

United States General Accounting Office

Report to the U.S. House of Representatives  
The Committee on Crime and Delinquency  
General

AN IMPROBABLE  
OFFENSE

Referred to by States  
to Draw Down  
the State's Budget

120244

U.S. Department of Justice  
National Institute of Justice

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United States  
General Accounting Office  
Washington, D.C. 20548

General Government Division

B-230408

June 2, 1989

The Honorable Alfonse M. D'Amato  
Co-Chairman, Caucus on  
International Narcotics Control  
United States Senate

Dear Mr. Chairman:

This report responds to your request to us for information concerning the award of formula grant funds to states under the Anti-Drug Abuse Act of 1986. As requested, this report presents information on:

- the amounts of formula grant funds awarded to and drawn down by each state, and
- the length of, and factors affecting, time taken to draw down funds in New York State.

As arranged with your office, unless you publicly release its contents earlier, we plan no further distribution until 30 days after the date of this report. At that time, we will send copies to the Attorney General, the Secretary of Health and Human Services, the Secretary of Education, the Governor of New York and other interested parties. If there are any questions concerning the contents of this report, please call me at (202) 275-8389.

Sincerely yours,

Arnold P. Jones  
Director, Administration of  
Justice Issues

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# Executive Summary

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## Purpose

Drug abuse in the United States has been at high levels throughout the 1980s. To help combat the problem, the Anti-Drug Abuse Act of 1986, signed into law on October 27, 1986, provided federal financial assistance to states through formula grant programs for drug law enforcement, drug and alcohol treatment and rehabilitation, and drug and alcohol education and prevention programs.

Concerned about the distribution of formula grant funds to states under the act, the Co-Chairman of the Senate Caucus on International Narcotics Control requested that GAO determine for all states the amount of awards, the time taken to make the awards, and the time states then took to draw down funds. The Co-Chairman also asked GAO to identify, using New York State as a case study, the factors affecting how long states took to draw down funds.

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## Background

Congress appropriated about \$905 million in fiscal years 1987 and 1988 for state or local formula grant programs authorized by the Anti-Drug Abuse Act of 1986.

The federal agencies administering the grant programs were (1) the Department of Justice, for law enforcement programs; (2) the Department of Health and Human Services, for treatment programs; and (3) the Department of Education, for education programs.

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## Results in Brief

As of September 30, 1988, about 23 months after the law's enactment, the states had drawn down about 58 percent of the fiscal year 1987 formula grant funds. The amounts drawn down for each program were (1) law enforcement, 38 percent (\$68.3 million); (2) treatment, 73 percent (\$118.2 million); and (3) education, 70 percent (\$78.5 million). Drawdowns of the fiscal year 1988 funds as of September 30, 1988, were less than 5 percent.

For all the states, the time elapsed between the appropriation and awards of fiscal year 1988 funds was 11 months, 8 months less than the time elapsed to appropriate and award fiscal year 1987 funds. Federal officials attributed the reduction in time partly to the states becoming more familiar with the grant programs.

As of September 30, 1988, New York State had drawn down 44 percent of its fiscal year 1987 awards. The amounts drawn down for each program were (1) law enforcement, 35 percent (\$4.0 million); (2) treatment, 69 percent (\$9.3 million); and (3) education, 13 percent (\$1.0 million).

New York State had not drawn down more of its grant awards primarily because of state and local rather than federal factors. Such factors as the differing interpretations by state and federal agencies on the use of education funds delayed the drawdown process for fiscal year 1987 funds. With the resolution of these differences, these delays may not be repeated in the future. Other factors, however, inherent in the New York grant process, such as legislative approval of funds, will continue to consume time in implementing grant programs.

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## GAO's Analysis

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### Award of Fiscal Year 1987 Funds to States

Within a month of the law's enactment, each of the federal agencies responsible for administering the programs notified states of the availability of program funds. The length of time the three federal agencies took to issue final guidance to the states applying for and using grant funds varied. All agencies, however, issued final guidance within 6 months of the enactment of the law.

The federal agencies had received all of the states' applications by April 1988. All of the fiscal year 1987 awards were made by May 1988, about 19 months after the law was enacted and funds were appropriated.

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### Award of Fiscal Year 1988 Funds to States

Justice and Education simplified guidance to states for applying for fiscal year 1988 funds. Health and Human Services used virtually the same grant application requirements as developed for fiscal year 1987, but required one instead of two applications. All of the fiscal year 1988 awards were made by November 1988, about 11 months after funds were appropriated.

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### Grant Process in New York State

The process by which grant funds were awarded to New York State and further distributed to subrecipients contained a number of time-consuming steps. Overall, of the 23 months that elapsed from the law's

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enactment in October 1986 through the end of the fiscal year, September 30, 1988, federal activities accounted for 4 to 7 months (depending upon the grant) and New York State and subrecipient activities accounted for the remainder of the time. (See ch. 3.)

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### Factors Affecting Time to Draw Down Funds

Federal and state agencies had differing opinions on how to implement portions of the programs, thus contributing to the time New York took to apply for and receive the grant awards. For example, New York State's Education Department initially applied in February 1987 for education grants. The U.S. Department of Education rejected the state's application partially because it contained certain proposals that did not comply with the law. Once the offices resolved their differences, the state resubmitted its application in August 1987. These differences delayed the application about 6 months.

New York State law requires the legislature to appropriate all funds under state management, including federal grant funds. The state received its award for part of the treatment grant in January 1987. The legislature appropriated these funds in April 1987, about 3 months after the grant award.

Another factor contributing to the time taken to subgrant funds to subrecipients was a temporary freeze on state-issued contracts that the New York State Division of the Budget imposed because of fiscal problems. The freeze delayed the contract process, which the state uses to award funds to subrecipients, by almost 3 months.

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### Drawdowns as a Measure of Program Activity

After funds are awarded, grant recipients are required to initiate drawdowns only when funds are actually needed for disbursements. In New York, drawdowns generally are the final step in a time-consuming process of transferring federal dollars to the state and the subsequent transferring of dollars to subrecipients, and therefore lag behind actual expenditures. Thus, drawdowns tend to understate the level of program activity initiated with grant funds.

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### Recommendations

GAO is making no recommendations.

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## Agency Comments

GAO discussed the contents of this report with the responsible program officials from the Departments of Justice, Health and Human Services, and Education, and New York State and City offices. They suggested some technical clarifications, which were made to the report.

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## Abbreviations

HHS	Department of Health and Human Services
SEA	State Educational Agency



# Introduction

Drug abuse in the United States has persisted at a high level throughout the 1980s. As part of the federal government's effort to strengthen drug statutes and provide new methods to improve drug control, Congress passed and the President later signed on October 27, 1986, the Anti-Drug Abuse Act of 1986 (Public Law 99-570). The money that Congress appropriated for authorized programs represented a significant increase in the amount of federal money available for drug abuse control. A portion of these funds was allocated to states through formula grants to supplement state and local funds for drug law enforcement, drug and alcohol treatment and rehabilitation, and drug and alcohol education and prevention programs.<sup>1</sup> The Co-Chairman of the Senate Caucus on International Narcotics Control, concerned about the time involved for funds to reach state and local governments, asked GAO to look into this matter.

## Funding and Allocation

Congress appropriated a total of about \$905 million for fiscal years 1987 and 1988 for states' drug control formula grant programs authorized by the Anti-Drug Abuse Act of 1986. The amounts appropriated by program are shown in table 1.1:

**Table 1.1: Funding for the Anti-Drug Abuse Act Formula Grant Programs**

Program	Fiscal year	
	1987	1988
Law enforcement	\$178	\$56
Treatment	163	156
Education	161	191
<b>Total</b>	<b>\$502</b>	<b>\$403</b>

The act specified that each state receive a base allocation of \$500,000 for law enforcement efforts, with the balance of the funds allocated according to population. The act required that each state pass through to local units of government an amount at least equal to the local governments' percentage share of that state's total criminal justice expenditures for the preceding fiscal year. For fiscal years 1987 and 1988, states could use up to 10 and 20 percent, respectively, of their allocation to develop a statewide drug strategy and to administer the grant program.

<sup>1</sup>States include the District of Columbia, Puerto Rico, Virgin Islands, and Trust Territories. Eligible recipients varied by program—56 for law enforcement, 59 for treatment, and 57 for education.

The act required 45 percent of the treatment grant funds to be population-based (no state, however, was to receive less than \$50,000). Fifty-five percent of the funds were to be need-based. The Department of Health and Human Services (HHS) had to develop a formula to distribute funds on the basis of each state's need for programs and activities to treat and rehabilitate drug and alcohol abusers. The act also provided that states could use up to 2 percent of their award to administer the grant funds. The act did not require that states pass through a specific percentage of treatment funds to local units of government or agencies.

The act required that the educational drug prevention grant funds be awarded to states on the basis of states' relative school-age population. Seventy percent of each state's grant was to be awarded to the state educational agency (SEA). The remaining 30 percent of the state's education grant was awarded to the governor for awards to local governments and other public or private nonprofit offices for drug and alcohol education programs. The governor was to use at least one-half of the grant for awards to innovative community-based programs for high-risk youth.

The SEA was to award at least 90 percent of its grant to local educational agencies on the basis of the relative number of children in the school-age population. The SEA was to use the remainder of its award for such activities as training and providing technical assistance to school personnel; developing, disseminating, implementing, and evaluating drug abuse education curricular and teaching materials for use throughout the state; developing demonstration projects in drug abuse education and prevention; and providing financial assistance to enhance drug abuse education and prevention resources in areas with a large number of economically disadvantaged children.

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## Administering Agencies

The federal agencies responsible for administering the act's three federal assistance programs are the Bureau of Justice Assistance in the Department of Justice for law enforcement; the Division of Intergovernmental Activities and Data Policy, Alcohol, Drug Abuse, and Mental Health Administration in HHS for treatment; and the Office of Elementary and Secondary Education in the Department of Education for education.

