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**TOWARDS EXPLAINING EXPENDITURE POLICIES OF URBAN POLITICAL
SYSTEMS: THE CASE OF COMMUNITY DEVELOPMENT BLOCK GRANT
EXPENDITURE PATTERNS**

Fordham University

PH.D. 1983

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TOWARDS EXPLAINING EXPENDITURE POLICIES OF
URBAN POLITICAL SYSTEMS: THE CASE OF COMMUNITY
DEVELOPMENT BLOCK GRANT EXPENDITURE PATTERNS

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Truly, no man is an island.

CHAPTER I

INTRODUCTION

Problem Statement

This study is an exploratory analysis and test of the two prominent and most widely used approaches or models for explaining urban policy. In order to accomplish this task, the approaches are applied to comparative analyses of local decisional outcomes. The central purpose of the thesis, then, is to ascertain the relevance and applicability of the two approaches to explanations of urban policy outcomes. The first is the well-known and dominant approach grounded in the group theory/pluralist research tradition; local policy outcomes are the result of bargained compromises characterized by interactions among the participants or actors in several functional arenas within the city's political system. I will call this the Process approach. The second approach seeks explanations of policy outcomes through the constraints imposed on local discretion by the systemic factors of an ordered political-economy. This framework, which I will call the Unitary, emphasizes the effects of the city's economic and competitive market needs on the discretion of local decision makers in setting policy. As a result, policies are cate-

gorized according to their relative impact on the city's fiscal health rather than by function.

Therefore, since both approaches seek to explain local policy outcomes as discretionary choices of local decision makers, the research problem seems straightforward. That is, the study will identify, describe and explain the relationships between independent variables suggested by each of the two frameworks and local expenditure policy outcomes, across a number of cities, to ascertain which of the models offers the "best" set of explanations and/or predictions. However, any effort to conduct comparative research capable of testing the ability of these two approaches to explain policy outcomes must overcome major problems inherent to research which compares the explanatory power of different theoretical models.

The urban politics literature does not contain analyses which examine and compare the utility of the Process and Unitary frameworks in explaining a common set of substantive policy outcomes. That void is probably due to the fact that the models require different levels of inquiry and, therefore, explanations possible within the theoretical construct of each approach.¹ The Process approach inquires

¹Stephen M. David and Paul Kantor, "Urban Policy in the Federal System: A Reconceptualization of Federalism," paper delivered at the Annual Meeting of the American Political Science Association, New York, 1981; Paul E. Peterson, City Limits (Chicago: University of Chicago Press, 1981), Preface and Chap. 1; Robert L. Lineberry, "From Political Sociology to Political Economy," American Behavioral Scientist 24 (December 1980): 299-317; and Robert L. Lineberry

into the city's internalized, and sometimes institutionalized, conflict-resolution arrangements between various public and private actors. As a result, explanations of urban policy are necessarily limited in their scope to decisional outcomes of the city's several functional arenas. External factors are treated as background and not relevant for explaining decisions. The Unitary framework provides urban research with a more holistic approach.² While not denying the ability of the Process approach to explain internal, bargained compromises of the city's decisional arenas, the Unitary model "casts a wider conceptual net" and accounts for the systemic constraints of the ordered political-economy on the choices of actors within the city. Thus, for the Unitary framework, the city's internal structural and process variables are treated as secondary to systemic sources of constraining parameters around the ability of local decision makers to exercise discretion within their city. A central purpose of this study, then, is to overcome

and Louis H. Masotti, eds., The New Urban Politics (Cambridge, Mass.: Ballinger, 1976), pp. 1-15. This section and the following sections owe their content and structure, as well as any intellectual vigor exhibited, to these scholarly works which compare and contrast theoretical constructs of the two models, and serve as the discipline's cutting edge in the recognition of the necessarily different levels of urban inquiry and explanation engendered by the city's unique sociology and political-economy.

²David and Kantor, "Urban Policy in the Federal System." Much of this discussion, and especially the phrase "conceptual net," is taken from their discussion of systemic vs. bargaining centered explanations of policy outcomes.

these problems inherent to paradigmatic inquiry, where research "schools" are talking past each other, and provide a sense of the utility and contribution of these two frameworks. We may, therefore, be better able to arrive at a consensus which identifies the place of each model in the urban research community.

This study is an important contribution to urban policy theory for two reasons. First, the two prominent models used to explain urban policy are compared for their ability to explain and/or predict substantive policy outcomes of American cities. With each of these models seeking the consensus of the urban research community, it is most important that we go beyond abstract scholarly discourse and identify, through an empirical analysis, the conditions under which these models can or cannot explain urban policy decisional outcomes. Second, it seems that these models need not be viewed as competitive or mutually exclusive. The Process and Unitary approaches are each the product of a long and rich urban research tradition. Hopefully, this study will serve to highlight the ability of the two approaches to supplement or compliment the explanatory power of the other.

Urban Policy Analysis

The urban research tradition, and its movement or "transformation" from an emphasis on political reform and administrative efficiency to an approach which stresses the

systemic effects of the political-economy on city politics, will be briefly reviewed in this section. This review is not intended to provide ammunition for a further widening of the intellectual gap between advocates of these two approaches. Rather, it is hoped, issues central to the two very different levels of inquiry and, therefore, different levels of explanation unique to each can be addressed so that we might begin to appreciate the value of these models for a more complete urban research strategy. Since the Unitary model suggests a set of constraining parameters within which the Process approach can best be utilized to explain urban political outcomes, the models are potentially complimentary to each other in efforts at analyzing urban policy.

The Process Approach

This long-standing and dominant approach to urban political research is the result of a transition in the concern of political scientists from local administrative efficiency and legal structural municipal reforms to one centered on questions of "who governs?" and the consequences for urban policy choice.³ That transformation is an important link in the development of the Process approach.

Urban research of the early 1900's reformist-oriented genre concentrated on identifying problems with

³Lineberry, "Political Sociology", p. 305; and Peterson, City Limits, p. ix.

political structures and partisan control and the concurrent administrative inefficiencies of the city's service-providing agencies. The major emphasis of this research was less concerned with equity and popular control and more concerned with prescriptive edicts on how a city should be governed--or at least "managed."⁴ During this period, a myriad of assorted urban ills and problems were identified. An attendant array of prescriptive solutions formed the nexus for much of the urban reform movement's success in establishing an authoritative set of guidelines for so-called "efficient" governmental forms and "non-partisan" electoral structures.

Urban researchers of the late 1950's and 1960's began to question the assumptions of the reform model and its prescriptions. This new generation of scholars breathed life into a moribund urban politics research arena. The questions raised by Sayre and Kaufman, Dahl, Banfield and Wilson, and Polsby,⁵ challenging the reform paradigm, centered on the concepts that

⁴Lineberry, "Political Sociology" pp. 302-304. This excellent review of the literature contains many citations of interest to those wishing to pursue a more in-depth understanding of this problem-oriented research epoch in political science.

⁵Robert Dahl, Who Governs? (New Haven: Yale University Press, 1961); Edward C. Banfield and James Q. Wilson, City Politics (Cambridge: Harvard University Press, 1963); and Nelson W. Polsby, Community Power and Political Theory, 2d ed. (New Haven: Yale University Press, 1980) are several examples of this genre of research.

While reform may have produced efficiency, it traded off other values, including representativeness and responsiveness. If (reformed) public bureaucracies . . . promoted efficiency, they also reduced the participation of lower class groups . . . If city managers displaced council members and mayors as loci of power, the possibility of citizen control was eroded.⁶

Thus, these concerns for the city's advocacy of the broader democratic political values of equity, responsiveness, representativeness and popular control form the basis for much of the conceptualizations that go to the contemporary urban theoretical construct we are calling the Process approach.

Gaining some elan from the development and acceptance of David Truman's group theory concepts of subjective group interests, the interaction of groups and their leaders, and the more or less open access points through which groups might gain benefits from the political system at the national level, the self-described pluralists of the post-World War II wave of urban scholars, mentioned above, viewed the local polity from a sharing of power perspective.⁷ The group theory/pluralist grounded Process framework, thus, centers its concern on the activities of conflict, competition and cooperation and bargaining between and among various public and private actors within the urban political system. Elected public officials, in their

⁶Lineberry and Masotti, New Urban Politics, p. 4.

⁷David Truman, The Governmental Process (New York: Alfred Knopf, 1951).

role of managing conflict, must be cognizant of these competing interests and their individual and collective impact on electoral outcomes.⁸ The diverse preferences of a fragmented urban polity, together with the electoral interests of local decision makers, drive local policy priorities. Benefits of the urban political system, therefore, are distributed on the basis of perceived group influence.

While there has been some criticism of the Process approach, the dominant explanatory framework used to describe and explain urban policy continues to be, for the most part, one which uses perspectives and applies concepts born in the group theory research tradition of Arthur Bentley and David Truman and matured by the power-politics debate of the 1960's.⁹

The Unitary Model

An important similarity between the reform model and the Process approach serves as a major starting point for another so-called research arena transition. That is, the parameters for urban research in both of these traditions is within the city's geo-political boundaries. In that respect, the Process approach provides the urban research community with a narrow perspective. The city is seen as an almost autonomous political and social unit, attempting to

⁸Lineberry and Masotti, New Urban Politics, pp. 1-15.

⁹Arthur F. Bentley, The Process of Government (Chicago: University of Chicago Press, 1980); and David Truman, The Governmental Process.

solve its own social, fiscal and political problems. Thus, most contemporary urban policy analysis is focused on the process of conflict-resolution within cities. However, because of this focus, Process approach analysis ignores the systemic structural sources of policy influence which may effect the policy setting discretion of local decision makers. According to David and Kantor, in order to explore this question of the influence of structure on policy choice

It must be assumed that interests in substantive policy not only emerge from a process of decision, but also from the contextual structure of the political system itself acting as a source of constraint on the choices of the actors within the political unit.¹⁰

The attention of political scientists to the influence of political or economic system structure on urban or regime policy outcomes is not a new phenomenon. However, the focus of this newly emerging urban analytic model is a recent development. Harvey's rethinking of the socio-spatial work of Marx and Park and Burgess, Peterson's synthesis of a market theory for cities and the structural bias of ordered systems, and David and Kantor's reconceptualization of urban policy making in America's federal system have concentrated their energies on identifying exogenous systemic constraints on local policy choice.¹¹ The transition,

¹⁰ David and Kantor, "Urban Policy in the Federal System," pp. 5-6.

¹¹ David Harvey, Social Justice and the City (Baltimore: Johns Hopkins University Press, 1975); Peterson, City Limits, Chaps. 1 and 2; and David and Kantor, "Urban Policy in the Federal System," pp. 1-14.

then, is to the use of systemic factors, as explanatory variables external to the city, to explain policy choices of interests internal to the city.

Unitary approach analysts, i.e., Peterson and David and Kantor, argue that we should be able to identify a similarity of interests among most cities, despite the relative differences among them in the exercise of political actor preference and influence or municipal institutions. The similarity of interests or biases are identified as systemic factors which constrain the discretion of local political actors . . . the city is, in fact, limited in what it can and cannot accomplish.¹² These factors, then, contribute to the outcomes of urban systems as much as do the activities or actions of political actors.

The Unitary approach, which offers one way to conceptualize the influence of systemic structural factors, suggests that city government decisions be examined and explained utilizing systemic factors outside the processes of urban policy making. Local officials act and react to systemic factors imposed on the city by the ordered political-economy in particular ways because their first priority, regardless of the makeup of any substantive arena, is to maintain and enhance the economic viability of their jurisdictions.¹³ In that light, maintaining fiscal pros-

¹²Peterson, City Limits, Chap. 1.

¹³David and Kantor, "Urban Policy in the Federal System," p. 6; Peterson, City Limits, Chaps. 1-2.

perity is also good politics, insofar as electoral considerations are concerned.

The Unitary framework, as a result of this conceptualization, can differentiate local policy initiatives according to their perceived effect(s) on the city's economic maintenance and enhancement needs; economically efficient policies are preferred to those that are less efficient. Thus, policy outcomes are categorized as developmental if they are perceived as having a positive effect on local fiscal health. Conversely, redistributive policy outcomes are those activities which are viewed as being counter-productive or, at the very least, non-productive in the city's drive for economic viability. This policy differentiation or categorization is different from that offered by the Process approach. It is the perceived effect of a policy on the city's fiscal health--not the policy's function and related participants' interests and preferences--which identify policy arenas for the Unitary framework. In order to facilitate analyses of local policy setting, therefore, the inclusion of a policy or policies into one of the two arenas is viewed as a function of systemic constraints on the city's ability to exercise discretion, rather than as a function of a set of relationships based upon government functions and actors' interests in them. For the Process framework, the nature of the

decisions determine the participants.¹⁴

In summary, the debate between advocates of the Process and Unitary approaches seems to center on two main points. First, whether the city is an almost autonomous polity or is only one of a number of interdependent local units in an ordered politico-economic system. While a Process approach analysis might, and more probably today must, take into account the interest of the city in the system of intergovernmental grants-in-aid, it is the role of personal relationships among actors in the Intergovernmental Relations (IGR) arena which is the focus of attention. Personal relationships and not systemic factors drive the IGR process.¹⁵

A second point of contention in the debate is the relative ability of the frameworks to adequately explain urban policy when applying either the interpersonal process variables or the impersonal constraining variables of the Process and Unitary models, respectively. However, this debate between advocates of the two most utilized approaches to urban policy research is, to repeat, taking place in an arena of abstract scholarly discourse. I would, therefore,

¹⁴Theodore Lowi, "American Business, Public Policy, Case Studies and Political Theory, World Politics 16 (1964): 677-715; David and Kantor, "Urban Policy in the Federal System," pp. 7-8.

¹⁵Deil S. Wright, Understanding Intergovernmental Relations (North Scituate, Ma.: Duxbury Press, 1978); David and Kantor, "Urban Policy in the Federal System," pp. 11-14.

restate that with each of these models seeking to find its proper place within the urban research community, it is important that we identify the ability of each to explain substantive policy outcomes.

Research Design

The research design for this study was constructed with the above considerations in mind. The empirical analyses in Chapters 5 and 6 apply the models independently, as mutually exclusive frameworks, and jointly as part of a local contextual analysis, to explanations of the same dependent variable--redistributive and developmental expenditure outcomes of the Community Development Block Grant (CDBG) entitlement program in 93 cities.

Any effort to conduct comparative research capable of testing the ability of these models to explain policy outcomes must overcome the problems of identifying localities as comparable units of analysis.¹⁶ Because cities across the country do not have the same functional responsibilities, it is difficult to compare and explain their overall expenditure patterns. Cities across the country differ markedly in their functional responsibilities. Some cities are only responsible for the traditional housekeeping activities such as police and fire services and garbage collection. In

¹⁶Peterson, *City Limits*, pp. 9-12. Much of this reaction follows closely the discussion in this excellent review of the problems encountered in comparative urban research.

others, local decision makers must address not only issues of these so-called essential services, but they are also required to allocate scarce local resources for social programs such as welfare and health services. In still others, the burden of a school system is added to these other functional responsibilities. In addition, some states have assigned responsibility for schools, parks and hospitals found within the city to special districts. Needless to say, the combinations of activities and services which comprise the functional responsibility of local policy makers across America's cities are endless. Therefore, any attempt to identify and explain the overall expenditures of cities is faced with this problem of differing functional responsibilities.¹⁷

This study must overcome a second problem of comparability. In addition to the problem of ameliorating the effects of differing local functional responsibilities among cities, the dependent variable(s) selected for this test of the Unitary and Process approach must be compatible to both models. That is, the policy outcomes selected must lend themselves to being categorized into functional arenas wherein a common set of actor interests and preferences can be identified. These same outcomes must be capable of being classified into arenas which are differentiated by the policy's effect on local economic enhancement needs. We

¹⁷Ibid., p. 11.

must, therefore, identify a set of comparable functions, common to the study cities, which allow us to test the ability of the Unitary and Process approaches to explain policy outcomes across a number of cities. The dependent variable selected for this test of the two models seems to overcome these problems of comparability.

In essence, the study's dependent variable is comprised of a set of decisional outcomes that can be viewed as being either developmental or redistributive by the perceived value of each to the local economy. The outcomes can also be viewed as being developmental or redistributive by function. This conceptualization permits us to test the two models using the same dependent variable. The policy outcomes, thusly categorized, are those local expenditures funded by the Community Development Block Grant (CDBG) entitlement program. The CDBG, while allowing local decision makers the ability to exercise broad discretion in setting priorities among redistributive expenditures for social and community services and developmental activities related to capital infrastructure maintenance and renewal, provides a set of restrictive parameters and a revenue source for fundable activities common to all entitlement cities.

There is an additional reason, pertinent to this discussion, for selecting CDBG outcomes for our dependent variable. The eighteen local activities fundable under the CDBG rules are readily categorized as being either redistributive or developmental--as will be made clear in Chapter 3.

That is an important consideration for this study because, not only does CDBG provide local decision makers the ability to choose among an array of activities within each of the categories, we are also able to differentiate between narrow functional activities and the broader policy arenas of redistribution and development. For example, within the redistributive policy arena, choices can be made among senior citizen programs, housing counseling for the poor, youth training programs, community health stations, etc. This number of choices permits localities to mix their program allocations dependent on the nature of the needy population, while allowing the conceptualization of these same activities into a single variable--redistributive expenditures. Therefore, the problems of local differences in "functional" responsibilities is manageable and we have a large number of separate program activities that can be categorized as being either redistributive or developmental by nature or function. The CDBG provides each locality the opportunity and funding source to set priorities among redistribution and development. That is, after all, what we are testing here.

Thus, CDBG funded local activities, as policy outcomes, provide us with a suitable dependent variable. CDBG outcomes at the local level can be viewed as being both comparable across the entitlement cities and an appropriate indicator of a city's policy setting when choices are made between redistribution and development.

Since an appropriate CDBG data set was not available, a survey questionnaire was mailed to the program's chief administrative officer for each city in the universe of 156 CDBG entitlement cities with over 100,000 population. Respondents were asked to supply data pertaining to priority setting among eligible CDBG activities, as the proportion of their CDBG funds allocated for each of these activities, and information related to their cities' categorical and block grand-in-aid experience. Of the 156 questionnaires mailed, 117 were properly completed and returned. However, when economic and demographic data were added to each city's file, 24 cities were dropped from the study's data base due to missing data for these cities. The completed files for 93 cities provide the data base for this study.

In order to test the ability of the Process and Unitary approaches to explain CDBG outcomes as addressing the local values of either redistribution or development, each of the CDBG funded local functional activities undertaken by the study cities was categorized as either redistributive or developmental. The proportion of the city's entitlement amount allocated for each of these two categories, thus, is our dependent variable.

The analysis of CDBG expenditure patterns presented in this study will utilize several explanatory or independent variables to operationalize the Unitary model concept of local economic growth and the Process approach political

demand concepts of policy preference and/or need. These variables, the Composite Economic Index, and the proportions of minority and poverty residents for each city, are discussed fully in Chapters Two and Four. However, the variables are introduced here so that I might briefly describe how the two models will be tested.

To identify redistributive and developmental expenditure patterns of cities sharing common characteristics, study cities are ranked and divided into quartiles according to individual city scores of economic growth, percent poverty population and percent minority population. Therefore, about equal numbers of study cities are categorized as having either highest, medium high, medium low and lowest economic growth, percent minority populations or percent poverty populations. In essence, then, each of the independent variables suggested by the two approaches is of four parts, since cities are grouped along a four point continuum for each indicator. This city classification scheme will enable us to compare the central tendency of each city group in setting its priorities among redistributive and developmental CDBG activities and the cities' shared characteristics of either economic growth, percent minority or percent poverty--the explanatory variables suggested by the models being tested. We will, for example, be able to ascertain the separate means expenditure for CDBG funded local redistribution by those study cities

which enjoy highest economic growth and those study cities which suffer from the lowest economic growth. This outcome, then, will be utilized to either confirm or deny the ability of, in this case, the Unitary model to explain and predict substantive urban outcomes. The same procedure will be followed for each independent variable.

This so-called "worst case"- "best case" technique seems especially appropriate for this study, and is discussed fully in Chapter Four. The city groups at each end of the four point spectrum provide both the most satisfactory and least satisfactory policy setting environments for the expenditure policy explanations and predictions of each model. If verifications or exceptions to the models' hypothesized predictions are discovered, using this strategy, we might be more confident in generalizing from the findings. In this sense, then, the study's research design permits us to be more specific about the economic and/or policy preference conditions under which each approach's hypotheses best function as predictors of local policy setting for redistribution and development.

Limitations of a Comparative Urban Study

The research design commented on above permits us to compare the CDBG expenditures of 93 entitlement cities and to examine the relationships between these expenditures and several explanatory variables suggested by the two approaches being tested. There are, of course, limitations

to our ability to apply results of this research in generalizing about urban substantive policy outcomes. First, the revenue used by localities for CDBG activities expenditures derive from the federal government--they are not "own source" revenues. One might argue that localities treat intergovernmental revenue sources differently, since local taxes need not be raised to support the activities. However, there is evidence that local decision makers are prone to allocate resources in a predictable pattern, regardless of the source. For the Unitary approach analyst, it is the nature of the project or program and not the source of funding that drives policy selection. If a community is viewed as supporting too many dependent and non-productive residents, regardless of the source of funding, that perception will be harmful to the community's fiscal well-being. Therefore, local redistributive programs, whether funded by own source revenues or CDBG, are less efficient economically and will be avoided whenever possible.¹⁸ Process-oriented research has shown that the differences in funding sources had only a marginal effect on the ability of various local political actors to gain benefits from available resources. Where resources were from other than "own source" revenues, an additional channel of inter-personal activities and preference articulation were the only changes discovered in the process of

¹⁸Ibid., Chaps. 2 and 5.

expenditure priority setting.¹⁹

Second, the nature of the study's dependent variable limits generalizations of the explanatory ability of the two models to CDBG expenditure outcomes across cities with over 100,000 population. However, if that can be successfully accomplished, we will have taken a step toward fulfilling the purposes of this thesis. The acceptability of generalizations to the approaches' utility in explaining or predicting all local expenditure policy choices between redistribution and development, inferred from the analyses presented later, will be based partly on the models, partly on the wisdom of this study's design, and partly on the willingness of the reader to accept the validity of conclusions drawn from the results of the analysis.

Outline of the Study

This thesis is divided into seven chapters. Chapter Two discusses the development of the Process and Unitary approaches in the urban literature. The discussion centers on distinguishing several differences in the core characteristics of these two models. The chapter provides an insight into the distinct research strategies required

¹⁹David Caputo and Richard Cole, *Urban Politics and Decentralization* (Lexington, Mass.: D. C. Heath, 1974); Carl Van Horn, "Evaluating the New Federalism" in Public Administration Review 39:17-22.

and explanations available for each model. The final sections of the chapter provide policy arena definitions and hypotheses, suggested by each model, that will be used to guide our analysis. Chapter Three provides an overview of the federal grant-in-aid system. More specifically, the background, implementation processes and several provisions of the Community Development Block Grant (CDBG) are presented. The conceptualization of CDBG activities as either redistributive or developmental local values are also offered in this chapter. The study's research design, methodology, variable definitions and a city classification scheme are presented and discussed in Chapter Four. Chapters Five and Six contain the empirical analysis and discussion of the ability of each model to explain substantive policy outcomes or, in this case, CDBG expenditure outcomes. The first analysis in Chapter Five is a test of the models to explain the CDBG expenditure patterns, independently, as mutually exclusive approaches. Next we conduct an analysis which seeks to ascertain whether the models' independent variables are related in such a way that is confounding or conditioning their separate effects on CDBG outcomes. Chapter Six will present an empirical exploration of the local environment to ascertain whether there are particular local contexts which may have effected the results of the test of the two models. Political and economic diversity, political culture and bureaucratic constituency access and influence

are probed as sources of possible environmental influence on policy priority setting. Finally, Chapter Seven presents a summary of findings and suggestive conclusions drawn from these findings. Each model's ability to explain urban polic outcomes will be re-evaluated on the bases of these conclusions. Suggestions for further research and a research agenda are also presented.

CHAPTER II

APPROACHES TO THE STUDY OF
URBAN POLICY OUTCOMES

Introduction

This chapter will review the urban politics literature which lends insight into the conceptualization and development of the Process and Unitary approaches to describing and explaining substantive policy outcomes of local political systems. Each of these prominent frameworks utilizes a distinctive set of assumptions, concepts and hypotheses to guide urban policy research.

The well-known and dominant approach to the study of urban politics is one grounded in the group theory/pluralist tradition.¹ The Process approach centers its concerns on activities surrounding the conflict and bargaining among actors within urban political systems. As a result of this treatment, substantive policy outcomes represent the culmination of a series of conflict-resolution arrangements, usually within one of several functional policy arenas,

¹Lineberry, "From Political Sociology to Political Economy," pp. 305-311; David and Kantor, "Urban Policy in the Federal System," pp. 3-5; and Lawrence D. Brown, "Mayors and Models: Notes on the Study of Urban Politics," in Burnham and Weinberg, eds., American Politics and Public Policy (Cambridge: MIT Press, 1978), pp. 251-255.

where the winners and losers in this "game of politics" are identified through their relative success in achieving stated or perceived goals. The diverse preferences of a fragmented urban polity, together with the electoral interests of local decision makers, drives local policy priorities.

The second approach, receiving greater attention over the last decade, focuses on exogenous systemic factors which set limits on the discretion of local decision makers to choose among policy alternatives.² The Unitary approach centers its concerns on the city's position in the ordered political-economy of America's federal structure as a major source of constraining influence on policy setting discretion at the local level.³ This alternative approach reflects an appreciation for the city's unique place in the federal political system and its market position in a capitalist economy. The focus of the Unitary approach on the structure of the political-economy results in placing less theoretical import on the actual or potential preferences of actors in the city's polity, while emphasizing the effects of the city's economic and competitive market

²Peterson, City Limits; Lineberry, "From Political Sociology to Political Economy," pp. 299-317; David and Kantor, "Urban Policy in the Federal System," and forthcoming; Brown, "Mayors and Models," pp. 251-279; Stephen Elkin, "Why Political Economy?" PS 15 (Winter, 1982): 53-58; and Masotti and Lineberry, The New Urban Politics, pp. 5-15 are several examples of this newly emergent approach.

