

The Delegated State and the Politics of Federal Grants¹

Sarah Reckhow
Michigan State University
reckhow@msu.edu

Abstract:

The lens of “pork barrel politics” dominates the scholarly literature on federal grant making. Researchers typically use congressional districts as the unit of analysis, and consider the relationship between the partisan or ideological orientation of members of Congress, federal bureaucrats, or the President and the amount of grant dollars awarded to congressional districts with similar ideological preferences. Although “pork” is a common frame of reference for the distribution of federal grant dollars, it is a narrow conception of the way federal grant dollars are allocated to state and local governments, non-governmental organizations, and private institutions. Studies of federal policy show that the federal budget is shaped by long-term changes in the size and role of government. These changes may have much broader and stronger impacts on the distribution of federal grant dollars to communities than partisan politics. In particular, the rise of the delegated state—the federal government’s reliance on state and local governments as well as nonprofits for policy implementation—is likely to shape grant allocation. I assess the role of the delegated state, including nonprofit density, state capitals, and local government structure, in the distribution of federal grants to metropolitan areas from 1991 to 2010. I show that the delegated state plays a large role in explaining which places get a large share of federal grants and which places get fewer grants. The importance of the delegated state for federal grant allocation is particularly evident during the federal stimulus in 2009 and 2010.

¹ I wish to thank the MacArthur Network on Building Resilient Regions for financial support and data for this research.

The lens of “pork barrel politics” dominates the scholarly literature on federal grant making. Researchers typically use congressional districts as the unit of analysis, and consider the relationship between the partisan or ideological orientation of members of Congress, federal bureaucrats, or the President and the amount or type of grants awarded to congressional districts with similar partisan or ideological preferences (Levitt and Snyder 1995; Bickers and Stein 2000; Bertelli and Grose 2009; Berry, Burden, and Howell 2010). Although “pork” is a common frame of reference for the distribution of federal grant dollars, it is a narrow conception of the way federal grant dollars are allocated to state and local governments, non-governmental organizations, and private institutions. Much of federal grant making is guided by processes that are removed from legislative jockeying for earmarks, which compose less than one percent of the federal budget. The President and the bureaucracy have considerable latitude to propose and develop policies and programs that influence grant allocation, but these decisions are shaped by many considerations beyond bolstering vulnerable members of Congress or rewarding ideological allies (Gimpel, Lee, and Thorpe 2012).

Existing research has hinted at the limitations that arise from focusing on a short time horizon for the federal budget or singling out changes in partisan control as a key causal variable. According the Levitt and Snyder, “it appears that parties are unable to rapidly reallocate the distribution of federal spending in response to changes in district circumstances...the...majority [party] seems unable to target extraordinary amounts of money to specific districts, or to quickly alter the geographic distribution of expenditures” (1995, 961). Scholars have long recognized that incremental change characterizes much of the budgetary process (Wildavsky 1984). Thus, short time

frames—such as one election cycle to the next—may reveal little change in federal grant distribution, or might mask underlying trends that are slow to develop.

The federal budget has been shaped by long-term changes in the policy process as well as the size and role of government (Patashnik 1999). A growing body of work emphasizes that changes in the scope of the federal government and the design of major federal policy initiatives have long-term political consequences (Patashnik 2008; Mettler 2011; Morgan and Campbell 2011). A significant factor in the design and implementation of federal programs is the rise of the delegated state, including the increasing prevalence of nonprofit contracting and marketization of public services (Smith and Lipsky 1995; Morgan and Campbell 2011; Mettler 2011). According to Morgan and Campbell (2011), the expansion of the delegated state has a long history, beginning with the post-war growth of federal social programs:

Through the contracting out of public functions to private actors, and the heaping of mandates and program responsibilities upon state and local governments, politicians were able to square the circle: to claim they were addressing a wide array of public needs and demands without increasing the size of government (5).

By funneling grants to states, local governments, and nonprofits, the federal government relies heavily on a broad and varied sector of local institutions and organizations for program implementation. Yet these organizations and institutions are not distributed evenly throughout the country; some cities, counties, and metropolitan areas have a much stronger civic sector or more centralized local government institutions than others. By viewing federal grant distribution through the lens of the delegated state, we would expect grant allocation to be shaped by factors that are quite removed from partisan representation.

Based on an analysis of federal grants to metropolitan areas from 1991 to 2010, I show that indicators tied to the delegated state, including nonprofit density, centralization of local governments, and the presence of a state capital, are important predictors of federal grant distribution. Furthermore, there is evidence that the influence of these factors—particularly the presence of a state capital—grew during 2009 and 2010 with the distribution of American Recovery and Reinvestment Act (ARRA) funding, also known as the stimulus. Factors such as nonprofit density and government institutions draw attention to the wide variation in the capacity of places to attract grants. These factors grew even more important with the stimulus, increasing the distance between the winners and losers in federal grant distribution.

Distributive Politics

Research on federal grant distribution often begins with the expectation that members of Congress, bureaucrats, or the President will use their influence over the federal budget to reward supporters, co-partisans, or ideological allies. Studies of Congress have typically focused on the effects of district or state-level representation by members of the majority party in the House or Senate. These studies frequently draw on Congressional scholarship emphasizing the advantages of majority party membership in Congress and the ability of members to control the agenda and distribute benefits to partisan allies (Cox and McCubbins 2005). The research on Congressional distributive politics has amassed some evidence demonstrating links between grants and Congressional representation, but the case is not overwhelming.

For example, Levitt and Snyder (1995) show that there is a relationship between federal grants to Congressional districts and the district's Democratic vote share (during a

period of Democratic control of Congress), but they find no significant relationship based on the partisan affiliation of the district's representative. Thus, Levitt and Snyder conclude that, "the majority party is restricted to directing federal dollars towards broadly defined constituencies, and only over relatively long periods of time" (1995, 973). Based on a study of grant distribution to states, Levitt and Poterba (1999) find a link between seniority of Congressional representatives as well as competitive House districts and state economic growth, but they do not find evidence that the distribution of federal funds is the causal link. Also focusing on grant distribution at the state level, Lowry and Potoski (2004) compare the impact of supply-side factors, such as Congressional representation in the majority party, to demand side indicators, including the density of organized interests within a state. Their study finds "meager effects for supply-side variables," but the influence of organized interests is significant. In a study comparing a period of Democratic control of Congress to a period of Republican control, Bickers and Stein (2000), find limited evidence of a relationship between the partisanship of district representatives and grant allocations; they conclude, "Republican control of Congress does not appear to have significantly altered the politics of domestic spending" (1084). Overall, studies of grant distribution and Congressional representation point to two variables that are frequently overlooked in analyses focused on partisan or political influence: organizational density and long-term patterns in grant allocation.