As part of their applications for grant funds, states had to designate which state office would be awarded funds. For example, in New York State, the Division of Criminal Justice Services, New York State's criminal justice planning agency, was awarded the law enforcement formula

grant. The New York State legislature allocated treatment funds to the Division of Substance Abuse Services, the Division of Alcohol and Alcohol Abuse, the Office of Mental Health, and the Governor's Task Force on Integrated Projects for Youth and Chemical Dependency. The New York State Education Department's Bureau of Health and Drug Education Services administered the portion of the education grant for the SEA.

## Objectives, Scope, and Methodology

The Caucus requested that we review the distribution of the Anti-Drug Abuse Act formula grants. As agreed with the Caucus, our objective was to determine the length of time federal agencies took to award formula grant funds to states and for states to draw down the funds for themselves and the organizations to which the states awarded grant funds.<sup>2</sup> The Caucus asked us to determine, on a state-by-state basis, the date and amount of awards and amount of drawdowns. We agreed with the Caucus to use New York State as a case study to determine the factors affecting the length of time the state has taken to draw down formula grant funds. However, as agreed with the Caucus, we did not review education grant funds awarded to the states' governors, which amounted to about \$48 million in fiscal year 1987 and \$57 million in fiscal year 1988.

To ascertain the amounts of grant funds awarded to each state and the designated time frames of the drawdowns, we obtained and reviewed grant data and federal regulations and guidance on fiscal management for grant recipients and interviewed officials at Justice, Education, and HHS. We did not assess the reliability of the computer-generated grant data obtained from the three agencies.

To identify factors affecting the length of time New York took to distribute and draw down funds, we reviewed requests for proposals, award documents, and expenditure reports and interviewed state officials at the Division of Criminal Justice Services, the Bureau of Health and Drug Education Services, the Division of Substance Abuse Services, the Division of Alcohol and Alcohol Abuse, the Office of Mental Health, the Governor's Task Force on Integrated Projects for Youth and Chemical Dependency, and the State Comptroller's Office. We also interviewed local officials representing educational and criminal justice agencies in New York City including the Special Narcotics Prosecutor, the current and the former New York City Criminal Justice Coordinators, and an

<sup>2</sup>Drawdowns are to occur after an award has been made and the recipient requests the transfer of funds to a state account for its immediate cash program needs.

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official of the Office of Federally Funded Programs at the New York City Board of Education.

Because our review was limited to the grant process in New York, we do not know if the factors that affected the length of time for New York to draw down funds applied to other states. Our field work, completed in April 1989, was done in accordance with generally accepted government auditing standards. We discussed the contents of this report with the responsible program officials from Justice, HHS, and Education. We also discussed the report with the responsible program officials from the New York State Division of Criminal Justice Services, Division of Substance Abuse Services, Bureau of Health and Drug Education Services, and Division of the Budget. In addition, the views of the New York City Board of Education and the New York City Criminal Justice Coordinator were obtained. They suggested some technical clarifications, which were made to the report.

# Federal Administration and State Drawdowns of Formula Grant Funds

The length of time federal agencies took to issue guidance on applying for and using grant funds and to award funds to the states varied as did the length of time states took to apply for and draw down funds. Eleven months after the law was enacted and funds were appropriated, about 90 percent of the fiscal year 1987 awards were made to the states. The remaining fiscal year 1987 awards were made by May 20, 1988, about 19 months after the law was enacted.

The fiscal year 1988 awards were made in less time, due partly to the participants' familiarity with the program, according to federal agency officials. All of the fiscal year 1988 awards were made by November 1988, about 11 months after the funds were appropriated.

For a state to draw down funds, it must have established a need to disburse them. As of September 30, 1988, about 23 months after the law's enactment, the states had drawn down about 58 percent of the fiscal year 1987 formula grants (about \$454 million).

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## Program Implementation

Federal agencies implemented the act's three formula grant programs by notifying states of the availability of program funds, developing and distributing guidance for making a grant application, reviewing and approving applications, and awarding grants to states.

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## Notification of Availability of Program Funds

By November 1986, 1 month after the law's enactment, the three federal agencies had notified the state governors of the funds available. The notification letters provided information on the formula grant programs and on what basis the funds would be distributed. They also contained the name of a contact person in the administering federal agencies to answer questions and provide assistance to the states.

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## Development and Distribution of Program Guidance for Grant Applications

The length of time the three federal agencies took to issue final guidance to the states applying for and using grant funds varied. All three agencies, however, issued final guidance within 6 months of the law's enactment.

Justice sent draft guidance and application information to the states in December 1986 for review and comment. Justice distributed the final versions of these documents to the states at three 3-day regional briefings on the assistance program held between March 4 and March 27, 1987.

HHS issued separate guidance to apply for the population-based and need-based portions of the grant. The guidance allowed states to apply for the population-based funds while the formula was being developed to determine need-based grant amounts. In November 1986, HHS sent the states grant application information for the population-based portion of the grant. In March 1987, HHS sent the states guidelines for developing their need-based applications. In April 1987, after the formula was finalized, HHS sent states the need-based formula and the resulting amount for which each state was eligible to apply.

During December 1986, Education sent states draft guidance and a draft application package to assist them in developing policies and procedures to administer the program at the state level. According to an Education official, Education distributed the final grant application package in January 1987 during a conference it held to assist the states in implementing the grant program. The final guidance on how to apply for and administer the grant funds was distributed in February 1987.

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### Application Requirements for Formula Grant Funds

Application requirements on how states should apply for formula grant funds varied among the grant programs. For law enforcement, the act required that states develop a statewide drug enforcement strategy as part of their application. Each state was to prepare its strategy after consulting with state and local law enforcement officials. According to Justice guidance, the strategy was to define and analyze the state's drug problem, assess current drug control efforts, identify gaps in service and resource needs, and propose a course of action for addressing the drug problem.

HHS requested separate application packages for the population-based portion and the need-based portion of the treatment grant. The application requirements for the population-based portion included a description of how the state would coordinate these grant-funded programs with other public and private programs for individuals with alcohol and drug dependencies, and a description of how the state would evaluate these grant-funded programs. Requirements for the need-based portion were the same as for the population-based application, except that a plan for the use of the funds also had to be submitted.

For education, states were to submit a single application covering both the SEA and governor funds. The application was to include a description of how the state would implement the act and was to cover programs to

be funded from fiscal year 1987, 1988, and 1989 appropriations. Similarly, the act required local educational agencies or a consortium thereof who wished to participate in the program to submit an application to the SEA. These applications were to include a plan of the programs to be funded by the grant for a period not to exceed 3 fiscal years. The act also required that the local educational agencies or consortia provide private nonprofit school children and teachers with services, which would assure their equitable participation in the program.

## Fiscal Year 1987 Applications

Once a state's fiscal year 1987 application was received, the average amount of time it took the administering agencies to approve the application and award the funds ranged from 5 to 44 days. In April 1988, the last of the state applications were received. By May 20, 1988, 19 months after the enactment of the law, the administering federal agencies had awarded all grant funds with the exception of the Northern Mariana Islands, which decided not to apply for its need-based portion of the treatment grant amounting to \$4,000.

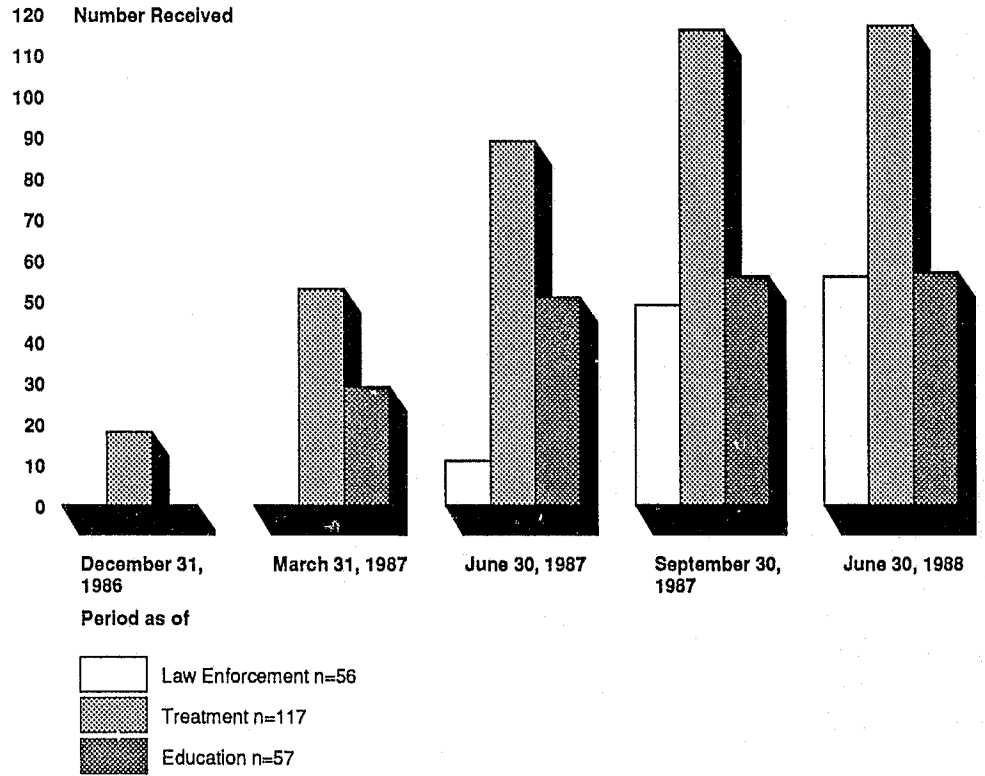
For law enforcement funds, Justice encouraged states to submit their applications before August 1, 1987. However, by that date, Justice had received only 25 of 56 state applications. By October 1, 1987, Justice had received another 24 applications, making a total of 49. The remaining seven eligible state applications were received by April 22, 1988.