³Peterson, City Limits, Chaps. 1-2; and David and Kantor, "Urban Policy in the Federal System," pp. 4-6.

enhancement needs on local decisional outcomes. The desire of local decision makers for a competitively sound fiscal capacity drives local policy setting. It is this goal of fiscal health which is the city's single most important political interest when setting the policy agenda. Policy outcomes and the parameters of policy arenas, therefore, reflect this unitary city interest.

The distinctive characteristics of the Process and Unitary approaches or frameworks forces the urban researcher to choose between very different research strategies. Since the approaches conceptualize the urban milieu differently, each requires the use of distinct sets of explanatory variables for analysis of urban expenditure policy. The task here, then, is to cull the relevant urban politics literature so that we might review the development of these two prominent frameworks used to describe and explain urban policy decision making. However, this chapter will not present the classic literature review found in most theses. Rather, a review of selected Process-oriented literature and Unitary model literature will be guided by the several differences in the core characteristics of each approach. These differences, requiring distinct research strategies for the explanation of urban policy outcomes, therefore, will form the basis for the next section and much of the discussion that follows. The final sections of this chapter will offer policy arena definitions and hypotheses, suggested by the Process and Unitary frameworks, so that we might test

the explanatory ability of each model in subsequent chapters.

Distinctive Characteristics of the Process and Unitary Approaches

From the brief descriptions presented above, it seems clear that there are several core differences in the two approaches. The Process approach views urban policy outcomes as the result of bargained compromises characterized by personal interactions among participants in several functional arenas internal to the city's political system. In contrast, the Unitary approach, while not denying the existence of "bargaining" for resources within the limited choices available to most cities, ignores these internal variables in its efforts to guide explanatory analyses of the same dependent variable--substantive policy outcomes. The Unitary approach seeks explanations of policy outcomes by identifying constraints imposed on local policy discretion by impersonal factors both external to the city and beyond its control. This approach emphasizes the effects of the city's relative economic and competitive market needs on policy setting. Therefore, policies are categorized according to their relative impact on the city's fiscal health, rather than by function and arena participants.

Since the two approaches view the urban milieu through a different conceptual "lens" and a distinct set of model characteristics, the urban policy researcher must adopt and use research strategies and explanatory variables

unique to each. Four basic model characteristics are identified here. The Process and Unitary approaches engender different research scopes, frames of reference, policy arena identifications and central foci, resulting in policy outcome explanations as distinct as the models' characteristics. The typology presented in Figure 2-1 illustrates the key conceptual differences of the two approaches for each research strategy required by the model's characteristics. This short list of research strategies and the differences in the characteristics which guide explanatory variable selection of the models are not meant to be all-inclusive. Rather they are intended to highlight differences in the core characteristics of the two approaches and guide our discussion of the relevant urban politics literature.

Scope of Research

Much of the urban literature of the past fifty years has limited its explanations of urban political phenomena by restricting its research parameters to the confines of local geo-political boundaries. While theoretical concerns of these urban studies center on a plethora of important questions, i.e., the impact of reformed local structures on service delivery; municipal voting behavior; the urban political machine and popular control; and, whether a community's policy decisions are the result of "elite" control, the culmination of bargaining processes, or the decision rules of powerful municipal bureaucracies,

FIGURE 2-1
 RESEARCH STRATEGIES REQUIRED BY DISTINCT CHARACTERISTICS
 OF THE PROCESS AND UNITARY APPROACHES

<u>MODEL CHARACTERISTICS</u>	<u>PROCESS</u>	<u>UNITARY</u>
Scope of Research	Internal to City	External to City
Frame of Reference	Conflict-Resolution Activities	Ordered Political-Economy of the Federal System
Policy Arena Identification	Functional Types and Actor Preferences	Relative Impact on City Economy
Central Focus	Interpersonal Relationships	Impersonal Structural Factors
Substantive Policy Outcomes	Results of Bargaining and Compromise Process	Perceived Effect on City's Fiscal Maintenance and Enhancement Needs

their empirical evidence derives from those sources within the city or cities under study. The research of Wirth, Dahl, Wolfinger, Banfield, Wilson, Long, Yates and many other urban scholars,⁴ has confined its data collection to those pieces of empirical evidence internal to the city. These studies, most of which are Process-oriented, have all provided, nonetheless, richly detailed and informative descriptive analyses of what occurs within urban areas to effect the policy outcomes of those political systems. Restricting the scope of research characteristic to data internal to the city allows Process-oriented scholars to provide detail, but at the expense of other more holistic considerations. The Process framework provides an "inside-out" perspective of what is viewed as an almost autonomous urban political system.

The Unitary model, from a more holistic "outside-in" perspective, views the systemic features of the federal political economy as effecting local policy choice. The city, according to this rationale, is only one locality among many in an ever changing environment of a competitive "market" system of municipalities. In addition, the place of the city in the lower echelon of the federal political

⁴Louis Wirth, "Urbanism as a Way of Life," American Journal of Sociology 46: 1-24; Dahl, Who Governs?; Raymond E. Wolfinger, The Politics of Progress (Englewood Cliffs, N.J.: Prentice-Hall, 1974); Edward C. Banfield and James Q. Wilson, City Politics (Cambridge: Harvard University Press, 1963); Norton E. Long, The Unwalled City (New York: Basic Books, 1972); Douglas Yates, The Un governable City (Cambridge: MIT Press, 1977).

unit system is considered an important constraint on local policy choice. In this view, then, the city's policy discretion is seen as being dependent on the systemic features of the American federal political configuration or gestalt. Proponents of the Unitary model, or a derivation, have successfully explained a large part of city policy choice and, just as significantly, the propensity of localities to favor development policy values, while national level policy choices for urban programs are centered on social services or redistribution.⁵

It is important to note, here, that these explanations derive from systemic variables. Unitary approach-oriented scholars, in contrast to their Process approach colleagues can explain much of the city's policy outcomes without identifying variables internal to the city, i.e., diverse group preferences, reform or non-reform political structure, or the relative influence of elite groups effecting policy choices.⁶ Hence, according to Paul Peterson:

A great deal can be said about local public policy without considering any variations in the recruitment of elected officials, the strength of political parties, the degree of organized activity, or the level of turnouts in local elections. Powerful forces external to the city carry great weight in local policy making.⁷
(Emphasis added)

⁵Peterson, City Limits; David & Kantor, "Urban Policy in the Federal System."

⁶Peterson, City Limits, Chap. 2.

⁷Ibid., p. 64.

This, then, forms the basis for the more holistic treatment of urban policy analysis provided by the Unitary framework.

In summary, the starting point for research guided by each of the two models is a function of their distinct perceptions of the city politic. The Process approach takes an "inside-out" view, while the Unitary model suggests that much of what results from the city's polity can be explained by the exogenous systemic factors of the ordered politico-economic structure.

Frames of Reference

Since the orientation or frame of reference of urban research, guided by the Unitary model, centers on the ordered political-economy of America's federal system, it provides conceptualizations of systemic constraints on city policy choice. In contrast to the Process approach, which offers explanations of the "whole" by examining a city's "parts," i.e., electoral interest responses of decision makers to conflict-resolution activities of fragmented group preferences, the Unitary approach views several limits on local discretion as a function of restrictions on its ability to control, relative to national and state political units, the movement of capital, productive citizens and businesses to or from its borders.⁸ Localities are subordinate units in the American political system and, there-

⁸ Ibid., Chaps. 1-2.

fore, do not possess the same constitutionally derived powers and prerogatives as the national and state levels in the system. These systemic conditions or constraints create a defensive and dependent policy setting posture which forces the city to act and react to real or perceived threats to these "assets." As a result of this view that cities share common structural constraints, the Unitary approach suggests that localities act and react to environmental change much as individual firms behave in response to market forces in a structured economy. Cities, similar to firms in a market theory approach, are constrained by market forces to react to pressures or changes in the environment in certain ways. Exactly how cities will act or react varies from jurisdiction, but, the Unitary approach suggests, the individual cities so-called "Market Behavior" will be within common constraints engendered by systemic or structural constraints. Thus, using this frame of reference, the Unitary approach can infer expectations about the outcomes of urban policy making and interactions among localities based on an understanding and conceptualization of structural elements in the ordered political-economy of our federal system.⁹

In contrast to this more holistic view of urban politics, the Process approach's frame of reference centers

⁹ Ibid.; Kenneth N. Woltz, Theory of International Politics (Reading, Mass.: Addison-Wesley, 1979), Chaps. 3-4.

on the conflict-resolution activities of actors within the city's polity. This so-called reductionist approach views the city as an almost autonomous political, social and economic unit. The characteristics of individual city political arrangements and the attributes and preferences of groups and institutions, as actors within the conflictive and accommodative processes of urban policy making, are where Process-oriented analyses seek explanations of political outcomes. Thus, the policy outcomes of Sayre and Kaufman's New York, Dahl's New Haven, Banfield's Chicago, and even Hunter's Atlanta and Crenson's two study cities, are the result of the city's cultural and structural characteristics, actor attributes and preferences, and the interactions of these city-specific variables.¹⁰ Each city, therefore, arrives at policy decisions according to its own, almost unique, internal processes. Once explanations of the outcomes of a city's or group of cities' fragmented decisional processes is offered within the guidelines set out above, no further effort is required of the analyst.

This reductionist frame of reference, therefore, is restricted to certain city-specific variables, loosely de-

¹⁰Wallace Sayre and Herbert Kaufman, Governing New York City (New York: Russell Sage, 1960); Dahl, Who Governs?; Edward C. Banfield, Political Influence (Glencoe, Ill.: Free Press, 1961); Floyd Hunter, Community Power Structure (Chapel Hill: University of North Carolina Press, 1953); and Mathew Crenson, The Un-Politics of Air Pollution (Baltimore: Johns Hopkins University Press, 1971).

defined here as conflict-resolution activities and arrangements, when offering explanations of urban policy outcomes. The Unitary model suggests that a city's policy decisions are shaped or constrained by systemic factors which include lack of political and economic self-determination, the presence of other cities, and interactions with other cities in the competitive market.

Policy Arena Identification

Political scientists and economists categorize urban political systems into so-called policy arenas in order to differentiate the inherent values of public initiatives and decisional outcomes and to facilitate the analysis of local policy setting. However, the inclusion of a policy or policies into one of several arenas is a function of the different research strategies adopted by analysts using either the Process or Unitary approach to guide urban policy research.

Since Process-oriented research centers on a city's internal conflict-resolution activities and arrangements, policies are necessarily classified by both the type of function to be performed and by actor preferences and expectations. Thus, participants in each of these policy arena processes are those whose interests lie with the functional values of a particular policy and who expect to gain some direct or indirect benefit from the arena's decisional outcomes. In addition, the political resources

of arena participants are usually assumed by process theorists to be non-cumulative. That is, following Dahl and other pluralists, Process-oriented analysts assume that policy arena participants, save the mayor, city council member or other "generalist" officials of the city, will not possess sufficient resources to effect outcomes across the policy arenas.¹¹

Thus, the multi-arena interests of these generalist officials reflect the sum of the fragmented interests of the city's polity. City policy arenas, therefore, can be described and delineated in several ways. A neighborhood's interest in either service delivery improvement, the proposed location of low income housing or the resurfacing of its streets are all considered to be part of a policy arena in which city residents of one area are in conflict for scarce resources with residents of another area(s). In addition, conflicts may be viewed, by a different Process theorist, as being within the separate city-wide arenas of service delivery, housing and infrastructure maintenance, respectively.¹²

Policy arena identification suggested by the Unitary

¹¹Dahl, Who Governs? His discussion of this important issue is perhaps the most incisive and complete.

¹²Dahl, Who Governs?; Banfield, Political Influence; Levy, et al., Urban Outcomes (Berkeley: University of California Press, 1974); Robert L. Lineberry, Equality and Urban Policy (Beverly Hills, Ca.: Sage, 1977) offer several examples of both types of arena conceptualizations.

model is less amorphous than that possible within the Process framework. Since local public policies are viewed as either helping or hindering the city's ability to cope with systemic constraints on the discretion of city policy makers, policies can be delineated according to their perceived effect(s) on these constraints. Thus, Unitary analysts can differentiate policy arenas by the perceived effects of policy outcomes on the capability of the city to successfully compete with other localities for productive residents and businesses. In order for a city to compete, successfully, for these "assets," policies which enhance local fiscal health are categorized into one arena, while those which are less economically efficient are seen as making up another arena. It is, therefore, the perceived effect of a policy on the city's fiscal health--not the function or location of the policy outcome, and/or participants' interests and preferences--which identify policy arenas for Unitary model research. The effect on policy decision makers' discretion can be identified, as a result of this treatment, as being in the best interest of the city's economic maintenance and enhancement or in response to considerations other than local fiscal health.

While the Unitary model's concept of policy arenas is more simplistic than the Process approach's, it derives from systemic constraints on the city's ability to exercise policy discretion, rather than as functions of a set of diverse relationships inherent in the Process approach's

frame of reference.

Central Focus

The identification and description of people-centered activities and the interpersonal relationships among actors in the several functional policy arenas internal to the city, form the basis for most explanations of Process-oriented analyses. The bargaining, leadership and charismatic attributes of political actors materially effect their ability to interact successfully in the city's policy process or processes. In addition, the effective or relative size of an interest group, especially when the preferences of that group interact with coalition interests of other actors or groups, is an important consideration in decision makers' policy selection, according to the Process framework. This approach, thus, views the attributes and interactions of diverse actors in the city polity as controlling factors in the setting of policy. Personality, social standing, economic status and institutional connectedness are each considered factors central to the ability of political actors or groups to compete successfully in the process of politics. Policy outcomes are viewed as the result of applying personal attributes to achieving goals within the interactive process of policy making.

Success or failure in achieving stated or perceived goals is explained by highlighting the personal attributes or shortcomings of actors and/or their ability to interact

successfully in a particular policy milieu. As a result, a Process approach analyst, like Jeffrey Pressman, can state that Oakland's Mayor Reading did not possess the same personal attributes of New Haven's Mayor Lee when he compared Oakland's Urban Renewal failures with New Haven's successes.¹³

The central focus of Process-oriented empirical research is one aimed at people--human beings as individuals or groups--and their sources of influence, their ethnicity, their shortcomings, their electoral concerns, their sociological and psychological make-up, their potential for influence, their inaction, their saliency, their invective, their biases, their religious beliefs, etc. While no single research effort comes to mind which incorporates all of these attributes, most Process approach research seeks explanations of urban policy in at least one, and usually more than one, of these people-centered attributes. Of course, as pointed out above, it is the interaction of those persons or groups with one or several of these attributes which add form and substance to the policy process. The interaction of people in the urban policy process can and does take various forms, according to this same rationale. Interactions among people-centered policy decision making processes, then, can range from cooperative or con-

¹³Jeffrey Pressman, Federal Programs and City Politics (Berkeley: University of California Press, 1975); and Dahl, Who Governs?

sultive to conflictual. Conflictual interactions can be observable as anything from a heated newsprint debate to a violent protest or full scale murderous riot. Of course, we could go on for some time identifying various combinations of human attributes and interactions which might impact the policy making process; the possibilities are almost endless. The central focus of the Process approach on personal attributes and the interaction of people result in policy making scenarios unique to individual cities, during specific time frames and activity by certain actors and groups.

As has been indicated throughout this chapter, the central focus of the Unitary approach is on the impersonal or de-personalized structural factors of the ordered political economy. Systemic factors related to the city's power position among governmental levels and its position among other cities in a market competition for productive residents and businesses impose constraints on local decision making discretion. These constraints can be either ameliorated or made more restrictive, dependent on whether the city's fiscal capacity is healthy or not and on the ability of a policy or set of policies to address the city's economic enhancement needs. It is this set of needs, not the clamor of group demands or perceived social need, that either restricts or increases the ability of local decision makers to exercise discretion in choosing among policy alternatives.

Explaining Substantive Policy Outcomes

The Unitary framework suggests that, since the systemic constraints on local policy decisions are shared more or less equally by all cities, ceteris paribus the limits to policy making will be shared by all localities. Therefore, differences in policy outcomes among cities are explained by identifying the perceived effect of different policies on the city's fiscal maintenance and enhancement needs. Most policy, using this rationale, can be categorized as either Developmental, Redistributive or Allocational. These policy definitions and arenas are explained more fully below. According to the Unitary approach cities will avoid Redistributive policies; redistribution has a negative effect on the city's fiscal maintenance and enhancement needs. However, cities which enjoy fiscal growth, or the fiscal capacity to do so, will be capable of or willing to spend local resources for redistribution. Developmental policies are productive and economically efficient. Therefore, these policies are preferred by local officials seeking to address their city's single most important interest--fiscal health. Allocational policies are those traditional local housekeeping functions of law enforcement, fire protection, garbage collection, etc. They neither help nor detract from the community's fiscal health and, therefore, are of little consequence to a Unitary analysis.

The Process approach explains urban policy outcomes as the result of bargaining and the exercise of actual or

potential influence. The only limits to local decision making, in this view, are on the ability of decision makers to address and manage the multitude of conflictual demands made upon local resources. The Process approach, therefore, views the different types of policy and policy arenas according to their function and participants. Differences in policy outcomes among cities are explained by the relative size, influence, or saliency of arena actors and groups.

In summary, then, the Process approach views urban policy outcomes as the result of bargained compromises characterized by personal interactions among participants in several functional arenas internal to the city's political system. In contrast, the Unitary approach seeks explanations of policy outcomes by identifying constraints imposed on local policy discretion by impersonal factors both external to the city and beyond its control. Hypotheses suggested by these two approaches will be used, in subsequent chapters, to test their ability to explain substantive urban policy outcomes. More specifically, Community Development Block Grant (CDBG) funded expenditure outcomes serve as the variable to be explained. Therefore, our arena definitions and suggested hypotheses will address that concern.

Three Local Policy Arenas

Following Richard Musgrave and Paul Peterson,¹⁴

¹⁴Richard A. Musgrave, The Theory of Public

we can state that most local policy choices can be categorized as either developmental, redistributive or allocational. The following discussion provides the conceptual foundations for the separation of CDBG activities into particular decision-making arenas in the next chapter.

Developmental policies are those which support or strengthen local fiscal capacity. Retention and attraction of productive tax-paying residents and businesses are enhanced through this type of policy initiative. Capital construction, infrastructure development, tax breaks for commercial development, and residential rehabilitation for "preserving viable neighborhoods" are several examples. Developmental policies are viewed by local decision makers as productive.

Redistributive policies have an opposite affect on local fiscal strength. They provide for redistribution from the productive tax-paying residents and businesses to the less productive, mostly poor and elderly, population. Local policy decision makers view redistribution as being counter-productive in their efforts to maintain and strengthen the local tax base; benefits are supplied to those least needed by the local fisc, while the redistributive burden is borne by those tax-payers who are seen as being essential. Money payments and services delivered to the poor

Finance (New York: McGraw-Hill, 1959) and Peterson, City Limits, especially Chapters 3 and 4 and p. 134.

and needy are general examples. Training, counseling and community-based social services programs are more specific examples.

Allocational policies are neither helpful nor injurious to the local economy. They are those policies which comprise the so-called "housekeeping" activities traditional to local government implementation and control. Police, fire and refuse collection services are those local activities which first come to mind. Allocational policy outputs are available to all citizens on a more or less equal basis. Conflicts over the distribution of allocational policies are those which are the most visible in local politics and administration.

Suggested Hypotheses

Two sets of hypotheses will serve to guide our test of the Process and Unitary approaches' ability to explain CDBG expenditure patterns across the country's larger cities. The first set of hypothetical propositions are informed by the independent or mutually exclusive application of the two frameworks to explaining our expenditure data. The second set of hypotheses are suggested when one inquires into the possibility that the explanatory ability of each model's key independent variable(s) is being masked or confounded by the effect of the other's independent variable: Perhaps, one might argue, a city's fiscal health and political demand variables are related to each other in a way

that is masking their separate effects on CDBG expenditure priority setting.

The Unitary approach suggests that cities select policy initiatives from the perspective of a single-purpose interest--the cities' economic health. Since redistribution is perceived as being non-productive and detracts from local fiscal health, cities will tend to prioritize expenditures for development and, whenever possible, avoid redistribution. A second hypothesis, central to the Unitary approach, suggests that a city in economic stagnation or decline will avoid redistribution while those cities which are enjoying economic growth will tend to allocate so-called surplus resources for redistribution.

The Process approach suggests that local redistribution may be viewed as the interaction of poor and minority groups within the city's political process. Since redistribution is seen as addressing the preferences of these groups, it is hypothesized that local expenditures will be prioritized more toward redistribution where a large proportion of either the poor or minorities reside. A second hypothesis, suggested by the Process framework, suggests that the larger the proportional size of a city's poor or minority group, the more likely it is that the group's preferences will be reflected in local policy setting toward redistributive activities.

Beyond the hypotheses presented by these two dimensions, independently, Figures 2-3 and 2-3 illustrate the

FIGURE 2-2
 HYPOTHESIZED UNITARY MODEL OUTCOMES

		<u>Economic Environment</u>	
		Growth	Decline/Stagnation
<u>Political Demands</u>	High Minority ----- Low Income	Redistributive (A)	Developmental (B)
	Low Minority ----- High Income	Redistributive (C)	Developmental (D)

FIGURE 2-3
HYPOTHESIZED PROCESS MODEL OUTCOMES

		<u>Economic Environment</u>	
		Growth	Decline/Stagnation
<u>Political Demands</u>	High Minority ----- Low Income	Redistributive (A)	Redistributive (B)
	Low Minority ----- High Income	Developmental (C)	Developmental (D)

conflictual results when one attempts to construct a model which provides for the interaction of economic and political demand variables in explaining priority setting among redistribution and development. The two approaches, each using a different set of "road maps and landmarks," would nevertheless predict similar outcomes for City Group "A" and City Group "D". However, dissimilar outcomes for City Group "B" and City Group "C" are hypothesized by each of the two approaches; the Unitary model would predict priority setting toward redistribution for growth cities and development for declining cities--regardless of political demand--while the pluralist/group theory approach would predict more redistribution in those cities with high political demand--regardless of the state of the local economy. A central question thus becomes one which goes to explaining CDBG redistributive expenditure outcomes in cities with high minority/low income populations which lack economic growth (Cell "B"), and in cities with a growth economy and low minority/high income population (Cell "C").

CHAPTER III

THE COMMUNITY DEVELOPMENT BLOCK GRANT

Introduction

On August 22, 1974, President Gerald R. Ford signed the Housing and Community Development Act of 1974 into law.¹ The Act has been reauthorized by Congress in 1977 and 1981. Title I of the Act consolidated seven Federal-local categorical grants-in-aid into one Department of Housing and Urban Development (HUD) program--the Community Development Block Grant (CDBG).²

This chapter will serve several purposes. First, in order to provide a context for the enactment and implementation of CDBG, a review of the intergovernmental grant-in-aid structure, generally, and the Federal-local urban development grant-in-aid structure and process, specifically, is presented. Second, provisions and regulations of

¹An in-depth review of the legislative history of CDBG is provided in Advisory Commission on Intergovernmental Relations (ACIR), Community Development: The Workings of a Federal-Local Block Grant (Washington, D.C.: G.P.O., March 1977), pp. 3-33.

²Ibid. I have drawn freely from this very fine ACIR research for the facts and events surrounding the enactment and implementation of Title I of the Housing and Community Development Act of 1974, 88 stat. 633. In addition, Donald F. Kettl, Managing Community Development in the New Federalism (New York: Praeger, 1980) provides a clear and concise treatment of the programmatic and political processes leading to CDBG's conception, articulation and enactment.

the CDBG, relevant to this thesis, are described. These include the legislated funding distribution and entitlement formulas, national goal objectives of the grant, and those eligible local activities that will be funded to meet these objectives. Lastly, HUD prepared CDBG annual reports, HUD-sponsored CDBG evaluation research, and the urban policy literature which provides analyses of CDBG funded local activity priority setting are reviewed briefly, so that we might evaluate methods used to report and analyze CDBG expenditures.

The Intergovernmental Grant System

The national government, partly as a result of its ability to raise revenues through "progressive" taxing mechanisms provides programmatic direction and fiscal assistance to states and sub-state jurisdictions. While governmental units make up a major portion of domestic aid recipients, private businesses and non-profit organizations also receive federal fiscal assistance. An excellent review of the historical development of federal domestic grant-in-aid is provided by a recent publication of the Advisory Commission on Intergovernmental Relations.³

Beginning with the Morrill Act of 1862, which provided categorical assistance through the ceding of public domain lands to the individual states, the federal-state/

³ACIR, The Intergovernmental Grant System: An Assessment and Proposed Policies (Washington, D.C.: GPO, 1978), pp. 15-45.

local grant-in-aid system had grown to include, as of January, 1981, 534 categorical and 5 major block grants. An additional six block grants were created by the Omnibus Budget Reconciliation Act of 1981, replacing 77 of these categorical programs.⁴ While categorical grants continue to be the major method used to provide federal-local assistance, the practice of "packaging" categorical grants-in-aid into block grants has become more popular since the early 1970's.

Three General Grant Classifications

The national or federal grant-in-aid system is composed of several distinct types of grants. First, categorical grants can only be used for narrowly defined functions and activities. Most of these grants are competitive. That is, prospective grantees, both public and private, must compete for the available resources allocated for each grant. A detailed grants application is required for these "competitive" type grants. The application's content generally serves as the prospectus upon which the federal administering unit concerned bases its final awards selection. In addition, categorical funding is of four types-- formula grants, project grants, formula-project grants (a combination of both types) and open-end reimbursement grants. Each type of grant distributes funds for approved activities

⁴ACIR, A Catalog of Federal Grant-In-Aid Programs to State and Local Governments (Washington, D.C.: GPO, 1982), pp. 1-3.

and fosters competition among localities in different ways and to varying degrees.

Second, block grants can be used for broadly defined purposes. Funds are allocated to general purpose units of government within the strict guidelines of a legislated distributive formula. Approved activities are more numerous than those for individual categorical grants, and there are fewer "strings" or constraining conditions attached to block grants. In essence, grantees have the discretion to choose among many fundable activities in order to achieve broadly stated national goals.

