WXPost Nix AD JUN 17 1973

Nixon's 'New Federalism': Struggle to Prove Itself

First of Three Articles

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It might be called the forgotten revolution.

It is New Federalism—the central and unifying domestic design of the Nixon administration, the idea which President Nixon said would reverse a 40-year trend toward the centralization of government and bring "power to the people."

Today, New Federalism has moved beyond the level of sloganeering into the reality of governmental processes. Its most visible form is the shower of general revenue-sharing checks enriching local treasuries, a $30 billion, five-year bonanza that rivals in scale the man-on-the-moon program.

Less visibly, but no less significantly, New Federalism has brought into being new governmental institutions, like the Federal Regional Councils, whose actions are affecting the daily lives of millions of American citizens who are unaware of their very existence.

New Federalism has also begun to alter the relationships among local, state and national officials in ways that may eventually bring significant changes in the structure and power balance of the American Republic.

But the incipient revolution, which Mr. Nixon launched in a speech on Aug. 8, 1969, is in danger of being strangled in its infancy by the enemies it is attracting.

Even worse, so many of its friends believe, is the possibility that neglect by a Watergate-buffeted administration and the battering of a congressional-executive budget war may cost New Federalism the chance to prove its own potential as a device for reinvigorating American government.

At a meeting ten days ago of the nation's governors, who have been some of the staunchest supporters—and most vigorous critics of New Federalism—Secretary of Housing and Urban Development James T. Lynn said, "We run a terrible risk of New Federalism becoming a political football. I don't think it can take all the kicking around it's getting. Too much kicking around by its friends will only delight its enemies."

But Gov. Philip W. Noel (D) of Rhode Island replied that the problem lies elsewhere—in the very administration that gave it birth. "We started with a concept of New Federalism which most governors support," he said. "But the transition period that has been provided is very inadequate, and the administration that is trying to transfer responsibility to governors and mayors is failing to take advice from them. Unless the strategy is changed, we're never going to get from here to there."

In recent weeks, two Washington Post reporters have examined the impact of the "forgotten revolution" of New Federalism on state and local governments from Boston to Seattle. The survey found ample evidence of both the promise and the problems of New Federalism. Many of those problems result from the fact that New Federalism is coming in, not on a high tide of

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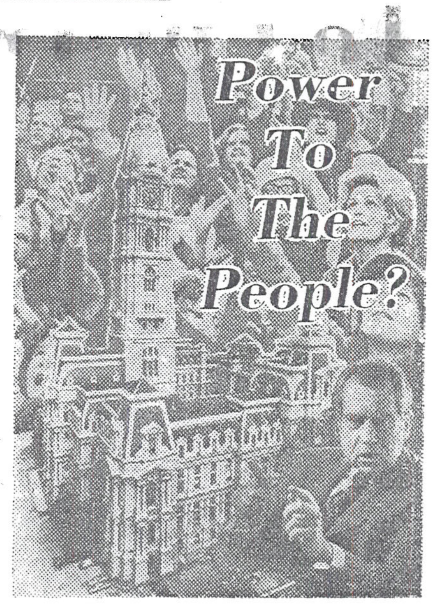

POWER, From A1

additional funds anticipated by the local officials, but rather in a situation of the most severe budget restraint.

"I'm one who fought for the basic tenets of New Federalism, in the form of general revenue sharing, for the past three years," said Boston's Mayor Kevin H. White. "I find myself chagrined that I don't know now what I have, except that I have less money in the short run and probably the prospect of less money in the long run. The tough thing about Nixon is that he's like an ally you went to war with, and when the battle is over, you find you're being partitioned, and it's your ally that's doing it."

That compliant is widely echoed, as local officials find that the "new money" they are receiving from Washington under revenue sharing must go to plug serious gaps in old programs that are being reduced or eliminated.

Revenue sharing was first advanced in the mid-sixties as a method of distributing the "fiscal dididend" that was supposed to be generated in the federal treasury by a booming peacetime economy. Later, when the Vietnam war absorbed that money, revenue sharing was urged as a method of advertising the "fiscal crisis" for local governments caught in a squeeze between rising costs in taxpayer resistance to further tax increases.

