.

### 3. Adult Disabled

UCP workshop presently has 28 people on its waiting list, as well as daily calls requesting admittance and several calls per week asking for help in job placement.

Figures based on the 1970 census show that the disability rate for Cleveland is 3.6 per 1,000 people. Figures vary by type and definition of "impaired" and "handicapped", but it has been substantiated that there is an extensive need for services for the chronically handicapped/disabled population.

A 1973 report of NOACA estimated 14,885 people with some form of disability that are not in the work force, but are employable, and 29,539 people with a disability that prevents them from employment. With specialized placement assistance, all but the bedridden in this latter group are capable of holding employment.

### 4. Troubled Teenagers

In the 1960's and early 1970's, most young people who used drugs were college age. Today the majority are in high school and junior high school. 40% of all teenagers have used marijuana, and 4 out of 10 have used it over 100 times. 33% have used cocaine, heroin, or hallucinogens.

12 to 17 year olds are turning to alcohol in staggering numbers.

In 1966, the number of teenage illegitimate births for Cleveland was 1,263. That figure increased to 1,824 in 1970, and 1,758 in 1976.

In 1977, in Cuyahoga County, there were 7,414 cases of juvenile delinquency, and 2,157 of teenage unruliness. In 1979, the first figure increased to 8,366 and the second decreased to 1,910.

Cases of delinquency are higher in males, and unruliness is higher in females.

There is a growing need for mental health services.

### 5. Minority Youth

As many as 75% of black Clevelanders between the ages of 18 and 24 are unemployed.

In June, 1980, 21% of all black Clevelanders were looking for work.

Minority group members are out of work in higher numbers than their white counterparts.

According to 1978 statistics, 44.9% of the non-white population, ages 16-19, in this four-county area were unemployed. In the central city, that figure was 50.7%.

## 6. Abused Children

According to HWS, national incidence of child neglect is 2 per 100, and of child abuse is 5 per 1,000. Locally, there may be as many as 12,000 cases of neglect and 3,000 cases of abuse in the UWS area.

Actual reported cases of child abuse and neglect in Cuyahoga County have increased from 950 in 1974 to 3,000 in 1978. Figures for 1978 for Geauga were 256; 600 for Lake; and 230 for Medina.

An FCP analysis determined that of 3,500 children in custody of the Cuyahoga County Welfare Department, one-third were abused or neglected.

An estimated 15,000 currently require services, compared with 2,000 served.

## 7. Domestic Violence

Based on Police and Welfare Department records, there are 26,000-28,000 reported cases of domestic violence per year. This number is consistent with estimates made by researchers in the general area of domestic violence who have shown that 50% of American couples engage in some violent behavior and 10% engage in extreme violence. Assuming approximately 325,000 households with two or more persons, a 10% projection gives 32,500 incidents.

The Women Together program receives approximately 600 calls per month (7,200 per year) requesting help. Again it should be emphasized that this probably underrepresents the actual incidence because of the unwillingness of some women to call (i.e., upper class families) or the fact that the calls represent only the most severe cases. In 1979, the Executive Director conducted a survey which showed that approximately one half of the calls were for requests for housing.

Women Together has space for approximately 16 women per month (192 per year) which is less than 5% of the demand, based on calls.

The Community Information Service reported receiving approximately 160 calls in 1979 requesting emergency shelter for battered spouses.

## THE NEW THREAT - GOVERNMENT CUTBACKS

What is really going to happen when cutbacks in human services occur is now anyone's guess.

What has already occurred is this: Congress has made its recommendations on the percent of federal funds going to health and human services that will be cut as the result of the President's program.

However, the actual appropriations have not yet been decided and changes could still be made at this stage.

Beyond this, the President has asked for additional cuts of 12-13% in human services. It is uncertain whether or not these cuts will go through.



The House of Representatives voted not to include additional cuts but action has yet to be taken in the Senate.

Without these additional cuts, it is estimated that 25-40% of all federal, state and local funding for human services currently flowing to United Way agencies will be cut, at worst about \$14 million. If new cuts are made this percentage escalates to from 37% to 53%.

Already \$1.6 million in mental health funds has been eliminated, affecting several United Way agencies, including Hill House, Child Guidance Center, Center for Human Services, Far West Center and Neighborhood Centers Association.

But the bulk of the funding cuts are yet to be determined.

Of the money appropriated by the Federal government, the largest proportion will be converted to block grants, to be administered by the State.

The Federal program most significant to voluntary agencies has been Title XX, which will be replaced by the Social Services Block Grant. (Added to this block grant will be federal day care funds as well.)

Monies appropriated for these programs are slated to be reduced by 22%. The types of services included will be mental health services, and clinics for children, teenagers, adults and the elderly; day care services; residential treatment for emotionally disturbed youth, information and referral services, welfare, etc.

Currently approximately \$9 million in funds is distributed to United Way agencies for Title XX services. Based on a 22% reduction that amount falls to \$7,120,000.

In addition to the Social Services Block Grant, other federal cuts affecting United Way agencies are taking place, among them:

- Rehabilitation Services for the Handicapped	Cut 25%
- Alcohol & Drug Abuse	Cut 23%
- Home Health Services	Cut 25%
- Law Enforcement Assistance (LEAA)	Cut 100%
- Maternal & Child Health	Cut 25%
- Elderly Programs	Cut 13%
- CETA	Cut 67%
- Nutrition	Cut 35%
- Health	Cut 25%

Beyond the changes and cutbacks at the federal level, United Way agencies receive funding from the state, county and city.

The State budget is still not set, with action expected in late October. It is likely that cuts on the State level will not be as high as originally expected. Funds previously used as matching funds for federal programs are expected to be included. This has passed the House but has not as yet been acted on by the Senate.

Among the United Way programs receiving State funds have been halfway houses, children's protective services, foster care and mental health services.

Also, some City of Cleveland revenue-sharing funds are allocated to social services. Cuts of 14% are expected in this area.

Concerns of United Way voluntary agencies about these changes are many:

1. How can agencies already operating on bare-bones budgets withstand additional cuts of this magnitude?
2. Many of the programs of United Way agencies are geared to helping people go off welfare (job training, day care) etc. With funds for these programs cut, it is feared that welfare rolls, will once again increase. What will be the future cost to the community?
3. United Way-funded residential care programs for severely disturbed youngsters are designed to help these youngsters return to the community as solid citizens.

With major cuts, many of these youngsters either will not be able to be cared for or will be simply housed with no treatment offered. These facilities have excellent records of rehabilitation.

The cost to the community of future incarceration or mental illness, will be many times that to turn their behavior around at a young age.

4. Working people on the "margin" who currently need just a little public assistance, such as day care, food stamps, Medicaid, in order to survive will have these benefits cut. They, too, may return to the welfare rolls.
5. It would take extremely generous giving for the voluntary sector to pick up any of the programs cut by government funds in view of the existing financial problems of member agencies.
6. There is no direction given on how block grants should be spent--other than in broad categories. However, we are confident the State of Ohio will keep to services previously funded.
7. There has been no time for the State to develop a process for determining needs...due to the rapid shifts in federal government philosophies. The State may have to mediate myriad competing claims for funds. Again, however, thus far the State is handling the problem as well as can be expected.

And there are more...

Additional insight into the problems can be found in the attached comments of specific agency staff.

## UNITED WAY RESPONSE

### 1. The 1981 United Way Campaign

Despite a still-depressed economy, United Way leaders set the highest campaign goal in history, \$40.8 million, a 10% increase.

However, this goal, as ambitious as it is cannot begin to address the enormous issue of government cutbacks. It can, however, begin a process of strengthening agencies weakened by several years of waning resources.

If the goal is not reached, the future of many of these agencies in the face of shifting government priorities is uncertain, at best.

In order to address the question of government cutbacks, contributions would need to be well in excess of the goal, an extremely difficult prospect in this economy.

To get an indication of the problem we need only look at total United Way giving across the country -- in 1980 \$1.5 billion was raised. All private philanthropy raised \$4 billion. Budget cuts at the federal level have already reached \$35 billion, ten times the amount currently raised through private donations.