Neither HHS nor Education established a suggested date by which states should apply. By May 1, 1987, HHS had received applications from 55 of the 59 recipients for the population-based treatment funds; in December 1987, HHS received the last application. Applications for all of the need-based funds were received by October 1, 1987, about 6 months after the states were notified by HHS of their allocation. These treatment applications totaled 117. (The Northern Mariana Islands did not apply for the need-based funds.) Education had received 49 of the 57 applications by June 1, 1987. The last application was received in October 1987.

Once a state's application was received, Justice made half of the awards in 40 days or less; HHS made half of the population-based awards in 10 days or less and half the need-based awards in 4 days or less; and Education made half of the SEA awards in 26 days or less. Figures 2.1 and 2.2 show the number of applications received and grants awarded by intervals through June 30, 1988, for the three grant programs.

Chapter 2  
 Federal Administration and State Drawdowns  
 of Formula Grant Funds

Figure 2.1: Number of Grant Applications Received for Fiscal Year 1987 Funds

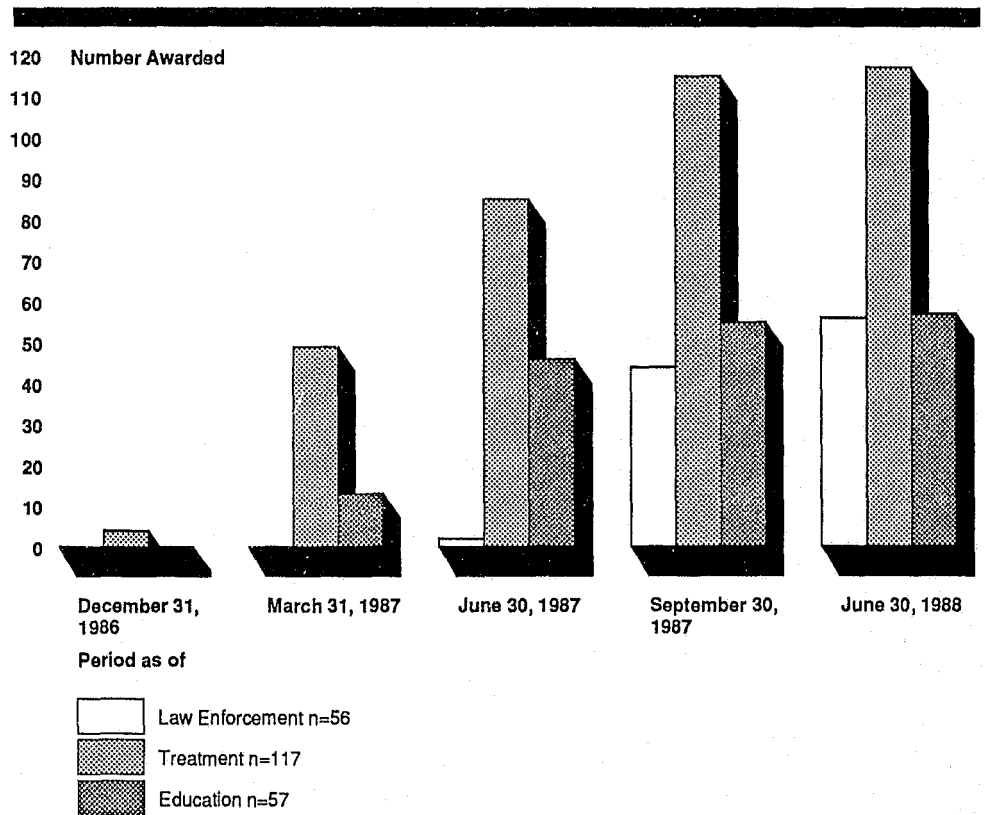


Note 1: N=Number of applications received.

Note 2: The treatment column combines the applications received for both the population-based and need-based portions of the grant.



Figure 2.2: Number of Grant Awards Made for Fiscal Year 1987 Funds



Note 1: N=Number of grants awarded.

Note 2: The treatment column combines the awards made for both the population-based and need-based portions of the grant.

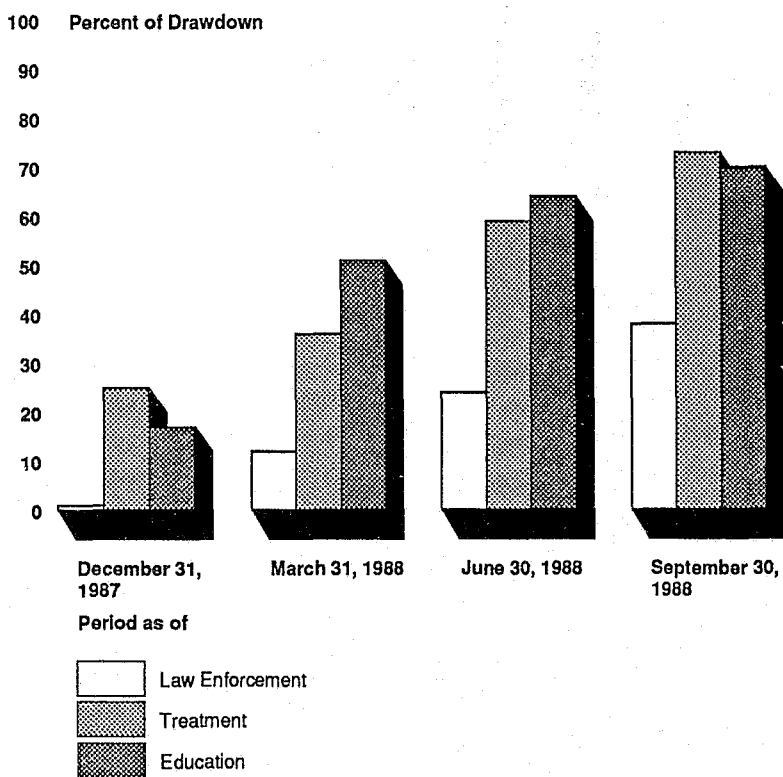
## Fiscal Year 1987 Drawdowns

Treasury fiscal requirements state that drawdowns by a grant recipient shall be limited to the minimum amounts needed and shall be timed to be in accord with the actual, immediate cash requirements of the recipient organization in carrying out the purpose of the approved program or project. As of September 30, 1988, on the basis of federal administering agencies' records, states had drawn down about 58 percent of their fiscal year 1987 formula grant awards.

Specifically, states had drawn down about 38 percent of the law enforcement grant (\$68.3 million), about 73 percent of the treatment grant (\$118.2 million), and about 70 percent of the education grant (\$78.5 million). (See app. I.) Figure 2.3 shows the total percentages that states had drawn down as of December 31, 1987, March 31, 1988, June 30, 1988, and September 30, 1988, for the three programs. For example,

as of December 31, 1987, states had drawn down 25 percent of the treatment grant awards. By March 31, 1988, states had drawn down an additional 11 percent of their awards; by June 30, 1988, another 23 percent; and by September 30, 1988, another 14 percent, making the total drawn down 73 percent.

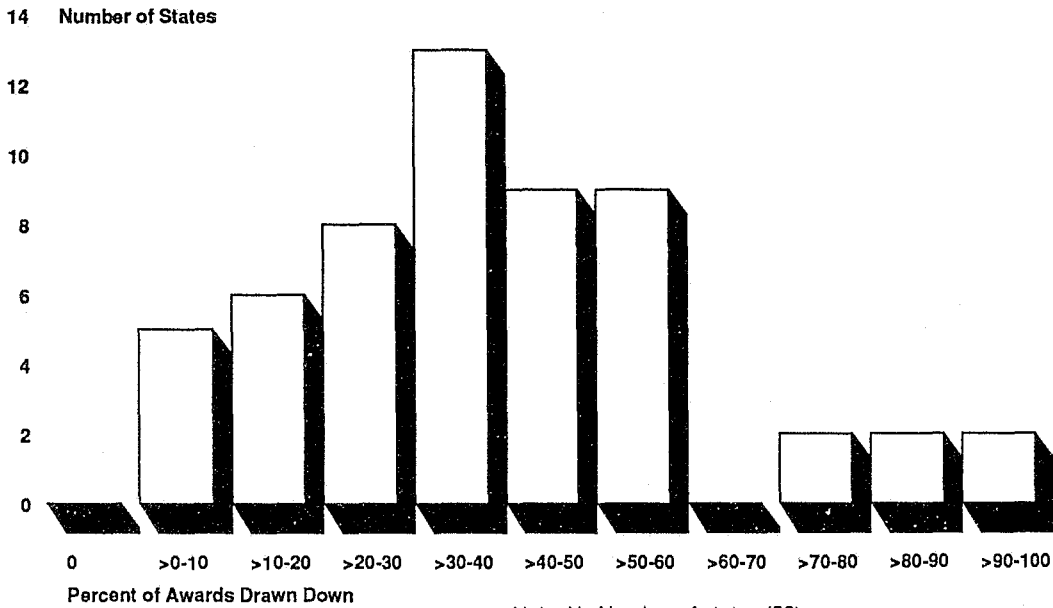
Figure 2.3: Drawdowns of Formula Grant Funds



As of September 30, 1988, the percentage of funds drawn down by states varied by program. Two of the three programs had one state that had not drawn down any funds. For the law enforcement grants, the largest percentage drawn down by a state was 92.8; for treatment, 13 states had drawn down 100 percent of their awards; and for education, 2 states had drawn down 100 percent of their awards. Figures 2.4, 2.5, and 2.6 show the percentage of drawdowns by states by program.