Much like the research on Congress, studies of grant allocation focused on the bureaucracy and the President are primarily concerned with partisan or ideological effects. These studies suggest stronger effects for presidential and executive branch politics on grant distribution, compared to the more meager effects of congressional

representation. Bertelli and Grose (2009) study state level distribution of Department of Labor grants and Department of Defense contracts, showing that ideological similarity between a cabinet secretary and a senator leads to increased allocations to the state. Berry, Burden, and Howell (2010) compile a broad set of data—all “high variation” federal grants within Congressional districts and counties from 1984 to 2007—to analyze the influence of the president on grant allocations. They show that districts and counties that are represented by members of the president’s party receive significantly more grant dollars. Yet the design of their analysis excludes the influence of local level factors or over time change—the model specification includes both district/county and year fixed effects. Gimpel, Lee, and Thorpe (2012) analyze the distribution of federal spending under the American Recovery and Reinvestment Act (ARRA) to counties. They show no effects for traditional pork barrel politics via congressional representation, but Democratic presidential vote share is positive and significant (Gimpel, Lee, and Thorpe 2012). Thus, the evidence for presidential and executive pork is somewhat more persuasive.

Nonetheless, it is challenging to directly compare these studies, because different researchers categorize federal grants differently or focus on different program areas, producing widely varying conceptions of the dependent variable. For example, Levitt and Snyder (1995) and Berry, Burden, and Howell (2010) limit federal grants to “high variation” programs, which excludes large entitlement programs such as Medicaid. Their intention is to focus on “small programs with geographically concentrated benefits,” which the authors regard as more amenable to pork barreling (Levitt and Snyder 1995, 964). Lowry and Potoski (2004) focus on discretionary grant programs for their analysis

and exclude formula grant programs; the resulting dependent variable accounts for “less than 10% of domestic, nondefense discretionary spending” (Lowry and Potoski 2004, 517). Other scholars have chosen to focus on specific federal agencies; Bertelli and Grose (2009) examined discretionary grants from the Department of Labor and contracts from the Department of Defense. Bickers and Stein (2000) use the number of new awards for discretionary grant programs—rather than grant dollars awarded—in their analysis. In each of these studies, the researchers have attempted to restrict grants to focus on funding that is more likely to be affected by pork barrel politics or political manipulation within a short time span. Hence, each analysis attempts to exclude formula grants, which are typically awarded by similar formulas each fiscal year. This approach is justifiable for studies focused on partisan politics, but it is important to note that a very large share of grant dollars is excluded from these analyses. From a long-term perspective, the excluded categories—such as Medicaid and Title I—involve programs that were shaped by politics at their inception and remain important in ongoing political debates. Thus, we may learn about additional political dimensions of federal grant making by including the full scope of grants in the analysis.

Although the pork barrel perspective has dominated many recent studies of federal grant allocation, there is additional research that considers the relationship between federal grant funding and local needs, capacities, and institutions. Rich (1989) assesses the distribution of grants from six federal urban programs, showing that these programs involve considerable need-based targeting. Hird (1991) appraises the relative impact of political, equity, and efficiency variables on project grant distribution, showing that “legislators are driven not only by a selfish desire for pork but also by a regard for

project attributes commonly thought to reflect the ‘public interest,’ namely efficiency and equity” (449). Yet Gimpel, Lee, and Thorpe (2012) arrive at a different set of findings concerning the distribution of ARRA funds and the role of need-based targeting. They find that county-level need does not predict the distribution of ARRA grants; instead, the counties that received the most funds had the local capacity to advance ARRA’s policy priorities, “such as clean energy, medical and scientific research, infrastructure, and state and local government employment” (588, 2012). According to Bickers and Stein (2004), local governmental structure predicts the allocation of federal grants. They find that a higher density of local governments and more inter-governmental cooperation within a metropolitan area are both associated with more grant awards (Bickers and Stein 2004). Although the findings differ, all of these studies highlight the importance of local level characteristics when evaluating federal grant distribution. The variables that measure place characteristics (at the local, district, or state level) may account for much of the variation in grant distribution and tell a broader story about the relationship between an evolving federal government and the distribution of funds.

The Delegated State

Studies of partisanship and federal grant distribution tend to assume that the effect of partisanship or ideology will be consistent across time, because the same incentives for pork barreling will shape majority party behavior each election cycle. Yet research on the politics of federal policy change suggests that the policy factors affecting grant distribution may gradually evolve as policies change. Furthermore, policies directing grant distribution may persist despite changes in partisan control of Congress or the

Presidency, because policies, programs, and modes of implementation become institutionalized.

Although the size of the federal budget has grown substantially since the 1960s, there are fewer federal employees today than there were 50 years ago. This mismatch is made possible by the expansion of the delegated state. DiIulio (2003) calls this “government-by-proxy,” which he defines to include delegation to state and local governments, private contractors, and nonprofit organizations to implement federal programs. As DiIulio observes:

[E]very major domestic federal program enacted since World War II is administered in large part via government by proxy. This is true without regard to policy domain or program size...there are six more government-by-proxy employees for every one federal civil servant (2003, 1273).

Through mandates and grants, the federal government has delegated responsibility for hundreds of programs to state and local governments. Consequently, state and local budgets have developed greater dependence on federal funding; federal grants composed 21 percent of state and local revenues in 1980 and grew to 26 percent of state and local revenue in 2010.² Federal funding for nonprofits has not only enabled the growth of the welfare state—it has fueled the expansion of the nonprofit sector. From 1974 to 2006, federal funding for nonprofits increased more than ten-fold, from \$23 billion to \$332 billion (Salamon 1995; Abramson, Salamon, and Russell 2007). While federal funding has enabled nonprofit sector growth, it has also increased the dependence of nonprofit organizations on public support and linked the fate of nonprofits to the fiscal health of the public sector (Smith and Lipsky 1995). Reliance on federal funding has cemented the

² <http://www.gao.gov/special.pubs/longterm/state/fiscalconditionsfaq.html>

political interests of nonprofits in maintaining public support and the institutional arrangements of the delegated state.

Scholars who examine the development of federal policy, particularly the welfare state, have analyzed the expansion and institutionalization of the delegated state, contracting out, or government-by-proxy. The scholarship in this area has assessed the consequences of delegation for efficiency and quality of service delivery, public opinion, interest group power and alignments, and future policy development (Smith and Lipsky 1995; Milward and Provan 2000; Clemens 2006; Allard 2009; Mettler 2011; Morgan and Campbell 2011). Yet scholars have rarely examined the implications of the delegated state for the distribution of federal funds to communities.

I show that the delegated state is a highly important factor for explaining the uneven distribution of federal grant dollars to metropolitan areas. I assess three components of the delegated state—the location of state capitals, the structure of local governments, and the density of nonprofit organizations. Each of these sets of institutions plays a significant role in implementing federal programs funded by federal grants, including both competitive grants and formula grants. Due to the uneven distribution of these institutions across metropolitan areas, some places are better equipped to serve as conduits for federal funds than other places. For example, an area with a weak nonprofit sector has fewer organizations to implement major federal health, housing, education, and social service programs than a place with a robust nonprofit sector. My analysis shows that differences in the structure of the delegated state across metropolitan areas explain a large share of the variation in the distribution of federal funds.

