Federal – Local Relations: A Case Study of the City of Kalamazoo in 1962

Glen L. Bachelder
Western Michigan University

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FEDERAL - LOCAL RELATIONS:  
A CASE STUDY OF THE CITY OF 
KALAMAZOO IN 1962

by

Glen L. Bachelder

A thesis presented to the 
Faculty of the School of Graduate 
Studies in partial fulfillment 
of the 
Degree of Master of Arts

Western Michigan University 
Kalamazoo, Michigan 
August, 1963
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Immeasurable gratitude and respect are owed to Dr. Milton Greenberg, and Dr. T. F. Thompson, for their sincere interest and constructive guidance.

Glen L. Bachelder
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PURPOSE AND SCOPE

It is the purpose of this paper to study the impact of federal government aid on Kalamazoo, Michigan in 1962. As a setting for the case study information, the development of federal aid programs as they affect municipal governments in the United States will be explored. The case study approach was selected since the bulk of material now available on the subject deals with the programs as viewed from the National Government level or as applied to the fifty states. Thus the idea of a detailed look at just one city as a recipient of federal aid seemed a useful undertaking.

It is relatively easy to study federal aid on a program-by-program basis as it is developed and applied by the Federal Government. Laws dealing with the application of federal grant-in-aid money are passed by the Congress. Then the responsibilities for program management are assigned to specific federal departments and agencies. Through the extensive Federal reporting system, statistics are readily available as to the amounts of money approved for grants under the various aid programs in any given fiscal year. The Bureau of the Budget of the Federal Government publishes such facts in its annual Budget. The Bureau of the Census provides annual information on the receipt of federal money by the state governments.

The states make a convenient number of reporting units and are so treated for a multitude of reporting purposes. But for federal aid programs the state figures are not necessarily the most informative. Much of
the federal grant-in-aid money is transferred to local governments from the state. Other amounts are applied for directly by the local unit of government without any fiscal involvement of the state. The local governments also receive significant amounts of state aid and this often includes money previously granted to the state under an applicable federal aid program. The reporting channels are less clear on the various amounts of federal money which ultimately reach a given municipality than they are on the money received by the state.

It is the purpose in this paper, then, to focus attention on one city to see what federal funds do finally reach the local level for application to local programs and services. A further analysis will show the impact of this federal aid on the subject city. This thesis is, then, largely a catalog of the ways in which money from the Federal Government reaches a city as inter-governmental revenue and how this money fits into the city's total financial and operating picture.

Several questions which arise in connection with this type of research are: How many programs are affected by federal assistance? What is the total amount of such assistance? What is the per capita amount of the aid in Kalamazoo? Is this aid significant in terms of the budget, plans and programs of the city government? Attempts to answer these questions will be paramount in the study.

The Subject City

The metropolitan area of Kalamazoo, Michigan is the 135th largest in the United States according to the 1960 Census data.\(^1\) It is the center of

1969. "Department of Finance, Government of Ontario, Report on Censuses of Population and Housing in Ontario, 1966". This paper is an example of how data from the Canadian census can be used to analyze population trends.

Although the census of population in metropolitan areas is one of the key factors in determining the economic development of a region, the data also provide a wealth of information about the social and economic well-being of the population.

The data show that the population of the metropolitan areas of Hamilton and Kitchener-Waterloo is growing at a faster rate than the rest of the province. This growth is driven by the expansion of the manufacturing and service sectors in these regions.

In addition to the growth in the number of people, the data also reveal changes in the age structure of the population. The proportion of people aged 15 to 64 is increasing, while the proportion of children and seniors is decreasing.

The data also highlight the importance of migration in the growth of metropolitan areas. The data show that a significant number of people are moving to these areas from other regions of the province, and from other countries.

Overall, the data from the census provide a rich source of information that can be used to inform policy decisions and guide the development of economic and social programs in metropolitan areas.
Battle Creek, Jackson, Ann Arbor and the Detroit metropolitan complex. The problems of this area in relation to federal aid might be considered typical of the growing middle-sized metropolitan areas around the country.