To date, the United Way Campaign has raised \$28,785,742, for 70.6% of its goal. This is below the target for this date of 75%.

E. Bradley Jones, 1981 Campaign Chairman, has expressed concern along with the hope that the goal will be reached.

"The extraordinary burdens being placed on human service agencies in this time of shifting responsibilities for human services, make it doubly important to reach this year's goal."

"Even though the goal we have set represents only a beginning step, it is a necessary step if agencies are to continue providing quality services to this community."

"I can only hope the generosity of Clevelanders will once again surface. There has been no more important time for private philanthropy."

Several new campaign programs have been initiated as means of reaching this year's goal.

- . New Business - Over 400 volunteers are currently calling on 3000 area organizations that have not contributed in the past.
- . Project 50 - Identifies organizations with high potential for increased giving.
- . NCDF - Concentrates on branch offices of companies based elsewhere.

In addition, Pacesetter and Pilot programs (early campaigns) were beefed up and yielded 20.5% (Pacesetter) and 29.8% (Pilot) increases. The Ten



Plus program, to attract individual givers of \$10,000 or more, has increased its members to 125. That is one-fourth of all of the \$10,000 and over givers in the country.

New charitable contributions legislation may be helpful as well. For the first time, individuals taking the standard deduction will also be able to take a charitable deduction.

Corporations can now expend 10% on charitable giving as opposed to 5% previously.

## 2. Contingency Planning

United Way has required all agencies to develop a contingency plan for dealing with anticipated cuts.

These plans are to include information on programs that may need to be phased out or reduced...numbers of clients affected, staff cutbacks, reorganization plans, efforts to increase productivity, cut costs, etc.

They have also been asked what impact these plans may have on the agencies' ability to serve both paying and non-paying clients.

Nearly all of the plans are now in.

## 3. "Blue Ribbon" Committee

Efforts are underway to recruit a top-level committee to study the implications of federal cutbacks and the role of United Way in the shifting environment.

## 4. Management Assistance

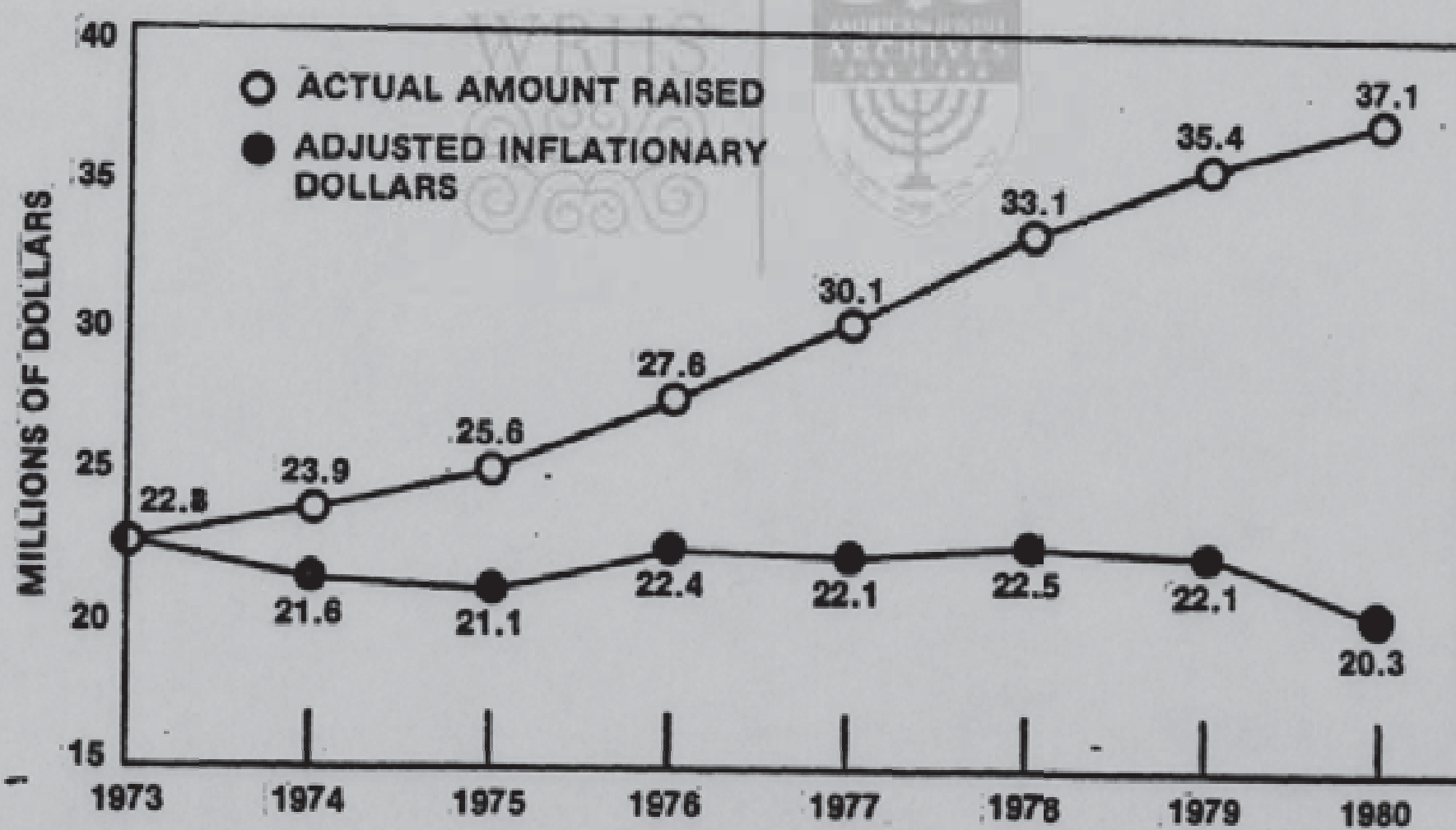
A plan has been developed for a United Way management assistance program for agencies.

It has been submitted to a local foundation in the hope of securing funds for its implementation.

## AGENCIES' RESPONSE

Insights into agency responses, contingency plans and concerns can be found in the following pages, in which individual agency directors were questioned about the impact of the cuts.

United Way Services  
Campaign Results Adjusted  
for Inflation -- 1980



"You can only stretch an elastic band so far before it breaks...and right now, we are very close to the breaking point."

-Major Gordon Brown  
Salvation Army

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Two Salvation Army Community Centers, once bustling with neighborhood children, now stand empty. A Group Home for Boys, once considered the finest in the city, has had to close its doors to the troubled youths once sent by the state of Ohio.

And soon, it is feared, there will be other casualties...perhaps even the well-regarded Harbor Light detoxification program for alcoholics.

Of all the United Way agencies, none has felt the sting of an economy-gone-haywire more than the Salvation Army.

The past few years, 1980 and 1981 in particular, have been extremely difficult, and the agency says it is now "in very critical financial straits".

Losses in funding, combined with rising costs and increasing numbers of people seeking help, have led to program after program being shut down.

Says Major Gordon Brown, "We are already down to the bare bones...I don't see how we can cut back any further. You can only stretch an elastic band so far before it breaks, and right now we are very close to the breaking point".



It was just a little over a year ago that the West Corps Community Center at W. 26th and Lorain closed...four months later, the inner-city enrichment programs were cancelled...by spring, another Community Center, this one on Brookpark Road, was gone...followed closely by the demise of the Family Services Bureau...and finally, just two weeks ago, the end of the line came for the Group Home for Boys.

"It really hurt to see the Group Home close. Even though we lost our grant way back in April of 1980, we did everything we could to keep it going. Juvenile crime is such an important priority; and we were making good progress with the boys."

Today, a \$20,000 deficit is all that remains of the Group Home.

"Through this time, I really think the only thing that has kept us going is the extraordinary degree of dedication shown by our officers and staff. To stretch our resources, they work long hours — 12 to 14 hours a day and often more."

Lack of funds last year tested that staff dedication as already minimal salaries were cut back.

According to Major Brown, "If it weren't for their spiritual commitment, I'd guess they probably wouldn't remain under these circumstances".

What will happen to the agency next is anyone's guess...for next it faces the much-heralded government cutbacks.