Why Metropolitan Areas

Prior studies of federal grant distribution often use Congressional districts as the unit of analysis, or occasionally entire states.³ These geographic units are convenient for aligning federal funding with Congressional representation, but they are not particularly meaningful for assessing the distribution of federal funding based on the characteristics of places. Congressional districts often divide cities or counties, and have little to do with local residential, employment, or commuting patterns. The clustering of many congressional districts within dense urban areas has been an ongoing challenge for studies of grant distribution, making it difficult to link congressional politics to grant distribution at the local level. Berry, Burden, and Howell (2010) exclude urban counties from their county level analysis, limiting their study to less populous counties within a single congressional district. Meanwhile, studies of grant distribution at the state level overlook local variation entirely; most states are large and diverse, and a large state capital is likely to receive much more funding than a small rural community in the same state.

Metropolitan Statistical Areas (MSAs) are the unit of analysis for this study. MSAs provide a geographic unit representing an interconnected local area, including a central city and surrounding suburbs. According to the Office of Management and Budget definition, an MSA is “an area containing a large population nucleus and adjacent communities that have a high degree of integration with that nucleus” (Federal Register 2010). Scholars have highlighted the importance of metropolitan areas as economic units, demonstrating the linked economic fate of cities and suburbs (Hill, Wolman, and Ford

³ In contrast with much of the literature on grant distribution, Bickers and Stein (2004) use metropolitan areas as the unit of analysis.

1995; Pastor, Lester, and Scoggins 2009). Local governments within metropolitan areas are often tied together by a wide ranging patchwork of institutions, including metropolitan planning organizations; special districts governing regional parks, museums, and other assets; civic and business associations; and varying forms of inter-local agreements for shared service provision (Weir, Rongerude, and Ansell 2009; Gerber and Gibson 2009; Carr, LeRoux, and Shrestha 2009; Lester and Reckhow 2013). Similarly, nonprofit organizations may serve adjoining communities or entire metropolitan regions. These institutions can link policies and practices across localities and often serve as a conduit for federal funds.

Federal grants provide operating and programmatic support for thousands of governments and organizations, which subsequently provide employment and services for millions of individuals. There are considerable spillovers as these organizations and individuals engage in the local economy. Moreover, governmental units and nonprofit organizations often cooperate on grant proposals and projects that cross municipal, county, or congressional district boundaries, creating additional spillovers in grant distribution (Bickers and Stein 2004). Some studies have attempted to account for these spillover effects; for example, Gimpel, Lee, and Thorpe (2012) adjust for spatial proximity of counties in their analysis of federal grant distribution and Bickers and Stein (2004) use metropolitan areas as the unit of analysis. Metropolitan areas offer a geographic unit that can account for the broader impact of federal grants on closely linked communities, but metropolitan areas also have substantial variation in their size, wealth, population characteristics, and organizational environment.

Expectations

I expect that institutions linked to the delegated state—including state and local governments and nonprofit organizations—will influence the distribution of federal grants. The institutions and organizations of the delegated state are not evenly distributed across metropolitan areas. Most obviously, there are only 50 state capitals, and I expect that capitals will be major beneficiaries of federal largesse. Many of these grants will have a localized impact by funding state government agencies based in the capital, but state governments redistribute some of these grants throughout the state. I include state capitals in most of my models, in order to assess the impact of this major institution of the delegated state on federal grant distribution. Yet I also estimate models that exclude metropolitan areas with state capitals, in order to account for the fact that funds to state capital regions may be inflated by grants that are redistributed statewide.

The presence of nonprofit organizations varies widely across metropolitan areas. Some places are densely packed with educational institutions, health care providers, neighborhood service organizations, and dozens of other varieties of nonprofits; other places are not. As the delegated state has shifted its weight toward greater reliance on third party providers, the importance of nonprofits as service providers has remained strong. Thus, I expect that nonprofit density will be positively associated with grant allocation.

Local governments also receive a large share of federal grants to provide services including transportation, housing, public safety, mental health, community development, education, and dozens of other special programs. I use a metropolitan level measure of local government institutions—the Metropolitan Power Diffusion Index (MPDI) (Miller

2002; Hamilton, Miller, and Paytas 2004). The MPDI indicates the level of centralization or diffusion of local government spending in the region, combining municipal, county, and special district government spending on 11 areas of public services.⁴ A higher score indicates a high level of diffusion—public service spending is widely dispersed among many different governments. A lower score indicates centralization—service spending is concentrated among a smaller number of governments. Unlike measures that simply count local government density, MPDI provides a more meaningful measure of the centralization or diffusion of government activities within a region. The MPDI also offers a more complete characterization of the delegated state at the local level, by incorporating a broad scope of service spending. Based on the existing literature, the relationship between MPDI and federal grants could run in either direction. For example, a higher density of local governments within a metropolitan area is associated with more grant awards (Bickers and Stein 2004). This would suggest that a higher MPDI—indicating more diffusion of service spending—would be associated with more federal grants. Yet Bickers and Stein (2004) also show that inter-governmental cooperation predicts more grant awards. Based on this finding, a lower MPDI—indicating more centralization of local government spending—could be associated with more federal grants. I will assess the direction of this relationship by incorporating the MPDI into my models.

The most significant recent policy change influencing federal grant distribution was the federal stimulus package, or ARRA. This legislation—aimed at promoting economic recovery following the recession of 2007-09—increased federal spending,

⁴ The 11 service areas include fire, central staff services, public buildings, highways, housing and community development, libraries, police, sewerage, solid waste management, and water utilities. The financial data were gathered from the Census of Governments by the Center for Metropolitan Studies at the University of Pittsburgh.

especially aid to state and local governments. I expect that the effects of ARRA will be visible in the allocation of federal grants for 2009 and 2010. Yet I do not expect the benefits of increased funding with ARRA to be evenly distributed across metropolitan areas. Instead, the factors tied to the delegated state will be even more important in determining where funding is allocated. I expect that the strongest and most important predictor will be the presence of a state capital, based on the large shares of ARRA funding devoted to aiding state governments and passed through existing channels for programs implemented at the state level. The institutionalization of the delegated state guided ARRA funding, increasing the gap between the places that benefitted the most from ARRA funds and those that benefitted the least.

Data and Methods

The main dependent variable in my analysis is the amount of inflation adjusted federal grant dollars per capita for an MSA for each year from 1991 to 2010. These data are based on county level grant totals from the Consolidated Federal Funds Report (CFFR). The CFFR data can easily be restricted to federal grants, excluding transfer payments to individuals. The grant categories included in the CFFR are block grants, formula grants, project grants, and cooperative agreements. I aggregated the county level grant data to metropolitan areas based on MSA definitions for the 2000 Census, and used this data to compute grants per capita for each year. The grant dollar totals for each year were adjusted to 2010 dollars. The data set includes 356 MSAs.⁵ Descriptive statistics for each of the variables included in the analysis are reported in Table 1.