Federal Assistance Defined

There are so many kinds of federal activity which have some significance to local areas that the scope of this study must be limited. First, there are direct federal operations by field offices of the various Federal departments which have financial effects on any community where they are located. But these direct operations, while important to certain groups in a community, are difficult to measure as to their significance to the local government and so will not be covered in this paper. Some cities which are hosts to major defense establishments or defense contractors qualify for special aid for schools but Kalamazoo does not qualify for either the title of Federally Impacted Area or the resulting financial aid. Some idea of the extent of the direct federal operations in Kalamazoo can be gained from the following table.

Table 1. FEDERAL OFFICES LOCATED IN KALAMAZOO

<table>
<thead>
<tr>
<th>U. S. Department of Agriculture</th>
<th>Navy</th>
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<tbody>
<tr>
<td>Agriculture Stabilization and Conservation</td>
<td>Inspector in Charge</td>
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<tr>
<td>Soil Conservation Service</td>
<td>Recruiting Station</td>
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Department of Defense

<table>
<thead>
<tr>
<th>Air Force</th>
<th>Reserve Training Center</th>
</tr>
</thead>
<tbody>
<tr>
<td>Air Reserve Squadron</td>
<td>Resident Supervisor of</td>
</tr>
<tr>
<td>Recruiting Station</td>
<td>Shipbuilding</td>
</tr>
</tbody>
</table>

| Army                             | Health, Education and Welfare |
|----------------------------------| Administration              |
| Corp of Engineers                | Social Security             |
| Recruiting Station              | Administration              |
| Reserve Training Center         | Federal Aviation Agency    |
| 1131 NTC Group                  | Airport Traffic Control Tower |
|                                  | Systems Maintenance Sector  |

Table 1. Federal Offices Located in Kalamazoo\(^1\) (continued)

<table>
<thead>
<tr>
<th>Federal Bureau of Investigation</th>
<th>Post Office Department</th>
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<td>Federal Mediation and Conciliation Service</td>
<td>Selective Service Board</td>
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<tr>
<td>General Services Administration</td>
<td>Treasury Department Internal Revenue Service</td>
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<tr>
<td>Immigration and Naturalization Service</td>
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</table>

While direct assistance to the city government is the center of this study, there are other forms of aid which are of such concern to the city that they must also be considered. For instance, federal aid to the county health and welfare departments is channeled through the state of Michigan but it does have an affect on the finances of the City of Kalamazoo as will be shown later on. Federal aid to the Kalamazoo School District will also be considered because of its immediate significance to the property taxpayers of the city who must support both the school system and the general government. In this sense, the provision of public education is thought of as a local function regardless of whether handled through the city government or a school district; either way the same general group of people pay for the service and receive the benefits.

Financial assistance is the primary subject for consideration, but other forms of assistance will be included in special instances. Thus, the federal surplus food commodities used in direct relief programs and school lunch programs will be studied as will a small amount of general surplus property acquired by city departments. Information as to the cash value of this material was available so that translation into monetary terms was not difficult.

\(^1\)Kalamazoo Area Telephone Directory, page 119.
Period of the Study

The period of the study is the calendar year 1962. The City of Kalamazoo also uses the calendar year as its fiscal year so this is a most convenient reporting period for the bulk of the data collected. The Federal Government uses a July 1 - June 30 fiscal year but in certain pertinent programs, like civil defense, its aid is available in fiscal quarter terms which are readily translatable into calendar year terms. Many of the federal statistics used in the background material are for years prior to 1962, but usually at least as recent as 1960. Federal statistical material is not always rapidly available and the data used are the most current which can be obtained. In some instances the Census of Governments of 1957 is used since its successor, the 1962 Census of Governments, is not yet printed in final form.

Statistical Limitations

It must be noted that the federal statistical material, while essential to background study, is not available for full comparative purposes between Kalamazoo and other cities of comparable size. The Compendium of City Finances, which is issued annually, gives details of the finances of cities over 300,000 in population but only general information of cities of Kalamazoo's size.¹

Neither the city nor the Federal Government keep separate data on the types of federal aid which is channeled through the state government. The State of Michigan was able to provide a breakdown regarding the county welfare department but, again, there is no comparative data for other cities

in Michigan or around the country.

Therefore, the study will be a collection of information about federal aid in Kalamazoo, data about federal aid in general, plus whatever connections can be drawn between the two groups of information. Statistical limitations prevent a thorough analysis of the place of Kalamazoo as a representative of the medium sized cities in the federal aid picture; yet it is possible to gauge the impact of federal assistance in Kalamazoo and draw some conclusions as to its significance.
BACKGROUND TO FEDERAL-MUNICIPAL AID

Growth of Federal Aid

Federal-local relations are a relatively new phenomenon on the American political scene. Direct application by cities for federal aid, bypassing the review and approval of the state government, is a growing factor in monetary and jurisdictional terms.