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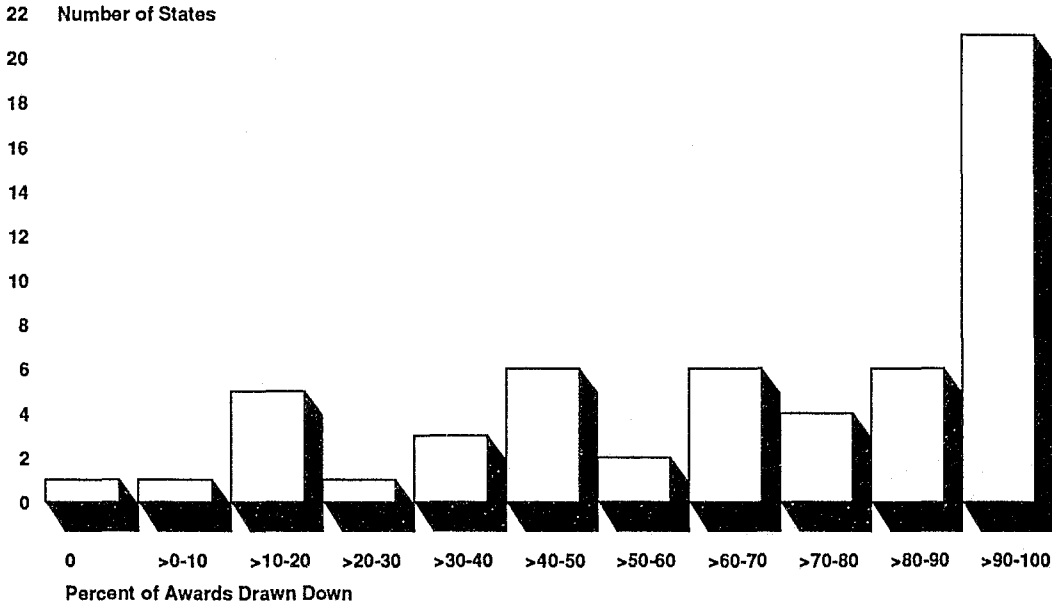
Figure 2.4: Percent of Law Enforcement Drawdowns by States as of September 30, 1988



Note: N=Number of states (56).

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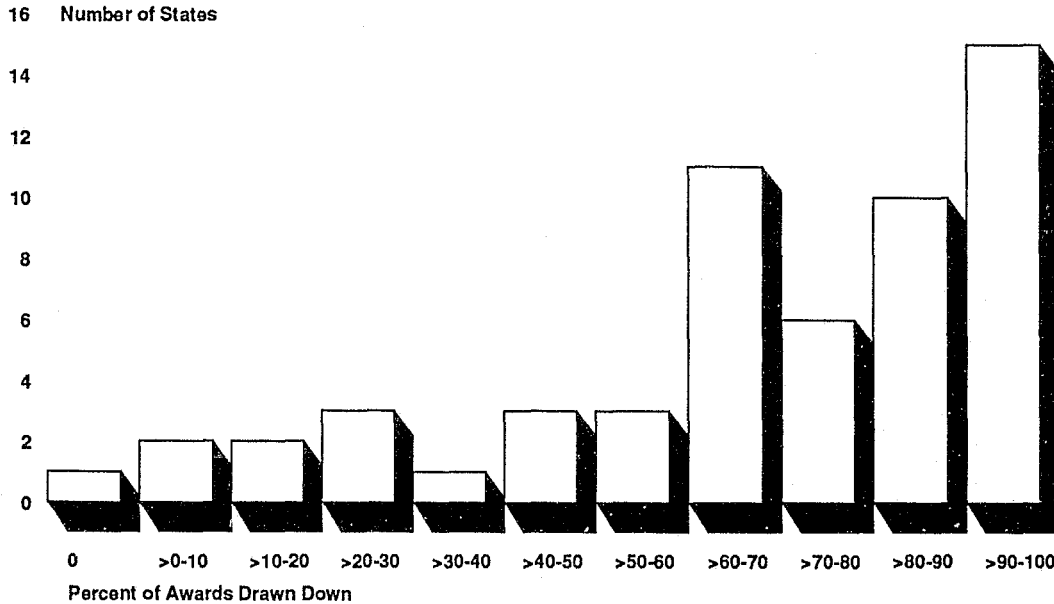
Figure 2.5: Percent of Treatment Drawdowns by States as of September 30, 1988



Note 1: N=Number of states (56). HHS does not keep drawdown data for three of the Trust Territories.

Note 2: This figure combines the drawdowns for the population-based and need-based portions of the grant.

Figure 2.6: Percent of Education Drawdowns by States as of September 30, 1988



Note: N=Number of states (57).

## Fiscal Year 1988 Applications and Awards

The fiscal year 1988 appropriation for the formula grant funds was enacted on December 22, 1987. All of the fiscal year 1988 grants were awarded to the states within 11 months after the funds were appropriated, about 8 months less time than that taken to award grants from fiscal year 1987 funds for all three programs.

Justice and Education simplified application requirements for the fiscal year 1988 funds. Justice notified states of the application requirements for fiscal year 1988 grant funds by letter dated November 20, 1987, anticipating that fiscal year 1988 funds would be appropriated for this program. For the most part, the same application requirements for fiscal year 1987 funds applied to the fiscal year 1988 funds, except that states did not have to develop a new drug strategy. They had to update their fiscal year 1987 statewide drug strategy only if there were changes.

On December 31, 1987, Justice sent a letter to the states informing them of their fiscal year 1988 allocations on the basis of the appropriation signed in December 1987. By August 1, 1988, 42 states had submitted their applications for law enforcement funds; by September 20, 1988, all 56 states had submitted their applications. A Justice official said that he

had expected the states to submit their fiscal year 1988 applications more quickly than they did because they did not have to develop a new statewide strategy. All of the law enforcement awards were made by September 30, 1988. Thus, the fiscal year 1988 awards were made in 9 months less time than the 1987 awards. The average time taken by Justice to award grants to states declined from 44 days for the fiscal year 1987 applications to 37 days for the 1988 applications.

Education sent a letter to the states in February 1988 notifying them of the amount of funds allocated to each state for fiscal year 1988. Further, Education advised the states that they did not have to submit a new application because the fiscal year 1987 application covered 3 fiscal years. States were to amend their 1987 application only if there were significant changes. However, the Augustus F. Hawkins-Robert T. Stafford Elementary and Secondary School Improvement Amendments of 1988 (Public Law 100-297), which was enacted on April 28, 1988, required that states include as part of their application a description of how they will coordinate alcohol and drug abuse programs with youth suicide prevention programs. States amended their applications for fiscal year 1989 funds accordingly. Nevertheless, by August 24, 1988, Education made awards to 55 states and all the awards were made by November 1988, about 4 months less time than that taken to award grants from 1987 funds.

On February 26, 1988, HHS sent a letter to states informing them of how to apply for the fiscal year 1988 treatment grant funds. The letter stated that HHS was using virtually the same application requirements as developed for 1987, except that one rather than two separate applications was required for fiscal year 1988 funds. By September 2, 1988, HHS had received all applications and had made all awards by September 22, 1988. It took 9 months to award all of the fiscal year 1988 treatment funds as compared to 14 and 11 months to award fiscal year 1987 population-based and need-based treatment funds.

States had drawn down less than 5 percent of the fiscal year 1988 formula grant awards as of September 30, 1988. The drawdowns were less than 1 percent for law enforcement and about 5 percent for both treatment and education.

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## Conclusions

The award of fiscal year 1988 grant funds to the states took less time than the award of fiscal year 1987 grant funds. About 19 months after the law was enacted and funds appropriated, the last of the fiscal year

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1987 grant funds had been awarded. Fiscal year 1988 grant funds were awarded about 11 months after the 1988 appropriation was enacted. According to federal agency officials, the shorter time period was due partly to states' familiarity with the grant programs.

# New York State's Program Implementation and Drawdown Process

As of September 30, 1988, New York State had drawn down about 44 percent of fiscal year 1987 formula grant awards for the three program components of the Anti-Drug Abuse Act of 1986. New York State had not drawn down more of its grant awards, 23 months after the enactment of the law, primarily because of activities and decisions that took place at the state and local rather than the federal level. Some of the New York activities that delayed the drawdown of fiscal year 1987 funds may not be repeated in future fiscal years. Therefore, drawdowns for future years could occur in a shorter time period.

In New York, the status of drawdowns has tended to understate the extent of subrecipients' program activities.<sup>1</sup> Some activities had been underway before funds were drawn down to fund them.

New York State was awarded \$32.6 million in fiscal year 1987 formula grant funds for the three programs funded under the act—\$11.5 million for law enforcement, \$13.5 million for treatment, and \$7.6 million for education to the SEA. As of September 30, 1988, New York State had drawn down about \$14.3 million (44 percent) of its total award as follows:

- \$4,010,000 (35 percent) of the law enforcement award,
- \$9,251,248 (69 percent) of the treatment award, and
- \$1,013,387 (13 percent) of the education award.<sup>2</sup>

## Factors Affecting the Length of Time to Draw Down Grant Funds

The process by which grant funds were awarded to New York State and subsequently drawn down by subrecipients contained a number of time-consuming steps. Time was taken by state agencies to prepare grant applications, and by federal agencies to approve the applications and award funds. Federal and state agencies needed time to settle differences of opinions on how state agencies should implement the programs; and the New York State legislature needed time to appropriate program funds, including federal funds, as required by state law. Passing through funds to subrecipients and complying with federal and state requirements governing the timing of drawdowns consumed additional time.