⁵ Four MSAs are excluded from the entire analysis due to missing data: Augusta-Richmond, GA; Fort Walton Beach, FL; Sarasota, FL; and New York City, NY. Due to missing data for some independent variables, some models do not include all 356 MSAs.

The independent variables include population and demographic data compiled from the 1990 and 2000 U.S. Census, as well as the American Community Survey for 2005-09. The analysis includes demographic variables that are associated with grant distribution based on need, including the percent of the population in poverty, percent Black population, and percent Hispanic population.

[Table 1]

Four other independent variables provide measures of institutional characteristics and organizational density in the metropolitan area, including three designed to assess the role of the delegated state. MSAs that contain a state capital are coded with a dummy variable. The number of nonprofit organizations in each MSA was compiled from the National Center for Charitable Statistics for each year from 1991 to 2010. These data were used to compute a nonprofit density measure for each MSA in each year—the number of nonprofits per 10,000 residents. The Metropolitan Power Diffusion Index was compiled from the dataset available through the Center for Metropolitan Studies at the University of Pittsburgh.⁶ This variable is updated once per decade: 1987, 1997, and 2007. Additionally, the number of R1 research universities in the metropolitan area (based on the Carnegie classification of doctoral institutions with very high research activity) is included to account for scientific and medical research grants. In order to assess the impact of the delegated state during the stimulus years, I computed interaction terms using each of the delegated state variables (state capital, nonprofit density, and MPDI) and a dummy variable for the stimulus implementation years of 2009 and 2010. I also include fixed effects by year for each model using panel data.

⁶

<http://www.metrostudies.pitt.edu/Projects/MetropolitanPowerDiffusionIndex/tabid/1321/Default.aspx>

The analysis also includes three variables to assess the role of political factors in grant distribution: House Appropriations committee representation, Democratic presidential vote share, and an interaction of Democratic presidential vote with Democratic presidential administration. The appropriations committee representation variable indicates whether any members of the Congressional delegation representing all or part of the MSA are on the House Appropriations committee. This variable has been used in previous analyses to account for congressional pork (Berry, Burden, and Howell 2010; Gimpel, Lee, and Thorpe 2012). Given that MSA and congressional district boundaries are rarely aligned, members were included as part of the delegation representing the MSA if any part of their district included any part of the MSA. This data was gathered for the 110th Congress and 111th Congress, covering the years 2007-2010; this includes one congress under a Republican president and one under a Democratic president. The Democratic presidential vote share was gathered for presidential elections in 1992, 1996, 2000, 2004, and 2008 by summing county-level vote totals to the MSA level. The vote share variable was computed by subtracting the national vote share for the Democratic candidate from the MSA Democratic vote share. Thus, positive values indicate a higher Democratic vote share than the national average, and negative values indicate a lower Democratic vote share. Lastly, an interaction term was computed using the Democratic vote share and a dummy variable indicating whether a Democratic president was in office, in order to assess whether presidents award localities with constituents that share their partisan affiliation.

Results

Federal funds distributed to metropolitan areas have grown considerably during the past two decades. The average amount of inflation-adjusted grant dollars per capita to metropolitan areas grew steadily from 1991 to 2008, with one sharp increase when President Clinton assumed office in 1993 (Figure 1). In 2009—the first year covered by the ARRA legislation—grants per capita climbed steeply. Similarly, the standard deviation for grant dollars per capita increased steadily from 1991 to 2008. The standard deviation for grants to MSAs more than doubled from \$880 in 1991 to over \$1700 in 2008 (adjusted for 2010 dollars). During the federal stimulus in 2009 and 2010, the standard deviation grew even more sharply, topping \$2100. Thus, although the federal stimulus increased average grant allocations to metropolitan areas substantially, it also increased the variation between the top grant recipients and the places that received the fewest grant dollars. Metropolitan areas that historically received higher levels of federal grants tended to receive even more funds, while metro areas that are not major beneficiaries of federal grants were less likely to gain during the stimulus.

[Figure 1]

An examination of grant dollar allocations to specific places further illustrates the change over time and the effect of the stimulus. I selected four places that represent different types of metropolitan areas in different regions of the country: Columbus, OH MSA; Gulfport-Biloxi, MS MSA; Las Vegas, NV MSA; and New Haven-Milford, CT MSA. Columbus is a Midwestern state capital with a major research university. Gulfport-Biloxi is a high poverty metropolitan area in the South that was affected by Hurricane Katrina. Las Vegas has been a fast growing metropolitan area with a small nonprofit

sector that was severely affected by the 2007-09 housing crisis and recession. New Haven-Milford is a Northeastern metropolitan area with a major research university, a dense nonprofit sector, and below average poverty.

Based on Figure 2, all four regions had relatively slow steady growth in grant dollars per capita from 1991 to 2005. Columbus, the state capital, had the highest grant dollars per capita, and Las Vegas had the lowest. The gap between the two was approximately \$1500 in grants per capita in the 1990s, though it grew slightly by 2005. In 2006, following Hurricane Katrina, Gulfport-Biloxi jumps to the top for grant dollars per capita, and Columbus falls slightly. Gulfport-Biloxi drops back to pre-Katrina grant levels by 2008. In 2009, there is evidence of stimulus grant bumps in three of the metropolitan areas—Columbus, New Haven, and Gulfport-Biloxi—but the bump is most dramatic for Columbus. Meanwhile, Las Vegas, arguably the metropolitan area that was most severely affected by the recession experienced a slight decrease in per capita grant allocations for 2009 and 2010. The gap between Columbus and Las Vegas is particularly large by 2010—approximately \$3500. Figure 2 previews the importance of factors linked to the delegated state—nonprofits and state capitals—particularly for the distribution of the federal stimulus grants.

[Figure 2]

The regression analysis predicting grant dollars per capita shows how the delegated state variables compare to other potential explanatory factors. Table 2 reports models predicting grants per capita in three years: 1993, 2001, and 2009. These years were selected to show how grants were allocated during the first year of the administration for three different presidents: Clinton, Bush, and Obama. The independent

variables (except the dummy variables, state capital and R1 universities) correspond with the years for the dependent variable. Based on the reported R^2 for each model, the models for 1993, 2001, and 2009 account for approximately half of the variation in the dependent variable.

[Table 2]

Despite the differences across these three presidential administrations, the models show three key variables that are consistently significant predictors of grants per capita—nonprofit density, state capital, and the percent of people in poverty. The significance of poverty is no surprise, given the large share of dollars distributed by formula grants that include poverty as a measure for grant distribution.