Third, general revenue sharing grants are distributed to general purpose governmental units on a formula basis. There are almost no limits on the type of local activities which may be funded. There are few restrictions or constraining controls on the local administration of revenue sharing by the central government.

National Policy and Local Discretion

While general revenue sharing may not be bound by as many national policy-driven conditions as are categorical and block grants, recipients of all three must, at a minimum, adhere to public participation, reporting regulations and non-discrimination requirements. In addition, individual categorical and block grantees must adhere to a complex array of national policy objectives which are enumerated in various federal statutes enacted over the

past 20 years.⁵ The federal government, thus, attempts to use the leverage of grants funding to implement such national policies as civil rights and maintenance of regional prevailing wage rates.

Although there is some evidence that federal grants-in-aid may be a less than effective tool for the implementation of nationally centered values at the local levels,⁶ categorical grants have been an effective method for creating local interest in federal programmatic initiatives. These grants, individually tailored to fund specific and narrowly defined functions, are awarded to eligible recipients as the result of a highly competitive administrative process. This federal-local categorical grant-in-aid structure/process has created issues relevant to this thesis, i.e., local flexibility, and the by-passing of locally elected "generalist" officials in the grant-in-aid policy making process. These issues have been thoroughly addressed in the federalism literature and other research centered on the grant-in-aid system.⁷

⁵ ACIR, IGR Assessment, pp. 234-244.

⁶ Martha Derthick, The Influence of Federal Grants: Public Assistance in Massachusetts (Cambridge: Harvard University Press, 1970), pp. 207-208.

⁷ Examples of this federalism literature are Michael Reagan and J. Sanzone, The New Federalism, 2d ed.; Wright, Understanding Intergovernmental Relations; Martha Derthick, Influence of Federal Grants; and the previously cited ACIR publications which have, for the most part, researched the impact of these factors on local incentives and implementation. The term, "generalist," is taken from this literature. It refers to an elected or appointed

A discussion of local flexibility and the participation of local generalist officials in the policy making process is required so that we might begin to focus on the evolution of block grants, generally, and the CDBG specifically. Local flexibility in allocating program funds is severely constrained when localities choose to apply for and receive categorical grant-in-aid assistance from the national government. While eligible localities may apply for and receive many separate categorical grants, each program embodies a distinct array of federal-local administrative processes and reporting requirements. In addition, the narrowly defined activities allowed under the legislated and bureaucratic rules, written for each program, restrict local planning and spending to individual program specifications.

This fragmented environment detracts from the capacity and/or ability of localities to coordinate their planning and expenditure policy among separately administered categorical grant-in-aid programs. Even when a high degree of coordination assistance exists at the national level, differences in policy priorities, among localities and between the two levels of government, proved fatal to

officials whose responsibilities include the management or welfare of an entire jurisdiction.

the success of many categorical grants.⁸ In fact, it was the failure, or perceived failure, of many federal-local categorical grant-in-aid programs that, in part, provided the background and rationale for the "packaging" of narrow purpose categorical grants-in-aid into broader purpose block grants. The Urban Renewal and Neighborhood Development Program categorical grants were the targets of especially harsh criticism during the 1960's. Federal bureaucratic "red tape" and the lack of local discretionary power to create programs to meet local-specific needs, outside the carefully drawn categorical grant parameters, are common complaints found in this literature.⁹

At the same time, federal-local social program initiatives were also coming under fire. These categorical grants were criticized for their failures in targeting federally funded social services to specific and individually tailored local needs. Paradoxically, critics at the national level decried the lack of federal control and the

⁸ Bernard Frieden and Marshall M. Kaplan, The Politics of Neglect: Urban Aid from Model Cities to Revenue Sharing (Cambridge: MIT Press, 1977), pp. 8-11, 231-233; Martha Derthick, New Towns In-Town (Washington, D.C.: The Urban Institute, 1972).

⁹ Charles Abrams, The City as the Frontier (New York: Harper & Row, 1965); Martin Anderson, The Federal Bulldozer (Cambridge: MIT Press, 1964); Jewel Bellush and M. Hausknecht, Urban Renewal (Garden City, N.Y.: Doubleday, 1967); Scott Greer, Urban Renewal and American Cities (New York: Bobbs-Merrill, 1965), especially Chaps. 7 and 8; and James Q. Wilson, ed., Urban Renewal: The Record and the Controversy (Cambridge: MIT Press, 1966) are several examples.

failure to target benefits for the urban poor, while elected and other generalist local officials complained that semi-autonomous local "poverty program" agencies were inefficient and ineffective.¹⁰ The Model Cities Program was at the center of this two-sided barrage of criticism. As a result, the program failed to concentrate national resources in the poverty areas of the 150 "demonstration" cities and make improvements in the living conditions of low-income residents. Frieden and Kaplan view this failure as resulting in a Model Cities Program which provided a concentration of social services in participating cities, rather than, as originally anticipated, a coordinated effort by many federal agencies to provide better housing and the capacity for increasing the income of residents.¹¹

Coupled with these criticisms of Urban Renewal and Model Cities, the two major Federal-local grants-in-aid, there were other sources of increasing tension in the federal aid system.¹² A fragmented system of some 500 grants, as of 1980, highlighted by program overlapping, created confusion for local officials. Localities com-

¹⁰ Bernard Frieden and M. Kaplan, The Politics of Neglect, Chaps. 9-10, pp. 182-186; Daniel Moynihan, Maximum Feasible Misunderstanding (New York: Free Press, 1969).

¹¹ Frieden and Kaplan, The Politics of Neglect, pp. 192-193.

¹² Much of the discussion of events leading to the formulation of "New Federalism's" block grants is from Reagan and Sanzone, The New Federalism, and Paul Dommel and Associates, Decentralizing Urban Policy (Washington, D.C.: Brookings Institution, 1982), Chap. 2.

plained about the absence of federal coordination in the administration of companion programs. Cities found it increasingly more difficult to "navigate the grants maze." Also, direct functional links between grant-in-aid program bureaucrats at the federal and local levels evolved into a policy making process which, for the most part, by-passed local generalists. This relationship, dubbed "picket fence federalism," seemed to threaten local political power relationships.¹³ The social services programs' emphasis on the policy making participation of low-income groups especially concerned many local political actors.¹⁴

In summary, then, the perceived failure of many categorical grants, the massive growth in the number of categorical grants and local discontent with federal grants management and controls or strings resulted in the increased interest in revenue sharing and block grants. During 1968, the U. S. Congress approved two block grants for state governments--the Safe Streets and Crime Control Act and the Juvenile Delinquency Prevention and Control Act. However, it was the new Nixon Administration, in 1969, which made a concerted and prolonged effort toward enacting "New Federalism's" mechanism for federal-local grants-in-aid--the Block Grants.

¹³Wright, Understanding Intergovernmental Relations.

¹⁴Dommel and Associates, Decentralizing Urban Policy, pp. 13-16.

The Community Development Block Grant

The Enactment Process: An Overview

The enactment of the Housing and Community Development Act of 1974 was the culmination of five years of national executive-legislative conflict, bargaining and compromise. Title I of the Act, the Community Development Block Grant (CDBG) consolidated seven previously categorical grants into one federal-local grant. The long battle for enactment of CDBG is thoroughly chronicled by the Advisory Commission on Intergovernmental Relations (ACIR) in "Community Development: The Workings of a Federal-Local Block Grant."

The conflict between Nixon and the Congress rested on two main points. First, Congressional supporters of the various categorical grants were afraid that their programs would suffer cut-backs. Second, CDBG threatened to interfere with the long standing relationships that had developed, over the categorical era, between congressional committees and sub-committees, the local and national administrative agencies and local program constituencies or beneficiaries. The increase in local discretion, to allocate CDBG funds among the various programs, threatened this relationship.¹⁵

Among seven grants "packaged" into CDBG, perhaps

¹⁵ACIR, Workings of a Block Grant; and Douglas Arnell, Congress and the Bureaucracy (New Haven: Yale University Press, 1981).

Urban Renewal and Model Cities are representative of the contrast in federal approaches to urban re-development. The former emphasized a "hardware" or developmental approach, while the latter concentrated on the delivery of social services or redistributive activities in aiding residents of blighted areas. The Congress and federal program managers expressed concern that increased local discretion, with little congressional and federal agency control, would result in local programs that did not target program activities for low-income city residents. The CDBG, as finally enacted into law, reflects these concerns.¹⁶ These concerns are also reflected in the CDBG's reauthorization in 1977 and 1981, as a result of program experience.¹⁷

CDBG Funding Distribution

The original CDBG authorization provided for funding on two levels. With some changes in 1977 and 1981, the main components remain in force.¹⁸ First, the CDBG funding authorization is distributed among Entitlement, Small Cities, and the Secretary's Discretionary Fund programs. A "Hold Harmless" provision, which guaranteed grantees of the

¹⁶Ibid., ACIR, pp. 13-17.

¹⁷Department of Housing and Urban Development, Consolidated Annual Report to Congress on Community Development Programs (Washington, D.C.: GPO, 1982).

¹⁸Ibid., pp. 10-18. Much of the data and information in this section is taken from this publication.

categoricals folded into CDBG an amount commensurate with their 1968-1972 average of total participation, was phased out by the 1977 legislation. In addition, the Financial Settlement Fund, which provided supplementary monies for specific purposes of otherwise ineligible grantees, was funded only through 1980. After a small designated set aside for the Secretary's Discretionary Fund and non-central cities with under 50,000 persons within SMSA's, 80 percent of the remaining authorization is allocated by formula among the entitlement jurisdictions. The remaining 20 percent is used for discretionary grants to small cities outside SMSA's.

This distribution scheme has resulted in entitlement cities and urban counties receiving 77 percent of all CDBG funds from 1975 through 1981; a total of 4 percent to the Secretary's Fund and Financial Settlement and about 19 percent to small cities. Of the 77 percent distributed to entitlement jurisdictions, 60 percent went to entitled metro cities, with entitled urban counties receiving 10 percent, and hold harmless jurisdictions getting 7 percent of all funds for the period 1975-1981. For fiscal 1981, 557 entitlement Metro Cities program applications were approved for a total of \$2.2 billion.

Since entitlement cities account for most of the funding under CDBG and since this thesis is concerned with explaining CDBG entitlement city expenditure patterns, the remainder of this section will focus on that segment of the

program. About \$14 billion has been distributed to the metro entitlement cities from 1975 through 1981. These cities receive their individual entitlement grants via the second level of funding legislated in the CDBG authorizations of 1974, 1977 and 1981--a city needs-based formula.

The original formula for allocating CDBG funds to entitlement metro cities and other eligible jurisdictions was based on measures of overcrowded housing (25%), number of persons living in poverty (50%), and total city population (25%). In addition, "hold harmless" grants helped former recipients of the seven categorical grants adjust to the new program. As indicated above, the 1977 CDBG amendments provided for a phasing out of these "hold harmless" grants through 1979.

Based largely on findings of the Brookings Institution's studies of CDBG expenditures for the first two years,¹⁹ a second formula was added by the 1977 legislation. This formula, designed to correct anticipated funding shortfalls for larger and older cities as a result of the phasing out of "hold harmless," is based on measures of the number of residential units built pre-1940 (50%), the lag in population growth relative to a national city growth rate (20%), and number of residents living in poverty (30%). Thus, eligible cities may now choose the

¹⁹ Richard P. Nathan, et al., Block Grants for Community Development (Washington, D.C.: Government Printing Office, 1977).

larger amount, predicted by one of the two formulas, as their entitlement grant.

Accordingly, these eligibility categories and funding formulas help to lessen the impact of grantsmanship on the ability to obtain grants and allocates funds on a more non-discretionary basis. These allocations must then be used by grantees to undertake local activities toward the achievement of broadly stated national goals.

CDBG National Goals and Local Activities²⁰

The CDBG legislation lists several, broadly defined, national goals toward which all funded activities are to be aimed. Consistent with the CDBG's primary objective of benefiting low and moderate income residents through the development of viable urban communities, local activities must adhere to one or more of the following national objectives:

- Eliminating slums and physical blight;
- Eliminating detrimental conditions;
- Conserving and expanding housing;
- Improving community services;
- Rational use of land;
- Reducing isolation of income groups'
- Historic Preservation; and
- Alleviating physical and economic distress
(added by the 1977 legislation)

These objectives are intended to address both the physical

²⁰The discussion in this section relies heavily on ACIR, Workings of a Block Grant; HUD, CDBG Annual Reports for program years 5 and 6; and Dommel and Associates, Decentralizing Urban Policy. Unless otherwise noted, specific information and data are from these sources.

and social aspects of urban problems while responding to the problems of lower income residents.

In general, fundable CDBG local activities comprise those projects and programs which were funded under the seven categorical grants that now make up CDBG. The CDBG legislation incorporated Urban Renewal/Neighborhood Development, Model Cities, Water and Sewer facilities, open space, neighborhood facilities and public facilities categorical grants into the one Federal-local block grant.

An overview of the several Federal-local categorical grants, folded into the CDBG Program, is provided by Dommel and Associates in their excellent review of CDBG legislative history.²¹

The Urban Renewal program (UR) was established under Title I of the Housing Act of 1949 and emphasized slum clearance and new construction. The Housing Act of 1954 modified the law to encourage rehabilitation and required a "Workable Program for Community Improvement," which among other things called for comprehensive planning and citizen participation. Restoring basically sound neighborhoods, installing adequate public facilities, improving public institutions, revitalizing central business districts, and providing proper sites for industrial plants were among the kinds of projects included in urban renewal.

The Neighborhood Development Program (NDP) authorized by the Housing and Urban Development Act of 1968, replaced the conventional urban renewal program. It provided annual financing for specified renewal activities, unlike the reverse funding system of urban renewal in which all the money was set aside at the time the renewal application was approved. The original (UR) program frequently tied up large amounts of unspent funds, thereby limiting the number of new projects that could be approved and often resulting

²¹Dommel and Associates, Decentralizing Urban Policy, pp. 3-4.

in project amendments as costs increased.

The Model Cities Program, Title I of the Demonstration Cities and Metropolitan Development Act of 1966, was designed to coordinate and supplement federal grant programs in designated areas (of about 150 cities). It granted significant discretion to recipient localities and their residents in deciding how to spend the model cities funds to meet social, economic and physical needs.

The Water and Sewer Facilities Program, Section 702 of the Housing and Urban Development Act of 1965, provided grants, usually not to exceed 50 percent of the development costs, to finance public water and sewer facilities, provided that any waste carried is adequately treated before it enters a public waterway.

The Neighborhood Facilities Program, Section 703 of the Housing Act of 1965, authorized grants for neighborhood facilities needed to carry out health, recreational, social, or similar community service programs.

The Open Space Program, Title 7 of the Housing Act of 1961, provided 50 percent matching grants to acquire open space or to develop recreation, conservation, and scenic areas in urban areas.

Public facilities loans, initiated under Title 2 of the Housing Amendments of 1955, authorized the federal government to purchase securities and obligations of, or make loans to, municipalities for financing public works or transportation facilities.

Since the grants are awarded to general purpose governmental units, officials at the local level--usually the mayor or city council or both--possess broad discretion in choosing among various fundable activities to meet local-specific needs that are consistent with the national objectives listed above.

The CDBG legislation and HUD guidelines have identified six categories of local activities that may be funded under CDBG. Also, within each category, the Congress and HUD have delineated a set of specific activities. Ac-

ording to the HUD prepared Annual CDBG Report of 1979-1980,²² these general categories and specific activities are:

- I - Public Works
 - Street improvements, including curbs, gutters and street furnishings, i.e., grates, streetlights, medians
 - Flood protection and drainage control
 - Seawalls
 - Removal of architectural barriers
 - Water and sewer facilities

- II - Acquisition and Demolition
 - Land and property acquisition for purposes of demolition and clearance
 - Land and property acquisition for redevelopment
 - Relocation
 - Demolition
 - Urban Renewal project continuation
 - Historic preservation project continuation

- III - Rehabilitation
 - Loans and grants to homeowners
 - Loans and grants to businesses
 - Loan guarantees to lending institutions
 - Grants for city-owned or city-acquired property

- IV - Public Services
 - Personnel for fire protection, police surveillance and recreation
 - Job training
 - Technical assistance to small minority-owned businesses
 - Housing counseling
 - Health services
 - Day care and related child care services
 - Youth services
 - Elderly citizen programs
 - Special transportation services
 - Legal aid
 - Education programs

- V - Open Space and Parks

²²Office of Community Planning and Development, Fifth Annual Community Development Block Grant Report (Washington, D.C.: HUD, 1981).

- Acquisition of property for parkland
- Development of parkland
 - landfill
 - tree planting
 - other beautification activities

VI - Public Facilities

- Construction or rehabilitation of fire stations, swimming pools, facilities for health services and child care
- Construction of facilities necessary to carry out activities included under "Public Services"

These activities, then, if undertaken, either singly or in combination by CDBG entitlement localities, within a framework of achieving broad national objectives, seem to allow local generalist officials, i.e., mayors and council members, wide discretion in the expenditure of their grants for developmental/infrastructure projects, redistributive/social service programs, or a combination of both.

However, two provisions of the CDBG legislation restrain that discretion, somewhat. First, grantees must certify in their application that they have given "maximum feasible priority," not only to one or more of the program's national goals but, also, the local planned activities are to principally benefit low and moderate income residents. HUD regulations define "low and moderate income" as family income which does not exceed 80 percent of the median family income of the city's SMSA.²³

CDBG program rules and subsequent HUD regulations,

²³ HUD, Community Development Block Grant Program: Second Annual Report (Washington, D.C.: Government Printing Office, December, 1976), pp. 21-23.

as a result of the 1977 reauthorization legislation, emphasized the intent of the original Act to address the social targeting of local activities to low and moderate income persons.²⁴ The effect of these social targeting policies can be seen in the increase of low and moderate income beneficiaries of CDBG's local activities. Benefits aimed at lower income residents rose from 51 percent in 1976, the program's second year to 63 percent during 1978--the fourth year of the program and the first in the new reauthorization period.²⁵

While the Act's original provisions, subsequent legislative actions, and HUD rules have tended to increase the overall thrust of CDBG local activities toward benefiting lower income citizens, a second provision of the CDBG legislation seems to run counter to this national objective. If we can agree that software or public service programs benefit the poor more directly than physical development or infrastructure projects, legislated rules governing the delivery of CDBG funded local public services restrict local discretion in that area.

In order to preserve the overall physical development thrust of the program, Congress stipulated that the delivery of CDBG funded local services must meet each of

²⁴Dommel and Associates, Decentralizing Urban Policy, pp. 243-248.

²⁵Paul R. Dommel and Associates, Targeting Community Development (Washington, D.C.: U. S. Government Printing Office, 1980), Chap. 6.

the following requirements:

1. The public service must be designed to serve areas where CDBG activities are being carried out in a concentrated manner;
2. Such services must be necessary or appropriate to support the other community development activities;
3. Assistance for the services has been applied for and denied under other applicable Federal laws or programs; and
4. The activities must be directed toward improving the community's public services and facilities, including those concerned with the employment, economic development, crime prevention, child health care, health, drug abuse, education, welfare, or recreation needs of persons residing in such areas and coordinating public and private development programs.²⁶

However, evidence of the effects of this restrictive test on local discretion, in choosing to fund public service activities, is mixed. Federal control, through the enforcement of the four point test, seems to have had varying effects on local decisional outcomes, dependent on the city and the HUD regional office involved. In keeping with the intent of CDBG legislation to allow decentralized decision making in prioritizing among eligible activities, HUD has not vigorously enforced these restrictions on public service allocations.²⁷ Where public services are ranked high on local program agendas, cities have succeeded in gaining approval for these activities,

²⁶Section 105(a) (8) of Title I of the Housing and Community Development Act of 1974. Quoted in ACIR, Workings of a Block Grant, p. 13.

²⁷ACIR, Workings of a Block Grant, p. 62; and Dommel and Associates, Decentralizing Urban Policy, pp. 43-44, 237-240, and Chap. 9.

irrespective of the imposed restrictions. As reported by HUD, many cities have allocated relatively high proportions of their entitlement amount for public services, while the national average for all entitlement cities is only 12 percent.²⁸ The relatively low priority given public services, then, appears as much a reflection of the discouragement of such use by legislated restraints and HUD regional bureaucrats, as it is a ranking of a grantee's program priorities.

In summary, it appears that localities are exercising discretion in both choosing among local activities and the targeting of benefits. By HUD's account, only a little more than half of CDBG's activity funding has benefited lower income city residents. However, this refers to where a project is located. Projects implemented in lower income census tracts are defined by HUD as benefiting lower income residents. The type, function or the inherent value of the project is not considered by HUD and most other CDBG program researchers. The next section is concerned with attempts to describe and explain the effect of local discretion on the policy outcomes of the city's decisional process.

An Overview of Selected CDBG Literature

The subject of this chapter, the CDBG, has been the

²⁸ HUD, Consolidated Annual Report on Community Development, pp. 29-30.

target and beneficiary of several excellent analyses. Richard Nathan, Paul Dommel, Sarah Liebschutz and Associates, of the Brookings Institution's CDBG Project, have conducted extensive, HUD sponsored, CDBG research. Their Monitoring Group research has resulted in three informative publications.²⁹ They and others have conducted inquiries into national allocational formula and local implementation outcomes, local processes and the overall benefit distribution of the program.³⁰ Descriptive analyses of policy choice, in the selection of local activities funded by CDBG, have also been made available in the HUD Annual CDBG Reports and several case studies.³¹ The Monitoring Group, HUD and other studies provide the research and practitioner communities with good descriptive analyses of both national and local allocation and expenditure patterns. However,

²⁹Richard P. Nathan, Paul R. Dommel, Sarah Liebschutz and Associates, Block Grants for Community Development (1977), Decentralizing Community Development (1978), Targeting Community Development and a final, fourth volume in press, Implementing Community Development (Washington, D.C.: U. S. Government Printing Office).

³⁰Carl Van Horn, "Evaluating the New Federalism;" Raymond A. Rosenfeld, "Who Benefits and Who Decides?" in Donald B. Rosenthal, Urban Revitalization (Beverly Hills: Sage, 1980); and Paul R. Dommel, "Social Targeting in Community Development," in Political Science Quarterly 95 (Fall, 1980): 465-478.

³¹Annual Community Development Block Grant Reports for CDBG program, years 1975 through 1980 (Washington, D.C.: U. S. Government Printing Office); Dommel and Associates, Decentralizing Urban Policy and Donald F. Kettl, Managing Community Development in the New Federalism, especially the excellent case studies of four Connecticut cities executed during the first years of CDBG.

these studies generally identify local CDBG expenditure distributions based on the geographical location, within the city, of projects and programs.

Census tracts and, in some cases, neighborhoods serve as the local unit of analysis for most CDBG studies. The socio-economic composition of census tracts is viewed singly and in the aggregate, by locality, to ascertain beneficiary groups and whether the broadly stated national goals of CDBG are being achieved. Most researchers have declared a project or activity as benefiting poor or moderate income citizens, if the program activities are delivered within a census tract wherein these categories of persons live.

HUD defines a low- and moderate-income census tract as one where the median income of residents is below 80% of the city's SMSA median income. The use of this research strategy may result in misleading conclusions. According to several scholars, it is the nature of the program or project, rather than the location in which it is delivered, that defines the beneficiary group(s).³² For example, a sewer treatment plant, constructed in a low income area, might benefit those residents to some small degree. How-

³²Theodore Lowi, "American Business, Public Policy, Case Studies, and Political Theory," in World Politics 16 (Fall 1964): 677-715, and The End of Liberalism (New York: Norton, 1969); Musgrave, The Theory of Public Finance; Paul E. Peterson, "A Unitary Model of Local Taxation and Expenditure Policies in the United States," in the British Journal of Politics 9 (1979): 281-314 and City Limits, especially chaps. 3-4, p. 134.

ever, the major benefits accrue to the city's infrastructure and those groups which might benefit from a sound developmental base. More importantly, the city's economic well-being is enhanced by these types of programs. Therefore, a more even handed inquiry, as is described in the next chapter, would ascertain the inherent value, to the community or individuals within that community, of particular programs, projects or activities undertaken with available funding sources--in this case, CDBG entitlement amounts.

Conclusion

As a product of dissatisfaction with Federal-local categorical discretionary grants and an evolving inter-governmental grant-in-aid structure, the CDBG program provides wide discretion for local decision makers to choose among eligible activities. The CDBG is not a "no strings" grant, as is General Revenue Sharing; There are some legislated and bureaucratic rules, restraints and parameters. It is within these broadly defined guidelines that local decision makers exercise discretion when they allocate CDBG local expenditures. The CDBG-centered evaluation and policy outcome research, which use a locational approach, for the most part, do not offer satisfactory explanations when one views CDBG funded local expenditures as either developmental or redistributive by nature and/or function.

The CDBG program outcomes, therefore, are appropriate dependent variables for this inquiry since they

comprise the activities and national goals of seven previously categorical grants. Taken together, these categorical grants, now within the single block grant entitlement, afford localities the choice to set priorities between redistributive programs for social and community services and developmental activities related to urban capital and infrastructure enhancement. Programs funded by Model Cities grants are examples of the former, while Urban Renewal, highway and street improvements, and sewer and water projects are examples of the latter.

CHAPTER IV

RESEARCH DESIGN AND METHODOLOGY

Introduction

Chapter Two discussed the differences in substantive urban policy outcome explanations engendered by the conceptual framework and variable classification scheme employed by individual researchers. This chapter will first, describe the research design used here to test the ability of the Process and Unitary frameworks to explain substantive urban policy outcomes. More specifically, CDBG funded expenditure outcomes, across America's larger entitlement cities, serve as the variable to be explained. Second, a description and discussion of our CDBG expenditure classification scheme, the economic growth and political demand indicators and methodology, utilized in this study, are presented. Variable definitions and data sources are also provided. This study's research concerns are structured around two central issues. How will redistributive programs fare when localities choose between people-centered or redistributive activities and those activities which are developmental both by nature and perceived affect on the city? Also, which city-specific variables, suggested by the Process and Unitary approaches, best

explain these policy outcomes in a comparative analysis?

