UNITED STATES GOVERNMENT

Memorandum

TO   :   OSP Program Officers   **DATE:** June 10, 1977

FROM :   Geoffrey Marshall.

SUBJECT: Possible Formula Grant-Making

Attached to this memorandum is one possible formula for grant-making to the states. It is offered as a spur to imagination, and not as a conceivable model for implementation. The exercize itself led me to certain conclusions:

(1) I was unable to develop a formula based upon any factor more plausible than population.

(2) It is too difficult to imagine a formula based upon 18-month grants. Such a formula could be devised only if, in each Council meeting, a balance of states were to make proposals, so that in any given fiscal year the same proportions of states in the various population categories applied.

The formula that I've suggested is based upon budget of $18.5M to be distributed to all 55 grantees. For purposes of symmetry, the increments are in even thousands. It would be possible, of course, and perhaps preferable, to have the percentages be round numbers, and the proration in odd numbers. There is always room to do some rounding.

The figures do not easily compare with current grants, because we are currently budgeting more than $18.5M. It is more important to consider the spread between big and small states that this formula provides, and the adequacy of the resulting programs.

GM/kg

Buy U.S. Savings Bonds Regularly on the Payroll Savings Plan

5010-110

A Possible Formula for FY 1978

And Its Consequences

State Population in Thousands		Number of States*	Formula %	Distribution of Discretionary Funds for '78 ($4,625,000)
(1)	300 - 1,500	16	14	647,500
(2)	1,500 - 3,500	16	24.2	1,119,250
(3)	3,500 - 5,500	10	21.6	999,000
(4)	5,500 - 7,500	3	8.8	407,000
(5)	9,000 - 12,000	5	20.5	948,125
(6)	18,000 -	2	10.6	490,250

*Puerto Rico and D. C. included. Others have populations less than 100,000 and would be awarded the minimum.

Formula for 12 months:	Block Grant		Proration	=	Award to Each State
(1)	252,273	+	40,000	=	292,273
(2)		+	70,000		322,273
(3)		+	100,000	=	352,273
(4)		+	135,000	=	387,273
(5)		+	190,000	=	442,273
(6)		+	245,000	=	497,273