The state capital variable is positive and significant for each model. The substantive significance of this variable is quite large. State capital is a dummy variable, so the coefficient can be directly interpreted as the estimated per capita dollar amount gained by an MSA that has a state capital compared to an MSA without a capital, other things being equal. In 1993, places with state capitals gained approximately \$2200 in federal grants per capita. By 2009, during the federal stimulus, these places gained over \$5000 in federal grants per capita.

Nonprofit density is also positive and statistically significant for each model. Similar to the state capital variable, the size of the coefficient for nonprofits during the federal stimulus is larger than previous years, suggesting that communities with a higher density of nonprofits may have benefited more from federal stimulus grants. The interpretation of this variable is relatively straightforward and the substantive significance is large. For example, the Las Vegas MSA had approximately 4.7 nonprofit organizations

per 10,000 residents in 2009, while New Haven-Milford MSA had approximately 15 nonprofits per 10,000. Based on the estimated nonprofit coefficient for the 2009 model, New Haven would get approximately \$1600 more in per capita federal grant dollars than Las Vegas, other things being equal. As Figure 2 shows, there was a sizeable gap in the actual amount of federal grants per capita for these two MSAs in 2009. Thus, the significance of the nonprofit and state capital variables show the persistent role of factors linked to the delegated state in federal grant distribution, and their growing importance during the federal stimulus.

In addition to the models reported in Table 2, I estimated two regression models that include the full panel of data from 1991 to 2010, which are reported in Table 3. These models use year fixed-effects, and the dependent variable is grants per capita adjusted to 2010 dollars. In the baseline model, the same three variables remain positive and statistically significant—poverty, state capital, and nonprofit density. Additionally, the percent black population is positive and statistically significant. The third delegated state variable, metropolitan diffusion (MPDI) is negative and statistically significant. This shows that greater centralization of local governments within a metropolitan area is associated with more federal grant dollars per capita. The substantive significance of this variable is relatively small. For example, the Columbus, OH MSA had a relatively high MPDI of 8.3 in 2007. By comparison, another state capital—Columbia, SC MSA—has an MPDI close to the mean of 4.3. The estimated impact of the MPDI variable, according to the baseline model, would be \$104 more in federal grants per capita for Columbia, SC, other things being equal.

[Table 3]

The second model in Table 3 assesses the impact of the stimulus by incorporating interaction terms with dummy variables for the stimulus years (2009 and 2010) and each of the three delegated state variables—state capital, MPDI, and nonprofit density. This indicates the additional impact of these variables during the two years of ARRA implementation. Both state capital and nonprofit density are positive and statistically significant on their own and as interactions with the stimulus years. Similarly, MPDI is negative and statistically significant on its own and as an interaction with the stimulus years. Based on the R^2 , the fit of the model including the stimulus interaction terms is slightly better than the baseline model. This suggests that the delegated state factors were increasingly important for predicting which metropolitan areas would benefit most from the federal stimulus.

The policies that guided the distribution of ARRA grants shed some light on the heightened importance of the delegated state factors. For example, the State Fiscal Stabilization Fund was a \$53.6 billion program within ARRA that was distributed to state and local governments to prevent cuts to education. Given that a large share of this money was funneled through state governments, this one-time program boosts the importance of state capitals in explaining the distribution of grant dollars.

Other policies highlight the importance of nonprofits for grant allocation and program implementation during the federal stimulus. For example, the Neighborhood Stabilization Program (NSP) was created during the Bush administration in 2008 to respond to the housing crisis. Initially, the program provided funding to all states and select local governments on a formula basis. NSP was then revised under the ARRA legislation to award grants on a competitive basis rather than through formulas—this was

known as NSP 2. In addition to state and local governments, nonprofits were eligible to compete for NSP 2 funds. The NSP 2 program further illustrates the funding gap between the Las Vegas and Columbus metropolitan areas. Although the Las Vegas metropolitan area ranked second nationally for foreclosures in 2008, Las Vegas was not awarded one of the 56 NSP 2 grants. The City of Columbus—in cooperation with Franklin County and several nonprofit organizations—was awarded over \$23 million in NSP 2 funds.⁷ The NSP 2 program shows how competitive grant programs may further benefit communities with a strong institutional infrastructure for program implementation, particularly those with a dense nonprofit sector.

Overall, the findings from my analysis demonstrate the consistent importance of the delegated state variables for predicting federal grant allocations—particularly state capitals and nonprofit density. Poverty also has a strong impact on federal grant allocations, suggesting that the federal government does distribute funds to areas with greater need. Yet the federal government’s reliance on states and nonprofits for program implementation means that high poverty areas will be better served if they also have the organizations and institutions that attract federal grants. For example, consider two MSAs in California with very similar high rates of poverty—Merced and Fresno. Based on the American Community Survey estimates for 2005-09 both MSAs had poverty rates of 20 percent. Yet Fresno has a higher density of nonprofits—8.4 per 10,000—compared to 5 per 10,000 in Merced. In 2010, the Merced MSA received around \$1600 per capita in federal grants while the Fresno MSA received nearly \$1750. This difference is not huge,

⁷ http://portal.hud.gov/hudportal/documents/huddoc?id=DOC_14169.pdf

but it represents role of nonprofits in attracting federal grants, over and above indicators of need such as poverty.

Assessing Political Factors

The models that I have presented with the delegated state variables explain a substantial share of the variance in federal grant distribution, and their significance is persistent over time. Yet the scholarly literature on federal grants is largely attentive to the role of pork barrel politics. Thus, I estimated four additional models in order to examine whether political variables could explain additional variation in federal grant distribution. The models assessing presidential politics include the years 1993 to 2010, incorporating the Clinton, Bush, and Obama presidencies. The models assessing congressional politics include the years 2007 to 2010, incorporating the 110th and 111th congresses.

[Table 4]

Table 4 presents two regression models using panel data—one with the presidential variables and one including the congressional variable. Both models use grants per capita adjusted for 2010 dollars as the dependent variable and year fixed-effects. The presidential model, predicting grants per capita from 1993 to 2010, looks very similar to the baseline model in Table 3. The three delegated state variables, percent poverty, and percent black are all statistically significant. Additionally, the percent Democratic vote share in the MSA for the most recent Presidential election is positive and statistically significant. However, the interaction term with Democratic vote share and Democratic presidential administration is not statistically significant. Based on these findings, metropolitan areas with a higher share of Democratic voters receive more

federal grants regardless of the party of the president in office from 1993 to 2010. The substantive significance of this variable is relatively small. For example, the New Haven-Milford, CT MSA voted for Obama at 8 percent above the national average, while Gulfport-Biloxi, MS MSA voted for Obama at 20 percent below the national average. Based on the model in Table 3, New Haven's largely Democratic voters are predicted to get nearly \$180 more in grants per capita than heavily Republican Gulfport-Biloxi, other things being equal, under both Democratic and Republican presidential administrations. Rather than suggesting political influence exercised by presidential administrations, these results suggest that more Democratic places may demand more federal grants or have additional characteristics that attract more federal grants.