Research Design

The research design employed in this study provides for analyses of local CDBG expenditure outcomes which apply the two models independently, as mutually exclusive approaches, and jointly as part of a multivariate framework. Furthermore, several additional variables will be included in order to see if the basic relationships between key independent variables and CDBG outcomes change depending upon political context. To facilitate the analysis, study cities are ranked and divided into quartiles, according to individual city scores of economic growth, poverty and minority populations, as the approaches are applied to explanations of the dependent variable--CDBG funded local activity expenditure means for each group of cities. These outcomes are viewed as the result of local policy decision making, addressing the local values of either redistribution or development. This research strategy permits us to identify the central tendency of each city group in setting priorities among CDBG activity expenditures, dependent on the group's shared characteristics of one of four categories for each explanatory variable. Our analysis might then better identify expenditure patterns of cities sharing common characteristics along a four point continuum and, more importantly, at each end of the spectrum. This "worst case" and "best case" technique

seems to be especially useful in explanations engendered by two distinct conceptual frameworks--as is attempted in this thesis. For example, if we can verify the hypotheses among "worst case" cities we can be more confident in generalizing from our findings. In addition, if the hypotheses cannot be verified under "best case" circumstances, we can be more confident in reporting an exception to the hypothetical prediction.

The concepts of redistributive and developmental policy outcomes are operationalized by correlating the fundable activities under CDBG with one or the other of these values. The proportion of funds allocated for each activity is then coded by city. Since the differentiation of policy outcomes into distinct urban policy decisional arenas is central to the analysis, and the models being tested, the delineation of CDBG activities as either redistribution or development is necessary.

The Three Policy Arenas and CDBG Activities¹

The concepts of redistribution and development, as they relate to CDBG, are operationalized by assigning one or the other of these two values, as conceptualized above, to each of the eighteen CDBG funded local activities. The

¹These activity categorizations are taken from Department of Housing and Urban Development (HUD), Annual Community Development Block Grant Reports, (Washington, D.C.: GPO, 1975-1980) and the "Annual Community Development Program Cost Summary," OMB No. 63-R1619.

activities and their assigned value of either redistribution (R) or development (D) are as follows:

ACTIVITY

- Continuation of Urban Renewal Projects (D)
- Acquisition of Land and Property for Demolition, Clearance and Redevelopment (D)
- Site Clearance, Demolition and Relocation (D)
- Sewer and Water Projects (D)
- Street and Highway Improvements (includes curbs/furnishings) (D)
- Flood Protection and Sea Walls (D)
- Job Training Programs (R)
- Housing Counseling, Legal Aid and Education Programs (R)
- Rehabilitation Loans and Grants for Non-Owner Occupied Dwelling Units and Businesses (D)
- Rehabilitation of City-Owned or Acquired Property (D)
- Construction of Neighborhood Facilities used for Health Care, Job Training, Youth Services and Senior Citizen Programs (R)
- Acquisition and Development of Parkland and Beautification Projects (D)
- Historical Preservation (D)
- Health Services, Youth and Senior Citizen Services Programs (R)
- Rehabilitation Loan Guarantees to Lending Institutions (D)
- Construction of Public Facilities (fire stations, parking, etc.) (D)
- Removal of Architectural Barriers (R)
- Rehabilitation Loans and Grants for Owner-Occupied Dwellings (D)

For the most part, the CDBG eligible activities listed above are easily classified as addressing local values of either redistribution or development. "Hardware" or infrastructure related activities, as described by the activity labels, are clearly developmental. In addition, public service programs, aimed primarily at distinct groups of individuals in need, can be viewed clearly as redistribution. However, two activity labels are not self-explanatory. These activities, "Removal of

Architectural Barriers" and "Rehabilitation Loans and Grants for Owner-Occupied Dwellings," will be discussed in order to clear up any ambiguity.

Projects funded under the "Removal of Architectural Barriers" eligible activity are aimed at providing assistance to handicapped persons in the community. Generally, these projects center on the construction of wheelchair access ramps and other physical improvements intended to allow access, for physically handicapped individuals, to public facilities and public areas. It seems, therefore, that there are direct benefits accrued to individuals who are least able to pay for these benefits themselves. It is concluded that this activity is redistributive by nature and perceived effect on the economic productivity of the city.

The second activity which does not easily lend itself to being classified as either redistributive or developmental, based on the conceptualization of the three arenas presented above, is "Rehabilitation Loans and Grants for Owner-Occupied Dwellings." As indicated, this analysis will consider these activities as being developmental in character. The decision to categorize this "Rehab" activity as developmental is justifiable on several grounds.

First, the CDBG legislation and HUD rules do not limit this "direct-assistance" program to lower income individuals. While cities must confine a substantial proportion of their expenditures, generally, to lower income

areas, the nature of the rehabilitation activity makes identifying lower income groups as benefiting, directly, difficult. However, there is evidence that housing rehabilitation in poorer neighborhoods is not benefiting lower income groups.² The CDBG research conducted by the Brookings Monitoring Group indicates that localities tend to use high income standards in defining eligibility for rehabilitation loans and grants. This strategy denies lower income residents access to these rehabilitation-oriented housing programs. In addition, lower income residents, who own and occupy their dwelling units, are those persons who can least afford to either undertake the additional debt necessary to rehabilitate their homes or pay the additional property tax usually assessed on such improvements.³ The rehabilitation activity, then, allows cities to adopt a redevelopment strategy. That is, unless a locality can afford to completely "renew" a deteriorated area through relocation, demolition, clearance and new construction, available resources must be used to rehabilitate owner-occupied housing in so-called marginally deteriorated or "grey" areas.⁴ The logic for this strategy is based on keeping and/or attracting higher income residents in

²Rosenfeld, "Who Benefits and Who Decides?", pp. 211-235; and Dommel and Associates, Decentralizing Urban Policy, p. 235.

³Rosenfeld, "Who Benefits and Who Decides?", p. 230.

⁴Anthony Downs, Neighborhoods and Urban Development (Washington, D.C.: Brookings, 1981) See, Chaps. 1 and 12.

areas that are in danger of becoming deteriorated beyond redemption--save through demolition and redevelopment.

Second, a close reading of HUD's comprehensive Sixth Annual Community Development Block Grant Report reveals that most cities have adopted this "grey area" rehabilitation strategy. Eighty percent of entitlement city funds for rehabilitation, during 1978, 1979 and 1980, were allocated for single family owner-occupied dwelling units.⁵ Cities with the largest population decline spent 35 percent of their entitlement grant for rehabilitation, while cities with growing populations allocated only 24 percent for similar purposes.⁶ Entitlement cities, defined as being "Most," "Moderately," and "Least Distressed," by HUD, allocated 35 percent, 25 percent and 28 percent of their grants, respectively, for rehabilitation activities. In addition, rehabilitation projects were distributed almost equally among the "least," "moderately" and "most distressed" census tracts of entitlement cities; the proportions of grants allocated are 27 percent, 28 percent and 27 percent, respectively.⁷ One might infer from this data that cities losing population and in distress are spreading CDBG funded rehabilitation projects across all city neighborhoods.

⁵Office of Community Planning and Development (Washington, D.C.: HUD, 1981), pp. 59-61.

⁶Ibid., p. A-59.

⁷Ibid., p. 67. Also, see pages A-4 and 140 for HUD's definition of city and census tract distress.

Coupled with findings that lower income residents will either not qualify for rehabilitation assistance or lack the desire to incur increased debt, and probably lack the capacity to pay for the consequences of rehabilitation, the fact that CDBG rules do not require rehabilitation activity targeting to lower income individuals or families has resulted in the conclusion, by me and others,⁸ that lower income groups are not the major beneficiaries of CDBG funded rehabilitation.

The only argument one might make for defining CDBG funded rehabilitation as redistribution centers on identifying a substantial number of individual rehab beneficiaries who also received subsidy payments to offset the added cost. However, over the first six years of the program, only 14,965 units out of a total of 114,200 units rehabilitated with CDBG funds have received assistance--both direct-payment and subsidies--through the Section 8, Urban Home-steading, Private Market Rate, and other programs.⁹

Thus, the CDBG rules, the extent of local discretion and the research and program evaluation results indicate that Frieden and Kaplan's early assessment of the, still new, CDBG program, may be valid.¹⁰ They saw this new "Special Revenue" or CDBG program as one that is merely a

⁸Frieden and Kaplan, The Politics of Neglect, pp. 267-268.

⁹HUD, Sixth Annual CDBG Report, pp. 107 and 121.

¹⁰Frieden and Kaplan, The Politics of Neglect, p. 266.

general revenue sharing program for local infrastructure and other developmental activities. Rehabilitation of "Owner-Occupied Dwelling Units" is a developmental activity and is so categorized in this study.

In summary, this classification scheme permits us to center our concern on local policy priority setting among development and redistribution as activities funded within a system of intergovernmental programmatic relationships. As indicated in Chapter Three, each city, as a CDBG entitlement grantee, must adhere to guidelines set by the national legislature. However, local elected officials may exercise broad discretion in the selection of individual activities or programs to meet broad national goals--while addressing local-specific needs and priorities.

CDBG Expenditures

Since an appropriate CDBG data set was not available, a survey instrument was used as the means by which CDBG expenditure data has been collected. Following the Caputo and Cole study of General Revenue Sharing outcomes¹¹ and mail survey methodological techniques, suggested by Don A. Dillman,¹² the questionnaire was constructed and distributed during November and December, 1981, to the Chief Administrative Officer (CAO) for the community development program

¹¹Caputo and Cole, Urban Politics and Decentralization.

¹²Don A. Dillman, Mail and Telephone Surveys (New York: John Wiley & Sons, 1978).

in each of the study cities. Respondents were asked to supply information pertaining to priority setting among eligible CDBG activities, as the proportion of their CDBG funds allocated for each of these activities, and information related to their cities' categorical and block grant-in-aid experience.¹³

In the analysis presented here, local decision makers are viewed as choosing between CDBG activities that are either redistributive or developmental. Because CDBG entitlements are for a definite amount each year, local elected officials and other local decision makers are forced to decide among priorities in a zero-sum environment.

The survey questions and responses, pertinent to this thesis, are:

What is your city's average annual CDBG entitlement over the previous three years?

\$ _____

Please indicate the number of years, before 1974, that your city has participated in the following federal categorical grant programs.

_____ Urban Renewal _____ Model Cities

_____ Water & Sewer Projects

CDBG allows local discretion in choosing those activities which would best accomplish your

¹³A copy of the complete questionnaire and the survey letter are provided in Appendix A.

community's goals. Please indicate the approximate percentage of entitlement which is allocated for each of the activities listed below:

<u>ACTIVITY:</u>	<u>PERCENT OF CDBG ENTITLEMENT</u>
Continuation of Urban Renewal Projects	_____ %
Acquisition of Land and Property for Demolition, Clearance and Redevelopment	_____ %
Site Clearance, Demolition and Relocation	_____ %
Sewer and Water Projects	_____ %
Street and Highway Improve- ments (includes curbs/ furnishings)	_____ %
Flood Protection and Sea Walls	_____ %
Job Training Programs	_____ %
Housing Counseling, Legal Aid and Education Programs	_____ %
Rehabilitation Loans and Grants for Non-Owner Occupied Dwelling Units and Businesses	_____ %
Rehabilitation of City- Owned or Acquired Property	_____ %
Construction of Neighbor- hood Facilities used for Health Care, Job Training, Youth Services and Senior Citizen Programs	_____ %
Acquisition and Development of Parkland and Beautification Projects	_____ %
Historic Preservation	_____ %

Health Services, Youth and Senior Citizen Services Programs	_____%
Rehabilitation Loans and Grants for Owner-Occupied Dwelling Units	_____%
Rehabilitation Loan Guarantees to Lending Institutions	_____%
Construction of Public Facilities (fire stations, parking, etc.)	_____%
Removal of Architectural Barriers	_____%

Economic Growth of Cities

Personal Income Measures

Most urban researchers operationalize the city's "fiscal capacity," through either city- or state-specific personal income measures.¹⁴ Per capita income, average family income and median family income are commonly used independent variable indicators. For our purposes, these personal income measures are not appropriate indicators of a community's economic growth for several reasons.

First, per capita income is a "static" measure of fiscal health. It might, at any given point in time, merely reflect past economic performance. That is, personal income in many cities may be a function of a sustained period of growth rather than as a reflection of current growth. Wage levels are based, for the most part, on the

¹⁴Peterson, City Limits, pp. 46-47.

past performance of individuals and the increasing capacity, during a growth period, of firms to accommodate employee demands. It would seem, therefore, that when one uses personal income levels as a measure of fiscal health, we merely obtain a measure of the result of past city-specific economic growth. In a comparative urban analysis, the results obtained using income levels to explain the impact of fiscal capacity on expenditure patterns might prove fatal. These personal income levels, based on past growth, may be affected by a city's current economic experience. But, I feel, current economic decline will prove to make only a marginal difference in income levels. The rate of wage increases may slow down, but the relatively higher personal income base, as a result of past-growth, remains intact.

On the one hand, cities which have historically enjoyed periods of growth and are now in decline, will still exhibit relatively higher income levels than cities which have not experienced a growing economy. Conversely, those cities which have only recently enjoyed economic growth will continue to exhibit relatively lower personal income levels, since income levels may not have caught up with this newer period of local prosperity. As a result of this "income lag" for both growing and declining cities in a period of massive private business and demographic shifts between regions, per capita and median income measures fail to indicate the relative economic growth or

decline of cities. Perhaps the successful use of these personal income measures in past research efforts is reflective of business location and demographic stability. However, we must seek to adjust our measures of city fiscal health to an environment of convulsive regional shifts in economic activity. A measure which seems to fill that need is described in the next section of this chapter.

A second argument, made here, against using personal income, as a measure of fiscal health for use in testing the Unitary approach, goes toward the ability of that variable to effectively measure overall local fiscal strength. Per capita or median income measures cloak and cleavage or disparity in personal income between low income groups and the middle income and high income groups of city residents. The relative size of low income and more dependent groups, within a city and among cities, cannot be identified using per capita income measures. Several cities may exhibit a similar per capita income level while the actual size of the income groups may differ markedly among them. So, while cross-sectional personal income measures may account for variations in current regional prices, wages, fluctuations in employment, etc., the impact on a city's fiscal health of a relatively large number of less productive residents is lost to the analysis. The relative proportions of poor and lower income residents most surely are known to local decision makers and effect resource policy in a way not communicated by a measure of

resident average or median income. For instance, in a city with a relatively high per capita income and a large poor and lower income group, any property or similar tax would necessarily be aimed at the more productive residents.

Finally, the value of personal income, as a measure of local fiscal capacity may be diminished by the manner in which the data is collected and its source. City-specific income indicies measure the personal income of only those persons who reside within the borders of the city. If the so-called "exodus" of middle-income city residents to the surrounding suburbs of central cities is a fact of contemporary urban life, then this large segment of a city's wage earners are not taken into account when measuring its fiscal strength. Even though these commuters may not contribute toward local fiscal resources as much as do productive city residents, they do contribute somewhat to both the city treasury and the perceived health of employment opportunities as well as the labor pool available to employers.

The Local Business and Employment Environment

Our measure, the Composite Economic Index (CEI), accounts for change over time, in the manufacturing, retail sales, wholesale sales and service industry sector receipts. The relative contribution of each sector to the local economy is weighted by its share of persons employed in all four sectors. The Composite Economic Indicator is

taken from James W. Fossett and Richard P. Nathan, "The Prospects for Urban Revival."¹⁵ They provide an analysis, based on the CEI, of city growth between 1958-1972. This study's data includes the period 1972-1977. A city's CEI ranking results from applying the Fossett-Nathan formula, below, to the indicated local-specific data of our study cities.

$$\text{CEI} = \frac{\text{Average Growth, Sample Cities}}{(\text{PCVAM}) * (\text{PMFE}) + (\text{PCRS}) * (\text{PRSE}) + (\text{PCWS}) * (\text{PWSE}) + (\text{PCSV C}) * (\text{PSVCE})}$$

PCVAM = Percent change in value added by manufacturing, indicated period.

PCRS = Percent change in retail sales receipts, indicated period.

PCWS = Percent change in wholesale sales receipts, indicated period.

PCSV C = Percent change in selected service receipts.

PMF/PRSE/PWSE/PSVCE = Percent of sum of employment in manufacturing, retail sales, whole-sale sales, and selected services employed in given sector during initial year of indicated period (1972).

Rather than view fiscal capacity as a "snap shot" or cross-section of the different levels of personal income among cities, a richer and more complete indicator of local-specific economic growth, relative to the other cities, is provided. The CEI permits us to rank our study cities based on their relative individual performance, over

¹⁵ In Roy Bahl, ed., Urban Government Finance (Beverly Hills: Sage, 1981).

a recent five year period, in the four business sectors.

The concerns expressed in the previous section seem to be adequately addressed by the CEI. Following the rationale of the Unitary model, expenditure policy decisions are based, for the most part, on what a decision maker perceives to be the state of their jurisdiction's economic growth or "fiscal capacity." One need only listen to or read what mayors (and even governors) are saying about their current fiscal woes. The main concern of today's mayors seems to be the ability of their cities to either keep or attract productive business enterprises to the borders of their jurisdictions. A growing and vibrant business sector or sectors means jobs and increased personal and business related spending for the private sector.

While it might be a fact that most cities do not levy much of a direct local tax burden on business, many of these private sector-produced dollars find their way into the city treasury. Property taxes on business and private property and user fees for in-place sewer and water systems, are just two examples. And, just as importantly, any increase in a business sector's activity will allow more dollars to circulate between and among businesses in each of the four sectors--manufacturing, wholesale, retail and services. This has the effect of multiplying the impact of any increase several or more times the actual increase. However, if a city cannot keep much of this "circulation" within its porous borders, the city's CEI score will

reflect that failure.

Therefore, since this study centers on local developmental and redistributive expenditure policy decision making, we must relate the CEI's measure of increased business activity to the perceptions held by the local decision maker. As indicated above, the link seems clear for at least two reasons. A city which exhibits growth in its business sectors impacts on the ability of the mayor to attract new businesses. A growing city economy is attractive to most businessmen because of either market or support services interests. Some recently attracted businesses may find the city a newly discovered marketplace, while some will find all the support services they need conveniently located in one place. Heavy industrial interests will be attracted to a growing city to provide maintenance or development of a necessary infrastructure. This self-reinforcing economic growth condition is not lost on the mayor. As Paul Peterson correctly points out, mayors are neither stupid nor fools. Of course, this spiraling effect works in the other direction as well. A declining city will, over time, be a victim of further economic decline.¹⁶

In addition, private business decisions to relocate into or out of a jurisdiction are usually immediately recognized as being either helpful or detrimental to the

¹⁶Peterson, City Limits, chaps. 1-2.

city's fisc because of their impact on the tax base and their possible effect on other private business decisions which involve relocation. The mayor will certainly be aware of any such decision involving either a large employer or a business which appears to be the nexus for other firms in the city.

The CEI, therefore, seems to reflect those concerns central to a mayor's timely perception of the state of the city's economic affairs. The mayor of a city which has enjoyed relatively high economic growth, over a five year period, should, according to the Unitary model, be favorably inclined to redistribute the resources at his disposal. Conversely, mayors who see the business sector declining will view redistribution more cautiously and will tend to provide developmental support for the remaining businesses as well as for purposes of attracting new ones.

In summary, the CEI appears to offer an economic determinacy analysis of local policy outcomes a richer and more appropriate indicator of a city's economic growth--especially for a comparative urban study. While personal income measures are "static," the CEI is a measure which does reflect the relative overall economic health, over time, of localities. The CEI, for those reasons stated above, will serve as our measure of a city's economic growth relative to the other cities in the study. While the computation of the CEI for each study city requires a much greater effort than that required for the compilation

of the study cities' personal income measures, its use is required if we are to overcome major shortcomings of the cross-sectional per capita and median income indicators. Since a measure of relative economic growth is central to the application of the Unitary framework, the thesis provides us with an analysis which incorporates a richer and many faceted measure of the complex urban economic system.

Research Universe, Data Collection and Study Data Verification

Our research universe is comprised of the 156 CDBG entitlement cities with over 100,000 population. As indicated above, several variables are based on responses to our survey--mailed to the Chief Administrative Officer (CAO) of each of the 156 cities' CDBG program. The response of 117 returned and properly completed questionnaires results in a response rate of about 75%.

When economic and demographic data were added to each city's file, however, 24 cities were dropped from our study's original data base, due to the lack of business sector and economic information for these cities. The completed files for 93 cities, therefore, provide the data base for the study's analysis of CDBG expenditure outcomes.

A comparison of the 93 study cities and the universe of 156 CDBG entitlement cities indicates that various city characteristics and categories, i.e., percent minority, percent families living in poverty, city size and regional location, are similar for both groups of cities. The means

medians and standard deviations for these characteristics are almost the same for cities in each of the two groups, as indicated by Table 4-1. As a result, I feel confident that the data and analyses presented here are representative of and generalizable to all CDBG entitlement cities with at least 100,000 residents.

The CEI for each city results in an economic growth ranking among the other 92 cities included in the study. The cities, thusly ranked, were listed in quartiles. The quartile placement of my study cities was compared with their ranking in Nathan and Fossett's study. Of the more than 30 cities included in both inquiries, only one was not ranked with the same quartile. This city, Seattle, Washington, however, has exhibited a widely fluctuating economic growth pattern as indicated by the Nathan-Fossett data. One explanation for this deviant case may be the closing and re-opening of Seattle's large aero-space research and manufacturing facilities. In any case, I feel confident that my CEI rankings, from low growth to high growth and in quartiles, are similar to those achieved by the Nathan-Fossett findings from data of an earlier time period--1968-1972. My data is from the later period--1972-1977.

In summary, then, the questionnaire responses, together with demographic and personal income information, taken from the County and City Data Book, 1977, and economic sector and employment data, from Department of Commerce Business Reports, for Manufacturing, Wholesale, Retail and

TABLE 4-1
 DISTRIBUTION OF CITIES SURVEYED AND
 STUDY CITIES BY CATEGORY

<u>City Category</u>	<u>Cities Surveyed</u>		<u>Study Cities</u>	
	No.	%	No.	%
All Cities	156	100	93	100
Population				
200,000 -	91	58.3	54	58.0
200,000+	65	41.6	39	41.9
Region				
Southeast	43	27.6	27	29.0
Northeast	49	31.4	32	34.4
Southwest	48	30.7	23	24.7
Northwest	16	10.3	11	11.8
\bar{X} Minority Population	156	22.11	93	23.01
Median		18.75		21.25
Standard Deviation		15.15		13.81
\bar{X} Families Below				
125% of Poverty Level	156	14.25	93	14.90
Median		14.00		14.28
Standard Deviation		5.27		5.16

Selected Services, are coded for each of the 93 study cities. We now turn to more detailed variable definitions and sources.

Variable Definitions

Economic Growth

A composite index based on the Nathan-Fosset Composite Economic Index (CEI) formula explained above. Cities are ranked according to their raw scores on the index. Four groups are then categorized according to where each city is ranked within quartiles--from lowest growth to highest growth. Each city is coded either Lowest, Mid-Low, Mid-High or Highest economic growth. Thus, for example, cities grouped as "Lowest" are those cities which make up the slowest growth quartile of cities. Cities with raw scores below the study city median of 1.053 are relatively better off than those cities with scores above 1.053. See Table 4-2 for a list of cities ranked by CEI scores.

Commerce Department Reports: Annual Survey of Manufacturers, 1977; Census of Business, Final Area Reports, 1977; County-City Data Book, 1977, Table 4.

Minority Population

Percentage of Black and Hispanic residents, as a proportion of total population, for each study city. Computed from data in County-City Data Book, 1977, Table 4.

TABLE 4-2
STUDY CITIES RANKED BY CEI SCORES AND IN QUANTILES (N=93)

<u>Highest Growth</u> (N=23)	<u>Mid-High Growth</u> (N=23)	<u>Mid-Low Growth</u> (N=24)	<u>Lowest Growth</u> (N=23)
Columbus, GA	Albuquerque, NM	Sacramento, CA	Providence, RI
Chesapeake, VA	Fresno, CA	Columbus, OH	Hartford, CT
Lubbock, TX	Mesa, AZ	Cincinnati, OH	Rochester, NY
Aurora, CO	Winston-Salem, NC	Newport News, VA	Cambridge, MA
Austin, TX	Colorado Spr., CO	San Francisco, CA	Minneapolis, MN
Alexandria, VA	Riverside, CA	Greensboro, NC	New Haven, CT
Stamford, CT	Los Angeles, CA	St. Louis, MO	Baltimore, MD
Garden Grove, CA	San Antonio, TX	Charlotte, NC	Orlando, FL
Waco, TX	Phoenix, AZ	Tampa, FL	Chicago, IL
Lexington, KY	Hollywood, FL	Hammond, IN	Dayton, OH
Ft. Lauderdale, FL	Seattle, WA	Denver, CO	Fall River, MA
Peoria, IL	Ft. Wayne, IN	Roanoke, VA	Columbia, SC
Cedar Rapids, IA	Chattanooga, TN	Birmingham, AL	St. Petersburg, FL
Independence, MO	Norfolk, VA	St. Paul, MN	Boston, MA
El Paso, TX	Madison, WI	Oakland, CA	Buffalo, NY
Arlington, VA	Savannah, GA	Milwaukee, WI	Newark, NJ
Shreveport, LA	Montgomery, AL	New Bedford, MA	Patterson, NJ
Mobile, AL	Toledo, OH	Indianapolis, IN	Atlanta, GA
Springfield, IL	Des Moines, IA	Bridgeport, CT	Detroit, MI
San Diego, CA	Glendale, CA	Passadena, CA	Waterbury, CT
Canton, OH	Louisville, KY	Kansas City, KS	Jersey City, NJ
Hampton, VA	Knoxville, TN	Omaha, NE	Akron, OH
Tacoma, WA	So. Bend, IN	Huntsville, AL	Yonkers, NY
		Erie, PA	

Urban Renewal/NDP, Personal-Services,
Rehab and Sewer/Water

Responses to survey questions asking for percentage allocation of CDBG entitlement for each fundable activity. Each of the 18 CDBG activities is coded as one of the four variables. All developmental activities, except Sewer/Water are coded Urban Renewal/NDP. All redistributive activities are coded Personal-Services. The activity related to "owner-occupied" rehabilitation is coded Rehab. Since the percentage of total entitlements reported for each variable did not add to 100%, in the case of most cities' data on CDBG expenditure's each of these dependent variables is stated as a proportion of 100% for each case.