But by the time revenue sharing was passed by a reluctant Democratic Congress after a three-year struggle, the "fiscal crisis" argument had come to look as suspect as the earlier "fiscal dividend." The Tax Foundation now estimates that state and local governments will enjoy a $12.6-billion surplus by 1975. While many big cities are still hard-pressed to finance basic services, revenue sharing has helped most states and some cities to cut their taxes while building sizable cushions in their treasuries.

So the real justification of revneue sharing and of related New Federalism efforts to decentralize power and decision-making rests on the proposition that the closer government officials are to the people they represent, the more responsive and responsible they will be.

That proposition has been sharply challenged by the heavily publicized instances of wealthy, suburban communities using their first revenue-sharing checks to build golf courses or horseback-riding trails.

But the example of San Jose, Calif., and two of its local officials indicates that New Federalism can be of value where there is a real spirit of local initiative.

Alfredo Garza is the first Chicano ever to serve on the San Jose city council, appointed last year and then elected with 60 per cent of the vote. He remembers San Jose as it looked before the subdivision sovergrew what the boosters then called The Valley of Heart's Delight. He was a boy then, picking lettuce and brussels Sprouts in the dusty fields and living in the Sal Si Puedes, which is roughly translatable as "get out if you can."

For Garza the way out was difficult. A high school dropout, he served a tour as an Air Force mechanic and then wandered through a succession of handyman jobs before an Office of Economic Opportunity-funded program for Chicanos gave him the spur to earn a college degree and get into politics.

Norman Y. Mineta is mayor of San Jose, the only Nisei ever to serve as mayor of a mainland U.S. city. He spent part of his boyhood in the World War II detention camps and now drinks coffee from an eagle-decorated cup that says, "Be American, Buy American," and is made in Japan.

Both Mineta and Garza are liberal Democrats who believe in the domestic social programs of the Kennedy and Johnson administrations. Both also are advocates of the Nixon administration's revenue-sharing programs and believe that city governments are willing and able to meet social needs if given the money and the opportunity.

Most of the $22.4 million revenue sharing money San Jose is scheduled to receive over the next five years will be incorporated into the city's regular budget, with some of it being used to replace existing programs, like the Federal Emergency Employment Act, which the Nixon administration is ending.

But the city council also solicited and received suggestions for new programs, ranging from the construction of a law school and a Greek theater to a conservationist's scheme for bringing back the meadowlarks that once were found in the city.

After considerable discussion, the council showed its responsiveness to local priorities by allocating $3.4 million to hiring of additional policemen and $2 million to creation of a water-oriented, 380-acre regional park in an integrated neighborhood not far from the Sal Si Puedes where Garza grew up.

A similar process took place in Santa Clara County, which includes San Jose. That county had already established a reputation as one of the real innovators among America's local governments. It operated an employment training program, with a high success ratio, years before the federal and state work-incentive programs began. It bought out three municipal bus lines and established its own transit district with propane-powered buses. It abolished the "drunk tank" and criminal penalties for drunks and substituted a unique alcohol detoxification center where drunks are sobered up, then taken home or referred to rehabilitative services—all on a voluntary basis.

The detoxification center was financed by grants from the federal Law Enforcement Assistance Administration (LEAA), a pioneer and controversial predecessor of the Nixon administration's special revenue-sharing proposals. Now before the Congress.

But LEAA was not free of the red tape President Nixon said he hoped to cut with his New Federalism programs. Santa Clara County Intergovernmental Relations Director Paul Yarborough cited a 14-step procedure and a 2½-year delay in winning approval of the detoxification center, and said:

"They are merely transferring the bureaucracy from the federal level to the state."

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Alfredo Garcia, the first Chicano to serve on San Jose's city council, remembers the city before it grew.

It was to free local governments from this kind of delay and to unleash what he presumed to be their creative energies that Mr. Nixon pushed general revenue-sharing. "When we say no strings we mean no strings," he promised at the bill-signing ceremony in Philadelphia last October. "This program will mean both a new source of revenue for state and local governments—and a new sense of responsibility."

Not all governments have met that responsibility very well, as we will detail in our next article. But Santa Clara County shows the potential that is there.

The county used its $7.9-million retroactive allocation for 1972 for budget-balancing, and put two men to work on deciding what to do with subsequent revenue-sharing funds.

The best applications came from our departments," said Robert Nyman, the county budget officer. "They're bureaucrats, after all, and they know how to fill out forms. The worst one came from the poor guys outside who didn't know how to go about it."