The problem is that of a changing structure of federalism between the national, state and local governments as well as that of sharing the various fiscal sources and bases of taxation available to all three levels of government.

In addition, there is a change in the philosophy of public finance to consider, one in which it is acceptable to ask a higher level of government to help undertake local projects which the people within the community itself feel unwilling or unable to finance alone.

These events have taken place in the context of a steady growth of the use of federal grant-in-aid programs. These are not only by-products of the urbanization of America; all types of communities share in the use of intergovernmental revenue. The small community in Nebraska may be more interested in grants to the Agricultural Extension Service while a metropolitan center may be preoccupied with urban renewal, but programs are available to both types of municipalities.

While direct federal-local contacts are features of the newer type programs such as urban renewal, some form of national assistance has been part of our intergovernmental history from the earliest days of our nation.
The state was the major recipient of early aid programs. This was a reflection of the co-sovereignty of the national and the state governments and the largely rural character of the new nation. Also, cities stood within the unitary framework of the states and municipal home rule had yet to develop.

However, as far back as the Northwest Ordinance of 1785, under the Government of the Articles of Confederation, certain federal lands were set aside to benefit the growth of local schools in each township as surveyed. Land grants to benefit the state governments were initiated in the Morrill Act of 1962 whereby Congress dedicated lands for resale or use by the so-called "land grant colleges".2

It was in 1887 that the first actual money grant was made; in this case it was to help states establish agricultural experiment stations.3

The emphasis in those days was logically on the agricultural sector of the nation, the most important part of our early economy. As the farm element declined in economic importance, if not political power, a series of assistance programs for farm interests dominated the aid picture. These included aid for forestry cooperation and agricultural extension services.4

Urban Development

But urbanization was to be the trend of America's development. Farm mechanization freed labor surpluses for work in the cities while other

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1 Advisory Commission, Periodic Reassessment, page 7.
2 Ibid.
3 Ibid.
4 Ibid., page 9.
technical developments made the concentrated population centers physically possible. Dr. Raymond Vernon of the Joint Center for Urban Studies of the Massachusetts Institute of Technology and Harvard University traced the development of America's large cities in the 1961 Stafford Little Lectures at Princeton University. ¹ He mentioned that the growth of railroads freed urban centers from their former dependence on navigable waters. This allowed railroads to spread across the land wherever freight needs led them. Trolley and - later - subway developments allowed swift transportation.

The refinement of methods of high-rise construction meant the upward growth of downtown centers. Advances in public health techniques assured that people could live together safely in high density concentration. The mercantile, social and cultural advantages of urban centers led the people to exploit these new opportunities.

In the rampant and sometimes haphazard growth of the cities (Vernon says they, like Tepey, "just grew"),² the seeds of future problems were planted. America was a vigorous and dynamic society and the immediate problem was to build and produce, not worry about the decay of some buildings in the next century. Formal city planning, while used in such instances as L'Enfant's plan for the National Capitol, was a rarity in American urban development. In fact, the concept of broad community planning did not gain widespread favor until the emergence of the New Deal in the 1930's. The first comprehensive local zoning ordinance was passed by New York City in 1916. Zoning was finally upheld judicially in 1920.

²Ibid., page 7.
Until then it had been necessary to use the common law definition of public nuisance to eradicate offensive land use practices.¹

In the heyday of the big city, near the turn of the last century, municipal finances were generally adequate for the services required. As Dr. Vernon put it,

"None of these patterns of development caused particularly difficult fiscal problems for the older cities. As the 19th century came to a close, the cities were drawing considerable revenues from their thriving central business districts. Besides, much of the area within five or six miles of the central business district was occupied by solid taxpaying families."²

The Twentieth Century brought in a new round of urban developments. Land was not as plentiful close in to the hearts of the cities; Americans were more prosperous; the trolley and the interurban lines opened up new areas for recreation and home developments. America's cities, as Vernon noted, were already spreading out.³ Widespread use of the automobile began to take the adventurous American middle class further into suburbs. The pattern of the comfortable private home in the suburbs complete with a plot of ground and the indispensable family car began to take shape.⁴

The depression period merely slowed this change to the suburban form of living. The advent of World War II gave some impetus to the trend and a promise of things to come. Whole cities of new subdivisions, like Willow Run Village near the Willow Run bomber plant in southeastern Michigan were constructed for the needed war production labor. While the depression and the war slowed the "centrifugal" thrust of the cities outward,

²Vernon, Myth and Reality, page 12.
³Ibid., page 14.
⁴Ibid., page 15.
they also prevented serious approaches to the problems of the decaying central city.

