

# The Post-Register

## The political pulse

Idaho Falls, Idaho, Wednesday, Dec. 16, 1981

E-5

Legislative limelights . . .

# Federal block grants hold state funding key

By BEN J. PLASTINO

Post-Register political editor

It's obvious from preliminary talks by state legislators and state officials, the size of the federal block grants hold the key to the state financial picture in the 1983 fiscal year.

This is presently being debated in Congress and no one knows for sure the amount of the federal block grants, how they will be apportioned and what will be the strings attached.

Most anticipate a 25 percent cut and are gearing towards this goal but it could be much more and it could have many federal restrictions, say legislators and Idaho Health and Welfare Department officials.

\* \* \*

State revenue figures indicated they will reach near \$460 million, close to a 10 percent increase from the \$422 million appropriated for the current fiscal year ending June 30. The state also has a surplus of \$1.7 million to use, left over from the past fiscal year after some \$7.1 million was paid for the 3.85 percent hold-back.

The current state income figures indicate there would be enough to finance the agencies on a tight level but the most shocking problem is the possibility of the federal fund cutbacks. If this happens as appears probable, then the state would need to appropriate more from its general fund to offset the losses, or eliminate or trim programs, or a combination of both.

The Council of State Government staff obtained figures which indicate tremendous losses in block grants totaling \$18.7 billion in federal aid to the states.

The loss to Idaho is figured at \$80 million, including \$8.6 in revenue sharing, \$14 million in CETA, \$3.1 in education, \$4 million in child nutrition, \$2.9 million in dependent children, \$3.1 million in social services, \$1.4 million in Medicaid and \$3.4 million in highways. An additional \$6 million would be lost if the state uses the new federal tax rules—and this it has done.

\* \* \*

Another setback is the indication the Reagan administration has placed strings on these block grants, after vowing at first they would be allocated to the states for administration.

Even Sen. Dean Van Engelen, R-Burley, who took the lead in the 1981 Legislature to slash Gov. John V. Evans' budget recommendations, acknowledged there would be troubles if Idaho receives the block grants with strings attached.

He was quoted as saying in a talk last week to the American Federation of Teachers at ISU that Idaho is supposed to receive several grants—mostly in welfare money. But some of the grants may be what he called "categorical grants disguised as block grants," which means the federal government will specify how the money is to be spent.

This situation was confirmed by Mrs. Denise Chuckowich, health planner for DHW, when she appeared in Idaho Falls two weeks ago for a public hearing and to speak to the regional DHW Mental Health Advisory Board.

She showed excerpts of the federal regulation, specifying that states are required to divide all block grant funds between mental health programs and alcohol-drug abuse programs in the same proportion as in fiscal 1980. In fiscal 1981, 95 percent of the funds must be divided on that basis and in fiscal 1984, it's 85 percent.

The regulations further state that 35 percent each of the funds must go for alcohol abuse and drug abuse, and 20 percent on prevention programs. That would leave only 10 percent for the state to administer as it wants.

This is only for a small phases in one program which hardly indicates there are no strings as Reagan promised.

Mrs. Chuckowich said in mental health grants alone, \$5.7 million, or more than 25 percent, will be lost, leaving some \$20-\$25 million for use. She expressed hope \$93 million can be expected in federal block grants for the entire DHW program but hastened to add this is doubtful. Les Purce, the DHW director, is ever optimistic, saying he has submitted requests for \$73 million in state funding for the department for the 1983 fiscal year, about a 14 percent hike from the \$64 million for the current year. He also expresses apprehension over the federal block grants, and acknowledges losses could upset his calculations.