In a contingency plan drawn up at the request of United Way Services, the Salvation Army cites several programs as being in jeopardy.

The Hough Day Care Center is expected to be hit with cuts of approximately 25%; the Harbor Light Complex may suffer a loss of \$157,000 in federal funds for its detoxification program; and the Correctional Furlough program may see \$140,000 in State funds disappear.

"I don't see how we can possibly cut back the Hough Day Care Center any more and still maintain health standards and adequate teacher/student ratios. As for the detox center, it's the only place in the community where the down-and-out can go for treatment. Our cost is a very low \$45 a day compared with \$200 per day in most places. Occupancy here is always very high."

There are other programs that will most likely be gone next year, and over 100 inner-city kids will be unable to participate in an enriching camping experience next summer.

Beyond actual cuts, the shifting responsibilities for funding of human services will have other effects on the agency.

"We've always believed that our mission was caring for the needs of people from the cradle to the grave..yet I would have to say that our first calling is to help the poor and disadvantaged."

"Many people are going to see their food stamps, welfare payments, etc., reduced and will look to the Salvation Army for help during their hard times.

If they are truly needy we're going to try to help, even though it will mean a further strain on our resources."

This has already begun to happen. During the past year the number of people given assistance rose from 19,238 to 25,414. This has been attributed to the economic climate. In addition, 12,000 phone calls for help were handled.

"We're going to do the best we can. We're busy looking for volunteers, we're cutting costs wherever possible...and we can't help but hope through some miracle the United Way Campaign will come up with enough extra money this year to help us in some small way."





"The government needs to take a sharper look at how it is spending money. It shouldn't have to make cuts on the backs of the children who are the most abused in society."

-Father John A. Leahy  
Parmadale/St. Anthony's Home for Boys

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Short-sighted is the way Father John A. Leahy, Administrator of Parmadale/St. Anthony's Home, describes some of the cuts in federal funding.

"We have kids here now who, if they are not given treatment, will unquestionably be breaking the law when they reach adulthood. Won't the cost to society be much greater in the long run if that is allowed to happen?"

Most of the youths at Parmadale have been termed delinquents, some have been on drugs, nearly all are hostile and destructive, distrustful of adults when they first arrive. But, according to Father Leahy, there is hope their lives can be turned around with proper care and treatment. And the statistics prove this is so. The success rate for Parmadale kids is 95 percent.

But it is likely that the number of youths cared for will have to decrease in the coming year, for government dollars are expected to be cut by at least 22 percent, possibly as much as 40 percent.

To Father Leahy, assuming that United Way dollars remain steady, that translates to anywhere from 24 to 38 young people who will not be able to receive help here...at a time when Cuyahoga County is in dire need of treatment for 100 additional youths.

"These reductions will spell tragedy for children in need of placement. Our options seem to be to either serve fewer youngsters...or reduce the treatment component. It is the latter that really makes the difference in the lives of these young people."

According to Father Leahy, the mix of United Way and government dollars has made for the success of the program. Government funds provide the food and clothing... United Way funds add the real quality to the program by providing the counseling, vocational skills and educational opportunities that are the real key to turning these young lives around.

"Without United Way, Parmadale and other agencies like it would take to the 'warehousing' of children. They would simply be removed from society and receive food, clothing and shelter. That would be a real disservice to the children and to the community."

"The dilemma we are facing is how to preserve the treatment so essential to rehabilitation and yet give care to a maximum number of youngsters. It is going to require delicate balance and careful planning."

Father Leahy notes that most of these children have been abused either physically or emotionally, or both...often they come from homes where their parents were

alcoholics. They have been so mistreated that they are filled with hostility... and take that hostility out on the rest of society. Many of these youngsters have known nothing but the welfare cycle and are not interested in work.

He stresses that if they are not treated early on, their problems will compound. Parmadale seeks to bring about changes in the way they look at life; to show them alternatives, to make them understand that they are ultimately responsible for their decisions.

We don't want to see these youngsters condemned to a life of welfare, drugs and delinquency...through no real fault of their own.

"In many cases the parents just don't care. Often at Christmas and Thanksgiving they don't even show up. Agencies like ours are the only real hope."

That's why Father Leahy feels "the government needs to take a sharper look at how it is spending money. It shouldn't have to make cuts on the backs of the children who are the most abused in society."

"We are not only losing funds for the basic needs of children...we are losing funds for nutrition, about \$100,000. 500 children will be hurt by that."

"And CETA funds stand to be decreased by \$90,000. In our agency this is an important program. It helps prepare our teenagers for the working world and teaches them skills. Making a little money is a marvelous motivator."

Father Leahy noted that Parmadale has undertaken a major cost-cutting program



and is seeking to reduce costs by 10 percent on all hardware, software, lights, heating bills, paper, etc.

Beyond that, the agency is attempting to work out the most feasible solution to the problem of cutbacks in funding.

RMR:nu

10/9/81



"When they come to you with a  
desperate kid who's been sleeping  
in hallways, how do you say no?"

George M. Delmoro  
Children's Services

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"We had a call from the County the other day that they had four more kids they wanted to place in Jones Home. We've already stretched our capacity to take in six kids they've referred and can't pay for. But when they come to you with a desperate kid who's been sleeping in hallways, how do you say no?"

George Delmoro, Executive Director of Children's Services, fears that when the cutbacks start, he's going to have to say "no" more often.

So far he's managed, although it's been difficult, thanks to a dedicated staff that's been willing to work extra hours to help.

"We've eliminated jobs in order to cope with the situation...and are asking staff to alternate spending nights with the kids so we can save money in this way. Of course, what that means is that a staff member works a full day and, because some of these kids are very disturbed, gets no sleep at night. It's really asking a great deal.

The children at Jones Home are very young, many of them wards of the County, Delmoro calls them among the most victimized in society. Each year fewer and fewer of them can be cared for. The reason, an erosion of funds due to inflationary conditions and funding cutbacks. Title XX has been frozen for four years; and

United Way contributions have not been able to keep pace with double-digit inflation.

Now the agency faces new cuts of at least 22 percent in government funding. What that means is that many of the most severely victimized, mentally ill youngsters in the community may have no choice but to go back to the environment that created the problem...often a home environment of uncontrolled alcoholism, child-beating and sometimes even sexual abuse.

"It takes time to help these youngsters overcome the raw anger and violence their unfortunate home situations have created. They are extremely hostile to adults. We try to reassure them in every way that there are decent adults around."

"Many of them are explosive, their anger is so strong we have to keep a constant watch on them. We aren't talking temper tantrums, but raw anger."

"We make every effort to channel their anger, to get them to express their feelings verbally. One of the most effective ways is through play therapy where they use toys to represent the people who have hurt them so badly. Expressing their feelings is the first step toward their recovery."

Helping them find something they can succeed in is another part of therapy for these youngsters. They desperately need to develop a positive feeling about themselves and what they can accomplish. Most of them, according to Delmoro, can come around and return as useful, productive members of the community. But it takes work, dedication...and it takes adequate funding.



The dedication is there, according to Delmoro. As an example, he cites the story of one very hostile child who had a habit of blowing up every night at about 10 p.m. One member of the staff drove in from his home every night and would sit and hold the child in his arms for three and four hours at a time. The youngster has since turned out fine.

The funding is another story.

According to Delmoro, cuts of 22 percent in government funding may cripple the ability of agencies like this to provide these very critical services.

"Another recent blow was that previously we received a milk subsidy and were also able to buy surplus foods. Now there is a new ruling that we must choose either one or the other. I don't know the rationale behind that decision, but it will add greatly to our costs."

Voluntary contributions to the United Way campaign can help...but to begin to compensate for government cuts and years of inflationary conditions requires increases well beyond any ever seen in this community. Delmoro is hoping, however, for the best.

The alternatives for these youngsters could ultimately be a life of mental illness, of treating others as they have been treated...or even prison or homicide. Untreated, the signs are all there.

RMR:nu  
10/9/81

"We're concerned about working people who are trying to make it out of the welfare cycle. All they need is a little help. Without it, they may soon be back on the welfare rolls."