The post-war period brought all of the urban problems to a head. The returning veterans and their new families led the rush to suburban living. This phenomenon plus the proliferation of consumer credit devices caused a boom in the settlement of the urban fringe. Quoting Dr. Vernon once more,

"The period after World War II witnessed an even swifter acceleration of the trend. Now single-family dwelling units were overwhelmingly important in the new construction undertaken each year within the big urban areas of the country.... the overwhelming bulk of new housing in the post-war period was the ranch-house-in-the-suburb, in one variant or another, complete with one-or-two-car garage. America's middle-income group seems hungry for land...."

The burst of new activity on the urban fringe is familiar to anyone viewing a modern metropolitan area. Shopping centers and other commercial endeavors followed the middle class to the suburbs. Alfred Pelham makes a graphic presentation of this trend in Detroit,

"Whereas between 1940 and 1954 the population of Detroit proper has increased by 256,599 or 14.9% the comparable increase in the rest of Wayne County has been 371,642 or 127.2%. Families have moved from the city to the suburbs to be nearer their places of work and to escape the crowded urban condition, while retail business has followed this population movement. Since January, 1950, over 154,000 new dwelling units have been built in the Detroit metropolitan area, of which 122,000 have been built in the suburban districts. In the past three years, 25 new shopping centers.... have been built... or are planned in locations outside of Detroit proper."

The suburbs at first offered a lower property tax rate to the new suburbanites and a lower level of governmental service as well. Later,

1Ibid.

there began a trend to try to lure industrial plants to the urban fringe to help share the property tax burden for the extension of municipal type services. One analysis sees this battle at about a draw,

"When the changes in the manufacturing structure are considered, neither the central city nor the suburbs seem in such desperate straits as are often described...suburbs will receive 'windfalls' of light industry...the central city is likely to find alternatives - plants of small firms, business offices of large ones and the cluster of professional and semi-professional services on which both depend."

Thus, even with greatly expanding populations, the suburbs could at least hold their own. The situation in the central cities was far more bleak. The middle class deserted to greener pastures while the central city tended to fill with the surplus rural population from the southern states, some white but mostly non-white. At the same time, traffic strangulation from the flood of new automobiles threatened downtown areas. Slums and deteriorating buildings, accumulating for many decades, could no longer be ignored.

Dr. Morton Grodzins, University of Chicago authority on American federalism, wrote that the greatest racial change in America's cities took place between 1940 and 1950. He cites the fact that the total population of 18 metropolitan areas rose 19% in that period while the negro population rose 65%. In the central cities alone, the white population was rising by 3.7% while the colored people increased by 67.8%. Many of these new arrivals had difficulty finding employment and thus became involved in the unemployment and welfare programs of the public agencies.


The new residents of the central cities were not the energetic civic organizers who moved to the suburbs. Thus the loss was not only in monetary terms but in the source of civic dynamism. In Williams and Press's book the problem is stated thusly,

"...modern suburbs have captured that portion of the middle class most oriented in terms of education, occupation, income and family status, toward being responsible members of their locality."

So the most energetic, consumption oriented, and taxable segment of the population was no longer so prevalent in the central city.

Modern Metropolitan Problems

From those various historical trends emerge the problems of today's metropolitan centers. The problems are financial, racial, jurisdictional and physical. Perhaps the most vexing is that of conflicting jurisdictions. While the urban fringe was growing in America, new urban places emerged as cities and urban townships to vie with the central city for taxes and the loyalties of their residents.