The congressional model in Table 4 uses a variable indicating membership on the House appropriations committee among members of the congressional delegation from each MSA. Although this indicator is commonly used in studies assessing the role of pork politics, this variable is not statistically significant in my analysis. Meanwhile, the three delegated state variables—nonprofit density, metropolitan diffusion, and state capital—are all statistically significant.

[Table 5]

In order to further assess the possible impact of political factors, I estimated two additional models excluding the MSAs with state capitals. These areas are frequently dropped from studies of grant distribution, due to the fact that some grants distributed to state capitals are redistributed throughout the state. Table 5 reports the results—the regression models mirror those in Table 4, except the state capital regions are excluded. Interestingly, when state capitals are excluded from the analysis, the dummy variable for

R1 research universities is positive and statistically significant. The substantive significance of this variable is fairly modest—about \$120 more in grants per capita in the first model and \$220 in grants per capita based on the second model, *ceteris paribus*.

Once again, in Table 5 the House appropriations committee variable is not statistically significant. For the model with the presidential variables, both the Democratic vote share and the interaction term with Democratic vote share and Democratic presidential administration are statistically significant. Thus, the model excluding state capitals does show that Democratic presidents reward their constituents, over and above the higher share of grants distributed to Democratic-leaning MSAs. If Democratic areas only benefited under Democratic administrations, then only the interaction coefficient would be significant. If Democratic areas lost ground under Republican presidents, the main effect of Democratic vote share would be negative and significant, while the interaction would be positive and significant. However, the substantive effect of the interaction is relatively small. Comparing New Haven-Milford to Gulfport-Biloxi once again, the additional impact of a Democratic president is a predicted difference of \$120 in grants per capita, other things being equal. Overall, these results suggest some support for the notion that presidential politics plays an additional role in explaining the distribution of federal grants, but only under Democratic presidents. Nonetheless, the explanatory power of the delegated state factors remains powerful and persistent.

Conclusion

Prior research has largely overlooked the institutional factors that guide federal grant distribution, including state capitals, nonprofit density, and local government

centralization. By focusing primarily on a pork barrel lens for understanding grant allocation, researchers have not assessed the broad factors that can help us understand why Columbus, OH benefits from federal funding so much more than Las Vegas, NV. Furthermore, during the implementation of ARRA in 2009 and 2010, the gap between the communities that hit the jackpot in federal grants and the not-so-lucky places grew much wider, and part of this gap can be explained by variations in the delegated state.

My findings emphasize the importance of local organizational capacity for explaining how communities attract federal grant dollars. Nonprofit density is a consistently positive and significant factor for predicting grant allocation. Working across a wide array of policy areas, nonprofit organizations such as federally qualified health centers, low-income housing developers, early childhood education centers, and other social service providers, attract federal funds to deliver services. The density of these organizations varies considerably across metropolitan areas. Areas that lack a high density of nonprofit organizations are not as well equipped to attract federal grants and utilize funds to provide services to area residents. The reliance of the federal government on the delegated state for service delivery has enormous implications for access to services among needy populations and the equity of federal funding distribution on a national scale.

By understanding the role of the delegated state in federal grant distribution we can more fully explain the factors involved in federal grant allocation. Moreover, this approach provides a more comprehensive model to explain grant distribution than prior research. Many studies of pork barrel politics exclude a large share of federal grants, which are viewed as less amenable to political influence. Rather than looking at specific

categories of grants that exclude the vast majority of federal funds, my analysis includes grants of all types across all policy areas.

Based on recent Congressional reforms to limit earmarks, persistent political attacks on pork barrel spending, and efforts to increase transparency and tracking of federal funding allocations, the role of political factors in federal grant allocations may grow even smaller in the future. Meanwhile, major new federal programs—most notably, the Affordable Care Act—rely heavily on the delegated state for implementation. In light of these changes, the role of the delegated state may only grow in the future. For scholars, local leaders, and service providers, attentiveness to the contours and variations in the structure of the delegated state is essential for understanding the wide gaps in federal grant allocations to different communities.

Table 1: Descriptive Statistics

Variable Name	Mean	Standard Deviation
Grant dollars per capita	1506.5	1519.2
Nonprofits per 10,000	9.2	3.8
Metropolitan diffusion	4.4	2.3
Percent poverty	13.0	4.4
Percent Black	9.9	10.4
Percent Hispanic	8.6	13.9
Presidential vote- % Dem	-4.1	9.5
Appropriations Committee	0.3	0.5

Table 2: Grants per capita to metropolitan areas, 1993, 2001, and 2009

	1993	2001	2009
Nonprofits per 10,000	134.51** (20.86)	111.21** (16.11)	158.40** (27.90)
State Capital	2240.04** (146.82)	2313.78** (152.14)	5088.73** (320.77)
Metropolitan diffusion	-7.62 (24.36)	-15.31 (23.71)	-77.92 (48.02)
% poverty	44.75** (12.54)	82.17** (15.35)	122.61** (30.80)
R1 research universities	1.26 (71.75)	-7.11 (73.57)	-21.90 (156.12)
% Black	5.19 (5.33)	2.27 (5.34)	5.18 (11.09)
% Hispanic	0.48 (4.57)	-5.76 (4.33)	-3.54 (7.92)
Constant	-530.23*	-692.90*	-1532.68*
R ²	.51	.52	.51
N	355	355	355

Dependent variable is per capita grants, adjusted for 2010 dollars. Table entries are unstandardized regression coefficients. For a two-tailed test of significance, *p<0.05; **p<0.01

Table 3: Grants per capita to metropolitan areas, 1991-2010

	Baseline	Stimulus interaction
Nonprofits per 10,000	116.91** (4.60)	109.57** (4.80)
State Capital	2602.27** (43.48)	2352.88** (44.40)
Metropolitan diffusion	-26.21** (6.85)	-18.06** (6.97)
% poverty	62.80** (3.93)	62.46** (3.82)
R1 research universities	5.31 (21.18)	7.66 (20.58)
% Black	6.53** (1.54)	6.15** (1.50)
% Hispanic	-1.89 (1.22)	-1.98 (1.18)
Nonprofits x stimulus	-----	35.03** (11.08)
State Capital x stimulus	-----	2575.26** (136.58)
Metro diffusion x stimulus	-----	-83.30** (18.21)
Constant	-637.80**	-602.43**
R ² (within)	.44	.47
N	7100	7100

Dependent variable is per capita grants, adjusted for 2010 dollars. Model includes year fixed effects. Table entries are unstandardized regression coefficients. For a two-tailed test of significance, *p<0.05; **p<0.01

Table 4: Grants per capita to metropolitan areas- Presidential and Congressional Representation