-Robert L. Bond  
Neighborhood Centers Association

"It used to be that if you were on welfare, you stayed on welfare. But recently, there's been some progress in encouraging people to acquire skills and enter the working world. It looks like that is over."

-Duane Beck  
Center for Human Services

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Both the Center for Human Services and Neighborhood Centers Association are among the larger United Way member agencies.

The Center for Human Services offers a comprehensive program of mental health services, counseling, day care, homemakers, travelers aid services and much more. It has helped countless people rebuild their lives.

Neighborhood Centers Association includes most of what used to be known as settlement houses...places in the neighborhoods where people could turn for a variety of services, including day care, hot meals, home repair and care for the needy and elderly; anti-crime programs, and much, much more.

Both of these agencies stand to lose huge amounts of funding when the government cutbacks begin. Both have already experienced some.

But to the executive directors of these agencies, one impending problem is a real puzzler...what will happen to the "marginal" poor in the face of the cuts.

"There are working mothers with kids at our day care centers", says Robert L. Bond, Executive Director of Neighborhood Centers Association, "who have been on welfare but have gone through training programs so they could enter the job market. Now they're able to work, put their children in the day care programs and are beginning to make it on their own".

"All they need is a little help. A subsidy for day care, and maybe food stamps, and they're on their way. In a year or two, when they're earning a little more money, they most likely will be completely on their own. but now, with the cuts, they may not be able to make it. The alternative may be a return to the welfare rolls."

According to others, United Way funds would have to increase dramatically to pick up those who will lose day care assistance.

Duane Beck, Executive Director at the Center for Human Services, adds "Most of us can look back on our own careers. There were most likely times when we too were not yet independent and needed some kind of help, whether it was from our families or whoever".

"Many people today are just one step out of welfare. They've acquired training and are being paid entry-level salaries. If they have children they are often still below the poverty level. Just a little extra and they'll be able to be independent."

Statistics indicate that 43% of the working parents with children in the Center for Human Services Day Care Centers have incomes below the poverty



level. The Center estimates that losses in funding for child care will result in 48 fewer youngsters able to be cared for. This would necessitate closing a Center.

At both agencies, staff members have over the past few years been working diligently to cut costs.

The day care program at the Center for Human Services has increased its capacity from 255 to 350 youngsters, by being careful with costs.

The Center has also managed to serve almost as many people through its homemaker program as it did five years ago with 12 fewer homemakers.

Neighborhood Centers have had a freeze on new hires...they have laid off all part-time staff and are actively recruiting volunteers to replace paid staff wherever necessary. Youth and community programs are being cut.

They are also exploring the feasibility of sharing facilities and costs with some public agencies.

Bond notes that the agency has not felt the full effects of the cuts as yet. The contract with the County has been extended through the rest of the year.

But the 21 neighborhood centers included in NCA stand to lose as much as \$2,218,346 when the cuts are finally instituted.

Among the programs that will be affected will be child day care, crime prevention, housing repair, mental health programs, meals for the elderly and many others.

Bond notes also that NCA's centers are in low income neighborhoods and that other agencies serving these areas are also being severely cut.

"We expect that many who lose food stamps, etc., will be coming to the Neighborhood Centers for help...so the demands on our services are expected to greatly increase."

"United Way and government funds are so interdependent today. It's like a house of cards. When you pull one of them down, they all fall."

RMR:vo:240

10/9/81

UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

SERVICES TO CHILDREN *-Child Care*

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
USDA Day Care	634	298	1,540	-35	194	1,367
Community Development	183	1,372	18,991	- 7	1,276	17,838
Title XX - Children's Services	187	851	117	-22	664	96
Title XX - Day Care	1,055	1,395	1,120	-22	1,088	980
Headstart	0	766	1,159	+ 6	812	1,228
Runaway and Homeless	0	148	40	N/A	N/A	N/A
ESEA	0	57	100	N/A	N/A	N/A
Ohio School	4	107	1,573	N/A	N/A	N/A
School Food - Board of Education	0	20	100	N/A	N/A	N/A
Residential Care	199	92	87	N/A	N/A	N/A
Foster Care	126	222	145	+10	244	164
TOTAL	2,388	5,328	24,972	19.7%	4,278	21,663

*negotiation + discussion with agency*



UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

SERVICES TO ELDERLY

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
Older Americans Act	259	1,444	25,768	-13	1,256	22,927
Medicare	0	31	1,252	N/A	N/A	N/A
CSA	<u>1,818</u>	<u>698</u>	<u>25,855</u>	<u>-35</u>	<u>454</u>	<u>23,411</u>
TOTAL	2,077	2,173	52,875	21.3%	1,710	46,338

IL:d1  
12/3/81

UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

EMPLOYMENT SERVICES

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
CETA	24	3,628	9,948	-67	1,197	3,330
WIN	<u>143</u>	<u>505</u>	<u>2,000</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL	167	4,133	11,948	71.0%	1,197	3,330

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12/3/81

UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

REHABILITATION SERVICES

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
Rehabilitation Services	0	701	2,408	-25	526	2,093
Bureau of Vocational Rehabilitation	0	1,253	7,172	-25	940	5,379
Developmental Dis- abilities	0	535	10	0	535	10
Title V -- Crippled Children	<u>30</u>	<u>106</u>	<u>47</u>	<u>-22</u>	<u>83</u>	<u>40</u>
TOTAL	30	2,595	9,637	19.7%	2,084	7,522

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12/3/81



UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

MENTAL HEALTH

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
Community Mental Health	203	1,771	5,328	-23	1,364	4,229
648 Board	<u>195</u>	<u>2,009</u>	<u>5,487</u>	<u>-22</u>	<u>1,830</u>	<u>4,387</u>
TOTAL	398	3,780	10,815	15.5%	3,194	8,616

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12/3/81

UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

HEALTH

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
Home Health Care	459	798	2,153	-25	599	1,811
Drug Abuse	101	222	4,478	-23	171	3,770
Maternal and Child Health	39	192	986	-25	144	782
Medicaid	44	917	697	- 3	889	677
Nutrition Education	<u>0</u>	<u>2</u>	<u>0</u>	<u>N/A</u>	<u>2</u>	<u>0</u>
TOTAL	643	2,131	8,314	15.3%	1,805	7,040

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12/3/81

UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

SOCIAL SERVICES

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
Title XX	7	57	300	-22	44	241

WRHS

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12/3/81



UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

FINANCIAL ASSISTANCE

<u>Funding Source</u>	<i>Current</i>			<u>% Δ</u>	<i>1982</i>	
	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>		<u>Public Dollars</u>	<u>Clients</u>
Title XX - Welfare	1,253	3,632	7,252	-22	2,833	6,066
Title XX - Other	235	768	3,188	-22	599	2,651
Temporary Financial Assistance	10	342	9,900	N/A	N/A	N/A
Home Management/ Payee	<u>48</u>	<u>192</u>	<u>6,225</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
TOTAL	1,546	4,934	26,565	30.4%	3,432	8,717

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12/3/81

UWS/GOVERNMENT FUNDS BY SERVICE AREA

(Dollars in Thousands)

CRIMINAL JUSTICE

<u>Funding Source</u>	<u>UWS Dollars</u>	<u>Public Dollars</u>	<u>Clients</u>	<u>% Δ</u>	<u>Public Dollars</u>	<u>Clients</u>
LEAA	0	232	3,700	100	0	0
Ohio Youth Commission	<u>0</u>	<u>181</u>	<u>85</u>	<u>N/A</u>	<u>0</u>	<u>0</u>
TOTAL	0	413	3,785	100%	0	0

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12/3/81

JP

# QUESTIONS AND ANSWERS ON BLOCK GRANTS



AMERICAN JEWISH CONGRESS  
Commission on Urban Affairs  
15 East 84th Street  
New York, N.Y. 10028

November, 1981



## QUESTIONS AND ANSWERS

### ON

### BLOCK GRANTS

#### Introduction

In the last year, President Ronald Reagan has often discussed his intention to establish a "New Federalism" under which power, authority, and responsibility would be shifted from Washington to the state and local governments. A major component of this shift is the elimination of excessive Federal regulations which have contributed to inflation, lowered productivity, and interfered with the free market (the Presidential Task Force on Regulatory Relief has announced steps to relax more than 1200 regulations affecting states and cities). Other components include an end to the Federal Government's guarantees for all of the needs of the poor and near-poor (the Administration's philosophy includes the view that it should not help the near-poor but only assist those who are unable to support themselves); and the consolidation of related Federal programs into block grants that are funded at a lower level than their component parts.