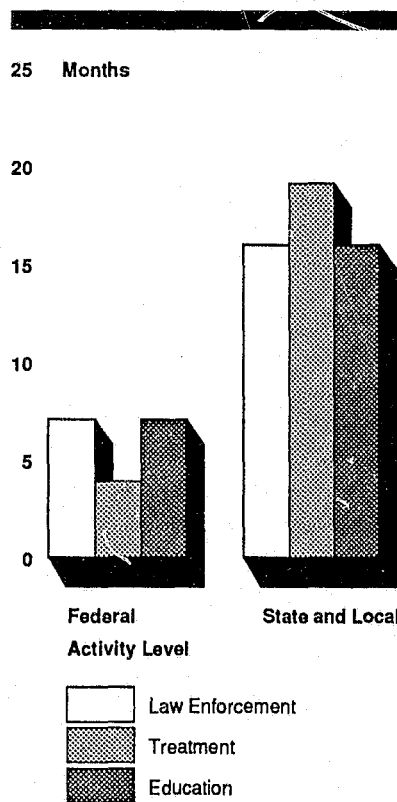
<sup>1</sup>According to OMB Circular A-128, a subrecipient is a person, government department, agency, or establishment that receives federal financial assistance to carry out a program through a state or local government. It does not include an individual who is a beneficiary of such a program. A subrecipient may also be a direct recipient of federal financial assistance.

<sup>2</sup>New York's drawdowns were compared with the distribution of other states' drawdowns in figures 2.4, 2.5, and 2.6.



Figure 3.1 indicates the relative lengths of time that federal, state, and subrecipient agencies took to implement the program and draw down fiscal year 1987 funds from the law's enactment on October 27, 1986, through September 30, 1988. Of this 23-month time period, the number of months that state and subrecipients consumed ranged from 16 to 19 months. Federal activities accounted for the remainder of the time. For a detailed presentation of the events leading to the drawdown of the grants, see appendix II. When both the federal agencies and the state were involved in the event, we divided the time equally.

**Figure 3.1: Time Attributed to Federal, State, and Subrecipient Agencies to Implement the Program and Draw Down Funds** (From Enactment to September 30, 1988)



### State Preparation of Applications and Federal Award of Grant Funds

New York fiscal year 1987 awards for all of the grant programs were made by September 30, 1987. The time taken for each of the awards to be made was comprised of activities by the federal agencies to develop and distribute guidance and applications to states; by New York State to apply for funds; and by the federal agencies to review the applications and award the funds. The breakdown of the approximate time it took

the federal agencies and New York to complete these activities is shown in table 3.1.

**Table 3.1: Approximate Length of Time Between Enactment of the Law and Award of New York State Funds**

Activity	Law enforcement	Treatment		
		Population-based	Need-based	Education
Federal agencies developed and issued guidance and applications	147 days	28 days	128 days	93 days
State agencies submitted applications	129 days	37 days	112 days	215 days
Federal agencies received applications and awarded New York's funds	62 days	9 days	1 day	15 days
<b>Total time</b>	<b>338 days</b>	<b>74 days</b>	<b>241 days</b>	<b>323 days</b>
Date of award	9-30-87	1-9-87	6-25-87	9-15-87

### Differing Interpretations of Program Implementation

Federal and state agencies had differing interpretations of how to implement portions of the treatment and education grant programs, thus contributing to the time it took New York to apply for and receive its grant awards.

New York State could not be awarded the 55-percent need-based portion of the treatment grant until HHS finalized the formula for distributing funds. The need-based formula was developed in conjunction with the states from January through March 1987. HHS sent the states a letter dated April 3, 1987, explaining the formula. The proposed formula was not finalized earlier because a number of states expressed concern over which variables the need-based formula should include.

New York objected to the HHS-proposed formula on the basis that the formula failed to meet the objectives intended by the legislation. According to a New York State letter dated February 9, 1987, the HHS-proposed formula would have allocated a higher proportion of funds to states with lower per capita income, as well as to states that historically spent a relatively lower proportion of their state resources on alcoholism and drug treatment. New York State said that the formula ignored the needs of those states with the greatest problem and penalized those states spending significant monies on the drug and alcohol problems. Resolving

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this disagreement contributed to the more than 2 months taken to finalize the formula (from January 20, 1987, when the proposed formula was sent out for comment to April 3, 1987, when New York State was informed of the final formula).

The New York State Education Department initially applied to the U.S. Department of Education on February 24, 1987, for its education grant. The U.S. Department of Education, in a letter dated March 19, 1987, expressed concerns about New York State's application, including its proposals to restrict distribution to and the uses of funds by applicants. In its application, New York State proposed to limit funding to school districts and local educational consortia having a school-age population of over 25,000 to provide a more efficient, effective, and equitable use of grant funds. Many of the state's 722 school districts have a relatively small student population. If New York State were to have distributed funds on the basis of student population, one-half of the school districts would have received \$4,000 or less. In addition, New York proposed to restrict applicants' use of funds to certain priority purposes.

The state later resubmitted its application on August 31, 1987, to comply with Education's requirements. These differences in interpretation contributed to a delay in New York's application for education funds by about 6 months from February 24, 1987, to August 31, 1987. By settling these differences and barring the emergence of others, future state applications should be completed in less time.

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## State Appropriation of Federal Funds

New York State law requires that the State legislature appropriate all funds under state management, including federal grant funds.<sup>3</sup> Thus, state administering agencies cannot obligate funds, award contracts for goods and services, or spend federal funds until the State legislature enacts an appropriation bill.

For law enforcement, the New York State legislature reviewed the state's grant application and became actively involved in determining the distribution of law enforcement funds within the state. According to a state official, New York first became aware of its estimated law enforcement grant allocation in November 1986. The state included the estimate in the 1987-1988 proposed executive budget that the governor submitted to the legislature on January 21, 1987, for appropriation during its regular session.

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<sup>3</sup>N.Y. State Finance Law Section 4 (McKinney 1988).

In April 1987, when the State legislature passed the executive budget, it appropriated only the administrative portion of the law enforcement grant award (\$1 million out of the total award of \$11.5 million) and postponed appropriating the remaining funds until a special session could be held in July 1987. According to state officials, this postponement occurred because the state's legislative and executive branches could not agree on how to distribute the \$10.5 million in law enforcement funds. The legislature's involvement delayed New York State's law enforcement application by about 3 months, from April 10, 1987, when the 1987-1988 state budget was enacted, to July 7, 1987, when the state appropriation bill was passed.

New York State received its award for the population-based portion of the treatment grant on January 9, 1987, but it could not spend the funds until the legislature appropriated them. The legislature appropriated about \$7.6 million of the treatment allocation in April 1987, about 3 months after the grant was awarded. However, the legislature did not allocate the remaining \$5.9 million partly because of the uncertainty at the time as to the exact amount of the award for the need-based portion of the grant. HHS awarded the need-based portion on June 25, 1987. A supplemental appropriation bill was enacted on August 7, 1987, about 1-1/2 months after the award was made.

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### State Grant of Funds to Subrecipients

The process New York State uses to subgrant funds to subrecipients is time-consuming. Subrecipients can neither spend nor draw down funds without an executed contract. The contract is an agreement between the state and subrecipients on the use of the funds. Once the New York State agencies receive their grant awards and obtain spending authority from the State legislature through its appropriation process, the agencies generally subgrant the funds by notifying prospective subrecipients of the availability of program funds, distributing program guidance and applications for funds, reviewing and approving subrecipients' applications, and entering into contracts with subrecipients.

Subrecipients had to comply with additional requirements for education and law enforcement grants before submitting their applications to the state agencies. These requirements increased the time needed to subgrant funds. For education, the law required that local educational agencies establish or designate councils that could include community members, law enforcement officials, parents, and drug education experts. According to the state education department, these councils are

to encourage the coordination of drug abuse education and prevention programs with related community efforts and resources.

For law enforcement, the state required that units of local government submit concept papers that explained how they would use the funds. A local government could not submit a grant application until the state approved its concept paper. When the concept paper and application were approved, the local government entered into a contract with the state.

The time-consuming nature of New York State's subgranting process is demonstrated by the length of time it has taken the Division of Criminal Justice Services to issue contracts to subrecipients. The Division of Criminal Justice Services, as of September 30, 1988, had executed 35 contracts. The total amount of the 35 executed contracts was about \$7.8 million, or 67.3 percent of the state's law enforcement award. As of September 30, 1988—about 14 months after the legislature and the Governor approved the state's appropriation of law enforcement funds—the state had drawn down about \$4 million.

In the case of New York City, the Governor's Office and the City prosecutors expected \$4 million in law enforcement funds to be spent in different ways than the Police Department and the City expected. These differences contributed to the 8 months that elapsed from the time that the State legislature appropriated law enforcement funds to when the New York City Criminal Justice Coordinator submitted the City's concept paper to the Division of Criminal Justice Services. New York City did not submit its concept paper until March 10, 1988, and its contract was not executed until September 30, 1988. These factors significantly affected the extent to which the state could have drawn down funds, since New York City's grant constituted about 35 percent of the state's award.

According to a state official, about \$5.9 million of the \$13.5 million of treatment funds was affected by the subgranting process. As part of the appropriation act, the legislature created the Task Force on Integrated Projects for Youth and Chemical Dependency to administer \$2.4 million of the treatment grant. The law required that the Task Force develop and issue a request-for-proposal by September 15, 1987, and award grant funds to subrecipients by November 1, 1987. All of these funds were awarded by November 6, 1987. The remaining \$3.5 million was allocated to two other treatment agencies. By November 1, 1987, one of

these agencies had awarded about \$1.2 million to subrecipients. Therefore, almost 3 months after the state's appropriation, about \$2.3 million had not been awarded to subrecipients. By June 1988, the agencies had awarded all the funds.

About \$7.6 million of the treatment grant was allocated to the Division of Substance Abuse Services. According to a state official, in order to expedite fund distribution, the division amended existing state contracts by increasing the amount of these contracts with the 1987 grant funds, as opposed to using a new subgranting process.