Population Growth

The percentage total population change for each study city between 1970 and 1975 computed from data in the County-City Data Book, 1977, Table 4.

Per Capita Income Growth

The percentage per capita income change for each study city between 1969 and 1974 computed from data in the County-City Data Book, 1977, Table 4.

Per Capita Income

The per capita income for each study city computed from data in the County-City Data Book, 1977, Table 4.

Region

The universe of 156 cities with 100,000 population or more according to 1975 estimates in County-City Data Book, 1977, Table 4, are divided into four general regional categories and each city is coded either SE, NE, SW or NW. The regions, the states which comprise each region, and the number of study cities in each are listed below.

SOUTHEAST (44) Alabama (4), Arkansas (1), Florida (7), Georgia (4), Kentucky (2), Louisiana (3), Mississippi (1), Missouri (4), North Carolina (5), South Carolina (1), Tennessee (4), Virginia (8).

NORTHEAST (49) Connecticut (5), Illinois (3), Indiana (6), Maryland (1), Massachusetts (5), Michigan (6), New Jersey (5), New York (6), Ohio (7), Pennsylvania (4), Rhode Island (9).

SOUTHWEST (47) Arizona (3), California (20), Colorado (5), Kansas (3), Nevada (1), New Mexico (1), Oklahoma (2), Texas (13).

NORTHWEST (16) Idaho (1), Iowa (3), Minnesota (2), Nebraska (2), Oregon (2), Utah (1), Washington (3), Wisconsin (2).

Not included: Hawaii, Alaska, District of Columbia and Puerto Rico.

States which lack cities of sufficient size: Delaware, Maine, Montana, New Hampshire, North Dakota, South Dakota, Vermont, West Virginia, Wyoming.

City Size

The study cities are dichotomized according to total population of either 200,000+ or 200,000-. Although a different categorization scheme is desirable, i.e., 100,000 to 200,000/200,000_ to 350,000/350,000+ to 500,000/500,000+ to high, analytical richness is defeated by number of cases. County-City Data Book, 1977, Table 4.

Model Cities Experience

Responses to survey question asking for number of years respondents' cities had participated in the Model Cities program, before 1974, are categorized as either none, 1-5 years, or 5+ years and coded by city. (The maximum number of years coded for Model Cities is eight.)

Urban Renewal Experience

Responses to survey question asking for number of years respondents' cities had participated in the Urban Renewal/NDP program, before 1974, are categorized as either none, 1-5 years, or 5+ years and coded by city.

Sewer/Water Experience

Responses to survey questions asking for number of years respondents' cities had participated in the Sewer/Water program, before 1974, are categorized as either none, 1-5 years, or 5+ years and coded by city.

Statistical Methods and Measures

Throughout the analysis presented in Chapters Five and Six, study cities are grouped in quartiles according to their relative CEI score, percent minority population, percent poverty population and resident personal income levels. There are three categories of categorical grant experience. We seek to test the explanatory strength of the pluralist/group theory and Unitary models by identifying the central tendencies of each group of cities, thusly classified, in the allocation of CDBG expenditures among redistributive and developmental activities, as a percentage of their entitlement. The four group categorizations allow us to measure the affect of the "Best Case" and "Worst Case" environments for CDBG funded local policy outcomes.

The Statistical Package for the Social Sciences (SPSS) procedures of Breakdown and the Multiple Classification Analysis (MCA) are used to provide descriptive and statistical analyses. These procedures provide dependent variable means for each discrete group of cities, in addition to measuring the variance explained by one or more independent variables or functions: The classified group's mean and a measure of variance, explained by the independent variable, between groups and among cases within the group are also supplied. Where the data permits, the beta, Multiple R and R^2 statistical measures of variance, explained by the inclusion of additional independent

variables, are supplied. Otherwise, the eta or beta statistic is given to illustrate the strength of a single independent variable to explain the dependent variable variance. In order to test whether the MCA results are significant, the F-Ratio statistic provides that measure for our fixed-effect model.¹⁷ Thus, the analysis will provide statistical measures indicating the relationships, and their significance, between various grouped means and selected independent variables--both in a bi-variate and multi-variate mode.

Finally, a multiple regression analysis equation is constructed so that we might confirm the relationships that emerged or faltered in the MCA. The direction and strength of the Beta coefficients, resulting from this analysis, are expected to be similar to the eta and partial beta statistical measures found in the earlier analyses. To lessen the possibility of multi-collinearity, a four variable equation was constructed after a correlational analyses of these independent variables proved a lack of strong relationships between each of them and each of the others.

The next two chapters provide a comparative analysis of CDBG expenditure patterns across America's larger cities. Chapters Five and Six apply the research design, variables

¹⁷Nie, et al., Statistical Package for the Social Sciences, 2d ed. (New York: McGraw-Hill, 1975) pp. 399-400.

and statistical methods, described in this chapter, to several attempts at explaining the allocation of CDBG funded local expenditures--especially those expenditures that represent funding for people-centered or redistributive activities.

CHAPTER V

THE UNITARY AND PROCESS MODELS APPLIED TO LOCAL CDBG EXPENDITURE OUTCOMES

Introduction

This chapter will first, provide a description of Community Development Block Grant (CDBG) funded local expenditures across America's larger cities and second, apply the frameworks reviewed in Chapter Two to explanations of CDBG funded substantive policy outcomes of urban political systems. The description of differences in expenditures, between redistributive and developmental activities, among CDBG entitlement cities, is followed by the two explanatory sections. The first employs an explanatory variable suggested by the Unitary model, while the second utilizes independent variables suggested by the Group Theory/Pluralist or Process approach.

The Unitary approach suggests that first, cities tend to avoid redistribution, generally, and second, that those localities which are enjoying economic growth will possess the so-called "slack" between resources and expenditures that might be prioritized for redistribution. The Unitary framework's ability to explain and predict the city's policy bias for or against redistribution, therefore, centers on the individual locality's fiscal health or

economic growth. A city-specific indicator of relative growth, which serves to operationalize the Unitary approach's hypotheses, is used to explain the variation, among cities, of CDBG redistributive expenditures. The effect of local "fiscal capacity" on these CDBG outcomes is measured using the Composite Economic Indicator (CEI). As outlined in the previous chapter, this measure accounts for a city's relative growth/decline, over a five year period, in the four major business sectors.

Following this examination of the effects of fiscal capacity, several measures of redistributive political demand, suggested by the Process Model, are applied to the same dependent variable of CDBG funded local expenditures. "Political Demand" for redistribution is operationalized through city-specific indices of "City Minority Population" and "Percent Families Below 125% of Poverty Level." These two variables provide measures of the relative success of groups and coalitions in the politicized decisional processes of the urban redistributive arena.

The last section of this chapter will provide a discussion centering on the ability of the two models to explain CDBG expenditures. How well does each model explain urban redistributive policy outcomes? What is not explained?

CDBG Expenditure Priority Setting

The central concern of the analysis is the description and explanation of redistributive expenditures,

across the study cities, within the milieu of a largely developmental block grant. As indicated in Chapter Four, CDBG activities defined as redistributive are classified as the dependent variable, "Personal-Services;" all others are coded "Development."

CDBG expenditures, when they are viewed as the result of priority setting between developmental and redistributive arenas, vary considerably among localities. Personal-Services, as redistributive policy choices, account for only 13.42 percent of all CDBG expenditures among the study cities. However, cities vary widely in selecting Personal-Services activities as part of their respective CDBG programs; the range is from 0 percent (7 cities) to 35 percent (1 city), as indicated by Table 5-1. In addition, while 19 cities spent under 5 percent, 15 others allocated over 25 percent of their CDBG entitlement for distribution. In spite of the so-called unofficial cap of 20 percent on redistribution engendered by the original CDBG Senate Bill in 1973,¹ the fact that 25 (27 percent) of the study cities allocated more than 20 percent of their entitlements for redistribution is curious. Hopefully an explanation will evolve from the following analyses which employ two distinct approaches to explaining urban policy outcomes.

¹ACIR, "CDBG: The Workings of a National-Local Block Grant," p. 13.

TABLE 5-1
 LOCAL CDBG EXPENDITURES FOR DEVELOPMENT AND
 PERSONAL-SERVICES BY PERCENT AND
 NUMBER OF CITIES (N=91)

<u>Development</u>	<u>Number of Cities</u>	<u>Personal-Services</u>
95-100%	19	0-4.9%
90-95	21	5-9.9
85-90	16	10-14.9
80-85	10	15-19.9
75-80	10	20-24.9
70-75	9	25-29.9
65-70	5	30-34.9
65-	1	35-
86.58	Mean	13.42
88.91	Median	11.09
65.00	Minimum	0.00
100.0	Maximum	35.00

The Unitary Model and CDBG Expenditures

In essence, the Unitary approach views the urban policy making system as one that is constrained in its setting of priorities among redistribution and development. Local discretion is limited for two interrelated reasons. First, the city occupies a lower position in the hierarchically ordered political economy of the federal system. That is, local government, when compared to the national and state levels, cannot, as effectively, regulate the flow of residents, businesses, capital, labor and products to and from its borders. This situation results in an environment in which cities must compete with each other for tax-paying residents and businesses while, as compared to the other two levels, relying more on a benefits-received principle driven tax base.

Second, as a direct consequence of the first set of constraints, a community's fiscal capacity will determine its priority setting among redistributive and developmental policy choices. Because a city must maintain and enhance its economic base, the local decision maker will, as a rational actor, select those policy options which tend to strengthen the local fisc and, more importantly, avoid policies which damage (or appear to damage) local economic strength.

The Unitary approach suggests that a city's decision makers act and react to environmental changes, outside the local political system, within the context of

the competitive market in which they find their city. Following this concept of the city as a Unitary actor in the larger competitive milieu, Unitary approach analysts distinguish between redistribution and development as these policy values either detract from or enhance local fiscal growth. The Unitary city, thus, selects policy initiatives from the perspective of a single-purpose interest, economic health, rather than from the perspective of a compromise resulting from conflicts among disparate city interests resolved within a give and take or bargaining process.

Since redistribution is non-productive and detracts from local fiscal health, Peterson suggests that, except in limited and rare circumstances, cities will avoid redistribution whenever possible. Development is the locally preferred policy direction. Redistribution is best left to the national government since it does not suffer under the same constraints as localities.

Two hypotheses, central to this thesis, are suggested by the Unitary model, and made explicit by Peterson, for explaining urban policy outcomes, generally, and CDBG outcomes in particular.² First, cities will tend to prioritize their CDBG expenditures toward development. As indicated in Table 5-1, 86.58 percent of CDBG expenditures were allocated for development. Only 13.42 percent of

²Peterson, City Limits, pp. 48-50; David and Kantor, "Urban Policy in the Federal System," p. 12.

entitlement funds were spent by the study cities on redistribution, as predicted by the Unitary model. This finding seems to support Peterson's assertion that ". . . only about 12 percent of local fiscal resources in the United States as a whole" are allocated for redistribution.³

As explained in Chapter Four, the mean percent of each city group's redistributive or "Personal-Services" expenditures in CDBG, is a "mirror image" of their developmental expenditures. Therefore, group mean percentages for development need not be displayed. Our concern, therefore, might be more productively centered on explaining the redistributive outcomes of the CDBG program.

A second hypothesis, central to the Unitary approach and one which guides much of our economic determinacy analysis, provides that a city in economic stagnation and decline will avoid redistribution, while only those cities enjoying economic growth will tend to allocate so-called surplus resources for redistribution.⁴ The study data does not support this proposition. Table 5-2 reveals that cities which rank in the CEI's lowest growth quartile among all study cities are allocating an average of 17.53 percent for Personal-Services, or twice that found among the highest growth quartile cities. In fact, economic growth and redistribution are inversely related; higher city growth

³Peterson, Limits, p. 210.

⁴Ibid., pp. 48-50, 64, 131-132, 167, 211-212.

TABLE 5-2
 LOCAL CDBG EXPENDITURES FOR PERSONAL-SERVICES
 BY ECONOMIC GROWTH QUARTILES (N=91)

<u>City Growth</u>	<u>Mean Expenditure</u>	
	%	No.
Lowest	17.53	(22)
Mid-Low	13.45	(24)
Mid-High	13.89	(23)
Highest	8.77	(22)
Grand Mean	13.42	
eta	.31	
Significance ¹	.01	

1. The F-Ratio is used to test statistical significance throughout this study.

results in a lower percentage of redistribution. Certainly, this finding is opposite to what the Unitary model would predict.

As concluded in Chapter Four, the CEI appears to be a richer and more appropriate economic indicator for testing the Unitary approach than is per capita income. However, since most urban comparative researchers have, in the past, used per capita income as their measure of economic health, an analysis of the effect of city-specific per capita income on CDBG funded local redistribution is presented.

As suggested by the Unitary model, we should find higher levels of local redistribution among cities with higher levels of per capita income; cities with higher income levels are those which can "afford" redistribution. However, when applied to CDBG funded local activities, redistribution, as a function of per capita income, varies hardly at all among study city groups. The mean percent of CDBG entitlements allocated for Personal-Services by each city group varied only about one percent around the mean for all cities of 13.42 percent, as indicated in Table 5-3. The differences in the findings seem to indicate that, as argued in Chapter Four, the two indicators are tapping very different dimensions of the city's economy.

A third hypothesis, tangential to the Unitary framework's central thesis of economic determinacy, is based on the city's "need" and/or political demand for redistri-

TABLE 5-3
 LOCAL CDBG EXPENDITURES FOR PERSONAL-SERVICES
 BY PER CAPITA INCOME QUANTILES (N=91)

<u>Income</u>	<u>Mean Expenditure</u>	
	%	No.
Lowest	12.38	(22)
Mid-Low	14.50	(23)
Mid-High	12.34	(23)
Highest	14.41	(23)
Grand Mean	13.42	
eta	.11	
Significance	N/S ¹	

1. N/S indicates the statistical relationship displayed is not significant at the .05 level. The N/S symbol is used throughout this study to so indicate.

bution. Peterson suggests that, since urban policy is determined, to a large degree, by the individual city's relative economic growth/decline, egalitarian concerns for poor and needy residents will not be high on the urban political agenda. Thus, he hypothesizes a very low correlation between either "need" or political demand and policy choices for redistribution. The Unitary model, therefore, would predict findings and results " . . . exactly opposite from what one would expect were local policies determined by the politics internal to the city"⁵ when one applies measures of redistributive political demand as explanatory variables. Thus, we can state that the Unitary city's interests of economic stability ignores, for the most part, the presence and needs of dependent residents while pursuing productive policies. As a result, our test of the model will not incorporate dependent citizen need or political demand. The task is better left to the section which applies the pluralist/group theory approach to explaining substantive urban policy outcomes.

In summary, it appears from these results that, according to the Unitary model's assumptions and its central hypothesis, cities which can least afford redistributive activities are allocating a large portion of their CDBG entitlement for those purposes. On the other hand, those

⁵Ibid., pp. 49, 64.

cities which can afford redistribution are concentrating their CDBG entitlements on developmental activities. The Unitary framework seems inadequate for providing an explanation of local CDBG funded expenditures. The analysis will now turn to an approach which incorporates several indicies relevant to the politicized decision making process of cities to explain CDBG funded local expenditures for redistributive activities.

The Process of Urban Policy Making
and CDBG Expenditures

Most explanations of urban policy priority setting, which are guided by a group theory/pluralist grounded framework, "treat local public policy largely in terms of the conflict and bargaining among disparate groups, agencies, and factions internal to the local political system."⁶ Redistributive political demand, therefore, may be viewed as the interaction of poor and minority groups and coalitions within the city's political process--the results of which are policy outcomes addressing the preferences of these groups and coalitions. The Process model would predict that CDBG local expenditures, generally, will be prioritized more toward redistributive activities where large numbers of the poor and needy reside. The electoral interests of local officials, it is assumed by this approach, require the recognition of this group's

⁶Ibid., p. 9.

preferences as "potential" demands or actual demands.

The larger the proportion of poor and needy residents in a city, therefore, the better their chances are for realizing preferences, since the elected official who ignores this group does so at his/her own risk. One might hypothesize then, using the Process approach, that the larger the proportional size of a city group, the more likely it is that local outcomes will reflect that group's preferences. If this hypothesis is verified, using CDBG outcomes, we should find that cities, which have relatively higher proportions of their residents living in poverty, are allocating larger proportions of their CDBG entitlements for redistributive activities than are those cities with relatively smaller proportions of dependent citizens. As indicated in Chapters Three and Four, lower income city residents are in need of and benefit directly from those redistributive activities that are labeled here as Personal-Services.

Most urban comparative study variables used to operationalize local redistributive political demand, therefore, are those which measure the relative size of those groups of residents which are the perceived beneficiaries of the policy being explained. This study's political demand variable is of two parts. First, the "percent minority" of a city incorporates Hispanics and Blacks so that we might capture a richer sense of minority groups within many of our Northeastern and Southwestern cities.

Second, most urban policy researchers usually find a high correlation between "percent black" and "poverty" and use the former variable as a proxy for the latter.⁷ However, the intent here is to cull a richer explanation from the available data. This analysis incorporates "percent below 125% of the poverty level," since many cities in the country may not have a high percentage of minority residents, yet many of their citizens may be living on incomes below the poverty level.

According to the Process approach, those study cities with relatively higher poverty populations, as a percent of total city population, should be allocating a higher percent of their CDBG entitlements for Personal-Services than are cities with lower proportions of poor residents. However, our poverty variable, percent families 125% below the poverty level, functions as a weak determinant of CDBG redistribution. Not only is the relationship very weak, but the effect of poverty on redistribution is in a direction opposite to that predicted by the Process model. While Personal-Services expenditures varies only one and two percent between groups with differing poverty populations, around the mean for all cities of 13.42 percent, cities with the highest percent poverty populations are spending three percent less for redistri-

⁷ Ibid., pp. 55-56; and Caputo and Cole, Urban Politics and Decentralization, chaps. 2-3, provide a discussion of this issue.

bution than are those cities with the lowest percent poor residents, as indicated by Table 5-4.

The second political demand or need variable, percent minority population, is also a weak determinant of Personal-Services priority setting. The difference in redistribution between highest minority cities and lowest minority cities is slightly more than one percent around a mean of 13.13 percent, as indicated by Table 5-5. Cities with the lowest percent minority populations are allocating 12.40 percent of their CDBG entitlements for Personal-Services. Cities with the highest percent minority are allocating only 13.70 percent for the same CDBG activities.

In summary, it appears that the presence of relatively large numbers of poor and/or minority city residents makes almost no difference in the outcomes of the CDBG expenditure priority setting process. CDBG funded Personal-Services activities, aimed at providing social and community services to low income and minority residents, are being provided by all localities at about the same level, regardless of how large the proportion of a city's population is that might be served by such programs. Thus, when we categorize cities by their relative percent minority and poverty populations, there is little or no difference between the groups of study cities in CDBG funded redistribution.

TABLE 5-4
 LOCAL CDBG EXPENDITURES FOR PERSONAL-SERVICES
 BY PERCENT FAMILIES BELOW 125 PERCENT OF
 POVERTY LEVEL (N=91)

<u>Poverty Population</u>	<u>Mean Expenditures</u>	
	%	No.
Highest	11.20	(22)
Mid-High	14.38	(23)
Mid-Low	13.15	(24)
Lowest	14.93	(22)
Grand Mean	13.42	
eta	.14	
Significance	N/S	

TABLE 5-5
 LOCAL CDBG EXPENDITURES FOR PERSONAL-SERVICES
 BY PERCENT MINORITY (N=88)

<u>Minority Population</u>	<u>Mean Expenditures</u>	
	%	No.
Highest	13.70	(22)
Mid-High	12.14	(21)
Mid-Low	14.19	(23)
Lowest	12.40	(22)
Grand Mean	13.13	
eta	.09	
Significance	N/S	

Conclusions

The economic growth and political demand variables, suggested by the Unitary and Process approaches, respectively, have not explained as much of the variance in CDBG Personal-Services or redistributive expenditures, between the city groups, as one would have preferred. However, several of our findings are interesting.

First, the Unitary model's suggestion that cities will avoid redistribution, generally, was verified--albeit within the milieu of a largely developmental program. Second, the assertion of Peterson's Unitary city thesis that only high growth cities will allocate resources for redistribution has not been verified by the CDBG local expenditure data. In fact, the findings here are statistically significant and in a direction opposite to that predicted by the Unitary model. That is, slower growth cities are spending twice as much for CDBG funded Personal-Services activities than are cities which enjoy high economic growth.

Third, the Process model's political demand variables are also very weak determinants of local priority setting toward CDBG funded local redistribution. The presence of poor and minority group residents, across the study cities, made little difference in the outcomes of the local political decision making process under study. However, this finding does seem to verify Peterson's "need" hypothesis, which predicts a weak relationship between

local redistribution and the presence of large numbers of poor and minority residents.

Urban redistributive policy setting, at least in the CDBG decisional arena, cannot be explained or predicted when one applies the Unitary and Process approaches individually or as mutually exclusive frameworks. Perhaps the economic growth of a city and the proportional size of its minority or poverty population(s) are related to each other in a way that is confounding or conditioning their separate effects on priority setting toward redistribution. If so, we should expect to find either a change in direction or a change in the strength of the relationships from that originally discovered between each of these independent variables and CDBG redistributive expenditures when controlling for the other independent variable.⁸

However, we find no support for the hypotheses that either minority or poverty masked a positive relationship between economic growth and redistributive spending. Lowest growth cities are allocating substantially more of their CDBG entitlements within each of the minority population city categories as indicated when one reads across the rows in Table 5-6. In addition, when viewing the same data down the columns, the effect of a city's minority

⁸Robert A. Bernstein and James A. Dyer, An Introduction to Political Science Methods (Englewood Cliffs, N.J.: Prentice-Hall, 1979), pp. 137-139.

TABLE 5-6

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
 BY PERCENT MINORITY POPULATION
 AND ECONOMIC GROWTH (N=88)

<u>Minority Population</u>	<u>CITY GROWTH</u>							
	<u>Lowest</u>		<u>Mid-Low</u>		<u>Mid-High</u>		<u>Highest</u>	
	%	No.	%	No.	%	No.	%	No.
Highest	17.35	(9)	11.61	(4)	12.09	(6)	8.78	(3)
Mid-High	23.56	(2)	14.72	(10)	8.93	(4)	4.96	(5)
Mid-Low	14.92	(6)	14.49	(4)	16.08	(7)	11.04	(6)
Lowest	14.55	(4)	10.09	(4)	16.44	(6)	9.45	(8)
Grand Mean			13.13					
Multiple R			.31					
R ²			.10					

population within each of the growth quartiles is ambiguous. The effective strength of the minority variable is mixed and the direction of its relationship to CDBG redistribution in each of the growth columns is unclear.

Similar to what we found with percent minority, the presence of large numbers of city residents living in poverty does not effect the strength or direction of the original relationship discovered between city growth and city expenditures for Personal-Services. Lowest growth cities are generally allocating substantially more for redistribution than are highest growth cities, as indicated by the data across the rows in Table 5-7. In addition, the effective strength and direction of the relationships between poverty population and redistributive expenditures are not substantially different, from our original findings, when city economic growth is taken into consideration. When we view the data in Table 5-7 down the columns, the relationship between poverty population and redistribution for each of the economic growth quartiles is similarly ambiguous and unclear as was the case in our original analysis.

In summary, there appears to be only a slight effect of city growth and minority or poverty population on CDBG funded local redistributive priority setting when we control for the effect of each of these independent variables on the other. The direction and strength of the bi-variate relationships, reported earlier in the chapter, have not

TABLE 5-7
 LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES BY PERCENT
 FAMILIES BELOW 125% OF POVERTY LEVEL AND
 ECONOMIC GROWTH (N=91)

<u>Poverty Population</u>	<u>Lowest</u>			<u>Mid-Low</u>			<u>Mid-High</u>			<u>Highest</u>		
	%	No.		%	No.		%	No.		%	No.	
Highest	17.30	(8)		8.58	(4)		9.50	(7)		8.35	(3)	
Mid-High	20.65	(10)		9.52	(7)		14.73	(3)		4.50	(3)	
Mid-Low	8.11	(3)		18.32	(9)		8.95	(5)		11.66	(7)	
Lowest	17.05	(3)		14.26	(4)		20.51	(8)		8.02	(7)	
Grand Mean	13.42									Poverty Growth		
Multiple R	.36									Beta		
R ²	.13									Significance		
										.16		
										N/S		
										.30		
										.03		

been substantially changed by introducing one of the other two independent variables to the analysis. Low growth cities spend substantially more than high growth cities for CDBG redistribution, with the presence of large minority and poverty populations making little difference, generally, within each of the four categories of city growth. It appears, then, that the inability of the Unitary and Process models to explain CDBG funded redistribution is not a function of a masking or confounding effect of the independent variables used to operationalize the two frameworks' concepts. However, several contextual variables, highlighted by CDBG local expenditure analyses, may add to our ability to explain CDBG expenditure outcomes within the guides set down by the Unitary and Process frameworks.

The Local Environment and CDBG Expenditures

Peterson, using the Unitary approach, suggests that all cities' interests are of one piece--maintenance and enhancement of their economic well being. Others, such as Dommel and Associates, Caputo and Cole, Van Horn, Frieden and Kaplan, and HUD's CDBG Annual Reports,⁹ suggest that the local setting or context of Federal-local block grant implementation seems to make a difference in priority setting among nationally funded local activities. The failure

⁹ Dommel and Associates, Decentralizing Urban Policy; Caputo and Cole, Urban Politics and Decentralization; Carl E. Van Horn, Policy Implementation in the Federal System (Lexington, Mass.: Lexington Books, 1979); and Frieden and Kaplan, The Politics of Neglect.

of the Unitary model, and our Process analysis, to consider contextual variables may have masked or suppressed the relationship(s) between economic growth or political demand and local CDBG policy outcomes. We will explore the effects of several contextual variables on CDBG funded local expenditure patterns in the next chapter.