Block grants have engendered a considerable amount of controversy and confusion. They are envisioned by the Reagan Administration as a major turning point in national-local relations. Ultimately, the President has noted, he looks forward to "the day when Washington can substitute for . . . block grants the turning back to local and state governments of the tax sources."

In the interest of encouraging informed discussion on block grants, a subject that will certainly receive paramount attention throughout Mr. Reagan's Administration, we have prepared this series of questions and answers that examine both the President's proposals and the major issues surrounding them. These questions are grouped under three major categories: 1. Current Federal Assistance to State and Local Governments; 2. Block Grants; 3. Remaining Questions.

Current Federal Assistance to  
State and Local Governments

Question: How much financial assistance does the Federal Government provide to state and local governments?

Answer: In fiscal year 1981, it totaled around \$95 billion or 3.3% of our GNP.

Question: Has the amount of Federal assistance to state and local governments changed in recent years?

Answer: There has been a dramatic increase from 1950 to today. In 1950 Federal aid totaled \$2.5 billion (less than 1% of GNP); in 1970 it totaled \$24 billion; and, in 1975, it totaled \$50 billion. In the last decade alone the amount has nearly quadrupled to the aforementioned \$95 billion.

Question: What proportion of state and local government budgets are provided by the Federal Government?

Answer: In 1980, Federal funds comprised 23% of total state and local expenditures and were the largest single state revenue source. Many of our larger cities receive 15-20% of their budgets from Washington, with some of the poorer ones receiving as much as one-third.

Question: What basis is used to distribute Federal funds?

Answer: Funds are distributed by formula grants and project grants. Formula grants are distributed to all eligible recipients on the basis of need. Project grants require specific approval and are not distributed equally among all potential recipients.

Question: What are the major forms of aid which the Federal Government provides to the states and localities?

Answer: The Federal Government provides financial and non-financial types of assistance. Among the most important of the latter are counseling and training, technical assistance, transference of equipment or property, insurance and the dissemination of technical information.

Question: What are the major types of direct financial assistance?

Answer: These include loans, loan guarantees, categorical grants, general revenue sharing and block grants. The last three make up the overwhelming percentage of direct financial aid.

Question: What is a categorical grant?

Answer: A categorical grant, also known as a grant-in-aid, is a grant of money (or services) given by the Federal Government to the states or local governments on the condition that it be used for a specific project. Such grants are accompanied by precise Federal regulations which define how the monies are to be spent, for whom, and under what circumstances. Failure to comply with these regulations can result in a revocation of Federal funds or services.

Question: Why were categorical grants established?

Answer: For a variety of reasons, including the need to resolve problems which crossed state lines, the greater ability of the Federal Government to raise monies, identification of new problems not being handled locally, and the establishment of national priorities.

Question: How many categorical grants are there?

Answer: Because of overlap and the absence of an acceptable system of counting each categorical grant, there is no single accepted figure; it can safely be said, however, that the number is more than 500.

Question: In 1980, of Federal aid to state and local governments, how much was in the form of categorical grants?

Answer: \$70.2 billion or 20%.

Question: May states choose not to participate in grants-in-aid programs?

Answer: Yes. However, only a few do not, since there is strong pressure to take advantage of programs for which the Federal Government pays a substantial percentage of the cost.

Question: What are matching requirements?

Answer: This refers to that portion of a program that is not borne by the Federal Government and which must



be funded by local governments. A matching requirement may consist of a cash or in-kind contribution by the grantee. The in-kind contribution may include the value of goods or services directly benefiting the program or charges for real property or equipment.

Question: What are general revenue sharing funds?

Answer: They are a portion of Federal tax dollars that are returned to state and local governments and distributed by a formula with few or no strings concerning how they may be used. The formula is based on such factors as population and on each state's efforts to raise its own tax revenues. The law requires that one-third of these funds go to the states and two-thirds pass through to local governments.

Question: How did this originate?

Answer: From time to time, Congress, Presidents and economists have discussed the need for changes in our Federal system. In 1969, President Nixon emphasized the use of revenue sharing as a means of returning power to state and local governments by allowing them to spend a portion of Federal aid without restrictions.

Question: What have the states and localities done with these funds?

Answer: There is some disagreement over this. One study has suggested that the largest share of these funds were devoted to public safety, education, highways and health. Another has concluded that they were being used to hold down local taxes. Moreover, there has been some criticism that some of the localities have used the money for relatively frivolous items such as landscaping a golf course or new uniforms for the municipal band.

Question: Besides revenue sharing and grants-in-aid, what other direct financial assistance is available to state and local governments?

Answer: Block grants.

Block Grants

Question: What are block grants?

Answer: Block grants are funds provided to a governmental unit for a broad range of related activities with less precise purposes (such as a broad grant for preventive health) than categorical grants (such as a grant specifically for rodent control). They require fewer Federal regulations and give local officials discretion on the specific programs to be operated. On a continuum, the recipient has more discretion, in spending these funds than with categorical grants, but less than with revenue sharing.

Question: Are block grants a new idea?

Answer: They have been seriously discussed in Washington since the 1949 report of the Hoover Commission.

Question: What are examples of earlier block grants?

Answer: The Comprehensive Employment and Training Act (CETA) which was designed to reduce unemployment by providing training and jobs for unskilled workers, and the Housing and Community Development Act, which provided money for slum clearance, recreational lands, water and sewer facilities, are two of the major ones that were enacted in the 1970s.

Question: What percentage of Federal aid to state and local governments is made up of block grants?

Answer: In fiscal 1980, 11% or \$10 billion.

Question: What were President Reagan's proposals for block grants?

Answer: President Reagan proposed the consolidation of 85 separate but related programs into six block grants covering health (two block grants), education (two block grants), other social needs and energy. He recommended that this consolidation be accompanied by a 25% decrease in Federal funds.

Question: What kind of political conflicts followed the President's announcement?

Answer: Some Congressmen opposed block grants, in part because they did not wish to lose control over determining how money was spent. Mayors of large cities which were already devastated by inflation, were also opposed since they feared reductions in aid from governors who would not be responsive to their needs. Governors and the mayors of smaller cities endorsed the move to block grants since they wanted to gain control over how these funds were spent.

Question: What were the major arguments in favor of and in opposition to the President's proposals for expanding the number of block grants?

Answer: The major arguments, in favor of block grants, are that they will decentralize control to the states which are best qualified to determine how to use Federal aid. In turn, this will both produce significant financial savings since administrative, fiscal and reporting requirements will be reduced and encourage the improved coordination of programs. It is further argued that those who oppose block grants ignore the fact that funds will continue to be distributed according to Federal formulas, that state governments are now relatively sophisticated in determining their priorities, and that special interest groups have overly dramatized possible dislocations.

The major arguments, in opposition to block grants, include the fears that they will lead to inter-group tensions among ethnic and racial groups seeking their fair share of monies, and that they will deemphasize national priorities, at a time when the interdependence of our economy has made them more important than ever.

There is also the view that states will use block grants to supplant rather than supplement their own efforts, that the needy will lose out since they have the least political clout, that the purported savings in administrative costs will prove to be ephemeral, and that funds are more likely to be spent inefficiently since evaluations will be less thorough.

Question: What major new block grants in fact were enacted?



Answer: The major new block grants are:

Health - Twenty health programs were rolled into grants covering health prevention and services, primary care, maternal and child health, and alcohol, drug abuse and mental health.

Education - More than twenty elementary and secondary education programs were consolidated into a block grant which includes instruction in basic educational skills, counseling, teacher education and alcohol and drug abuse education.

Other block grant actions include amending Title XX of the Social Security Act into a block grant that includes social services and training, a community development grant and a grant for low income energy assistance which targets funds for low income energy assistance to households with the lowest incomes.

Question: What are the minimum protections which Congress included in the block grants?