From a hovering helicopter (one vantage point of Mr. Vernon in his New York Metropolitan Region study) a metropolitan area can be viewed as an organic entity from its heart to its furthest extremities. A problem at the heart must be thought of as a concern of the entire organism, much as the human heart is vital to the condition of the body. The trouble is that, on the ground, there are invisible boundaries which chop up urban areas into a multitude of governmental fiefdoms. Some of the separate

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1 Williams and Press, Democracy in Urban America, page 186.
suburbs have erected what one observer thought of as Chinese Walls to protect their individuality,

"The structure of local government in the suburbs is horizontal and diffuse. A maze of small governmental units organizes the suburban sprawl for the unavoidable common tasks that only government can perform. They coexist as equals, each controlling the powers assigned by the state constitutions to the municipality... Government is a "Chinese Wall" protecting the character of the people in the neighborhoods, the character of schools and school children their children will know, and their investment in property." 1

Returning to Mr. Pelham's analysis of Detroit's problems, he says,

"...The Detroit metropolitan area embraces three entire counties and part of a fourth and thus involves four distinct units of county government. Furthermore... the area is made up... of 125 distinct units of local government which includes 59 townships, 37 cities and 29 villages." 2

The crux of the financial problem of the central city is the expectation that it provide highways and other services which the entire metropolitan area enjoys but only the core city pays for. Coupled with this is the municipal reliance on the property tax which is neither as equitable nor as productive as other forms of revenue used by other levels of government. The 1955 report of the Commission on Intergovernmental Relations had this to say on the subject,

"The National government has greater financial powers than the state or local governments. It has broader taxing resources and superior borrowing powers... It has access to the combined resources of the entire nation and is not restricted by the—interstate and intercommunity competition which limits the taxing freedom of smaller governments. ...There is no denying the plight of local governments, especially urban governments, caught between the relative inflexibility of revenue sources and rapidly rising demands for those services acknowledged to be primarily the responsibility of local governments." 3


4Ibid., page 102.
And, in fact, the statistics show that while all municipal revenue was increasing by 4.5% between 1956 and 1961, property tax revenues for all cities were increasing by only 39%.

Increasing problems, declining revenue sources and suburban intransigence combined to make the future of urban government look grim indeed in the post-war period. Yet if the analysis of a city as the heart of a metropolitan area is correct, then the heart cannot long be allowed to falter or wither. The city was worth restoring and several approaches were tried. Internal metropolitan cooperation is much discussed but still in its infancy; state aid has been a minor factor; the Federal Government has inaugurated massive assistance programs.

The State Approach

With such serious problems in the path of their future stability, the large cities might be expected to seek help from the state governments. As the next step up the jurisdictional ladder, this would seem to be the logical place for help in the solution of the metropolitan area problems. As part of the unitary government of the state, the large city would be justified in believing that the state has a responsibility for the well-being of all municipalities within its borders. Assistance from the state in significant measure could be thought of, in one view, as an investment in the future of a sizeable portion of the state's population. For example, the 1960 census figures show that of a total state population in Michigan

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1Census Bureau, Compendium, page 6.
of 7,823,000, the number residing in Standard Metropolitan Areas was 5,721,000 or 73%.1

It is a significant fact in contemporary inter-government relations that the states do not respond fully to the challenge of urban growth. According to Dr. Vernon, this hesitancy to become involved in urban areas was characteristic of states even in the last century. He said,

"Reflecting the rural pattern of their constituencies, the state and federal lawmakers were much more concerned with...railroads, canals, ports and landholdings than with city slums, epidemics and congestion."2

The tendency to concentrate on state affairs to the detriment of the urban centers carried over into present days as the rural blocs of many legislatures continued to exercise power out of proportion to their actual importance in the states. Dr. Grodzins points to the depression era as another cause of the failure of state governments to assist the cities. He puts it this way,

"Certainly it can be said that the federal government went into the business of welfare on a wholesale scale because the states were unable to do the job. Was state inability the result of the ineffectiveness of state political parties, inequities of legislative representation, and outmoded constitutions? Or was the states' inability the result of a catastrophic depression? The first factors may have had some effect, but they are picayune compared with the devastating impact of the depression on state income."3

In the present era there is a call for more state action to balance the movement of the Federal Government into closer relationship with metropolitan areas. Dr. Luther Gulick wrote the following rationale of state

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1Census Bureau, Characteristics of the Population, page 1-27.

2Vernon, Myths and Reality, page 7.