	Grants per capita, 1993-2010	Grants per capita, 2007-2010
Nonprofits per 10,000	107.75** (5.18)	133.07** (11.84)
State Capital	2623.13** (46.36)	3743.98** (135.15)
Metropolitan diffusion	-31.26** (7.45)	-63.23** (20.51)
% poverty	66.54** (4.23)	107.33** (12.91)
R1 research universities	-13.31 (22.64)	21.32 (67.66)
% Black	5.32** (1.68)	5.93 (4.74)
% Hispanic	-3.05 (1.31)	-3.02 (3.33)
Presidential vote- % Dem	6.41** (2.23)	-----
% Dem vote x Dem Pres	2.00 (2.98)	-----
Appropriations Comm.	-----	89.26 (86.74)
Constant	-487.79**	-1254.37**
R ² (within)	.44	.46
N	6390	1420

Dependent variable is per capita grants, adjusted for 2010 dollars. Model includes year fixed effects. Table entries are unstandardized regression coefficients. For a two-tailed test of significance, *p<0.05; **p<0.01

Table 5: Grants per capita to metropolitan areas- excluding state capitals

	Grants per capita, 1993-2010	Grants per capita, 2007-2010
Nonprofits per 10,000	66.58** (2.08)	84.73** (4.52)
Metropolitan diffusion	-10.37** (2.95)	-8.28 (7.76)
% poverty	54.54** (1.60)	77.68** (4.64)
R1 research universities	123.03** (9.73)	224.07** (28.61)
% Black	2.06** (0.67)	4.52* (1.80)
% Hispanic	-2.85** (0.50)	-1.44 (1.21)
Presidential vote- % Dem	6.83** (0.85)	-----
% Dem vote x Dem Pres	4.41** (1.14)	-----
Appropriations Comm.	-----	-37.84 (33.35)
Constant	-34.20	-554.33**
R ² (within)	.38	.37
N	5616	1248

Dependent variable is per capita grants, adjusted for 2010 dollars. Model includes year fixed effects. Table entries are unstandardized regression coefficients. For a two-tailed test of significance, *p<0.05; **p<0.01

Figure 1

**Average Grants per Capita to Metro Areas,
1991-2010 (adjusted for 2010 dollars)**

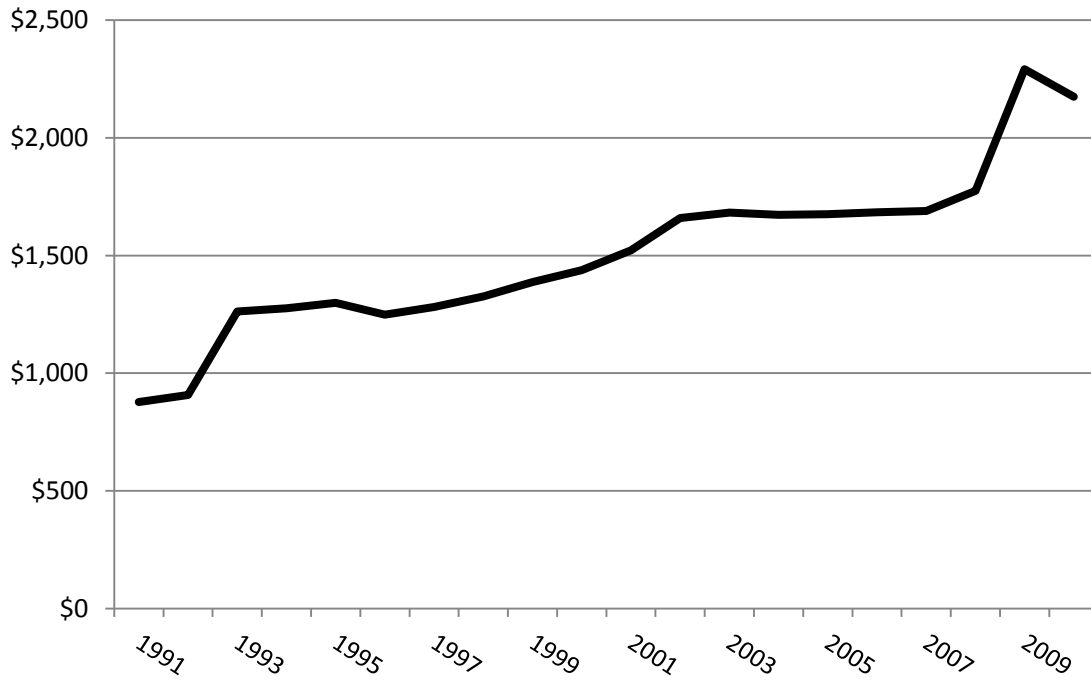
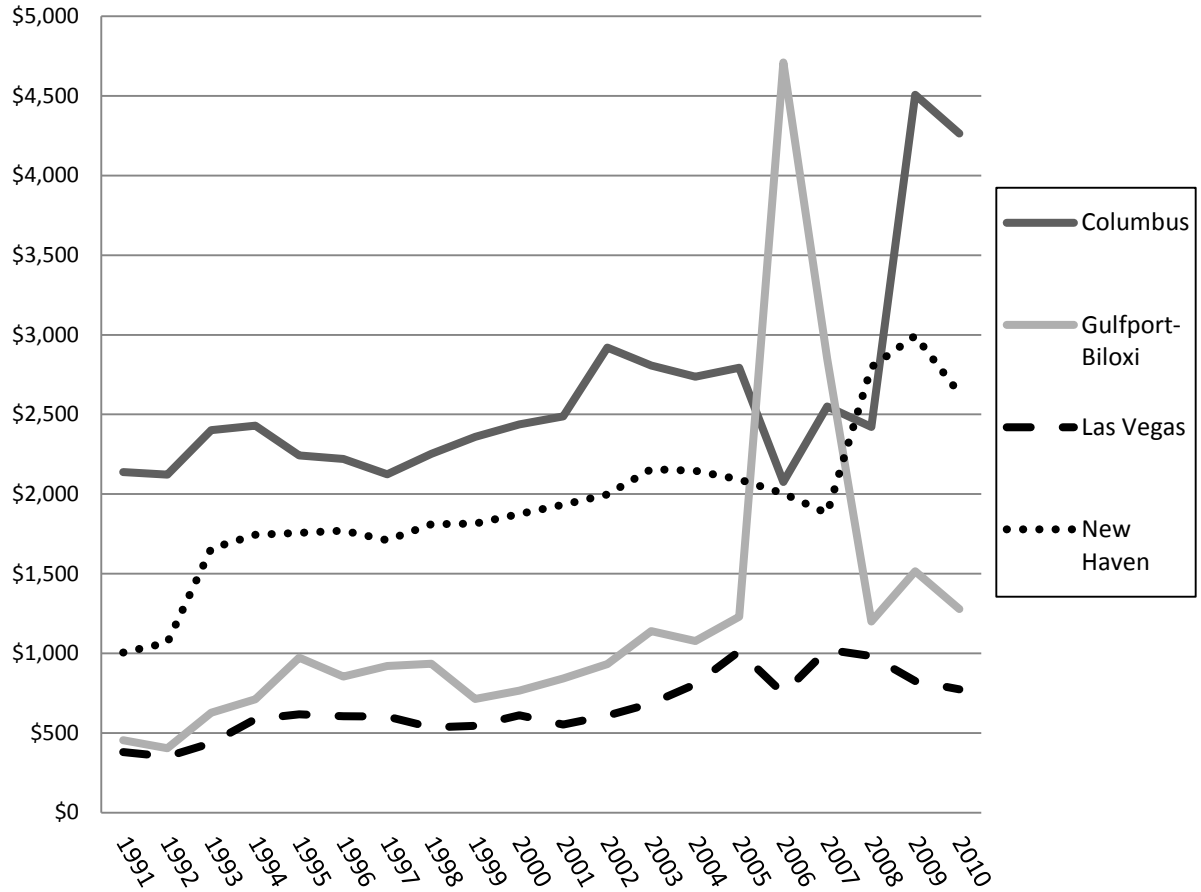


