

# Effects of federal funding to states



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## Federal Funding to the States and Local Governments: Effect on the United States

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### Abstract

When researching I focused mainly on the different ways federal funding affected the government as a whole. I looked at how it affected governments on the national, state, and local levels. Then I established my research question is federal funding good for the United States? While researching this I found out there are two main sides to federal funding, the advocates and the critics, and that each has its own valid points and reasons for supporting or not supporting this idea. I found the current national debt, several court cases involving the US government infringing upon the rights of its citizens, and the four different types of grants the federal government uses in its giving of money and resources. Based upon the information I gathered conducting my research it is clear that federal funding from the national government to the states and local governments can be detrimental to the health of this country.

*Keywords:* federal funds, grants, national debt

Federal Funding to State and Local Governments

Federal Funding in the US

A new trend has been developing in the modern government recently. Federal funding to state programs and governments has been steadily

increasing over the past years. According to Elmendorf (2013) health grants to the states and local governments have increased from around 50 billion dollars in 1980 to about 300 billion dollars in the year 2010. This occurrence is becoming more and more common as state governments seek more and more federal money. These “ free” recourses come in four different forms; categorical grants, block grants, formula grants, project grants according to Ferguson (2013). Categorical grants are grants that only allow funding to be used for specific, narrowly defined purposes. Block grants allow much more freedom in assigning the funds and are widely sought after. Formula grants are allocated based upon a set of pre-existing criteria and often serve a select group of people. Project grants fund specific projects or the delivery of specific services. These four types of grants make up the majority of federal funding. These grants may provide essential funding for state and local governments, but they come with many critics who question the repercussions of national government funding and the states reliance on these funds.

### In Support of more Federal Funding

In times of crisis, a common theme comes to light; autocratic rule. For instance, in ancient times, whenever the city of Rome was threatened or being besieged, their Senate would elect one person to rule above them and lead city’s government and defenses. They did this because although the people would lose their voice in the government, the benefits outweighed these side effects. When one person is in charge, orders are given and decided upon much more quickly than when given by a group of people. The same concept goes hand in hand with a powerful National Government. One <https://assignbuster.com/effects-of-federal-funding-to-states/>

powerful governing body can control and be more efficient than fifty different independent state governing bodies with one slightly larger national government. It is simple mathematics. If I tell someone to go get me vanilla ice cream it takes all of ten seconds for me to convey this order and for them to get in their car. However, if I am in a room filled with ten people we then have to discuss and debate over several different issues before we can ever decide on one specific path. We have to figure out what type of ice cream we want, who is driving, and where we should get the ice cream; and these are just a few of the many choices we must make. This could take ten minutes opposed to the ten seconds. The difference in time could prove costly to a president when he must make a quick and decisive decision.

Grants and loans are similar in the aspect that they both receive money from outside sources to increase funding for a project or issue. However, the similarities stop there and the main attraction to grants arise. One who receives a grant does not normally have to be repay the money received (“Repay a Grant Overpayment,” 2014). This allows state and local governments to not only receive free resources from the federal government, but to also redistribute the resources that were just saved to other issues. This greatly helps the state or local government because now two different issues or organizations are funded opposed to just one.

#### In Favor of Less Government Funding

When this country was founded our forefathers feared “big government.” Big government is the idea of the federal government being too powerful and, due to this, unfairly ruling and controlling its people. To ensure this

didn't happen our Founding Fathers took great lengths to limit the power of the national government. They created state and local governments, and also granted them powers that the national government is unable to infringe upon. They even set specific limitations to the power of the federal government in the 10<sup>th</sup> Amendment of the *Bill of Rights* which states “ The powers not delegated to the United States by the Constitution, nor prohibited by it to the states, are reserved to the states respectively, or to the people” (Tenth Amendment, 2014). This means that any powers not specifically given to the federal governments are automatically reserved for the states or to the people. All of this was done to ensure that the national government cannot become too powerful and override or control the states. However, as state and local governments receive increasing amounts of federal funding they begin to rely on the federal government more and more. As their reliance upon federal money increases so too does their dependence on the federal government. This inadvertently gives the national government more and more power while taking away the states power. As the national government gains influence the states slowly lose the ability to keep an eye on the national government and perform their function as a watchdog.