Also contributing to the time taken to subgrant funds to subrecipients, the New York State Division of the Budget temporarily froze all new contracts issued by the state because of a revenue shortfall. The freeze, which was in effect from June 8, 1988, to August 31, 1988, delayed the contract award to some recipients by almost 3 months. For example, in law enforcement, the freeze delayed the execution of at least 17 contracts that were in various stages of review when the freeze began. Contract work stopped until the freeze was lifted. A Division of Criminal Justice Services representative expected at least an additional 2-month delay to process the backlog of contracts after the freeze.

## Federal and State Requirements Governing the Timing of Drawdowns

Before states can draw down federal funds, certain events must take place. Treasury regulations require that a recipient organization initiate cash drawdowns only when needed for disbursement.<sup>4</sup>

For education, according to New York State Education Department guidelines on federally aided programs, a local educational agency can receive 25 percent of its funds upon approval of its application by the Department. The Department considers the advance as a disbursement needed to initiate programs. On the basis of these guidelines, the earliest the New York State Education Department could have drawn down funds for a local educational agency was on January 12, 1988, when the first local educational agency submitted an application, over 14 months after the act was enacted.

The earliest the New York State law enforcement and treatment agencies could have established a need to draw down funds was upon

<sup>4</sup>Recipient organization means an organization outside the federal government (including any state and local government and any other public or private organization) receiving cash under a federal grant and other programs.

approval of the first subrecipient expense voucher. In law enforcement, an official said that the first expense voucher for the state's share was approved by the Division of Criminal Justice Services on July 10, 1987, over 8 months after the law's enactment. The first expense voucher for the local governments' share was approved on July 11, 1988, over 20 months after the law's enactment. According to a state official, the first expense vouchers from treatment providers began arriving on June 30, 1987, 8 months after the law was enacted.

The ability of New York State agencies to draw down funds quickly seems to be related to whether these agencies had existing contracts that could be amended, thereby shortening the subgranting process. For example, the Division of Substance Abuse Services was able to draw down 100 percent of program funds by December 18, 1987, because it had existing contracts and did not have to go through the entire subgranting process. This was earlier than other state treatment agencies, which had drawn down only about 29 percent by September 30, 1988. It was also earlier than drawdowns by the Division of Criminal Justice Services and the New York State Education Department, which had drawn down about 35 percent and 13 percent, respectively, by September 30, 1988. These agencies had to execute new contracts with their subrecipients because no prior contracts existed. An official from the Division of Substance Abuse Services said that it is currently developing a 5-year contract mechanism that should further streamline the subcontracting process.

## Other Factors

Other factors that contributed to the length of time New York has taken to draw down funds included the following:

- the decision by many education subrecipients either not to apply for funds or to rollover applications for funds to the next fiscal year;
- a delay by the New York City Board of Education in applying for education funds because the funds could have supplanted routine operating funds, a violation of law;
- a legal question involving how New York City's nonpublic schools could use education funds; and
- the process of programming federal funds into the state and local budgets.

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### Not All Potential Subrecipients Have Applied for Funds

According to the Chief of the Bureau of Health and Drug Education Services, New York State Education Department, as of September 30, 1988, 314 of the state's 722 school districts had not applied for approximately \$4 million of the fiscal year 1987 education grant funds. This includes \$2.5 million allocable to the New York City Board of Education involving 35 individual applications from school districts, special education programs, high schools, and nonpublic schools. State officials said that many of the smaller school districts had decided to roll over their state allocations to the next fiscal year because the dollar values of their individual grants for the 1-year period were too small to be used effectively. According to a New York City Board of Education official, one of the major reasons why New York City had not applied for fiscal year 1987 funds as of February 1989 is that the Board had to consolidate 32 separate school district applications before applying to the state for funds.

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### Supplementing Versus Supplanting Requirement

The act requires that subrecipients of the three formula grants use the funds to supplement rather than supplant funds for existing programs. According to a New York City Board of Education official, this requirement caused New York City to delay submitting its application to the state. The New York City Board of Education was entitled to a total of \$5.6 million in federal fiscal year 1987 and 1988 funds (\$4.3 million for public schools and \$1.3 million for nonpublic schools).

Additionally, according to a Board of Education official, the New York City Board of Education routinely receives state funds to carry out drug education activities. The state was supposed to have allocated its funds by July 1, 1988, for the year July 1, 1988, to June 30, 1989, but this was not done until September 16, 1988. According to a Board of Education official, without these state funds, the Board could not use (and therefore did not apply for) its formula grant funds, because these funds could have been considered to be supplanting rather than supplementing normal operating funds and thus could have violated the act. In February 1989, the Board of Education applied for \$4.3 million in public school funds.

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### Legal Controversy Regarding Nonpublic Schools

The \$1.3 million of education funds for New York City nonpublic schools consisted of about \$575,000 in fiscal year 1987 funds and \$739,000 in fiscal year 1988 funds. The nonpublic schools wanted the funds for drug abuse counseling and prevention services. The City Board of Education said they delayed applying for these funds because of a 1985 Supreme Court decision that declared unconstitutional the use of public school



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teachers to provide instructional services to disadvantaged students in religious-affiliated schools under title I of the Elementary and Secondary Education Act of 1965.<sup>5</sup>

In February 1989, the City Board of Education applied for the \$575,000 fiscal year 1987 funds after reaching an agreement with nonpublic school representatives on how the funds would be used. The agreement called for the funds to be used for training teachers on how to deal with drug abuse among students, for materials, and for supplies. Regarding the use of \$739,000 fiscal year 1988 funds, a Board representative said that the New York City Corporation Counsel has notified the Board that the Supreme Court decision applies to these funds. The Board has offered nonpublic schools the same services as those provided with the fiscal year 1987 funds plus counseling services and summer counseling programs at selected non-sectarian sites. As of April 13, 1989, the State Education Department had not approved this offer.

A state education official said that the other major school districts whose applications had been approved are providing instructional services to students in nonpublic schools on the basis that the Supreme Court decision applies only to the title I program and not to grants made under the drug and alcohol education and prevention program.

The act requires that education funds be obligated and expended by the end of the fiscal year following the fiscal year(s) for which the funds were appropriated. Since the education funds for fiscal year 1987 were appropriated for use during fiscal years 1987 and 1988, they must be obligated and expended by September 30, 1989, or returned to the U.S. Treasury. A New York State education official and City Board of Education official told us the 1987 fiscal year funds would be spent before September 30, 1989.

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### The Process of Programming Federal Funds Into the State and Local Budgets

The ability of the state, counties, and cities to incorporate federal grant funds into their program budgets depends on when they become aware of the amount of funds that are allocated to them. The state was notified of its allocations for law enforcement, population-based treatment, and education in November 1986, about 8 months into the state's 1986-1987 fiscal year, which ended March 31, 1987. New York State included the grant allocations in its ongoing 1987-1988 budget process, which included the appropriation of the funds by the state legislature. While

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<sup>5</sup>Aguilar vs. Felton, 473 U.S. 402 (1985)

the population-based treatment funds (about \$7.6 million) were awarded in January 1987, New York State could not use the funds until its 1987-1988 fiscal year, which began April 1, 1987. Also, as discussed earlier, in April 1987, when the legislature passed the 1987-1988 executive budget, it appropriated only the administrative portion of the law enforcement allocation, and postponed the appropriation of the remaining funds until July 1987.

Additionally, subrecipients' use of grant funds can be affected by when they become aware of their allocations. For instance, according to a county official, when the state allocated law enforcement funds to localities in July 1987, the county was halfway into its 1987 fiscal year, which covered the period January through December 1987. The county could not use the funds immediately but had to incorporate them into its fiscal year 1988 budget.

## Drawdowns Do Not Accurately Indicate the Extent of Program Activities

U.S. Treasury regulations require that state agencies initiate drawdowns only when funds are needed for disbursements. State disbursements are generally made when subrecipients submit state aid vouchers for activities already initiated and costs already incurred. Thus, drawdowns have tended to understate the level of program activity initiated with formula grant funds.

In New York, although we do not know the extent of the time lag between the subrecipients' expenditure of funds and the state's drawdown, the following examples illustrate that expenditures for antidrug activities have been made before the state drew down its grant awards.

- On February 23, 1988, New York State approved a \$700,000 law enforcement contract for the Office of the Special Narcotics Prosecutor for New York City. This Office incurred expenditures from February through May 1988 but did not submit vouchers until July 8, 1988. Without reimbursement vouchers, New York State could not draw down funds. Thus, even though the subrecipient had incurred 4 months of expenditures, this activity could not have been reflected in state drawdown statistics until July 1988.
- One county applied for funds for three specific law enforcement projects on December 21, 1987. However, according to a county official, in anticipation of receiving these funds, the county had programmed them into its budget in August 1988. As of September 19, 1988, the county had advanced one-sixth of the funds to its subrecipients for law enforcement

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projects. These funds would not be reflected in the state's drawdown statistics for September 1988.

- To expedite the delivery of services, New York State drug treatment agencies will advance state funds. For example, the Director of the Budget did not approve the Division of Alcohol and Alcohol Abuse's use of treatment funds until November 1987, about 3 months after the funds were appropriated. The Division of Alcohol and Alcohol Abuse paid an initial advance to a subrecipient using state funds and charged the advance to an existing state account. Later, the division adjusted its state account by crediting it and charged another account, for an equal amount, that controls federal treatment funds. The advance would not have been included in the state's drawdown statistics when it occurred.

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## Conclusions

New York State had drawn down only a portion of its fiscal year 1987 grant awards 23 months after the enactment of the law, primarily because of decisions and processes at the state and local levels rather than at the federal level.