"And who has the responsibility for action? The answer under the American constitutional system is wonderfully clear and precise. The sole constitutional responsibility for creating the framework of local government in America rests with the state government."¹

Political conservatives like Senator Barry Goldwater call for a renaissance of state activity to counter the trend toward more federal assistance to local governments.² Another voice speaking to the same general point is that of Michigan's Governor George Romney. He has said,

"I have witnessed a continuing and ceaseless expansion of federal power to the point where now, unless we first slow it, and then halt it, and then reverse it, it will destroy what the founders created."³

Others, like Governor Nelson Rockefeller of New York, see an increase in all government activity including more dynamic state participation.⁴ Dr. Grodzens replies that it is impossible to reverse a trend of federal-local relations when the result is satisfactory to the parties involved. Addressing himself to the alternative of stronger state involvement, Dr. Grodzens says,

"The plain fact is that large population groups are better represented in the constituencies of the President and Congress than they are in the constituencies of governors and state legislatures."⁵

For the various reasons cited, the state level of government has not been a principal factor in the solution of pressing metropolitan area problems.


⁵Grodzens, A Nation of States, page 20.
While the city came to require attention even more desperately, and the states were partly unwilling and partly unable to add their support, the Federal Government enlarged the scope of its operations in relation to municipal needs.

Aid Programs for Cities

As previously pointed out, it was the depression that set the National Government on a course of more direct and indirect financial assistance to local governments. State inability to provide needed aid during those bad years created a vacuum in a field of intergovernmental relations. Governor Rockefeller points out that,

"If state inaction creates a vacuum, the federal government, under the pressure of public opinion, will fill it."\(^1\)

The obvious need for some attention to urban problems was supplemented by the fact, noted above, that cities were well represented in the national councils and could thus receive a sympathetic hearing.

Programs started in the 1930's to help urban populations typified the elements which are both praised and damned in some discussions of federal grants-in-aid. The Advisory Commission on Intergovernmental Relations had this to say,

"The 'depression decade' of the nineteen thirties witnessed the inauguration of a dozen or so new grant programs, all of which, with the exception of fish and wildlife restoration and management grants initiated in 1937, were directed toward social welfare, health, unemployment and agricultural relief. Many of these grants...provided for extensive administrative supervision by the National Government, including the requirement that State and local personnel participating in federally aided programs...be selected and administered under a merit system of personnel administration."\(^2\)

\(^{1}\)Rockefeller, *Future of Federalism*, page \(42\).

\(^{2}\)Advisory Commission, *Periodic Reassessment*, page \(7\).
The aid programs started in the 1930's had reached a level of expenditure in 1962 which, by themselves, called for the grant of $2,738,828,000 in federal funds. Most of this is in the area of health and welfare programs.¹

These emergency measures of depression days have remained in the package of federal-state-local aid programs and have been increased through the years. The tradition has grown that when the local level of government experiences new requirements, it is the Federal Government which will respond. The channels of communication have been established and are now common-place to officials at both ends of the exchange.

One other factor in the development of this trend is the fact, noted on page 17, that the Federal Government has wider sources of revenue for expanding programs than do the municipalities themselves. By the time the cities realized their dependence on the property tax would not suffice for the growing demands for services and renovation, the states had already adopted the sales tax and the Federal Government was using the income and excise taxes. The dilemma of the city was once expressed this way,

"The functions and finances of metropolitan governments are inevitably interrelated with the functions and finances of other local governments and of states and federal governments. These functions and finances can apparently not be clearly separated or determined on any fixed pattern. The resort to increased local property taxes and to supplementary taxes on other objects will not suffice to satisfy metropolitan revenue needs. Increased state aid must be expected. The pressure for more federal aid will also probably continue."²

The acceptance of federal aid is made easier by the knowledge that, even if the money all comes from the same taxpayers, the methods of collection used

¹Ibid., page 10.
by the Federal Government are generally more equitable than the city standby, the property tax.

The war years saw the creation of only one new federal aid program, that for tuberculosis control. But the period since the end of World War II has seen a tremendous increase in the number and amount of grants-in-aid. This period coincided with the era of the most serious urban problems and the application of federal revenue was a notable approach to new solutions for the metropolitan dilemmas. It was also in this era that a new factor was introduced to aid programs. This was the equalisation factor which was based on a sliding scale whereby the proportion of matching money required from the states relates inversely to the per capita income of the state. This is the factor which allows the Federal Government to exercise its overall control to give an extra financial boost to the poorest of the American states.