Our exploration of local contextual effects on CDBG expenditure outcomes will center on three points. First, city size, as total city population, has been suggested by both Peterson and Process theorists¹⁰ as an indicator of policy preference diversity and of group success in having redistributive demands or needs addressed locally. Larger cities, more so than smaller cities, provide an environment for a diversity of both interests and their attendant issue arenas. Thus, somewhat more political response to group preferences or demands for redistribution might be possible in larger cities than can be accommodated in smaller cities. Second, differences in regional biases for and against redistribution may be confounding the effect of economic growth or poor and minority policy preferences on local redistribution. Daniel Elazar suggests that the several regions of the country exhibit a distinct political culture. These differences in a region's view of the role of government may effect a city's response to the

¹⁰Peterson, City Limits, pp. 16, 31 and chap. 5; Dahl, Who Governs?; and Caputo and Cole, Urban Politics and Decentralization.

needs and preferences of poor and minority residents.¹¹

And lastly, historical links between local experience with the categorical grants folded into the CDBG program and contemporary expenditure outcomes will be explored. Several important theoretical links between CDBG resources and local expenditure outcomes have been ignored by our Unitary and Process framework guided analyses, thus far. Robert Dahl, David Truman, Dommel and Associates and, in his recent case study research of a block grant's local policy outcomes, Paul Peterson conclude that constituency access to decision makers is a major determinant for having group preferences addressed.¹² This access is best accommodated through a public agency which has bureaucratic program preferences and goals similar to that of the constituent group.

The CDBG program's categorical era provides us with a link through which redistributive need or demand can be accommodated. For seven years before the enactment of CDBG, the Model Cities program provided federal funds for locally managed social service programs. These local activities were designed to provide direct benefits for

¹¹Daniel Elazar, American Federalism: A View from the States, 2d ed. (New York: Harper and Row, 1972) chaps. 4-5.

¹²Dahl, Who Governs?; David Truman, The Governmental Process; Dommel and Associates, Decentralizing Urban Policy; and Paul Peterson and Kenneth Wong, "Comparing Federal Education and Housing Programs: Toward a Differentiated Theory of Federalism," paper presented at the Annual Meeting of the American Political Science Association, Denver, Co., Sept. 1-4, 1982.

poor and minority residents in the 150 or so Model City Grantee localities. As a result of this program, according to Frieden and Kaplan and others,¹³ local bureaucratic organizations provided a structured, open and sympathetic access point through which redistributive policy preferences and demands were addressed.

There is some evidence that these Model Cities' local bureaucratic structures, with their attendant constituencies, are still in place providing organized group access to the local redistributive policy arena.¹⁴ The impact of this access link on CDBG expenditures will also be explored in Chapter Six. If an effective constituent access link is provided through Model Cities categorical era experience, we should find that study cities with such experience are spending a larger share of their CDBG entitlement grant for social service programs, than are cities with no such categorical experience.

In summary, then, we have found neither an independent nor an additive effect of the Unitary and Process frameworks' variables on CDBG funded redistribution. The analysis will now turn to an exploration of the contextual environment of our study cities for explanations of CDBG policy setting contexts--city size, region and Model Cities

¹³Frieden and Kaplan, Politics of Neglect; Dommel and Associates, Decentralizing Urban Policy.

¹⁴Dommel and Associates, Decentralizing Urban Policy.

categorical grant experience--that may be conditioning the independent effects of city economic growth, minority population or poverty population on CDBG funded local redistribution. Chapter Six provides us with an analysis which examines these relationships.

CHAPTER VI

THE CONTEXTUAL ENVIRONMENT OF COMMUNITY DEVELOPMENT BLOCK GRANT EXPENDITURE OUTCOMES

Introduction

This chapter will attempt to more adequately explain urban substantive policy outcomes by exploring the local environment for its effect(s) on the implementation of CDBG funded social service programs. The failure of our previous analysis to consider the context within which local CDBG funded activity takes place may have masked or suppressed the explanatory ability of the Unitary and Process frameworks. As indicated in Chapter Five, the effects of local economic growth and minority/poverty population preferences and needs on CDBG activity priority setting may be masked or confounded by the diversity of a city's policy preferences and arenas, by regional biases for and against redistribution, or by an effective social services constituency access point or links. These concepts are operationalized by our use of variables indicating total city population, the city's location in one of four regions, and number of years of a city's participation in the model cities categorical program, respectively. Our analysis is presented in three similarly

structured sections.

Each section, devoted to determining the effect(s) of one of our three contextual variables on CDBG funded social services priority setting, is composed of four parts. First, the independent effect of the contextual variable on CDBG expenditure outcomes is ascertained. Second, the effect of the contextual variable on the relationships between a city's economic growth and CDBG activity priority setting are analyzed. Third, the effect of the contextual variable on the relationship between a city's minority population and CDBG expenditures is presented. Finally, the effect of the contextual variable on the relationship between a city's poverty population and CDBG funded local programs is ascertained.

Therefore, as a result of the analyses outlined above, we hope to discover whether the local context of CDBG social service program implementation has masked or confounded the ability of the Unitary and Process frameworks to explain urban substantive policy outcomes. We attempt, therefore, to cull a richer explanation of CDBG funded local social service programs from the variables suggested by the Unitary and Process approaches and utilized in the previous chapter. In that regard, a multiple regression analysis will be presented so that we might verify the relationships that emerged or faltered in the analyses outlined above.

Expenditure Patterns of Large and
Smaller Cities

Most of the rich urban literature of the past several decades is set in larger American cities. However, a high proportion of CDBG entitlement cities are much smaller than Banfield's Chicago, Dahl's New Haven and Sayre and Kaufman's New York. These Process-oriented analysts found that diverse group interaction, within the larger urban populations, resulted in bargained policy outcomes.¹ There are some indications, however, that smaller localities do not exhibit a diversity of group preferences which permits the local decision-maker to more readily allocate resources for redistributive programs.² In addition to the effect that city size may have on group interest diversity and redistributive policy outcomes as a bargained compromise, larger cities tend to possess more diversity among business sectors than do smaller cities. This economic diversity, according to the Unitary framework, not only provides for an overall economic climate which attracts capital and a diversified work force to the city, but permits localities to more readily address local social program issues, as the result of a stronger economic base.³

¹Dahl, Who Governs?; Banfield and Wilson, City Politics; Banfield, Political Influence; and Sayre and Kaufman, Governing New York City.

²Peterson, City Limits, pp. 16, 31, and chap. 5; Heintz Eulau and Kenneth Prewitt, Labyrinths of Democracy (Indianapolis: Bobbs-Merrill, 1973), chaps. 26-27.

³Peterson, City Limits, pp. 22-29.

City size, then, as a function of the diversity of group interaction, resulting in bargained policy outcomes, and of fiscal health through economic diversity among business sectors, will be explored for its effect on local CDBG redistribution. The analysis will follow the outline discussed at the beginning of this chapter.

City Size and CDBG Expenditures

We should expect to find, then, that among our study cities, larger cities are spending more of their CDBG entitlement amounts for Personal-Services than are smaller cities, as a result of the plurality of group interests and business sector diversity. Our data indicates that there is some independent effect of city size on personal services outcomes. However, the effect is slight. Larger cities are spending an average of only 3.37 percent more of their CDBG entitlements for redistribution than are smaller cities. As indicated by Table 6-1, the 53 smaller cities average 12.01 percent for Personal-Services, while the 38 larger study cities average 15.38 percent for the same expenditures. Larger cities, then, as a function of being more politically and economically diverse, are allocating more for CDBG social service programs than are smaller cities, albeit, not much more.

City Size and Economic Growth

We seek to identify the effect of city size on the relationship between city economic growth and CDBG Personal-

TABLE 6-1
 LOCAL CDBG EXPENDITURES FOR PERSONAL-SERVICES
 BY CITY SIZE (N=91)

<u>City Population</u>	<u>Mean Expenditures</u>	
	%	No.
200,000-	12.01	(53)
200,000+	15.38	(38)
Grand Mean	13.42	
eta	.17	
Significance	.05	

Services reported in Chapter Five. Given the negligible independent effect of city size on CDBG redistributive outcomes, generally, we should find that lower growth cities are spending substantially more for Personal-Services than are higher growth cities, while larger cities spend slightly more for the same programs than smaller cities in each growth category.

The conditioning effect of city size on our study sub-groups is somewhat more revealing, however. While larger cities are allocating more for redistribution than are smaller cities in three of the four growth categories, these larger city policy outcomes are not determined by the degree of economic growth. That is, all larger cities, regardless of economic growth, are allocating about the same percentage of their entitlement for Personal-Services, as indicated by a reading of Table 6-2 down the larger city column. The sub-groups of smaller cities, however, exhibit similar expenditure patterns as those discovered in our original analysis of economic growth and CDBG Personal-Services. Higher growth cities, in this case smaller high growth cities, are allocating substantially less of their CDBG entitlement for social service activities than are lower growth cities--a direction opposite that predicted by the Unitary model.

It appears that the inclusion of city size into our analysis of the effect of city growth on redistributive policy outcomes does not substantially alter the relation-

TABLE 6-2

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
BY ECONOMIC GROWTH AND CITY SIZE (N=91)

<u>City Growth</u>	<u>CITY POPULATION</u>			
	<u>200,000-</u>		<u>200,000+</u>	
	%	No.	%	No.
Lowest	19.78	(9)	15.98	(13)
Mid-Low	11.12	(10)	15.12	(14)
Mid-High	13.10	(15)	15.17	(18)
Highest	7.95	(19)	13.95	(3)
Grand Mean	13.42		<u>Growth</u>	<u>Size</u>
Multiple R	.32	Beta	.29	.08
R ²	.10	Significance	.05	N/S

ships we found in Chapter Five. When we control for city size, as an indicator of local business sector diversity, economic growth is still less than a satisfactory predictor of redistributive policy priority setting.

City Size and Minority Population Preferences

If, as stated above, larger cities provide for an arena more conducive to having redistributive policy preferences addressed and met, then the presence of higher proportions of minority residents in larger cities should result in a finding of substantially higher Personal-Services outcomes in those cities. On the other hand, minority influence in smaller cities should be negligible.

Our findings of minority influence on CDBG redistribution in larger cities are similar to the relationships we found between minority and redistribution in Chapter Five. The difference in average city expenditures for Personal-Services between lowest minority larger cities and highest minority larger cities is less than one percent, as indicated in Table 6-3. While smaller cities, generally, are allocating less of their CDBG entitlements for redistribution than are larger cities as illustrated across the rows in Table 6-3, only the highest minority population category differs substantially by city size. It seems that city size has a conditioning effect on the relationship between minority and redistributive policy outcomes. Larger cities with the highest proportions of minority

TABLE 6-3

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
BY PERCENT MINORITY AND CITY SIZE (N=88)

<u>Minority Population</u>	<u>CITY POPULATION</u>			
	<u>200,000-</u>		<u>200,000+</u>	
	%	No.	%	No.
Highest	9.21	(8)	16.27	(14)
Mid-High	10.47	(12)	14.36	(9)
Mid-Low	13.66	(12)	14.66	(11)
Lowest	12.02	(16)	15.60	(6)
Grand Mean	13.13		<u>Minority</u>	<u>Size</u>
Multiple R	.22	Beta	.07	.21
R ²	.05	Significance	N/S	.05

citizens are spending substantially more for Personal-Services than are smaller cities with a similar percentage of minority citizens--16.27 percent and 9.21 percent, respectively.

These findings indicate that, generally, larger cities spend slightly more than smaller cities for CDBG redistribution, indicating that minority policy preferences are addressed in larger cities a little more than they are in smaller cities. And, we have found that between the groups of highest minority cities, larger cities, as diverse policy preference arenas, respond to minority preferences for redistribution in a more significant way than do smaller cities. Therefore, we might state that, generally, the presence of higher proportions of minorities makes almost no difference in the average allocation of Personal-Services, regardless of city size. However, there is a significant difference in average redistribution between smaller and larger cities with the highest proportion of minority residents. Larger cities, therefore, may be more responsive to minority group preferences, but that response will be more substantial in cities where there are very high proportions of minority residents.

City Size and Poverty Population Preferences

Poverty population preferences for redistribution are expected to be met and addressed among larger cities, as a priority setting response to the proportional size of

that group, more so than is anticipated among smaller cities. Higher proportions of poverty populations among larger cities, therefore, are expected to result in higher average percentages of CDBG entitlements allocated for Personal-Services.

Our expectations that larger cities are more responsive to poverty population needs or preferences is substantiated by the study city data. Larger cities are spending more for social services activities than are smaller cities in each of the four poverty population categories. Reading across the rows in Table 6-4, we find that larger cities are allocating about 4 and 6 percent more than smaller cities for personal services within the lowest and highest poverty categories, respectively. However, the direction of redistribution is inversely related to the proportional size of a city's poverty population, regardless of city size. While this latter finding does not meet our expectations, stated at the beginning of this section, the relationships between poverty group preferences and CDBG funded Personal-Services reported in Chapter Five are similar when we control for city size.

In summary, it appears that each of the relationships we found between economic growth, minority population and poverty population and CDBG redistributive expenditures have not been substantially altered when we control for city size--dichotomized at 200,000 total population. City size has not affected the direction of redistributive

TABLE 6-4

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
 BY PERCENT FAMILIES BELOW 125% OF POVERTY
 LEVEL AND CITY SIZE (N=91)

<u>Poverty Population</u>	<u>CITY POPULATION</u>			
	<u>200,000-</u>		<u>200,000+</u>	
	%	No.	%	No.
Highest	9.45	(13)	13.73	(9)
Mid-High	13.28	(9)	15.09	(14)
Mid-Low	12.06	(15)	14.95	(9)
Lowest	13.34	(16)	19.16	(6)
Grand Mean	13.42			
Multiple R	.23	Beta	.15	.18
R ²	.05	Significance	N/S	.05

policy outcomes as a function of economic growth. While larger cities allocate similar percentages for Personal-Services in all four categories of growth, smaller city allocations for the same programs are in the same direction as originally found. That is, highest growth smaller cities are spending about half as much as lowest growth cities on redistribution--opposite that predicted by the Unitary model.

In addition, the presence of large numbers of minority or poverty residents does not, generally, effect the percentage of entitlements allocated for Personal-Services--regardless of city size. Only highest minority cities differ substantially in their allocation of Personal-Services programs by city size. The larger highest minority cities allocate substantially more for redistribution than do smaller highest minority cities. The predictions and expectations engendered by the Process approach have not been verified even when we control for the effects of city size.

Regional Expenditure Patterns

Our next inquiry goes to identifying the effects of region on the ability of the Unitary and Process frameworks to explain CDBG local expenditure outcomes. As indicated above and in the previous chapter, regional bias for or against local redistribution may effect a city's substantive policy outcomes. These biases, related to social

program expenditures, are viewed here as a function of the different ways political leaders and citizens of the country's several regions perceive the role of local government. Elazar suggests that the perceived role of local government varies among the regions of the nation.⁴ He found that the states of the Southeast, generally, view the local governmental role as functionally narrow. That is, localities are responsible for so-called "housekeeping" functions, such as law enforcement, garbage collection and water and sewer construction/maintenance. Social service activities in this region are seen, traditionally, as a state responsibility and function. These Southeast cities, therefore, would tend to view redistributive program activities, regardless of need, political demand or economic conditions, as a function outside their sphere of traditional responsibilities.

The Northeast region cities, as a result of a more "moralistic" and community-centered regional political culture, view the role of local government as one that should be responsive to social need in addition to providing traditional local housekeeping services. In this light, then, Northeast cities would tend to be more responsive to the needs or preferences of poor and minority residents for redistributive programs, in spite of economic

⁴Elazar, American Federalism. This discussion is taken from chaps. 4 and 5.

constraints, than cities in the Southeast region. This response, as a function of regional political culture, should result in Northeast cities allocating a much higher proportion of their resources for social service programs than we can expect from Southeastern cities.

The Southwest and Northwest regions each share a mixture of these two dominant political cultures. That is, according to Elazar's findings, the westward migration of Americans from the Northeast and Southeast regions resulted in their respective political cultures being transplanted among the newly settled areas. These regions, then, would tend to exhibit a mix of traditionalist and moralist responses to local social need or preference. We can expect, therefore, that cities of the Southwest and Northwest regions will not allocate their resources for local social services in a discernable pattern.

The failure to account for these regional differences, within our analyses of CDBG expenditures in Chapter Five, may have affected the explanatory ability of the two approaches used to guide those inquiries. Region, as a function of bias for or against the local implementation of redistributive policy, will be explored for its effect on local CDBG expenditures. The analysis will follow the outline discussed at the beginning of this chapter.

Region and CDBG Expenditures

We should find, then, that among the study cities in all regions, cities within the Southeast are allocating substantially less of their CDBG entitlement amounts for Personal-Services than are Northeast region cities; similar expenditures of cities in the Southwest and Northwest regions will fall somewhere in between. Our data indicates that there is a fairly strong and significant independent effect of region on study city Personal-Services outcomes. As expected, cities within the Southwest, Northeast and Northwest regions exhibit a striking difference in CDBG expenditure outcomes when compared to Southeastern cities. Southeastern cities are spending less than fifty percent as much as all other cities on Personal-Services activities--7.77 percent for the Southeast and 15.80 percent for all other cities as a proportion of their CDBG entitlement amount--reported in Table 6-5. While Northeast cities allocate a larger portion of their CDBG resources for social services than do Southwest and Northwest region cities, the difference among the three is only about one percent.

As expected, there is a substantial difference in Personal-Services expenditures between cities of the Southeast and all other cities. This marked regional difference in the allocation of CDBG entitlements for Personal-Services may have masked or confounded the independent explanatory effects of economic growth and minority/poverty

TABLE 6-5
 LOCAL CDBG EXPENDITURES FOR PERSONAL-SERVICES
 BY REGION (N=91)

<u>Region</u>	<u>Mean Expenditures</u>	
	%	No.
Southeast	7.77	(27)
Southwest	15.60	(22)
Northeast	16.19	(32)
Northwest	14.99	(10)
Grand Mean	13.42	
eta	.36	
Significance	.01	

population variables on CDBG expenditure patterns.

Region and Economic Growth

In this part of our contextual analysis, we seek to ascertain the effect of region on the relationships, reported in Chapter Five, between city economic growth and CDBG funded social service programs. Due to the fairly strong independent effect of region on CDBG expenditures we should find that Northeast, Southwest and Northwest cities, are spending substantially more for Personal-Services in each growth category than are Southeast cities. Given our concept of regional political culture, we should also find that local fiscal conservatism will be most recognizable in Southeast region cities--Northeast, Southwest and Northwest cities should be less constrained by resource availability in their allocation of resources for social service programs.

Our data reveals that the effect of region on the relationship between economic growth and Personal-Services, generally, is minimal. Lowest growth cities in all regions, except the Southwest, are allocating substantially more for social programs than are highest growth cities, as indicated by reading down the columns in Table 6-6. However, region seems to be conditioning the effect of economic growth on Personal-Services expenditures by Northeastern cities. Lowest growth cities in that region are allocating three times more for Personal-Services than are highest

TABLE 6-6
 LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
 BY ECONOMIC GROWTH AND REGION (N=91)

<u>City Growth</u>	<u>REGION</u>							
	<u>Southeast</u>		<u>Southwest</u>		<u>Northeast</u>		<u>Northwest</u>	
	%	No.	%	No.	%	No.	%	No.
Lowest	10.53	(4)	---	---	19.40	(17)	13.86	(1)
Mid-Low	7.59	(7)	15.21	(6)	16.26	(8)	16.13	(3)
Mid-High	8.44	(8)	17.09	(9)	9.90	(4)	29.23	(2)
Highest	5.86	(8)	14.03	(7)	6.23	(3)	7.31	(4)
Grand Mean	13.42				<u>Growth</u>		<u>Region</u>	
Multiple R	.47		Beta		.31		.35	
R ²	.22		Significance		.01		.003	

growth cities of the same region--19.40 percent to 6.23 percent, respectively. The differences between lowest growth and highest growth cities in two other regions, while substantial, are less pronounced--10.53 percent to 5.86 percent in the Southeast, 13.86 percent to 7.31 percent in the Northwest. Thus, it seems, Northeastern cities are less constrained by economic growth considerations in the allocation of social service programs than are cities in the other three regions.

However, our expectation that all cities, but especially Northeastern cities, allocate a substantially higher percent of their entitlements for social services than do Southeastern cities in all growth categories, has not been fully supported by the findings. Reading across the rows in Table 6-6, the substantial differences we anticipated are found only between regional cities in the lower economic growth categories.

Controlling for region, as a function of bias for or against local redistribution, in an analysis of the effect of city economic growth on CDBG funded social service programs, does not substantially alter the relationships we found in Chapter Five. Low growth cities spend more for Personal-Services than do high growth cities in all regions of the country. When we control for region, economic growth is a poor indicator of local redistributive expenditures.

Region and Minority Population Preferences

In this analysis, we hope to identify the effect of region on the relationships, reported in the previous chapter, between minority population preferences or needs and CDBG funded social service programs. We expect to find that, as a result of the different regional political cultures discussed above, cities of the four regions will exhibit an areal difference in reaction to the redistributive need or preference of their minority populations. More precisely, we expect to find that Northeast cities with higher proportions of minority residents allocate substantially more of their CDBG entitlement amounts for Personal-Services than do cities of the same region with lower proportions of minorities. In addition, we should find that, while Southeast cities generally spend much less than all other cities for social service programs, local CDBG expenditures for cities of the Southeast region will not vary dependent on the proportional size of their minority populations.

Our study findings indicate that region, as an indicator of area culture and political responsiveness through local government, may have a conditioning effect on the relationship between the proportion of a city's minority population and its expenditures for redistribution--at least CDBG Personal-Services. While this relationship is ambiguous and non-directional for the other three regions, cities in the Northeast sub-group appear to

be more responsive to minority preferences for social service programs. As the proportional size of that group increases from lowest to highest minority population for cities in the Northeast region, the average Personal-Service expenditure rises from 7.67 percent to 19.00 percent, as reported in Table 6-7. The direction and strength of the minority and Personal-Services relationship among cities in each of the other regions are much less clear--similar to what we found in our analysis in Chapter Five.

As expected, cities of the Southeast, exhibiting a political culture biased against locally provided social programs, allocated much less for Personal-Services than all other cities in each category of minority population. The row data in Table 6-7 indicates that Southeast cities were outspent by more than double in the highest minority category by the three other regions' cities. In addition, Northeast cities in the mid-high minority category allocated three times the average spent by Southeast cities in the same category--22.64 percent to 6.63 percent.

It appears that, except for an important finding among Northeast region cities and between Northeast and Southeast region cities, controlling for region did little to alter the previous findings. Minority preference influence, as determined by their proportion of a city's population, is not a reliable predictor of locally implemented redistributive programs for cities in regions other than the Northeast.

TABLE 6-7
 LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES BY
 PERCENT MINORITY POPULATION AND REGION (N=88)

<u>Minority Population</u>	<u>REGION</u>						
	<u>Southeast</u>		<u>Southwest</u>		<u>Northwest</u>		
	%	No.	%	No.	%	No.	
Highest	8.14	(10)	18.03	(5)	19.00	(6)	15.85 (1)
Mid-High	6.63	(9)	13.08	(8)	22.64	(4)	-- --
Mid-Low	8.97	(6)	12.22	(5)	17.78	(12)	-- --
Lowest	0.00	(1)	19.34	(4)	7.67	(8)	14.90 (9)
Grand Mean	13.13				<u>Minority</u>		<u>Region</u>
Multiple R	.41		Beta		.23		.44
R ²	.16		Significance		N/S		.001

Region and Poverty Population Preferences

The effect of region on poverty population preferences for redistribution and local expenditure outcomes is explored in this part of our contextual analysis. Our concept of regional biases for or against redistribution is derived from the different functional roles perceived for local government within the several areas of the country. We should, therefore, expect results similar to what we found when minority population and local social service expenditures were examined within the context of region in the preceding analysis.

As expected, our findings of the effects of regional political culture and responsiveness through local government on poverty population preferences for CDBG Personal-Services, are very similar to what we found when we controlled for region in our analysis of minority population influence on CDBG expenditure outcomes. The Northeast region cities seem to be responding to poverty population preferences more so than the other three regions. Lower poverty Northeast cities are allocating about 13 percent for Personal-Services, while higher poverty cities of that region spend about 21 percent of their CDBG entitlements for the same activities, as indicated in Table 6-8. In fact, redistributive policy outcomes, among cities of the Southeast, Southwest and Northwest, as a function of poverty population preferences, do not seem to be responding to larger proportions of poverty residents. When one reads

TABLE 6-8
 LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES BY PERCENT
 FAMILIES 125% OF POVERTY LEVEL AND REGION (N=91)

<u>Poverty Population</u>	<u>Southeast</u>		<u>Southwest</u>		<u>Northeast</u>		<u>Northwest</u>	
	%	No.	%	No.	%	No.	%	No.
Highest	8.79	(14)	13.58	(3)	16.67	(4)	15.85	(1)
Mid-High	5.73	(6)	11.94	(6)	22.07	(10)	4.10	(1)
Mid-Low	8.08	(6)	14.82	(8)	13.71	(9)	25.14	(1)
Lowest	3.77	(1)	22.47	(5)	11.93	(9)	14.98	(7)
Grand Mean	13.42						<u>Poverty Region</u>	
Multiple R	.38		Beta		.06		.40	
R ²	.15		Significance		N/S		.003	

down the columns in Table 6-8, higher poverty population cities of these three regions are not spending more for Personal-Services than are the cities of the same region with lower proportions of their residents living in poverty.

As anticipated, cities of the Southeast, imbued with a political culture biased against locally administered social programs, are allocating a much lower percentage of their CDBG entitlements for redistributive activities than are cities in the other three regions. The Row data in Table 6-8 reveals that Southeast cities, regardless of the proportional size of their poverty population, are outspent by as much as four times by cities in the other regions for Personal-Services.