Answer: The minimum protections require states to conduct public hearings on the use and distribution of funds; mandate the preparation of reports which include goals and objectives, areas to be served and the criteria for targeting funds; and, give states until October 1982 to certify that they are prepared to use block grant funds (prior to this date, Federal agencies will distribute funds to states according to that percentage of the amount they received under the categorical programs in place in 1981).

Question: What will the financial impact of these changes be on the states?

Answer: There will be a general reduction of Federal funds, a removal of requirements for state matching and maintenance of effort, and governors will gain some flexibility in shifting among block grants up to 10% of the funds appropriated.

Question: Are block grants and revenue sharing free of Federal regulations?

Answer: At the very least, these programs require the maintenance of records, the filing of reports and

various types of audits. For example, the Federal government may mandate the type, frequency and period in which audits are required.

Question: What are the states' auditing responsibilities?

Answer: Every two years the states must conduct an audit. If the state fails to spend its money according to Federal law, the Federal Government will require that it repay funds or forego the future receipt of a comparable amount.

Question: Is discrimination prohibited in block grants?

Answer: Discrimination based on national origin, sex, race, age or handicap is prohibited.

Question: What do block grants mean for community agencies?

Answer: Among the significant changes are: the availability of less money for their programs, increased competition with other agencies for funding, and a redirecting of some of their attention from Federal to state and local officials who may have more responsibility for distributing less funds.

Question: Will private funds be able to replace the loss of Federal aid?

Answer: This would be impossible. While both corporate and United Way giving have increased in recent years, this increase is approximately equal to inflation.

Question: What was the Reagan Administration's response to the criticism that block grants offered less funds to state and local governments?

Answer: They acknowledged this but contend that the consolidation of individual grants will produce significant savings since they allow for flexibility, reduce the cost of bureaucracy, and encourage the concentration of resources on those programs that local governments feel are most significant.

Question: What do block grants mean for national agencies concerned with public policy in the affected areas?

**Answer:** Previously, national agencies could concentrate their efforts at the national level and interact with the President, the Congress or government departments. Now, to be effective, they will have to redirect some of their efforts to state and local governments. This is a far more complicated requirement which may mean having representatives on the state and local level.

**Question:** May states reenact categorical programs into law?

**Answer:** Yes. Some groups will press for this to safeguard their particular programs or sharing of funds. However, since there will be a smaller overall total of funds available, it will be hard for states to do so.





Remaining Questions

State Level

Question: Under what procedures will states allocate their block grants?

Answer: Since the reduction in funds is substantial, an early decision must be made on cuts or much heavier cuts will have to be made later. States will have to delineate clearly responsibility for planning the transition from categorical grants to block grants and from the current to the new levels of funding. Failure to do so could lead to an interruption in funds, employment, and services.

Question: Under block grants, how will state powers change?

Answer: States will have more discretion for determining the services to be offered, structural arrangements for delivering them and the eligible populations. Typical block grant considerations are whether to maintain separate programs for the physically retarded, the blind, alcoholism and for the mentally retarded? Another consideration is whether there should be separate counseling, training, health services and job development for each category of disability?

Question: What is meant by the statement that block grants may lead to a reorganization of state governments?

Answer: Since government structures are often organized according to the services they deliver, the integration and consolidation of programs may lead to a reorganization.

Question: May states require matching funds for local governments?

Answer: They are allowed to do so in the same fashion and manner as they do at present.

Question: How much input will state legislatures have in spending block grants?

Answer: State legislative involvement in appropriating funds was historically less important than the governors' due to such factors as brief legislative

sessions, low compensation and inadequate staff. While this is changing, it is clear that each legislature's role will be the subject of intense political debate and that there will be tremendous variation from state to state. Nevertheless, it appears that governors and state agencies will have more of an input than the legislatures.

#### National Level

Question: Has President Reagan spelled out in detail what he envisions as the "New Federalism?"

Answer: The President's ultimate vision of Federalism is something of a mystery. While he often cites his "dream" of a new relationship between the various levels of government this has never been elaborated on beyond stating that programs and money will be shifted out of Washington. Clearly, the key to his dream is decentralization (the Under Secretary of the Treasury for Tax and Economic Affairs has suggested that the Federal budget cuts now allow the states and localities to increase their own taxes since they leave in local areas a reservoir of billions of dollars that could be taxed) and block grants are a major vehicle in accomplishing the President's ultimate objectives.

Question: Is it likely that President Reagan will seek more block grants?

Answer: Since the President is committed to block grants as a major means of transferring power to state and local governments, and since he received fewer block grants than he requested, it is very likely that he will seek a further consolidation of programs.

Question: What is the proposed Federal Assistance Improvement Act?

Answer: This would create a permanent "fast track" Congressional procedure for the consideration of Presidential proposals to create block grants. Under it, Congress could not amend such proposals and would have to act on them within a limited time period.

Question: What is the President doing for a long-range review of the relationship between the Federal and local governments?

Answer: In order to advise him on an overall Federalism policy he has established a Presidential Advisory Committee on Federalism whose membership includes both government officials and private citizens.

Question: In the future, will the states or the Federal Government become more responsible for the operations of local governments?

Answer: The Reagan Administration is very interested in making certain that the states take over this role.

Martin Hochbaum, Ph.D.

November, 1981





R.C.

THE GREATER CLEVELAND ROUNDTABLE

BOARD OF TRUSTEES

EATON CORPORATION - 27th FLOOR

THURSDAY, DECEMBER 17, 1981

7:30 A.M.

E. Mandell de Windt, Chairman

A G E N D A

- I. Minutes
- II. Budget & Finance Report
- III. Committee Reports
- A. Race Relations
  - B. Housing & Neighborhood Development
  - C. Economic Development & Jobs Creation
- IV. Remarks
- A. Mayor George V. Voinovich
  - B. Commissioner Virgil E. Brown
- V. New Business
- A. Election of New Trustee
  - B. State Liaison Committee
- VI. Next Meeting - February 2, 1982
- VII. Adjournment

HARRY  
PAGE  
FRANK  
CATLON

Fr. Canillo  
W. O. E. W. C.  
SILVER

Reverend Otis Moss, Jr.

Bruce P. Foster

Arnold R. Pinkney

Who is the person in Cleveland who  
is in your opinion the most knowledgeable  
of how the state works?

Dick Calabrese

Harry Lehman

James Friedman

Garoth Aaron. staff member (?)  
concerned with legislative affairs

Leth Teft

Blair Kost - Govt. Relations  
CITIZEN'S LEAGUE

Davis Sweet -

THE GREATER CLEVELAND ROUNDTABLE

Board of Trustees Meeting

Eaton Corporation

Thursday, December 17, 1981

MINUTES

BOARD MEMBERS PRESENT

E. M. de Windt, Chairman  
H. W. Andersen, C. Banks, C. Blair, E. E. Cade,  
J. C. Davis, J. J. Dwyer, N. M. Ellison, J. Feliciano,  
B. P. Foster, J. A. Gelbach, D. G. Hill, M. Hughes,  
W. E. MacDonald, R. McCullough, A. P. Sanchez, D. J.  
Silver, J. M. Whitley, G. V. Voinovich, and S. S. Austin

APPROVAL OF MINUTES

The minutes of the Board meeting on November 2 were approved.

BUDGET & FINANCE REPORT

Net cash on hand as of November 30, 1981, was \$27,186.77.

Mr. de Windt announced that Ms. Austin had called on Mr. and Mrs. Leland Schubert and had been very persuasive. As a result, the AHS Foundation has made a grant of \$50,000 to the Roundtable. Even though it is an unrestricted grant, Mr. de Windt indicated that he felt the funds could best be used for special projects. He also indicated that he questioned whether to announce the grant at the meeting, but was so pleased by the generous support the Schuberts had shown for the Roundtable that he felt he should inform the Board. He hoped the grant would not dull our fundraising efforts. He indicated that he has sent a letter thanking the Foundation on behalf of the Roundtable.