But the county adjusted its sights to the non-bureaucrats. It set up an administrative committee to review more than 60 applications for revenue-sharing funds and recommended for approval some of the most obscure and least professionally prepared.

While rejecting letter-perfect application from the Central Fire Protection District for new firetrucks to meet "fire underwriter standards," the county approved:

- An $11,534 grant to the Welfare Recipients League, a one-man legal services and self-help operation invented by one Kevin Aslanian, who described himself in his application as "the only ombudsman in the United States concerned with the welfare of the poor."
- A $300,000 grant for an "open-entry, open-ended" skills training center for 300 welfare recipients, aimed at placing at least 175 of them in jobs after one to eight months of training.
- A $150,000 grant to assist in sending 2,8000 disadvantaged children to summer camps.
- An additional $25,740 for a neighborhood summer youth corps employment program in two of the county's outlying cities.
- A $65,000 grant for rat control.
- A $175,000 grant for the operation of a mobile mental health emergency service unit.
- A $172,530 grant to help construct a new mental health and public health center in the underserviced southern part of the county.

Overall, Santa Clara County allocated almost half its first 1973 revenue-sharing installment of $4.6 million to health services and to social services for the aged and poor, taking another major chunk for improvement of its own administrative practices.

If San Jose and Santa Clara County seem to offer examples of the kind of creative response that advocates of New Federalism believe local government can provide, they unfortunately also provide a case study of the frustrations of New Federalism.

When James R. King came to San Jose in 1971 to open a city office of intergovernmental relations, he took the first inventory anyone, including the Federal government, had ever made of Federal programs in the city.

King found Uncle Sam was spending $113 million that year in San Jose, including $61 million in programs administered directly by the city.

An alumnus of the U.S. Department of Housing and Urban Development, King helped win San Jose a place as one of the test-tube "annual arrangement" cities, another of the early experiments in New Federalism, designed to give elected city officials wide discretion in the use of their federal community development funds.

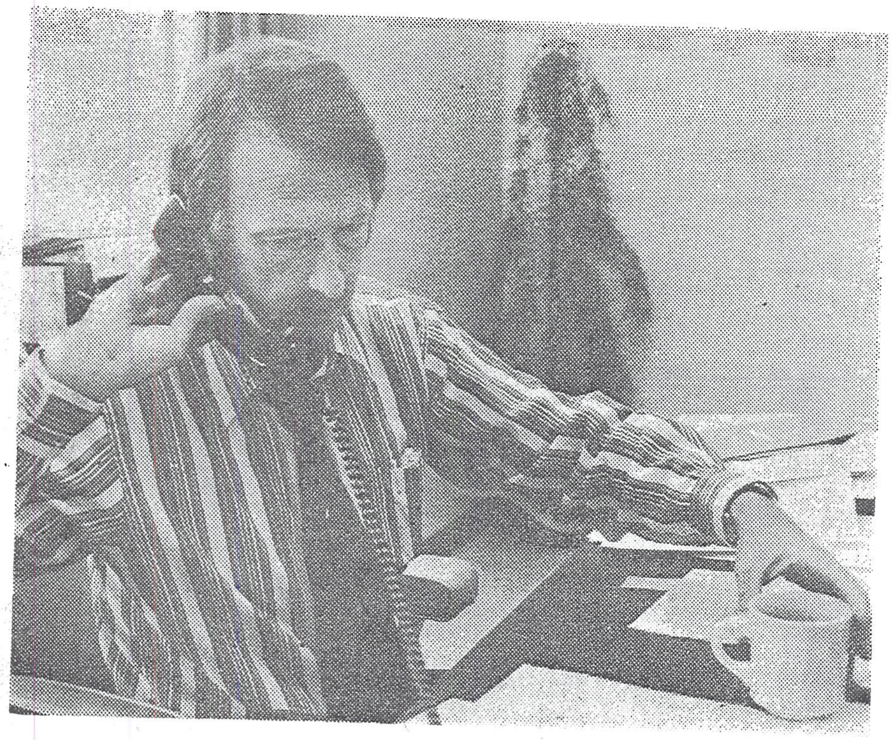
The "annual arrangement" experiment provided the impetus for a reorganization of city government and the scrapping of the city's antiquated budget system in favor of a system of program budgeting, which identifies spending by its broad general purposes.