With new grant programs, states and localities need to become familiar with the law and regulations and orient themselves with the administrative requirements necessary to carry out the programs' objectives, all of which takes time. A number of circumstances existed in New York that prolonged the time it took to implement the programs and draw down funds. Some of the circumstances may not be repeated, such as the differing interpretations by New York State and the U.S. Department of Education on the use of the funds and the legal controversy over the use of education funds at nonpublic schools. In addition, New York State's ability to amend existing treatment contracts reduced the time taken to subgrant funds. However, because of legal and administrative requirements, certain time-consuming processes, such as the legislature's appropriation of funds and the state's process for subgranting certain funds to subrecipients, will likely continue.

The use of drawdown data to measure the extent of activities under the grant program can be misleading. Drawdowns have tended to understate program activity undertaken because drawdowns occur as the final step in the process of transferring federal grant funds to the state. Thus, program activities may be well underway before a drawdown request is made.

# Status of Fiscal Year 1987 Formula Grants as of September 30, 1988

Table I.1: Law Enforcement Award Dates and Drawdowns

State	Date of award	Amount of award	Amount of drawdowns as of 9/30/88	Percent of awards drawn down
Alabama	11/09/87	\$2,996,000	\$430,931	14.38%
Alaska	09/30/87	823,000	388,333	47.19
American Samoa	09/17/87	522,000	484,469	92.81
Arizona	09/18/87	2,478,000	1,258,700	50.79
Arkansas	05/20/88	1,964,000	70,760	3.60
California	09/30/87	16,866,000	6,560,243	38.90
Colorado	07/23/87	2,506,000	857,000	34.20
Connecticut	07/29/87	2,470,000	2,276,025	92.15
Delaware	09/30/87	886,000	500,000	56.43
District of Columbia	09/30/87	889,000	57,473	6.46
Florida	11/09/87	7,555,000	1,376,090	18.21
Georgia	09/30/87	4,210,000	1,080,941	25.68
Guam	09/28/87	574,000	99,101	17.26
Hawaii	11/12/87	1,154,000	159,954	13.86
Idaho	09/22/87	1,124,000	594,000	52.85
Illinois	06/15/87	7,660,000	2,615,364	34.14
Indiana	09/30/87	3,913,000	2,295,046	58.65
Iowa	08/20/87	2,290,000	1,057,931	46.20
Kansas	09/29/87	2,021,000	613,186	30.34
Kentucky	08/21/87	2,813,000	940,461	33.43
Louisiana	02/04/88	3,282,000	714,906	21.78
Maine	11/03/87	1,222,000	1,051,000	86.01
Maryland	09/30/87	3,226,000	1,485,184	46.04
Massachusetts	09/30/87	4,114,000	1,731,900	42.10
Michigan	06/16/87	6,141,000	1,985,232	32.33
Minnesota	07/29/87	3,103,000	2,395,000	77.18
Mississippi	09/04/87	2,122,000	935,740	44.10
Missouri	08/07/87	3,622,000	1,887,515	52.11
Montana	07/06/87	1,013,000	901,746	89.02
Nebraska	09/09/87	1,497,000	542,000	36.21
Nevada	09/30/87	1,081,000	593,856	54.94
New Hampshire	08/17/87	1,119,000	574,690	51.36
New Jersey	11/18/87	5,194,000	1,258,700	24.23
New Mexico	05/03/88	1,400,000	70,000	5.00
New York	09/30/87	11,539,000	4,010,000	34.75
North Carolina	08/27/87	4,383,000	1,568,000	35.77
North Dakota	09/30/87	925,000	182,914	19.77

(continued)

**Appendix I  
Status of Fiscal Year 1987 Formula Grants as  
of September 30, 1988**

<b>State</b>	<b>Date of award</b>	<b>Amount of award</b>	<b>Amount of drawdowns as of 9/30/88</b>	<b>Percent of awards drawn down</b>
Northern Mariana I.	09/09/87	\$512,000	\$210,900	41.19%
Ohio	08/07/87	7,169,000	3,468,400	48.38
Oklahoma	09/30/87	2,549,000	1,069,401	41.95
Oregon	09/30/87	2,168,000	692,269	31.93
Pennsylvania	08/27/87	7,858,000	2,857,897	36.37
Puerto Rico	12/24/87	2,530,000	620,670	24.53
Rhode Island	11/18/87	1,101,000	335,000	30.43
South Carolina	11/09/87	2,578,000	559,741	21.71
South Dakota	09/16/87	939,000	126,900	13.51
Tennessee	09/14/87	3,456,000	2,487,412	71.97
Texas	08/27/87	10,662,000	5,159,234	48.39
Utah	08/17/87	1,521,000	515,106	33.87
Vermont	09/30/87	832,000	216,746	26.05
Virgin Islands	09/30/87	567,000	41,408	7.30
Virginia	08/07/87	4,042,000	1,204,369	29.80
Washington	08/18/87	3,237,000	1,687,530	52.13
West Virginia	12/24/87	1,702,000	85,748	5.04
Wisconsin	09/30/87	3,464,000	994,508	28.71
Wyoming	09/30/87	816,000	410,200	50.27
<b>Totals</b>		<b>\$178,400,000</b>	<b>\$68,347,830</b>	
Percent of awards drawn down				38.31%
Range of awards drawn down				3.60% - 92.81%

Source: Department of Justice, Office of Justice Programs.

**Appendix I  
Status of Fiscal Year 1987 Formula Grants as  
of September 30, 1988**

**Table I.2: Treatment Award Dates and Draw downs**

<b>State</b>	<b>Population-based funds<sup>a</sup> Date of award</b>	<b>Need-based funds<sup>a</sup> Date of award</b>	<b>Total amount of awards<sup>b</sup></b>	<b>Total amount of drawdowns as of 9/30/88<sup>c</sup></b>	<b>Percent of total awards drawn down</b>
Alabama	12/22/86	07/09/87	\$2,240,000	\$2,213,036	98.80%
Alaska	03/27/87	05/29/87	560,000	535,245	95.58
American Samoa	04/10/87	05/19/87	57,000	57,000	100.00
Arizona	01/22/87	07/02/87	2,295,000	1,892,789	82.47
Arkansas	01/09/87	05/19/87	1,425,000	1,425,000	100.00
California	03/27/87	06/08/87	18,108,000	10,200,070	56.33
Colorado	01/22/87	08/21/87	2,586,000	1,949,100	75.37
Connecticut	12/22/86	05/11/87	2,272,000	2,272,000	100.00
Delaware	02/05/87	09/24/87	415,000	333,125	80.27
District of Columbia	04/10/87	09/30/87	711,000	296,231	41.66
Florida	01/09/87	05/28/87	7,314,000	7,314,000	100.00
Georgia	01/22/87	05/28/87	4,434,000	1,787,253	40.31
Guam	05/18/87	10/01/87	75,000	51,129	68.17
Hawaii	12/22/86	06/08/87	670,000	62,500	9.33
Idaho	01/09/87	05/11/87	698,000	698,000	100.00
Illinois	01/09/87	07/01/87	7,269,000	7,269,000	100.00
Indiana	02/03/87	05/01/87	3,333,000	1,581,400	47.45
Iowa	12/22/86	04/20/87	1,610,000	1,610,000	100.00
Kansas	01/30/87	05/11/87	1,449,000	893,214	61.64
Kentucky	02/26/87	05/28/87	2,253,000	2,194,305	97.39
Louisiana	01/16/87	05/19/87	2,877,000	1,959,165	68.10
Maine	02/05/87	08/18/87	860,000	272,000	31.63
Marshall	09/22/87	09/22/87	20,000	<sup>d</sup>	<sup>d</sup>
Maryland	02/26/87	09/24/87	3,619,000	2,297,699	63.49
Massachusetts	03/03/87	09/15/87	4,821,000	4,821,000	100.00
Micronesia	08/26/87	08/26/87	47,000	<sup>d</sup>	<sup>d</sup>
Michigan	02/12/87	07/17/87	5,980,000	4,240,081	70.90
Minnesota	04/29/87	05/29/87	2,908,000	2,885,334	99.22
Mississippi	01/09/87	08/26/87	1,587,000	759,022	47.83
Missouri	01/09/87	08/21/87	3,121,000	1,352,404	43.33
Montana	01/09/87	04/20/87	627,000	627,000	100.00
Nebraska	02/26/87	05/19/87	1,235,000	1,235,000	100.00
Nevada	01/16/87	05/01/87	575,000	575,000	100.00
New Hampshire	12/22/86	04/22/87	582,000	210,828	36.22
New Jersey	02/26/87	08/04/87	4,770,000	3,457,688	72.49
New Mexico	01/30/87	06/26/87	1,023,000	148,448	14.51

(continued)

**Appendix I  
Status of Fiscal Year 1987 Formula Grants as  
of September 30, 1988**

State	Population-based funds <sup>a</sup>	Need-based funds <sup>a</sup>	Total amount of awards <sup>b</sup>	Total amount of drawdowns as of 9/30/88 <sup>c</sup>	Percent of total awards drawn down
	Date of award	Date of award			
New York	01/09/87	06/25/87	\$13,459,000	\$9,251,248	68.74%
North Carolina	01/16/87	05/11/87	3,771,000	3,308,165	87.73
North Dakota	03/27/87	04/22/87	595,000	110,000	18.49
Northern Mariana I.	07/31/87	<sup>e</sup>	50,000	0	0.00
Ohio	01/22/87	07/28/87	6,651,000	6,510,477	97.89
Oklahoma	02/05/87	06/26/87	1,916,000	1,620,000	84.55
Oregon	03/03/87	05/11/87	2,150,000	2,150,000	100.00
Palau	09/15/87	09/15/87	8,000	<sup>d</sup>	<sup>d</sup>
Pennsylvania	01/22/87	08/26/87	8,299,000	4,675,053	56.33
Puerto Rico	03/27/87	07/09/87	1,752,000	1,532,821	87.49
Rhode Island	02/26/87	07/01/87	764,000	744,743	97.48
South Carolina	03/03/87	06/26/87	2,366,000	2,366,000	100.00
South Dakota	01/22/87	05/01/87	466,000	169,000	36.27
Tennessee	01/16/87	06/17/87	2,807,000	2,113,137	75.28
Texas	01/16/87	05/29/87	8,643,000	8,013,000	92.71
Utah	02/05/87	07/14/87	1,210,000	570,161	47.12
Vermont	04/08/87	08/04/87	421,000	382,266	90.80
Virgin Islands	02/12/87	09/15/87	79,000	11,940	15.11
Virginia	01/09/87	05/11/87	3,718,000	2,599,525	69.92
Washington	02/26/87	08/26/87	3,687,000	665,500	18.05
West Virginia	01/16/87	07/17/87	1,234,000	991,000	80.31
Wisconsin	02/05/87	06/17/87	3,880,000	844,680	21.77
Wyoming	03/27/87	08/21/87	499,000	55,000	11.02
<b>Totals</b>			<b>\$162,851,000</b>	<b>\$118,158,782</b>	
Percent of awards drawn down					72.56%
Range of awards drawn down					0% - 100%

<sup>a</sup>Separate applications were required for the population-based and need-based formula grants.