A sample copy of the fundraising letter was distributed. Mr. de Windt informed the Board that a couple of changes would be made in the first two paragraphs. He stated that he did not want to convey that all is rosy. There has been a turnaround and progress has been made thanks to many in the community, especially the Mayor, but the job has not been completed. While there is a renewed spirit, we now need to get down to work. He informed the Board that team captains had been assigned to help with our fundraising efforts. He commented that he was especially pleased with the support that he has received from Brock Weir and Claude Blair. It is his hope that the campaign can be successfully completed by January 31.



COMMITTEE ON RACE RELATIONS

Mr. de Windt indicated that the Executive Committee has recommended that a survey be conducted to serve as a bench mark to determine the general perceptions of race relations in the Cleveland community. The survey would provide some direction to the Roundtable in its efforts in this area. It was approved by the Executive Committee and recommended for Board action.

Mr. Dwyer stated that the Roundtable needs to be careful in conducting another survey. Mr. de Windt indicated that Reverend Moss, Chairman of the Race Relations Committee, is well aware of some of the concerns that have been expressed. He again reiterated that no decision has been made on the survey because it does require Board approval. He further indicated that Cleveland is a changing community, that people do come and go, and some of the people who are here now were not here during the '60's and do not have the experience of what happened during that time. It is important not to lull ourselves to sleep. The staff document on the survey will be sent to the members of the Board. He informed the Committee that New Detroit, a local coalition, has conducted surveys for the past 11 years to ascertain community attitudes on important issues. A presentation had been made by Market Opinion Research which has conducted the surveys for New Detroit.

It was recommended that we consider other potential firms. Yankelovich, Skelley and White was recommended in that the firm has done work for some of the firms represented on the Board as well as the New Cleveland Campaign. Proposals will be requested from potential firms and a report will be made to the Board prior to asking for its approval.

COMMITTEE ON HOUSING & NEIGHBORHOOD DEVELOPMENT

Mr. de Windt indicated that he was very pleased with the work of this Committee. While it got off to a slow start, it now seems to be in high gear.

Mr. Foster indicated that the Housing Committee meeting held on December 9 was well attended and the members demonstrated a good deal of enthusiasm. He also informed the Board that the Committee is considering providing assistance to the Hough Area Development Corporation's housing program. He also mentioned the problems that the Hough Area Development Corporation has encountered with City Council regarding the blight study for the proposed industrial park.

Mr. de Windt informed the Board that the minutes of the Housing meeting will be distributed so members of the Board can keep abreast of the work of the Committee. He requested Board members provide feedback which will be helpful to the Committee and the organization. It is his desire to keep them informed of the developments in the various committees. He again stated that housing is an important issue and hopes that the Roundtable will develop an aggressive program. He also congratulated Mr. Foster on the work of the Committee.

The purpose of the Roundtable is to focus community concern on issues and provide support to existing organizations. We are not in program implementation. Mr. de Windt further indicated that those Board members who did not have the opportunity to participate in the Retreat last April are somewhat at a disadvantage in terms of how priorities were arrived at and defined. The character of the group will take shape over time. Hopefully, we will have some concrete results to report at the end of the year. Mr. Blair indicated that we certainly want to be catalytic. However, there will always be gray areas because the closer we get to some problems the harder it will be not to get involved with implementation. Mr. Dwyer said our biggest problem is how others perceive us. Mr. de Windt said that our objectives were clearly defined initially, that there are basically four areas of concern.

#### COMMITTEE ON ECONOMIC DEVELOPMENT & JOBS CREATION

##### Youth Employment

Mr. Pinkney informed the Board that Lyman Treadway of the Union Commerce Bank has agreed to serve as Chairman of the Subcommittee on Youth Employment. The Economic Development Committee will serve as a catalyst to put into operation a plan with the private sector to create 5,000 additional jobs for youth in 1982. He indicated that Preston Heller, a new member of the Committee, has committed ten jobs. He feels this is an indication that people are aware of the need and will participate if asked.

##### Labor/Management Forum

The next Labor/Management Forum is scheduled for December 21. There is a need for additional labor representation. Mr. Pinkney talked about the importance of the Forum and mentioned the recent Harris Poll in this regard.

Mr. Foster informed the Board that he has received commitments from three additional labor representatives who will be present at the next meeting.

#### MAYOR'S REMARKS

The Mayor began his remarks by indicating that a great deal has been accomplished in the city in the last couple of years. One of his hopes was to form an urban coalition like the Roundtable. People from all over the country are looking at us. Accomplishments have been made because of the public and private sectors working together. He stated that it is important to take a look at what we are doing in the community and where we are going. Unless the Roundtable has a plan for its committees; what we want them to do; and what we want them to accomplish; he is not sure anything will get done. The organization needs a tight agenda. We should report back to the community within a year.

The Mayor complimented Mr. de Windt on setting up a special committee to



work with the state. He expressed particular concern about the distribution of funds under the Block Grant Program. He commented that there is a move to get the legislation changed so that monies can be distributed based on need. He said large scale efforts are needed to prevent thousands of people from going without food. The Mayor also stated that there is a great need for public housing. The city needs millions of dollars to rehabilitate public housing units. The Public Housing Authority only has 85 percent of the funds needed to operate at an adequate level. He further stated that mortgages are not being given in Cleveland. The city also has problems in dealing with abandonment and demolition.

The Mayor stated that the Roundtable has to be an action group. It has to be differentiated from existing groups. He does appreciate the efforts of all the people who are participating in the organization.

Mr. Foster responded to the Mayor's remarks by saying that the Housing Committee has set goals. With the Mayor's help, he feels the Committee and the organization can deliver. It is important to look at the big picture in terms of what is happening in housing in the community and what the alternatives are. There is a need to provide special support to the Hough Area Development Corporation.

Mr. de Windt said that the organization cannot afford to be distracted. Progress has been made. The fact that the community has recognized the need for such a group is progress. The Roundtable does intend to identify what is being done in the city and to provide support to those programs that are addressing important community issues. He further indicated that we are beginning to weld an organization. The organization has come a long way since its beginning. The fact that we are meeting regularly and getting the issues on the table represents progress. It took Cleveland a long time to get itself in the shape it is in. Solutions will not come overnight. He accepted the challenge presented by the Mayor and assured the Mayor of the members continuing commitment to get things done. He also indicated that the Roundtable is an independent organization. Decisions will come out of the process of meeting together. Mr. de Windt also stated that the Roundtable has demonstrated its commitment and the leadership to work on some of the issues raised by the Mayor.

Mr. Pinkney indicated that he was not frustrated by what was going on. He has attended every meeting of the Roundtable; he has also attended other meetings in the community. No other body has been put together like the Roundtable to deal with broad based community issues. The community has traditionally come together around crises. From a black perspective, the Roundtable is the only hope the black community has where it can have input into decisions. He particularly emphasized the unemployment problem among youth in the community and indicated that the Economic Development Committee of the Roundtable is committed to work with the private sector to produce jobs.



NEW BUSINESS

Election of New Trustee

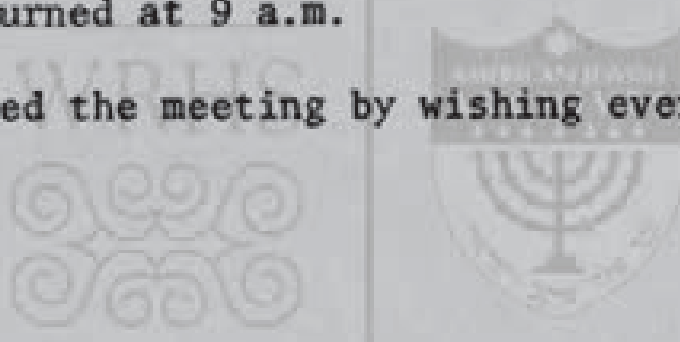
David W. Ragone, President of Case Western Reserve University, was elected to a three-year term on the Board effective February 2, 1982, to serve until the meeting of the Board of Trustees in February, 1985. Mr. de Windt indicated that President Ragone has made a fine impression and has expressed an interest in the affairs of the community.