There are several instances in United States history when the federal government tried to overstep its bounds and invade state or personal rights. One such instance is represented in the court case *Windsor v. United States*. In this court case the United States Government infringed upon our personal rights and tried to discriminate against married lesbian and gay couples for the purposes of determining federal benefits and protections. Thankfully the U. S. Supreme Court ruled against the federal government and decided that

section three of the “ Defense of Marriage Act” was unconstitutional (Windsor v. United States, 2012). This court case is one of many where the government had to be “ reined in” after infringing upon our constitutional rights. Unfortunately, not all instances of encroachment by the federal government was righted by the Supreme Court. One such instance is the court case United States v. Bhagat Singh Thind. Due to the actions and decisions of the United States Government the doors of U. S. citizenship would close to all Asian immigrants for the next 23 years after it was decided that South Asians would not be able to be considered citizens from 1923 to 1946 (United States v. Bhagat Singh Thind, 2013)

A major concern for the United States economy is our growing national debt. As the years progress the U. S. owes other countries more and more money as we are forced to borrow money from them to keep from defaulting on our payments and keep our country running. The U. S. debt is currently around 18 trillion and is expected to be around 18. 7 trillion by the end of the fiscal year of 2015. This is roughly three times higher than the national debt in the year 2000 (Total US Government Debt in 2015, 2014). At this rate our country will be in so much debt in the near future that the damage will be irreparable. Also, all it would take to send the government spiraling down would be one these foreign countries to call in on our debt. The government currently does not have the money to repay these debts, therefore America would be forced to default on these payments. To help prevent this from happening a state government could simply refuse to accept as much money from the national government. This would give the Federal Government more resources to pay its debt and take care of its own spending issues.

## Assessment of the Arguments

Federal funding is a major aspect of our government. It helps support many different programs and projects in our state and local governments. In recent years this funding has steadily increased as state and local governments require more and more resources to run and operate. This increase in funding has its fair share of advocates and critics, however. The advocates point out that as the federal government provides more and more money to the states that the power of the national government increases. As the power of the national government increases the more effective the governing ability of the national government becomes. This concept can be explained using a concept called martial law. According to (Martial Law, 2014) martial law is when a military takes over a town or city due to the lack of ability of the residing government to perform its job. A common reason this is enacted is anarchy or revolts in the town. A military is able to succeed when a government could not because a military can work and execute its actions much more efficiently than a government can. This is due to how the presiding officer can issue and execute an order as soon as they think of it instead of having to discuss and negotiate the issue with several other groups like a government would. Another valid belief of the advocates is the fact that when a state or local government receives grants from the national government then their resources have significantly increased. Now the local or state government has the funds it needs for one project in addition to the funds it has in the first place. Now two projects have been funded. Simply put, more federal funding means a more powerful and

efficient government as well as more money for the state and local governments.

Wherever, you find advocates of something you are sure to find critics as well. It is no different in the case of federal funding. While the supporters speak of a powerful government and more money for local and state governments, the critics make very different but equally valid points. They point out that our founding fathers feared “ big government” and took many steps to ensure that the national government could not become too powerful for its citizens and infringe upon their rights. This is a strong possibility as the government becomes more powerful and is evident in several different court cases like Windsor v. United States and Bhagat Singh Thind v. United State. Another valid reason critics dislike federal funding is how the more money the national government gives to the states the less money it has for itself. With a quickly growing national debt the main concern of the government should be paying off what it owes, not giving money “ that it doesn’t have” to other organizations.

#### Conclusion and Personal Belief

As I have said earlier, there are many people who believe federal funding should increase and many people who say it should not. They both bring up very strong points as well. However, no matter how efficient and well-run the federal government might become as they gain more and more power, it does not offset the possibility of the average citizen being overlooked or ruled unfairly. This was the biggest fear our founding fathers faced and they went to great lengths to ensure that our government does not become



omnipotent. So why should we go against everything they stood for? Each citizen is supposed to have a say in their government and the running of it. This is the entire idea of a democracy. Once people start losing this power or this power begins to be overlooked, then we will no longer have a democracy. In addition to this issue, we have a looming national debt that is quickly growing each year. Yes, it is nice for our state and local governments to have a little bit more money to spend on its residents, but should not we be more concerned with keeping our government from having to owe trillions of dollars to foreign governments like China? I personally would much rather go without the new state park than constantly worry about the day that a foreign country demands we pay them back all we owe plus interest. Federal funds may have their pluses and attractions, but they are not worth risking our rights as civilians and the economy of our country for them.

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