Our findings here are similar to what we found in the preceding analysis. Regional political culture seems to have little effect on the relationships between a city's poverty population and CDBG expenditure patterns in areas outside the Northeast. Cities of the Southwest, Northeast and Northwest are allocating substantially higher percentages of their CDBG entitlements for Personal-Services than are Southeast cities--as expected.

In summary, it appears that the relationships we found in Chapter Five between economic growth and local CDBG expenditures have not been effected very much by our controlling for region. Low growth cities are allocating more of their CDBG entitlements for redistribu-

tive activities than are high growth cities, regardless of regional location. Also, except for cities in the Northeast, regional bias for or against locally administered redistributive programs has not altered the ambiguous results obtained from our analysis of the effects of minority and poverty population preferences on local CDBG expenditures in Chapter Five. Region has had a conditioning effect on minority and poverty preference driven CDBG expenditures among Northeast cities--higher minority/poverty cities are allocating substantially more of their CDBG entitlements than are lower minority/poverty cities in that area of the country. Since the study data indicates that the Northeast also accounts for most of the slower growth cities, this finding suggests an important and substantial exception to the explanatory strength of the Unitary model's economic determinacy hypothesis. Finally, the striking differences in CDBG expenditures for redistribution between our Southeast cities and all other cities, throughout this section, indicates that regional bias for or against local redistribution must be considered in a comparative analysis of urban policy outcomes.

It appears from the results obtained in this chapter, thus far, that slow growth cities are spending more than fast growth cities for redistribution and that the presence of "need" or political demand does make some difference in local priority setting for or against redistribution. One explanation, exhibited by these data, might

be that the policy making systems of the relatively larger Northeast cities are more open processes, resulting in diverse interaction of group interests. The culmination of bargaining among groups and coalitions, as an equity-oriented policy value choice, has been illustrated in most of the rich urban policy case studies published in the last twenty years.⁵ Since most of these case study analyses utilized the older and larger cities of our Northeast region, it is not surprising that the findings are similar in these comparative analyses. The relatively smaller, growth cities of the Southeast are not prioritizing much of their CDBG entitlement for redistribution. Whereas, cities in the Northeast seem to react positively to need or political demand, regardless of the fiscal capacity to do so, redistribution among cities in the Southeast is low and is not affected by need or political demand.

The substantive outcomes of the urban redistributive decision making arena, therefore, may differentiate somewhat, dependent on poverty and minority population, region, city size and relative economic growth in ways that seem to run counter to the Unitary framework's expectations. In addition, the strength of the Process approach in offering explanations of local CDBG redistribution, for cities outside the Northeast, would be disappointing to a group theory/pluralist analyst. How-

⁵Dahl, Who Governs?; Banfield and Wilson, City Politics; and Banfield, Political Influence are examples.

ever, one major actor in the urban policy process, not accounted for either by the economic determinacy model, the Process approach or by this exploratory inquiry, thus far, is the administrative structure or bureaucracy necessary to implement the CDBG programs at the local level.

There is substantial evidence that urban bureaucracies play important roles in public policy agenda setting, the delivery of services and the ability of so-called bureaucratic "clients" or constituencies to gain benefits from the political system.⁶ These public service bureaucracies are viewed by some to be "autonomous islands" of discretionary power where self-serving decision rules of these urban process actors monopolize public service decisions.⁷

Categorical Grant Experience and Local Social
Service Program Constituency Access

A major portion of "Hold Harmless" entitlements under the CDBG program's first, second and third year total allocations were a result of Model Cities categorical grant

⁶Sayre and Kaufman, Governing New York City; Martha Derthick, "Intercity Differences in Administration of the Public Assistance Program," in J. Q. Wilson, ed., City Politics and Public Policy (New York: John Wiley & Co., 1968), pp. 243-266; John P. Cercine, Governmental Problem Solving (Chicago: Rand McNally, 1969); and Robert Caro, The Power Broker (New York: Knopf, 1975), are several examples.

⁷Levy, et al., Urban Outcomes; Lineberry, Equality and Urban Policy; Joseph Viteritti, Bureaucracy and Social Justice (Port Washington, N.Y.: Kennikat Press, 1979).

experience. The last full year of the Model Cities allocations were equal to over 30% of the first year CDBG total entitlement amount of \$1.3 billion.⁸ This data suggests the existence of an important constituency access link in the form of an administrative structure, supportive of redistributive policy choices among the CDBG activities. Therefore, the analysis of local CDBG redistribution will now focus on the current decisional processes of cities which embody the past practices and values of categorical programs--specifically, those activities which were funded under the Model Cities program of the Demonstration Cities Act of 1966--folded into the newer block grant.

The effect of Model Cities experience on the explanations offered by the Unitary and Process approaches in Chapter Five will be explored in this section. The analysis will follow the same outline as used in the two previous sections and explained at the beginning of this chapter.

Model Cities Experience and CDBG Expenditures

We should find, as a result of an in-place self-serving public agency and an effective constituency access link, that cities which participated in the categorical Model Cities program are allocating substantially more of

⁸See ACIR, "CDBG: The Workings of a National-Local Block Grant," for an explanation of "Hold Harmless" and ACIR, "Second Annual CDBG Report," for proportional amounts appropriated.

their CDBG entitlements for Personal-Services than are cities which did not participate in that social services dominated Federal-local program. The study data does, in fact, support this expectation. There is a fairly strong and significant relationship between Model Cities experience and CDBG expenditures for social services activities.

Model Cities experience, during the 8 year categorical era of the program, accounts for much of the variance in current CDBG funded Personal-Services expenditure among cities. The 41 study cities with no Model Cities experience allocated an average 9.83 percent of their CDBG entitlements for Personal-Services while cities with experience spent almost twice as much or about 17 percent for the same activities, as reported in Table 6-9. This significant finding suggests that the existence of an in-place mature bureaucracy, controlling and preserving their service delivery function, does make a difference when cities allocate their CDBG entitlements for social services.

The strength of this relationship, between Model Cities experience and redistributive outcomes, is heightened further by the fact that CDBG is, in rules and implementation priorities at the national level, biased toward development. According to one researcher, HUD officials in Washington and at regional offices, have continually attempted to diminish the redistributive values of CDBG local activities; the 1981 amendments to the Act have

TABLE 6-9
 LOCAL CDBG EXPENDITURE FOR PERSONAL-SERVICES
 BY MODEL CITIES EXPERIENCE OF
 LOCALITY (N=89)

<u>Years Experience</u>	<u>Mean Expenditures</u>	
	%	No.
None	9.83	(41)
1-5	16.33	(29)
5+	17.82	(19)
Grand Mean	13.65	
eta	.37	
Significance	.001	

placed a "cap" of 10% of entitlement on Personal-Services activities.⁹ These findings would also seem to indicate that our previous analyses, which applied economic growth, political demand or need and several other variables to an explanation of local CDBG funded redistribution, may be affected, substantially, by the 41 cities (almost 50% of the total N of cases) which did not have experience in the redistributive-oriented categorical grant. The following parts of this section will seek such explanations.

Model Cities Experience and Economic Growth

This part of our analysis will explore the effect of Model Cities experience on the relationships between city economic growth and CDBG funded social service programs reported in Chapter Five. Since we found a fairly strong independent relationship between constituency access points and redistributive arena outcomes among our cities, the differences in Personal-Services expenditures between high growth and low growth cities with Model Cities experience should be narrowed somewhat. The effectiveness of an in-place and sympathetic bureaucracy, as an access point for a social service program constituency, should result in Model Cities localities allocating similar percentages of their entitlements for Personal-Services, regardless of economic growth. However, our data indicate

⁹ Dommel and Associates, Decentralizing Urban Policy, chap. 2.

that the strength and direction of the relationship between fiscal capacity and redistribution do not seem to differ substantially from our previous findings, when Model Cities experience is taken into consideration.

While, as expected, cities with no categorical experience, generally, spend substantially less of their entitlements for Personal-Services than cities with experience, among cities with experience, those with lowest growth are allocating about 20 percent for Personal-Services against about 12 percent for higher growth cities, as indicated in Table 6-10. The relationship between economic growth and Personal-Services expenditures, for cities which lack Model Cities experience, has been conditioned by the inclusion of categorical experience into the analysis. That is, those cities without a constituency access point do not exhibit the same relationships identified between either city growth and cities with experience or city growth independently, reported in Chapter Five.

From another perspective, these significant findings also point to a more stable and predictable relationship between experience and growth. While the interaction of these two variables in predicting redistribution, among those cities with Model Cities experience, is in the same direction, the explanation of redistribution among cities with no experience is unclear in its relation to growth. It might be stated, therefore, that cities which lack the "in place" administrative and constituency biases for

TABLE 6-10

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
 BY ECONOMIC GROWTH AND MODEL CITIES
 EXPERIENCE (N=89)

<u>City Growth</u>	<u>None</u>		<u>1-5</u>		<u>5+</u>	
	%	No.	%	No.	%	No.
Lowest	10.24	(4)	19.47	(8)	20.36	(9)
Mid-Low	9.20	(9)	14.27	(8)	17.87	(7)
Mid-High	13.64	(10)	16.98	(9)	10.07	(3)
Highest	7.70	(18)	12.71	(4)	--	--
Grand Mean	13.65				<u>Growth</u>	<u>Experience</u>
Multiple R	.42		Beta		.22	.28
R ²	.17		Significance		N/S	.05

redistribution, will not allocate their CDBG resources as a function of fiscal capacity or economic growth. An expenditure pattern, among the 41 cities with no categorical Model Cities experience, is not discernable insofar as relationships between fiscal capacity and redistribution are concerned, as indicated in Table 6-10. The ability of the Unitary model, even though unincumbered by a set of process constraints on economic-driven decision making, continues to fail in its explanatory strength and predictability of CDBG funded redistribution as a function of local fiscal capacity.

Model Cities Experience and Minority Population Preferences

This part of our contextual analysis attempts to gauge the effect of Model Cities experience on the relationships, previously reported, between a city's minority population preferences and its CDBG social service expenditures. Model Cities was intended, in large part, to provide social services to minority and poor inner city residents.

We should find, therefore, that cities with CDBG funded redistribution, as a function of previous categorical experience, are allocating substantially more of their entitlements for social services than are cities with either no categorical experience or lower proportions of minority citizens.

However, reading down the columns in Table 6-11, our expectations have not been met. Overall, minority pre-

TABLE 6-11

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
 BY PERCENT MINORITY POPULATION AND MODEL
 CITIES EXPERIENCE (N=86)

<u>Minority Population</u>	<u>YEARS EXPERIENCE</u>					
	<u>None</u>		<u>1-5</u>		<u>5+</u>	
	%	No.	%	No.	%	No.
Highest	8.72	(7)	15.51	(5)	16.29	(10)
Mid-High	6.21	(9)	13.32	(7)	21.15	(5)
Mid-Low	14.03	(11)	13.10	(10)	20.50	(2)
Lowest	9.93	(13)	21.80	(5)	14.48	(2)
Grand Mean	13.37				<u>Minority</u>	<u>Experience</u>
Multiple R	.38	Beta		.15		.38
R ²	.14	Experience		N/S		.003

ference continues to perform poorly as an indicator of local CDBG expenditures; especially when the perceived effect of Model Cities experience is not forthcoming. Higher minority cities with categorical experience are allocating less of their entitlements for Personal-Services than are lower minority cities with similar experience. The overall effect of Model Cities experience on minority-driven CDBG funded social service activities is as muddled and unclear as our previous analysis of the independent effects of minority preferences on CDBG expenditures. This finding is surprising and there does not seem to be a ready explanation. Most surprising of all is the row data in Table 6-11 which indicates that lowest minority category cities with no experience, 1-5 years experience and 5+ years experience are spending an average of 9.93 percent, 21.80 percent and 14.48 percent, respectively, of their CDBG entitlements for redistributive activities.

An analysis of the effects of Model Cities experience on the relationships between poverty population preferences and CDBG funded social service expenditures offer almost the identical results we found in our minority preference analysis. Table 6-12 is provided for comparison but, given the nature of the Model Cities program and the similar findings when minority and poverty variables were used independently throughout Chapter Five and Six, a further discussion would seem repititious.

TABLE 6-12

LOCAL CDBG EXPENDITURE MEANS FOR PERSONAL-SERVICES
 BY PERCENT FAMILIES BELOW 125% OF
 POVERTY LEVEL AND MODEL CITIES
 EXPERIENCE (N=89)

<u>Poverty Population</u>	<u>YEARS EXPERIENCE</u>					
	<u>None</u>		<u>1-5</u>		<u>5+</u>	
	%	No.	%	No.	%	No.
Highest	9.68	(9)	7.33	(4)	14.43	(9)
Mid-High	4.80	(8)	21.14	(8)	17.61	(7)
Mid-Low	9.22	(10)	15.49	(10)	31.37	(2)
Lowest	13.24	(14)	17.17	(7)	22.67	(1)
Grand Mean	13.65				<u>Poverty</u>	<u>Experience</u>
Multiple R	.43		Beta		.24	.42
R ²	.19		Significance		N/S	.001

Explaining Redistributive Expenditure Patterns

One might infer from these findings that, in spite of HUD pressures, many cities are continuing to respond to political demand and social need while setting priorities among redistribution and development--primarily as a function of values inherent in administrative control through experience and constituency building.¹⁰ Taken together, the findings presented in this chapter also suggest that cities which prioritize a higher proportion of their CDBG expenditures toward redistributive values are the slow growth older cities of the Northeast.

A four variable regression analysis of CDBG redistributive expenditure patterns verifies and reinforces the findings from the Multiple Classification Analysis (MCA) statistical procedures.¹¹ While the Southeast region cities allocate substantially less of their CDBG entitlements for redistribution, the presence of poor and minorities in cities, generally, have little effect on expenditures for this same type of activity--See Table 6-13. However, even when economic growth, minority population and region are taken into account, the strength of Model Cities

¹⁰John Boyle and David Jacobs, "The Intracity Distribution of Services: A Multivariate Analysis," in American Political Science Review 76 (June 1982), pp. 371-379. These authors present strong evidence that, when given a choice, city policy makers will provide services based on "need."

¹¹See Chapter Four, herein, for my rationale for using MCA and ANOVA Breakdowns.

TABLE 6-13

REGION, PERCENT MINORITY, ECONOMIC GROWTH AND
 MODEL CITIES EXPERIENCE AS DETERMINANTS
 OF REDISTRIBUTIVE PRIORITY SETTING
 (N=86)

	<u>Beta</u>	<u>r/eta</u> ¹
Region	.29	.35
Northeast (29)	.09	.16
Northwest (10)	--	--
Southeast (25)	-.28	-.35
Southwest (22)	.06	.14
Minority	.02	.05
Economic Growth	-.15	-.21
Prior Experience	.24	.33
	Multiple R = .45	
	Multiple R ² = .20	

1. The beta and eta statistics shown are from an Multiple Classification Analysis.

Note: Table statistics are the result of a four-variable regression analysis -- except for the overall effect Region. Dummy variables are used for the sub-regional categories.

experience, as a determinant of redistributive priority setting among CDBG expenditures, is consistent with our earlier findings.

There remains, however, a major question only partially answered by the CDBG research and analysis presented here. Why are slow growth older cities of the Northeast spending twice as much as other cities on redistribution. Past experience is only part of the answer. As is consistently indicated in Tables 6-9 through 6-13, 20% of the variance in CDBG redistributive expenditures is explained by "experience." Perhaps my study data is not rich enough to allow for a clear and acceptable determination of the issue. In one important sense, however, several broader issues have been raised by this research. These issues, and conclusions drawn from the results presented in the foregoing analysis, are subjects for discussion in the next chapter.

CHAPTER VII

CONCLUSION

This last chapter will review the thesis in retrospect and provide both a summary of empirical findings and a discussion of the significance of the study findings. Finally, a discussion of the implications of our findings for Process and Unitary approach guided urban analyses will center on the contributions and shortcomings of the two models.

A Retrospective Review

As stated in Chapter One, this study has attempted to accomplish two major purposes. The first is to test the ability of the Process and Unitary models to explain urban policy setting. The second is to provide a sense of the utility and contribution of these two frameworks in a comparative analysis of substantive urban policy outcomes. However, the distinctive characteristics of the Process and Unitary approaches or frameworks forces the urban researcher to choose between very different research strategies and raises issues for this study's test of the two models.

It was made clear earlier that there are several important core differences in the two approaches. The Process approach views urban policy outcomes as the result

of bargained compromises characterized by personal interactions among participants in several functional arenas internal to the city's political system. In contrast, the Unitary approach, while not denying the existence of group preferences and "bargaining" for resources within the limited choices available to most cities, ignores these internal variables in its efforts to guide explanatory analyses of the same dependent variable--substantive policy outcomes. The Unitary approach seeks explanations of policy outcomes by identifying constraints imposed on local policy discretion by impersonal factors both external to the city and beyond its control. This approach emphasizes the effects of the city's relative economic and competitive market needs on policy setting. Therefore, policies are categorized according to their relative impact on the city's fiscal health, rather than by function and arena participants.

Since the two approaches view the urban milieu through a different conceptual "lens" and a distinct set of model characteristics, I suggested that the urban policy researcher must adopt and use research strategies and explanatory variables unique to each. My typology identified four basic model characteristics. The Process and Unitary approaches engender different scopes of research, frames of reference, policy arena identifications and central foci, resulting in policy outcome explanations as distinct as the models' characteristics. The typology

illustrated the key conceptual differences of the two approaches for each research strategy required by the model's characteristics. Concepts central to each model, therefore, were highlighted and used to guide my selection of both explanatory and dependent variables for this study.

Two sets of hypotheses served to guide the test of the Process and Unitary approaches' ability to explain local decisional outcomes across the country's larger cities. The Unitary model suggests that, since local redistribution is perceived as being non-productive and detracts from local fiscal health, cities will, generally, avoid redistributive policy choices. A second hypothesis suggests that cities in economic stagnation or decline will avoid redistribution more so than will cities enjoying economic growth. The Process approach suggests that, since redistribution is seen as addressing the preferences of poor and minority groups, local expenditures will be more toward redistribution in those cities where large proportions of either the poor or minorities reside. A second hypothesis informed by the Process approach suggests that the larger the proportional size of a city's poor or minority group, the more likely it is that the group's preferences will be reflected in local policy setting toward redistribution. These hypotheses, then, guide the empirical test of the two models presented in Chapter Five and the exploratory analysis in Chapter Six. The next section will present a summary of the findings in these two chapters. How well do

each of the approaches explain CDBG funded local expenditure outcomes?

Summary of Findings

The Two Model Test

The empirical test of the two models in Chapter Five resulted in several interesting findings. The general assertion of the Unitary approach that cities will avoid local redistribution in favor of developmental policies was verified. Only 13.42 percent of CDBG entitlement funds were spent by the study cities on redistribution, as predicted by the Unitary model. However, the second hypothesis of the same approach, which suggests that cities in economic growth will allocate so-called surplus resources for redistribution, while declining cities will avoid any redistribution, is not supported by the study data. In fact, "worst case" cities, which were ranked in the lowest growth group of cities, among all study cities, allocated an average of 17.53 percent for redistributive activities, or twice that allocated among the "best case" or highest growth cities. These significant findings indicate that economic growth and CDBG funded redistribution are inversely related. That is, the study data indicates that higher city growth results in lower proportions of redistribution.

The first Process approach hypothesis suggests that cities with high proportions of either minority or poor residents will allocate a higher percentage of resources

for redistributive activities than will cities with low proportions of minority or poor residents. The second hypothesis asserts that the larger the proportion of minority or poor citizens living in a city, the more likely it is that policy decisions will favor their preferences of redistribution. The findings here indicate that our poverty variable functions as a weak determinant of CDBG redistribution. In fact, study cities with the highest percent poverty populations are spending slightly less for redistribution than are cities with the lowest percent of poor residents. Therefore, neither of these hypotheses have been verified by the CDBG data. Percent minority also functions as a weak determinant of local redistribution. The differences in redistribution between highest minority cities and lowest minority cities is slight--less than one percent. It appears that, across the study cities, the presence of relatively large numbers of minority or poor city residents makes almost no difference in the outcomes of the CDBG expenditure priority setting process.

At this point in the analysis, it was suggested that perhaps the economic growth of a city and the proportional size of its minority or poverty population(s) are related to each other in a way that is confounding or masking their separate effects on redistributive outcomes. However, there were no such relationships discovered. As reported above, low growth cities spend substantially more than high growth cities for CDBG redistribution, with the

presence of large poverty and minority populations making little difference, generally, in these policy outcomes among the study cities.

Exploratory Analysis

In Chapter Six, we explored the contextual environment of the study cities for explanations of CDBG funded redistributive expenditure patterns. Three such policy setting environments--city size, region and Model Cities categorical grant experience--were identified. The analysis sought to ascertain the conditioning effects, if any, of these three variables on the relationships between city economic growth, minority and poverty populations and CDBG funded redistribution presented earlier.

City Size

City size, as a function of both the diversity of group interaction, resulting in the bargained policy outcomes of the Process model, and of fiscal health through economic diversity among business sectors for the Unitary model, was explored for its effect on local CDBG redistribution. It is suggested by each model that larger cities will spend more than smaller cities for redistributive activities. Our findings indicate that there is some slight independent effect of city size on redistribution; larger cities are spending about 3 percent more than smaller cities. In addition, the presence of higher proportions of minorities or poor residents does not, generally,

effect the percentage of entitlements allocated for redistribution-- regardless of city size. However, among cities with the highest proportions of minority and poverty residents, findings reveal that the larger of these cities are allocating substantially more of their resources for redistribution than are the smaller cities.

Region

Regional bias for or against local redistribution was explored for its effect on a city's substantive policy outcomes. The findings indicate a fairly strong and significant independent effect of region on the study cities' redistributive outcomes. Southeast cities are allocating less than half as much as all other cities for CDBG funded redistribution--with Northeast cities spending the most. This verifies the hypothesis, suggested by Elazar, that there is a Northeast and Southeast political cultural bias for and against local redistribution, respectively. In addition, we found that lowest growth Northeast cities are allocating three times more for redistribution than are highest growth cities of the same region; a substantial difference from that found between the lowest growth cities and highest growth cities of the other regions.

A most interesting finding was revealed when we controlled for the effect of region on the relationship between the proportion of a city's minority population and its policy setting toward redistribution. Cities of the

Northeast appear to be more responsive to minority preferences for social service programs or redistribution. The findings related to changes in the relationships between poverty population and redistributive spending, as a function of region, are similar to those in the analysis of minority population, redistribution and region reviewed above.

Model Cities Experience

The influence of a mature social services-oriented bureaucracy on local CDBG redistribution was probed. The experience of study cities in the categorical era Model Cities program is used to operationalize the concept of bureaucratic influence in the analysis. My expectation was that we should find that cities with Model Cities experience are allocating substantially more of their CDBG entitlements for redistribution than are cities with no such experience. The findings, which were significant, confirm that expectation. Study cities with some Model Cities experience spent almost twice as much of their CDBG resources for redistribution than did cities that did not participate in that program, while cities with the longest experience spent the most. However, a second expectation of the effect of Model Cities experience on the relationships between minority/poverty populations and redistribution was not verified. I expected to find that study cities which had been involved in Model Cities would

allocate more of their CDBG resources for redistribution as the proportional size of the dependent population increased. Instead, we found an ambiguous and disappointing relationship for cities with and without such experience.

However, a more revealing finding is the effect of Model Cities experience on the relationships between economic growth and redistribution. Cities with experience and low growth are spending almost twice as much for redistribution than are experienced cities with high growth-- similar to findings of the bi-variate analysis. However, outcomes among cities without Model Cities experience are not related to growth in any clear way. This finding seems to indicate that the Unitary model lacks the ability to explain CDBG local expenditures even when unincumbered by a set of Process constraints in the form of a social services-oriented bureaucracy.

In summary, then, it appears that the local contextual analysis guided by the Unitary approach resulted in the discovery that regardless of size, region or Model Cities experience, lowest growth cities, generally, spend more for redistribution than do highest growth cities. Cities which allocate the highest proportion of their CDBG entitlements for redistribution are the slow growth larger cities found, primarily, in the Northeast region. The local contextual analysis informed by the Process approach reveals that the larger cities of the same region seem to react to need or policy preferences for redistri-

bution. This finding seems to offer the only support for the Process approach hypotheses. While it seems that many cities are responding to policy preferences and social need primarily as functions of administrative control and constituency building, the influence of a Model Cities-oriented bureaucracy is not clear among cities with large proportions of minority or poor residents. The findings of the exploratory analysis of study city redistribution seem to run counter to both Process and Unitary model expectations.

A four variable regression analysis of CDBG redistributive expenditures verified and reinforced the findings presented above. Southeast cities allocate substantially less of their CDBG entitlements for redistribution than do cities in the other three regions. The presence of larger numbers of poor and minority residents in cities, generally, have little effect on these same expenditures. The strength of Model Cities experience, as a determinant of redistributive priority setting among CDBG expenditures, in the regression analysis, is consistent with the earlier findings; twenty percent of the variance in CDBG funded redistribution is explained by "experience" even when we control for the effects of economic growth, minority population and region.

While these findings are not as striking as a social scientist would like, broader issues related to urban theory have been raised by this study. These issues are discussed

in the remainder of this chapter.

Implications of the Study's Findings
for Urban Theory

While the Process and Unitary models have each contributed to the development of urban policy theory, neither of the two, applied here to comparative analyses of local CDBG expenditures, can adequately explain these expenditures as urban policy outcomes. Perhaps the study data is not rich enough to allow for a determination of the issue. In one sense, however, this empirical analysis has raised important issues involving limits of the explanatory ability of the Unitary model in a comparative study. In the next section, I will suggest some reasons for the failure of this urban policy framework to explain CDBG outcomes. I will also recommend some elaborations to the model's assumptions and conceptualizations so that we might begin to explain the anomalies discovered in the CDBG expenditure patterns among America's larger cities. It is not the intent of this thesis to construct a new model or reconstruct the Process and Unitary models for urban policy research. Rather, it is the intent here to offer suggestive conclusions, as a result of this study's test and exploratory analysis of the ability of the two models to explain urban policy outcomes, so that we might appreciate their contributions and failings.