<sup>b</sup>The total is the sum of the population-based funds and the need-based funds awarded.

<sup>c</sup>The total is the sum of the population-based drawdowns and need-based draw downs.

<sup>d</sup>HHS' Block Grant Programs Office does not maintain the drawdown data for these Trust Territories.

<sup>e</sup>Northern Mariana Islands did not apply for its need-based funds of \$4,000.

Source: Department of Health and Human Services, Alcohol, Drug Abuse, and Mental Health Administration.

**Appendix I  
Status of Fiscal Year 1987 Formula Grants as  
of September 30, 1988**

**Table I.3: Education Award Dates and Drawdowns**

<b>State</b>	<b>Date of award</b>	<b>Amount of award</b>	<b>Amount of drawdowns as of 9/30/88</b>	<b>Percent of SEA awards drawn down</b>
Alabama	06/23/87	\$1,932,633	\$1,213,921	62.81%
Alaska	04/03/87	556,854	315,384	56.64
American Samoa	09/03/87	178,921	42,107	23.53
Arizona	03/30/87	1,412,674	1,409,954	99.81
Arkansas	03/13/87	1,127,765	996,066	88.32
California	08/12/87	10,919,137	9,753,871	89.33
Colorado	04/03/87	1,405,551	1,350,313	96.07
Connecticut	03/30/87	1,310,581	1,194,211	91.12
Delaware	06/09/87	556,854	556,853	100.00
District of Columbia	04/13/87	556,854	407,402	73.16
Florida	03/19/87	4,252,266	2,696,306	63.41
Georgia	04/14/87	2,822,973	0	0.00
Guam	11/10/87	506,179	5,319	1.05
Hawaii	07/17/87	556,854	476,692	85.60
Idaho	03/06/87	556,854	444,870	79.89
Illinois	04/24/87	5,235,202	5,106,434	97.54
Indiana	05/11/87	2,618,789	2,615,919	99.89
Iowa	03/13/87	1,336,698	1,272,165	95.17
Kansas	04/24/87	1,075,532	520,964	48.44
Kentucky	04/13/87	1,787,804	1,741,197	97.39
Louisiana	03/19/87	2,257,904	1,815,907	80.42
Maine	04/13/87	556,854	509,711	91.53
Maryland	05/15/87	1,861,406	149,794	8.05
Massachusetts	06/01/87	2,381,364	2,381,364	100.00
Michigan	04/30/87	4,325,867	3,087,205	71.37
Minnesota	03/30/87	1,882,774	965,757	51.29
Mississippi	03/10/87	1,367,563	1,302,652	95.25
Missouri	05/27/87	2,231,788	1,349,256	60.46
Montana	03/10/87	556,854	532,997	95.72
Nebraska	06/09/87	740,764	288,636	38.96
Nevada	09/03/87	556,854	303,438	54.49
New Hampshire	05/11/87	556,854	338,070	60.71
New Jersey	04/20/87	3,247,963	2,921,817	89.96
New Mexico	06/09/87	717,021	568,852	79.34
New York	09/15/87	7,611,819	1,013,387	13.31
North Carolina	04/13/87	2,811,103	2,126,315	75.64
North Dakota	05/11/87	556,854	446,350	80.16

(continued)



**Appendix I  
Status of Fiscal Year 1987 Formula Grants as  
of September 30, 1988**

<b>State</b>	<b>Date of award</b>	<b>Amount of award</b>	<b>Amount of drawdowns as of 9/30/88</b>	<b>Percent of SEA awards drawn down</b>
Northern Mariana I.	01/15/88	\$89,882	\$43,652	48.57%
Ohio	04/13/87	4,964,539	4,356,510	87.75
Oklahoma	04/03/87	1,519,515	1,292,647	85.07
Oregon	06/01/87	1,196,618	1,027,244	85.85
Palau	06/23/87	72,382	47,576	65.73
Pennsylvania	08/12/87	5,061,882	3,855,022	76.16
Puerto Rico	06/16/87	2,090,157	1,918,063	91.77
Rhode Island	04/20/87	556,854	480,230	86.24
South Carolina	05/15/87	1,602,614	446,061	27.83
South Dakota	06/09/87	556,854	541,005	97.15
Tennessee	09/03/87	2,174,806	1,482,904	68.19
Texas	06/23/87	7,778,015	4,782,203	61.48
Utah	05/27/87	994,807	674,365	67.79
Vermont	08/27/87	556,854	103,057	18.51
Virgin Islands	05/11/87	514,136	106,633	20.74
Virginia	07/07/87	2,462,089	1,006,532	40.88
Washington	03/19/87	1,935,007	1,832,376	94.70
West Virginia	03/30/87	937,826	578,605	61.70
Wisconsin	04/20/87	2,181,928	1,330,387	60.97
Wyoming	03/10/87	556,854	386,907	69.48
<b>Totals</b>		<b>\$112,732,200</b>	<b>\$78,513,435</b>	
Percent of awards drawn down				69.65%
Range of awards drawn down				0% - 100.00%

Source: Department of Education, Office of Elementary and Secondary Education.

# Events and Approximate Time Frames Regarding Drawdowns of New York State's Fiscal Year 1987 Grant Awards

**Table II.1: Law Enforcement: Time Taken for New York State to Draw Down Funds**

Dates	Events	Days elapsed	Cumulative days
10/27/86 to 3/23/87	Bureau of Justice Assistance distribution of application for funds to New York State.	147	147
3/24/87 to 7/30/87	Designated state agency requested input from local planners, drafted strategy and prepared application. State legislature approved state strategy and application.	129	276
7/31/87 to 10/7/87	State submitted application and Bureau of Justice Assistance awarded funds on 9/30/87 and prepared notification letter.	69	345
10/8/87 to 11/29/87	State notified of award and solicited units of local government for their concept papers and their applications for funds.	53	398
11/30/87 to 9/30/88	State began receiving applications and executing grant contracts with local units. Also, between 6/8/88 and 8/31/88, due to state fiscal crisis, the Division of the Budget froze new state contracts for outside services, including federal fund contracts. The freeze was lifted on 8/31/88. State resumed issuing contracts to subrecipients.	306	704
As of September 30, 1988, the state had drawn down \$4,010,000 (35 percent of its award).			

**Table II.2: Treatment: Time Taken for New York State to Draw Down Funds**

Dates	Events	Days elapsed	Cumulative days
10/27/86 to 11/24/86	HHS distributed guidance and applications for population-based formula funds.	28	28
11/25/86 to 12/31/86	State prepared and submitted population-based application for 45-percent grant.	37	65
1/1/87 to 1/9/87	HHS reviewed and awarded population-based application on 1/9/87 and notified state.	9	74
1/10/87 to 4/3/87	HHS distributed need-based formula to states for comment. Need formula controversy ensued that included other states. Formula revised and sent to states on April 3.	84	158
4/4/87 to 6/25/87	State developed and submitted need-based application for 55-percent grant, and HHS approved and awarded it on 6/25/87. State legislature appropriated a portion of treatment funds.	83	241
6/26/87 to 9/14/87	State amended existing contracts for some subrecipients. Under state law, the legislature must appropriate all federal funds. Legislature appropriated remaining treatment funds. State developed and issued request for proposal form to potential subrecipients.	81	322
9/15/87 to 9/30/88	State distributed and received applications and awarded contracts to additional subrecipients. Due to state fiscal problems, the Division of the Budget on 6/8/88, froze new state contracts for outside services, including federal fund contracts. On 8/31/88, freeze was lifted.	382	704
As of September 30, 1988, the state had drawn down \$9,251,248 (69 percent of its award).			

**Appendix II  
Events and Approximate Time Frames  
Regarding Drawdowns of New York State's  
Fiscal Year 1987 Grant Awards**

**Table II.3: Education: Time Taken for New York State to Draw Down Funds**

<b>Dates</b>	<b>Events</b>	<b>Days elapsed</b>	<b>Cumulative days</b>
10/27/86 to 1/28/87	The Department of Education distributed applications for funds to New York State.	93	93
1/29/87 to 8/31/87	State prepared and submitted application to Department of Education on 2/24/87, which rejected it because it did not meet Department criteria for targeting funds. New York law clarifying intent of fund targeting enacted on 8/7/87. State resubmitted application reflecting Department of Education criteria on 8/31/87.	215	308
9/1/87 to 9/15/87	Department of Education approved application on 9/11/87 and advised state of award on 9/15/87.	15	323
9/16/87 to 12/15/87	State developed an application and distributed it to local education agencies.	91	414
12/16/87 to 9/30/88	Local education agencies developed and submitted applications to state education agency. Applications for 388 of the state's 722 local educational agencies were approved.	290	704
	As of September 30, 1988, the state had drawn down \$1,013,387 (13 percent of its award).		

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