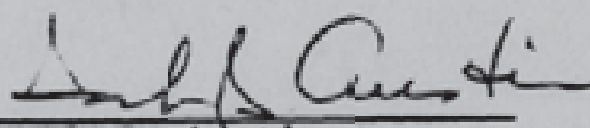
RESOLUTION - W. O. WALKER

The resolution was presented and accepted by the Board. Mr. de Windt indicated that the resolution would be suitably ascribed and presented to Mrs. Walker.

The meeting was adjourned at 9 a.m.

Mr. de Windt concluded the meeting by wishing everyone a Merry Christmas and a dedicated new year.



  
Sarah S. Austin  
Executive Director

SSA:kek



ROOM 2041 100 ERIEVIEW PLAZA CLEVELAND, OHIO 44114 (216) 579-9980

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Reverend Otis Moss, Jr.:  
Race Relations  
Arnold R. Pinkney: Economic  
Development & Jobs Creation  
Jackie Presser & Bruce Foster:  
Housing & Neighborhood  
Development

*Executive Director*

Sarah S. Austin

*Members*

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Leona Bevis  
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James M. Whitley  
Dr. Willis Winn

RESOLUTION TO ELECT A NEW TRUSTEE

The Executive Committee of the Board of Trustees recommends the election of David V. Ragone to the Board of Trustees of the Greater Cleveland Roundtable effective February 2, 1982, to serve until the meeting of the Board of Trustees in February, 1985.

12/17/81



Council  
of Jewish  
Federations, Inc.

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December 18, 1981

Rabbi Daniel J. Silver  
The Temple  
University Circle and Silver Park  
Cleveland, Ohio 44106

Dear Rabbi Silver:

Mark Talisman asked me to send the enclosed materials to you. They include:

- two budget updates from last summer: one comparing the House and Senate versions of the Reconciliation bill, and one analyzing the final Reconciliation decisions;
- a copy of the budget impact questionnaire filled out by the Jewish Community Federation of Cleveland (based on estimated 25% cuts in federal programs);
- a summary of the results of the impact questionnaires of approximately 30 Federations;
- our last two newsletters (one xeroxed as we have not received the printed copies yet).

If you have any questions or would like additional information, please don't hesitate to call.

Sincerely, \_

Ellen Witman  
Legislative Director



## JENISH COMMUNITY FEDERATION OF CLEVELAND



## WORKSHEET FOR FACT-FINDING - IMPACT QUESTIONNAIRE

PLEASE READ INSTRUCTION SHEET FOR ASSISTANCE IN FILLING OUT THIS QUESTIONNAIRE AND DEFINITIONS OF TERMS.  
IT IS EXTREMELY IMPORTANT THAT THIS INFORMATION BE AS ACCURATE AS POSSIBLE.

1. Current Federal Program Participation: Use this section to assess the impact of proposed budget cuts on your present service programming and on the people currently using those services.

Program	CURRENT DOLLARS		CURRENT NUMBERS		DOLLARS AND NUMBERS AFTER CUTS			NET LOSSES IN:	
	Current Federal \$	Current Private \$	Current # of Centers	Current # of Clients	Federal \$ After Cuts	# of Centers After Cuts	# of Clients After Cuts	Dollars	# of Clients Affected
A. SOCIAL SERVICES FOR THE ELDERLY (XX, IIB)	168,506	307,560	2	4000	124,977	2	3600	43,529	400
B. NUTRITION PROGRAMS FOR THE ELDERLY	244,685	-0-	2	750	244,685	2	675	Program shortfall of 24,468 of 75	
C. EMPLOYMENT PROGRAMS (CETA) Title VI and IID (Public Service Emp.)	74,713		2	12 emp.	-0-	2	?		
Title VI and IID	177,893		3	300	142,314	3	240	35,578	60
Other: IIB	6,034		1	12	-0-	-0-	-0-	6,034	12
V.A.									
D. CHILD WELFARE Foster Care	1,712,725	1,451,800	2	655	1,027,635	2	393	685,090	262
E. EDUCATION FOR THE HANDICAPPED	925,600		1	101	555,360	1	61	370,240	40

WORKSHEET FOR FACT-FINDING - IMPACT QUESTIONNAIRE

-2-

PLEASE READ INSTRUCTION SHEET FOR ASSISTANCE IN FILLING OUT THIS QUESTIONNAIRE AND DEFINITIONS OF TERMS.  
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<b>F. CHILD NUTRITION</b>									
School Feeding Programs	114,200		3	1000	93,000	3	580	21,200	420
Day Care Feeding Programs	27,500		1	60	16,500	1	36	11,000	24
Summer Feeding Programs									
<b>G. HEALTH SERVICES</b>									
Preventive Health Services									
Home Health Services									
Mental Health Services									
<b>H. INSTITUTIONAL HEALTH CARE (MEDICAID)</b>								Increased costs will cause shortfall of	
Nursing Homes	3,423,114		2	301	3,423,114	2	301	239,618	301
Hospitals									
Medicaid	37,000,000		1	89,000 patient days	34,500,000			2,500,000	

RETURN TO: Community Planning Dept.  
Council of Jewish Federations  
575 Lexington Avenue  
New York, N.Y. 10022

Name \_\_\_\_\_ Title \_\_\_\_\_  
Community Cleveland Date 3/25/81

RESETTLEMENT

	CURRENT DOLLARS	CURRENT NUMBERS	DOLLARS AND NUMBERS AFTER CUTS	NET LOSSES IN:
	Federal \$	# of Centers	Federal \$ After Cuts	Dollars
CJF Block Grant	424,350	5	424,350	
Indo-Chinese	70,000	3	?	

II.

Estimated Impact of Budget Cuts on Recipients of Non-Federation Services and Public Assistance: Use this as a guide to estimate potential cuts in state and city programs and the potential increase in the number of people coming to your agency for service.

<u>Program</u>	<u>Current Federal Benefits</u>	<u>Current Number Recipients</u>	<u>Proposed Federal Benefits</u>	<u>Estimated Reduced Number of Recipients</u>	<u>Estimated Number of New Federation Clients</u>
FOOD STAMPS	<u>avg. \$24/mo.</u>	<u>*821</u>	<u>drop 5% clients</u>	<u>780</u>	<u>41 (?)</u>
AID TO FAMILIES WITH DEPENDENT CHILDREN	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
UNEMPLOYMENT COMPENSATION	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
LOW INCOME ENERGY BENEFITS	<u>                    </u>	<u>*203</u>	<u>reduce benefits 25%**</u>	<u>                    </u>	<u>                    </u>

\*Certified by JCC for 80/81.

\*\*Energy costs will increase 15%.



## \*RELATIONSHIPS BETWEEN AGENCY BUDGET AND GOVERNMENT FUNDS--1980/81

AGENCY	1980/81 BUDGET	GOVT FUNDS IN BUDGET	PER- CENT	SOURCES	FUNDS NOT IN BUDGET	SOURCES
Bellefaire	3,462,585	2,484,152	72	Title XX; education funds; non-local govts; USDA; SSI; CETA	-0-	
Jewish Children's Bureau	879,540	269,360	31	Title XX; non-local govts; USDA	-0-	
Jewish Community Center	2,327,718	63,877	3	Title XX Sr. Adult	326,941	Title XX Camperships; Title III B&C Sr. Adult; CETA English Program
Jewish Family Service/ Association	1,089,166	-0-	0		237,560	Title III C Home Delivered Meals; Title XX Counseling; Indo-Chinese Resettlement from Title XX and HEW (HIAS)
Jewish Vocational Service	284,689	6,034	2	V.A.	-0-	
Agnon School	419,022	-0-	0		21,842	State aid through local school board; Title IV B Library Materials
Hebrew Academy	1,459,495	113,000	8	USDA; state bus subsidy	81,000	State aid through local school board; Title IV B
Menorah Park	4,530,181	2,970,606	66	Medicare; Medicaid; Social Security	23,000	Nursing home area training project
Montefiore Home	2,904,500	1,981,250	68	Medicare; Medicaid; Social Security	-0-	
Jewish Community Federation	1,028,788	-0-	0		564,350	Refugee Resettlement Block Grant; CETA Job Counseling and Placement
*TOTAL:	18,385,684	7,888,259	43		1,254,693	

[1981]

## THE GREATER CLEVELAND ROUNDTABLE

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