The Unitary Approach Revisited

Paul Peterson and David and Kantor have made a major contribution to urban theory in their identification and differentiation of separate policy arenas dependent on the policy's impact on the economic well being of the nation, state or locality.¹ They have concluded that redistribution is best left to the national government, since these less than productive policies will be avoided by local decision makers. On the other hand, development is the "desired" policy value at the local level since these policies add to the ability of local decision makers to maintain and enhance their fiscal capacity in relation to other cities and localities. The fact that an average of only about 13 percent of CDBG entitlement amounts were spent for redistribution, across the study cities, is a major finding of the thesis which reinforces these Unitary approach advocates' assertions that local decision makers will avoid these non-productive activities whenever possible due to systemic factors which serve to constrain local policy discretion. This Unitary framework contention also suggests explanations for similar comparative urban policy outcome studies. For example, Caputo and Cole, in their empirical research of the local expenditure outcomes of General Revenue Sharing (GRS), could not offer satisfactory explanations for the avoidance, generally, of GRS funded

¹Peterson, City Limits; and David and Kantor, "Urban Policy in the Federal System."

redistribution by their study's localities.² Their explanations, guided by the Process approach, were informed by the relative size and perceived preferences and influence of groups and actors in the local policy making milieu. As a result, the fact that GRS funds went mostly for development and maintenance of the local infrastructure and "house-keeping" activities, i.e., police and fire services, was interpreted as being a function of political actors' ability to maintain the status quo, rather than the Unitary model view that local redistribution is avoided by decision makers, regardless of the funding source.

However, my test of the Unitary model adds a corollary to its central proposition that localities will generally avoid redistribution. This thesis gets into the complexities of individual city economic growth and the contextual environment of local policy making. By taking these additional steps issues are raised which must be addressed if we are to continue our probing of the influence of systemic factors on the Unitary interests of urban political systems.

My analysis of CDBG outcomes has revealed that the interests of cities, following the assumptions of the Unitary approach, may not be of one piece. The different circumstances a city finds itself in may force policy priority setting in a direction that is against its "best interest"

²Caputo and Cole, Urban Politics and Decentralization.

of maintaining and enhancing economic vitality in relation to other cities. In fact, the study's data reveals that, while cities, generally, are spending a small portion of CDBG resources for social services, a fairly large number of CDBG entitlement cities are allocating resources for redistribution in a way that contradicts the Unitary approach's suggestion, made explicit by Paul Peterson,³ that cities in economic decline will avoid local redistribution more so than will cities which are enjoying economic growth. The contention is that only growth cities will possess the so-called surplus resources for local redistribution. Throughout this study, it was discovered that lowest growth cities are spending more for CDBG funded local redistribution than are highest growth cities. At the first level of inquiry, across all study cities, lowest growth cities are spending twice as much for CDBG social services than are highest growth cities. In other words, according to Unitary model assumptions, cities which can least afford to are spending more for redistributive programs than are cities which enjoy a fiscal health that can absorb a non-productive policy.

However, when the contextual environment of cities was probed for differences and similarities among them that might explain this finding, it was discovered that region, as a function of political cultural bias for and against

³Peterson, City Limits, pp. 48-50, 64, 131-132, 167, 211-212.

local redistribution, and Model Cities experience, as a function of local bureaucratic control of the constituency access to social services policy setting decisional processes, accounted for much of the CDBG redistributive expenditure variance between lowest growth and highest growth cities. As a result of this contextual analysis, it was found that the lowest growth older cities of the Northeast with Model Cities experience are allocating the highest proportion of their CDBG entitlement amounts for redistributive services. This suggests two major amendments to Peterson's assumptions and the Unitary model's secondary hypothesis that city economic growth is positively related to local redistribution. In one sense, the necessity for these amendments may be a result of the simplicity of the model.

The Unitary framework's failure to account for local bureaucratic interests and the interests of a city to maintain social services benefits in the fact of the local private sector's inability to provide economic benefits to its residents, may be reasons why, in our test of the model in Chapter Five, we have not gleaned satisfactory explanations for urban redistributive policy outcomes from the CDBG expenditure data. The literature dealing with urban bureaucratic influence on social services allocation and that which addresses the necessity of urban systems to invest in these non-productive activities may offer suggestions for amending the Unitary framework.

First, the urban policy literature contains several studies which indicate the, sometimes, pervasive influence of local bureaucracies, through the exercise of agency-specific decision rules and the mobilization of agency clientele and/or service groups in support of these rules.⁴ The importance of historical linkages between previous program expenditures and newly articulated policy goals dominate this literature. The congruent interests of bureaucrats and their constituency, which matures to coalescence over a period of time in one program era, generally results in these coalitions gaining benefits in the newer or changed programmatic arena. That appears to be the case for CDBG funded local redistribution. The study cities which had participated in the social services-oriented Model Cities program of the late 1960's and early 1970's allocated nearly twice as much of their CDBG resources for redistributive activities than did those cities with no Model Cities experience. In fact, this historical link to the past practices of an entrenched bureaucracy accounts for about 20 percent of the variance among cities in setting policy for redistributive activities.

⁴Levy, et al., Urban Outcomes; Kenneth Mladenka, "Organizational Rules, Service Equity, and Distributional Decisions in Urban Politics: A Comparative Analysis," paper presented at the Annual Meeting of the American Political Science Association, Chicago, Il., September, 1976; Viteritti, Bureaucracy and Social Justice; Frances F. Piven and Richard A. Cloward, Regulating the Poor (New York: Pantheon Books, 1971) are several studies which give examples of both sets of bureaucratic influence.

Second, we might infer from the data that a social services-oriented bureaucracy assists policy makers of low growth cities in the allocation of substantially higher levels of expenditures for redistribution. In relation to city growth and Model Cities experience, there are very important differences in the redistributive expenditure pattern among cities with Model Cities experience-- recall Table 6-10. As is the case throughout this study, lowest growth cities spend more for redistribution than highest growth cities. The same pattern prevails for those localities which had Model Cities experience. It seems that the local Model Cities bureaucracy could not control or influence these CDBG redistributive expenditures except in those cities with the lowest levels of growth. Are we to assume, then, that cities with the lowest growth possess bureaucracies that are much more influential in gaining redistributive policy support than are those public agencies charged with implementing social services in highest growth cities? I think not. Recall that our contextual analysis revealed the same pattern of lowest growth cities spending more for redistribution regardless of region and city size. The consistency of this finding forces one to look beyond bureaucratic links, political cultural bias and the political and economic diversity of cities for an explanation. Could it be that the low growth of the private sectors, as measured by the CEI, encourages greater CDBG funded redistribution, especially in those cities with the administrative

mechanism--a Model Cities linked agency--to carry out the so-called compensatory activities of government.⁵

When the city is viewed as being forced to compensate for a lack of private sector growth by providing non-productive services, the study data must be re-evaluated in offering explanations for CDBG funded local expenditure patterns. Several scholars using both the Marxist and a more conventional non-Marxist approach to analysis of urban redistributive policy making and urban fiscal problems suggest a major task or problem of the city is the delivery of non-productive social services.⁶ For the Marxists, these services are necessary for the amelioration of possible violence so that capital accumulation can proceed with little or no interruption. For the non-Marxist analyst, the key to urban fiscal problems lies with the concentration and growth of these non-productive governmental activities at the expense of productive activities--as is the concern of the Unitary framework.

However, when one views non-productive local redistribution as a compensatory measure, an explanation of the redistributive expenditure patterns of this study's

⁵ Perhaps the findings here are different from those of Peterson, City Limits, where he uses levels of per capita income to measure fiscal capacity, because this study is measuring different aspects of the city's economy.

⁶ Francis F. Piven, Richard Friedland and Robert Alford, "Political Conflict, Urban Structure and the Fiscal Crisis," in D. E. Ashford, ed., Comparing Public Policies (Beverly Hills, Ca.: Sage, 1978), pp. 197-226; William Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy

cities is suggested. Since low growth in the private sectors of a city's economy diminishes economic benefits to all citizens, but especially to those residents at the lower end of the socio-economic scale, government must respond. Usually, the national government is seen as the provider of these non-productive benefits. In some instances, however, as is the case with CDBG, local activism and identifiable resources coupled with the need for compensation results in a redistributive response by local government. While this response can be viewed as counter-productive to a city's economic enhancement needs, the city must respond to a slack in the private economy with public resources. So, while the Unitary framework's contention that local economic growth drives local policy may be correct, it is the direction of that growth and its relationship to the local private economy that should be accounted for in reconsidering the Unitary approach's construct.

Nonetheless, the conclusion drawn here is that both the Unitary advocates and the neo-Marxists are correct. Peterson, a Unitary model advocate, bases his concepts of local policy constraints on assumptions suggested by Tiebout's formulation of a benefits-received taxing and expenditure mix which meets the demands or needs of the

of Urban Crisis," in American Economic Review 57: 414-426; Piven and Cloward, Regulating the Poor. Much of this discussion is the result of suggestions by Paul Kantor that I probe several urban theoretical perspectives for explanations that first eluded me.

more desirable local tax paying resident--or potential resident. If one does not like the benefit-tax ratio one need only "vote with his feet" and move to a more satisfactory locality. So, in order to keep and attract productive citizens, a city must be careful to avoid redistribution which lowers this benefit-tax ratio for the average taxpayer. If not, he might move. Because Peterson also draws on assumptions relevant to a "market theory" of localities, each city is in competition with other cities for the same tax paying residents and businesses. However, the Tiebout and so-called market theory of cities assertions may not be appropriate for cities under all conditions, especially those which must compensate with redistribution for a low growth local business economy. Therefore, when the measure of fiscal health is based on the private economy, as is the case here with this study's measure, the Composite Economic Index (CEI), it is suggested that different contextual economic factors are at work. In other words, low growth in the Unitary model's public economy may very well result in protectionist and anti-redistribution policy, so that a favorable benefit-tax ratio can be maintained. However, low growth in the private sector may and, according to this study's data, does trigger compensatory expenditures toward more redistribution. In any case, low growth cities, however "growth" is measured, are caught between the competing needs of either social control and development for "accumulation to proceed" or redistributive, non-productive

policy preference and the more economically efficient developmental policy setting choice. It appears, then, from the perspective of compensatory policy initiatives, that redistributive expenditures may be viewed as developmental in cities with private sector low growth. This view results in both a policy "bind" for the city and a severe difficulty for the Unitary model's policy arena typology. The Unitary model's concept of redistribution may, under certain conditions, be perceived as social infrastructure maintenance and enhancement--a developmental policy. Perhaps this discussion, while not meant to be theory building, might provide some insight into amendments to the Unitary framework, its assumptions and, most of all, an appreciation of the consequences for theoretical explanations engendered by the conceptualization of local economic growth. Hopefully, the problem will be solved by additional research.

The Process Approach Revisited

Redistributive policy demand, following the rationale of the Process approach, may be viewed as the interaction of poor and minority groups and coalitions within the city's political process. This actual or "potential" demand results in policy outcomes which address the preferences of these groups and coalitions. Therefore, the Process approach would predict that first, CDBG local priority setting will be more toward redistri-

butive activities where large numbers of the poor and needy reside. Second, the larger the proportion of poor and needy residents in a city, therefore, the better their chances are for realizing preferences for redistribution. Our test of the Process approach in Chapter Five resulted in findings indicating that the presence of relatively large numbers of poor and/or minority city residents makes little difference in the process which results in CDBG expenditure priority setting. Community Development Block Grant funded social services, aimed at providing benefits to low income and minority residents, are being provided by all study cities at about the same level, regardless of how large the proportion of residents is that might be served by such programs. We might conclude, therefore, that these groups which should represent, at the very least, a "potential group" preference and demand are not taken into consideration when the CDBG local "pie" is sliced between redistribution and development. However, the interaction of groups, their leaders and bureaucrats within the political arenas of the city are lost to this analysis--they can only be assumed by theoretical construct. Given the measures used in this study, there was no attempt to ascertain the strength of these interactions and their influence on redistributive policy choice.

In addition, a city's economic growth made little difference in this weak relationship between the presence of large minority and poverty populations and redistribution.

Perhaps there are certain city conditions under which the Process approach might predict CDBG outcomes.

The contextual environment analysis in Chapter Six revealed that larger cities, as a function of being more politically diverse, are allocating a little more for redistribution, across all study cities. However, larger cities which have the highest proportions of minority residents are spending substantially more for redistribution than are smaller cities with a similar percentage of minority citizens. In general, this study indicates that larger cities provide a diverse policy-setting arena and larger cities with the highest percent minority are the most responsive to redistributive preferences. In addition, while cities of the Southeast are spending about the same for redistribution, regardless of the proportional size of their minority populations, Northeastern cities with higher percents of minorities are allocating substantially more for redistribution than are cities with lower proportions of minority populations. In fact, it is only in cities of the Northeast where a pattern of responding to increasing redistributive preferences can be ascertained. These cities are allocating larger proportions of CDBG entitlements for social service programs dependent on the relative proportion of minority group residents. It appears that it is only the larger, highest minority cities of the Northeast which are allocating a substantially larger proportion of their CDBG entitlements for redistributive activities in response

to group policy preferences and/or demands. However, the Process model predictions are not verified in any other region or among any other city grouping. Therefore, insofar as the presence of large or increasing proportions of minority and poverty group preference are concerned, the strength of the Process approach in explaining policy outcomes--in this case, local CDBG redistribution--for cities outside the Northeast region is disappointing.

In addition, the presence of a Model Cities era bureaucracy, sympathetic to minority and poverty preferences, made little difference in the allocation of CDBG entitlements for redistribution between cities with low and high percentages of minority and poverty residents. Since the Model Cities program is perceived as having addressed the preferences of these groups, cities with Model Cities experience were expected to allocate substantially more of their entitlements for redistribution. This expectation was heightened when we found a fairly strong independent and positive relationship, across all study cities, between Model Cities experience and CDBG funded local redistribution.

In summary, we have discovered an important exception to the lack of a Process approach explanation in this comparative analysis of CDBG redistributive outcomes. Under certain conditions, policy outcomes offer explanations suggested by the Process model. It seems that larger cities of the Northeast and those cities with Model Cities experience offer the best conditions under which this model

can explain redistributive policy outcomes. Since most of the rich Process-oriented urban policy case studies of the past two decades were undertaken in the older larger cities of the Northeast region, it seems that those locales, with their particular political culture and sets of diverse political group interests, also provide the most appropriate jurisdictions in which redistribution might be said to be a function of group preference and/or demand.

However, it is important to note that despite the different policy actor and preference conditions found in my study cities, the similarities of outcomes among them suggest that systemic factors are at work creating the conditions under which the Process variables might function or fail to function. This finding supports the notion that the Process approach is reduced to analyses which seek to explain the outcomes of functions and processes within the constraints imposed on the city's policy discretion by the federal political-economy. The influence of the Model Cities bureaucracy, as another actor in the urban policy arena, has not been fully exposed in this analysis. Again, that may be a function of our measure--Model Cities experience. However, even with that crude measure, we have been able to identify an important actor in the urban policy process.

Research Agenda

This study raises several issues and questions which

suggest further research. First, the local public and private business sector economies must be probed for their separate and combined impact on policy choices. It appears that this study and one conducted by a Unitary model advocate measured very different contexts of the local economy.⁷ If differences in local growth foster varying degrees of redistribution at the expense of local development, that research would be most important to identifying the effects of both the public economy, in the form of taxable personal income resources, and the private sector economy, in the form of increases in employment and revenues, on policy choices.

Second, systemic factors which may be effecting the policy choice behavior of political actors within cities must be more clearly defined and articulated--and empirically tested against total city expenditures. The conditions under which the Process approach can either explain or fail to explain urban policy outcomes must be made more explicit in urban research. By being more specific, i.e., these pre-conditions for the functioning of the Process model, we might be able to differentiate between local redistribution as a function of either group preferences or the compensatory developmental need of social infrastructure maintenance. Otherwise, the long standing notion of social service activities as the policy choices which most dir-

⁷Peterson, City Limits, chaps. 1-3.

ectly benefit the poor and needy might continue to stand unchallenged--except for abstract and scholarly ideological debates.

APPENDIX A

SURVEY LETTER AND QUESTIONNAIRE

Department of Political Science

October 9, 1981

John J. Benoit, Director
City of Springfield
Office of Community Development
City Hall - Court Street
Springfield, Massachusetts 01103

Dear Mr. Benoit:

I am conducting research related to federally assisted community development in America's larger cities. Your help is requested so that we might better understand the influences that impact the local patterns of Community Development Block Grant (CDBG) expenditure. Would you please provide us with some information on Springfield CDBG program by completing the enclosed questionnaire.

A local official like yourself charged with planning and implementing intergovernmental programs, can provide a unique perspective on the workings of federal attempts to assist cities. For this reason, we have selected a relatively small group of CDBG executives as sources of knowledge in our research efforts; each respondent's participation is important to the analysis of CDBG expenditure patterns.

We gratefully acknowledge the time you must take from your busy schedule to participate with us in this project. However, we feel this precious resource, your time, will be well spent and we will send you a copy of our research results in appreciation for sharing your knowledge and expertise with us. To obtain a copy of the pre-published results, please mark the appropriate response on the last page of our survey document and return the questionnaire to us in the enclosed postage paid envelope.

We would also appreciate any comments you might wish to make on the CDBG program, its local impact or changes you would like to see in its administration. Thank you.

Sincerely,



JAMES DALY
Data Resource Center

F O R D H A M U N I V E R S I T Y Bronx, N. Y. 10458

Department of Political Science

Please Note: All information provided by you should be based on your experience with the Portland, Oregon Community Development Block Grant (CDBG) program for the last year or several years. Your responses will be kept confidential.

Your responses to the questions and statements herein should be based on the "best information" available to you. If the actual "numbers" are easily obtained by you, we would appreciate your providing them.

1. What is your Portland's average annual CDBG entitlement over the previous three years?

\$ _____

2. Please indicate the number of years, before 1974, that your city has participated in the following federal categorical grant programs.

_____ Urban Renewal _____ Model Cities _____ Water and Sewer Projects

3. How long have you held an executive position with the CDBG program?

_____ Years in my city _____ Years in another city/county
 _____ Years at federal level

4. Do you agree that more discretion should be given to localities in implementing CDBG programs?

_____ Yes _____ No

5. The CDBG program has certain specified national goals, listed below, toward which funding must be targeted. Indicate what you think your city's first, second and third priorities are by writing the number one, two and three in the spaces provided.

___ Elimination of Slums & Blight

___ More Rational Use of Land

___ Elimination of Conditions
Detrimental to Health, Safety
and Public Welfare

___ Reduce the Isolation of Income Groups
and Neighborhood Revitalization

___ Conservation & Expansion of
the Nation's Housing Stock

___ Historic Preservation

___ Improve the Quantity & Quality
of Community Services

___ Stimulation of Private Investment
to Alleviate Physical & Economic
Distress

F O R D H A M U N I V E R S I T Y

Bronx, N. Y. 10458

Department of Political Science

6. CDBG allows local discretion in choosing those activities which would best accomplish your community's goals. Please indicate the approximate percentage of Portland's entitlement which is allocated for each of the activities listed below:

<u>ACTIVITY:</u>	<u>PERCENT OF CDBG ENTITLEMENT</u>	
	<u>QUESTION SIX</u>	<u>QUESTION SEVEN</u>
Continuation of Urban Renewal Projects	___%	()
Acquisition of Land and Property for Demolition, Clearance and Redevelopment	___%	()
Site Clearance, Demolition and Relocation	___%	()
Sewer and Water Projects	___%	()
Street and Highway Improvements (includes curbs/furnishings)	___%	()
Flood Protection and Sea Walls	___%	()
Job Training Programs	___%	()
Housing Counseling, Legal Aid and Education Programs	___%	()
Rehabilitation Loans and Grants for Non-owner Occupied Dwelling Units and Businesses	___%	()
Rehabilitation of City Owned or Acquired Property	___%	()
Construction of Neighborhood Facilities used for Health Care, Job Training, Youth Services and Senior Citizen Programs	___%	()
Acquisition and Development of Parkland and Beautification Projects	___%	()
Historic Preservation	___%	()
Health Services, Youth and Senior Citizen Services Programs	___%	()
Rehabilitation Loans and Grants for Owner Occupied Dwelling Units	___%	()
Rehabilitation Loan Guarantees to Lending Institutions	___%	()
Construction of Public Facilities (Fire Stations, Parking, etc.)	___%	()
Removal of Architectural Barriers	___%	()

7. Indicate the local activities which would be funded under CDBG if you were given total autonomy/discretion in allocating your city's entitlement. In the space provided above (), enter the proportion you would allow each activity.

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Indicate your agreement or disagreement with the following statements as they pertain to Portland. If you agree strongly with the statement, write the number "1" in the space to the left of the statement; if you agree, but not strongly, write the number "2" and so on. The responses, then, and the appropriate numbers are:

AGREE STRONGLY	AGREE	NO OPINION	DISAGREE	DISAGREE STRONGLY
1	2	3	4	5

-
- ___ Elected officials of your city are influential in the selection of CDBG funded local activities.
- ___ Planning Agency officials in your city are influential in the selection of CDBG funded local activities.
- ___ Local Implementing Agency officials in your city (Sewer Dept., Highway Dept., etc.) are influential in the selection of CDBG funded local activities.
- ___ Business groups in your city are influential in the selection of CDBG funded local activities.
- ___ Groups which represent your city's low income population are influential in the selection of CDBG funded local activities.
- ___ Groups, representing city-wide interests, such as "Citizens for Better Government" and "Citizens for Tax Reform", are influential in the selection of CDBG funded local activities.
- ___ Groups representing your city's minority population are influential in the selection of CDBG funded local activities.
- ___ Federal involvement in the setting of your city's local priorities, through CDBG expenditures, has been minimal.
- ___ Federal involvement in the setting of your city's local priorities, through CDBG expenditures, has increased since the Act's 1978 amendments.
- ___ The purpose of my city's CDBG program is to maintain and enhance the community's capital stock and/or infrastructure.
- ___ The purpose of my city's CDBG program is to respond to citizen demands for human services; i.e., Job Training, Youth and Senior Citizen programs.
- ___ The purpose of my city's CDBG program is to stimulate private sector investment in the community.
- ___ The local Planning Agency has autonomy in the selection of individual programs funded under CDBG local activities.
- ___ Local Implementing Agencies have autonomy in the selection of individual programs funded under CDBG local activities.

F O R D H A M U N I V E R S I T Y *Bronx, N. Y. 10458*

Department of Political Science

9. Listed below are several means or Demand Channels which may be used to influence the selection of Portland CDBG funded local activities. Also listed are several persons/groups which may be influential in that process.

Using the number to the left of each Demand Channel, please indicate which of these is most successfully employed by each of the persons/groups by writing the appropriate Demand Channel's number in the space provided.

DEMAND CHANNELS

- | | |
|-----------------------------|---|
| (1) Direct Contact | (8) Chief Elected Official (Mayor) |
| (2) News Media | (9) Chief Administrative Officer (City Manager) |
| (3) U. S. Senator(s) | (10) HUD Officials in Washington |
| (4) U. S. Representative(s) | (11) HUD Officials in the Regional Office |
| (5) City Legislator(s) | (12) Public Hearings |
| (6) State Legislator(s) | (13) Other (please specify) _____ |
| (7) Local Political Party | |

INFLUENTIAL PERSONS/GROUPS

- | | |
|---|---|
| ___ Elected Officials | ___ Business Groups |
| ___ Implementing Agency Officials | ___ Groups Representing City-wide Interests |
| ___ Groups Representing Low Income Citizens | ___ Groups Representing the Minority Population |
| ___ Planning Agency Officials | |

COMMENTS:

- ___ Yes — send me a copy of your research results

Cowles Mallory
Office of Planning and Development
1220 S. W. 5th Avenue #406
Portland, Oregon 97204

Please make any comments or suggestions you might have in the space provided or on the reverse side of these pages. Thank you for your participation.

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Towards Explaining Expenditure Policies of Urban
Political Systems: The Case of Community Develop-
ment Block Grant Expenditure Patterns.

Dissertation directed by Stephen M. David, Ph.D.

This thesis attempts to accomplish two major purposes. The first is to test the ability of the group theory/pluralist grounded Process approach and the Unitary model to explain urban policy outcomes. A similar test has not been attempted elsewhere. The second is to provide a sense of the utility and contributions of these two frameworks in a comparative analysis of substantive urban policy outcomes. The study uses the decisional outcomes of Community Development Block Grant (CDBG) entitlement programs of 93 larger American cities as the policy to be explained. In order to carry out the empirical analysis, the study resolves issues centering on both the comparability of local units of government and the core differences in the theoretical constructs of the two approaches.

The study focuses on specifying, through a series of local contextual analyses, the conditions under which the Unitary and Process frameworks may or may not be capable of offering explanations of local decisional outcomes. The local decision-making environment is probed for the effects

of local economic growth, minority group influence and the presence of large numbers of poor residents on cities' social service program expenditures.

The study's findings reveal that neither model, applied to comparative analyses of local CDBG expenditures, can adequately explain these urban policy outcomes. The major suggestions made by the author include differentiating between the public and private economy of cities when measuring the effects of local fiscal health on city policy discretion. In addition, based on this study's findings, Political Scientists may have to rethink the concept that redistributive or social service policy outcomes most directly benefit the poor and needy. This thesis has revealed that, under certain conditions, redistributive policies may be necessary to compensate for a slack in private sector resources. In that light, then redistribution is necessary as a compensatory developmental need of social infrastructure maintenance, an important ingredient for the maintenance of economic, political and social stability in our cities.

VITA

James Daly, son of James and Josephine Brady Daly, was born on March 22, 1938, in New York City, New York. He attended LaSalle Academy in New York City and left school before graduation in May, 1955, to serve with the U. S. Navy.

He entered New York Institute of Technology in September, 1971, and received the degree of Bachelor of Science, cum laude, in June, 1976. He entered C. W. Post College, Long Island University, in September, 1976, and received the degree of Master of Public Administration in February, 1978.

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