Program budgeting is not the stuff of which crusades are easily made. But it makes it easier for citizens to understand and participate in the budget process—at least, where governing bodies are responsive.

King's inventory of federal government spending in San Jose was made possible by a $200,000 grant under another HUD program known as "planned variations." The program was used for a variety of purposes, but one of its key features was to allow mayors to review and comment on every federal expenditure coming into their cityies.

In Santa Clara County this review-and-comment feature of the planned variations scheme was frustrated by the inablilty of the federal government to respond to the reality of local politics. California counties, unlike those in many eastern states, have a wide range of responsibilities for both their urban and rural constituents. The innovative officials of Santa Clara County thought that they, rather than the San Jose officials, should exercise the review-and-comment authority.

For two years the bureaucratic battle raged until finally Mayor Mineta gave up, saying "such a system simply will not work" given the governmental



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James R. King began the first inventory ever of federal programs in San Jose.

realities of two strong, competing entities in a single jurisidiction and the absence of strong institutional authority in the mayor's office.

That dispute—which has been repeated in varying forms in dozens of other metropolitan areas—points up what is now being recognized as a central difficulty of this early phase of New Federalism—the failure to sort out the responsibilities of different levels of government.

According to Richard P. Nathan, the Brookings Institution fellow who was a major architect of New Federalism in the first Nixon administration, this sorting out is "the key idea" of Mr. Nixon's decentralization policies. "His program," said Nathan, "does not simply reject central government action for every situation, but rather involves decentralizing some programs and reforming and centralizing others."

But if "sorting out is the key idea" of New Federalism, it is an idea that has been hard to put into practice.

This is visible even in that portion of New Federalism which is most under control of the President—the shuffling about of responsibilities within the Federal executive branch.

Soon after taking office in 1969, Mr. Nixon ordered a step from which his predecessors had shruck. Ignoring the political pressures, he told the major domestic departments and agencies to establish common regional boundaries and transfer their field headquarters to a single city in each region.

From that step came the creation of the Federal Regional Councils, made up of the representatives of Housing and Urban Development; Health, Education and Welfare; Labor; Transportation; Office of Economic Opportunity; Environmental Protection Agency; and the LEAA

The ten FRCs represent, potentially, the most important aspect of the New Federalism's effort to move decision-making out of Washington and closer to the people and the governing bodies of the states and communiites.

In practice, the FRCs have been generally disappointing. Officials of the Office of Management and Budget, who have done most to keep them going, acknowledge that the widely varying degrees of discretion allowed regional officials by the various departments limit the FRCs' decision-making powers.

Political scientist Melvin B. Mogulof concluded that "the council decision system possesses inadequate authority to deal seriously with the issue of coordination."

A federal official who has been studying the FRCs says he can find "no evidence of a conflict-resolution mechanism, which suggests that the tough questions never get on the agendas."

Yet, there are exceptions to the rule—exceptions that indicate the viability of the basic concept of New Federalism. The Northwest FRC, headquartered in Seattle, last year negotiated a pioneering agreement with the state of Washington, the city of Seattle and surrounding King County, creating an intergovernmental policy group which allows representatives of each of those governmental entities a voice in the handling of any federal programs involving any of the partners. The "Alderbrook Agreement," as it is called, was an outgrowth of the spirit of regionalism that earlier had led to a cooperative cleanup of Lake Washington, and it promises further local leadership on common problems.

It is ironic that in the same city, the same national government that has fostered such an example of cooperation appears unable to develop the flexibility in its own funding to help save the city's vital bridges.

Strapped for cash and hard-hit by federal budget cutbacks, Seattle has been unable to repair the decaying bridges, some of which are built on worm-eaten wooden piles sunk into salt water.

"The highway trust fund is aimed at new add-ons," complains Seattle Budget Director R.W. Wilkinson, Jr. "The gas tax is aimed at building new toys. If the bridges fall in, you can get money to build new ones, but you can't spend money to prevent the disaster."

That paradox of Seattle—a city with a promising partnership in federal-state-county-city cooperation, but a city whose bridges are literally falling down—is the symbol of the infant revolution called New Federalism, a governmental experiment with worlds of promise, which may collapse from neglect before it is really tested.

NEXT: The Missing Governments

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San Jose, Calif., Mayor Norman Y. Mineta heads a city government whose officials have tried to allocate revenue sharing funds in response to local priorities.