Figure 2

Grants Per Capita to Four Metro Areas, 1991- 2010
(adjusted for 2010 dollars)



References

- Abramson, Alan J. Lester M. Salamon, and John Russell. 2007. "The Nonprofit Sector and the Federal Budget: Analysis of President Bush's FY 2007 Budget." Washington, D.C.: The Aspen Institute.
- Allard, Scott W. 2009. *Out of Reach: Place, Poverty, and the New American Welfare State*. New Haven: Yale University Press.
- Berry, Christopher R., Barry C. Burden, and William G. Howell. 2010. "The President and the Distribution of Federal Spending." *American Political Science Review*. 104(4): 783-99.
- Bertelli, Anthony M. and Christian R. Grose. 2009. "Secretaries of Pork? A New Theory of Distributive Public Policy." *Journal of Politics*. 71: 926-45.
- Bickers, Kenneth N. and Robert M. Stein. 2000. "The Congressional Pork Barrel in a Republican Era." *Journal of Politics*. 62: 1070-86.
- Bickers, Kenneth N. and Robert M. Stein. 2004. "Interlocal Cooperation and the Distribution of Federal Grant Awards." *Journal of Politics*. 66(3): 800-22.
- Carr, Jered B., Kelly LeRoux, and Manor Shrestha. 2009. "Institutional Ties, Transaction Costs, and External Service Production." *Urban Affairs Review*. 44(3): 403-427.
- Clemens, Elisabeth S. 2006. "Lineages of the Rube Goldberg State: Building and Blurring Public Programs, 1900-1940." In *Rethinking Political Institutions: The Art of the State*, eds. Ian Shapiro, Stephen Skowronek, and Daniel Galvin. New York: New York University Press. 380-443.
- Cox, Gary W. and Matthew D. McCubbins. 2005. *Setting the Agenda: Responsible Party Government in the U.S. House of Representatives*. New York: Cambridge University Press.
- DiIulio, John J. 2003. "Response: Government by Proxy: A Faithful Overview." *Harvard Law Review*. 116(5): 1271-84.
- Federal Register. 2010. "Standards for Delineating Metropolitan and Micropolitan Statistical Areas; Notice." Office of Management and Budget. June 28.
- Gerber, Elisabeth R. and Clark C. Gibson. 2009. "Balancing Regionalism and Localism: How Institutions and Incentives Shape American Transportation Policy." *American Journal of Political Science*. 53(3): 633-648.

- Gimpel, James G., Frances E. Lee, and Rebecca U. Thorpe. 2012. "Geographic Distribution of the Federal Stimulus of 2009." *Political Science Quarterly*. 127(4): 567-595.
- Hamilton, David K., David Y. Miller, and Jerry Paytas. 2004. "Exploring the Horizontal and Vertical Dimensions of the Governing of Metropolitan Regions." *Urban Affairs Review*. 40(2): 147-182.
- Hill, Edward W., Harold L. Wolman, and Coit Cook Ford III. 1995. "Can Suburbs Survive without their Central Cities?: Examining the Suburban Dependence Hypothesis." *Urban Affairs Review*. 31(2): 147-174.
- Hird, A John. 1991. "The Political Economy of Pork: Project Selection at the US Army Corps of Engineers." *American Political Science Review*. 85(2): 429-56.
- Lester, W. T. and Reckhow, S. 2013. Network governance and regional equity: Shared agendas or problematic partners? *Planning Theory*. 12(2): 115-138.
- Levitt, Steven D. and James M. Poterba. 1999. "Congressional Distributive Politics and State Economic Performance." *Public Choice*. 99: 185-216.
- Levitt, Steven D. and James M. Snyder, Jr. 1995. "Political Parties and the Distribution of Federal Outlays." *American Journal of Political Science*. 39: 958-80.
- Lowry, Robert C. and Matthew Potoski. 2004. "Organized Interests and the Politics of Discretionary Grants." *Journal of Politics*. 66: 513-33.
- Mettler, Suzanne. 2011. *The Submerged State: How Invisible Government Policies Undermine American Democracy*. Chicago: University of Chicago Press.
- Miller, David. 2002. *The Regional Governing of Metropolitan America*. Cambridge, MA: Westview Press.
- Milward, H. B. and K. G. Provan. 2000. "Governing the Hollow State." *Journal of Public Administration Research and Theory*. 10(2): 359-379.
- Morgan, Kimberly J. and Andrea Louise Campbell. 2011. *The Delegated Welfare State: Medicare, Markets, and the Governance of Social Policy*. New York: Oxford University Press.
- Pastor, Manuel, T. William Lester, and Justin Scoggins. 2009. "Why Regions? Why Now? Who Cares?" *Journal of Urban Affairs*. 31(3): 269-296.
- Patashnik, Eric. 1999. "Ideas, Inheritances, and the Dynamics of Budgetary Change." *Governance*. 12(2): 147-74.

- Patashnik, Eric. 2008. *Reforms at Risk: What Happens After Major Policy Changes are Enacted*. Princeton: Princeton University Press.
- Rich, Michael J. 1989. "Distributive Politics and the Allocation of Federal Grants." *American Political Science Review*. 83: 193-213.
- Salamon, Lester M. 1995. *Partners in Public Service: Government-Nonprofit Relations in the Modern Welfare State*. Baltimore: The Johns Hopkins University Press.
- Smith, Steven Rathgeb and Michael Lipsky. 1995. *Nonprofits for Hire: The Welfare State in the Age of Contracting*. Cambridge: Harvard University Press.
- Weir, M., Rongerude, J. & Ansell, C. K. 2009. Collaboration Is Not Enough: Virtuous Cycles of Reform in Transportation Policy. *Urban Affairs Review*. 44(4): 455-489.
- Wildavsky, Aaron. 1984. *The Politics of the Budgetary Process*. Fourth Edition. Boston: Little, Brown and Company.