The 21 identifiable grant-in-aid programs started since 1946 range from the airport and slum clearance programs to cancer control and the special milk program for school children. These post-war additions covered the expenditure of $818,417,000 in fiscal year 1960 and amounted to 12% of all grants for that year. This era also saw the vast expansion of the federal highway program which was actually started back in 1919. Federal aid for highway construction came to $60,000,000 in 1946 but had risen to nearly three billion dollars by 1960.

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1 Advisory Commission, Periodic Reassessment, page 10.
2 Ibid., page 7.
3 Ibid., page 10.
4 Ibid., page 9.
5 Ibid.
Along with the increase in federal aid went an increase in the pervasiveness of the federal establishment which administered grants-in-aid and other federal programs. Of the 7,640,000 people employed by all levels of government in 1956, the Federal Government employed 32.8% of them.\(^1\) By 1956 there were more civilian federal employees in California (239,832) than there were in the District of Columbia plus the surrounding counties of Maryland and Virginia (232,515). California had twice as many federal civil servants within its borders as there were employees of the state government (103,341).\(^2\)

It can be seen that federal aid came a long way from the agricultural programs of the 19th century to the programs we know today which favor the urban areas and which include a measure of federal supervision and the equalization factor. The trend in recent decades has been one of increasing assistance to the urban areas of America.

**Federal Aid Today**

That the Federal Government casts a long shadow across governmental finance at all levels can be seen in the following statistics.

**Table 2. TOTAL FEDERAL AID IN SELECTED YEARS\(^3\)**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>43</td>
<td>113</td>
<td>2,700</td>
<td>1,000</td>
<td>2,000</td>
<td>6,800</td>
</tr>
</tbody>
</table>

At the moment there are 45 identifiable grant-in-aid programs for state

---

2. Ibid.
and local governments under 35 general categories. In the most recent year for which complete data is available, 1962, the Federal Government expended $8,167,000,000 on these programs. The Bureau of the Budget estimates that this will rise to $9.3 billion in 1963 and 10 billion by 1964. The figures show a great rise in federal grants during the depression decade, a drop in the war years when direct federal expenditures were the rule, and a surging growth in the past two decades.

While there are a considerable number of aid programs, the dollar amounts are concentrated in a relatively few of these. As the table below shows, about 70% of the 1962 grants were in the fields of highway construction and public assistance (welfare).

Table 3. MAJOR FEDERAL GRANT PROGRAMS AND THEIR CURRENT COSTS

<table>
<thead>
<tr>
<th>Program</th>
<th>1962 Cost</th>
<th>1963 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highway Construction</td>
<td>$2,752,000</td>
<td>$2,967,700</td>
</tr>
<tr>
<td>Public Assistance</td>
<td>2,432,100</td>
<td>2,837,800</td>
</tr>
<tr>
<td>Employment Security</td>
<td>448,700</td>
<td>311,800</td>
</tr>
<tr>
<td>Surplus Food &amp; Food Stamp</td>
<td>394,900</td>
<td>512,300</td>
</tr>
<tr>
<td>Schools in Federally Impacted Areas</td>
<td>268,400</td>
<td>306,000</td>
</tr>
<tr>
<td>School Lunch &amp; Special Milk</td>
<td>258,100</td>
<td>263,100</td>
</tr>
<tr>
<td>Urban Renewal &amp; Slum Clearance</td>
<td>169,400</td>
<td>264,100</td>
</tr>
<tr>
<td>Hospital Construction</td>
<td>162,500</td>
<td>172,600</td>
</tr>
<tr>
<td>Public Housing</td>
<td>154,300</td>
<td>173,700</td>
</tr>
</tbody>
</table>

Working with these figures, it appears that the 1962 total for the nine programs mentioned comes to 86% of the $8,167,000,000 total aid figure.

1Bureau of the Budget, Special Analysis H, Page 411.

2Ibid.

3Ibid., pages 412-416.
The 1963 estimate in those programs would be 83% of the $9,387,000,000 expected to be spent to assist state and local governments that year.¹

Both of the two most costly programs, it might be noted, are of principal benefit to the urban center. The welfare figure includes the so-called "categorical aid" which covers aid to dependent children, the blind, the aged and the disabled; the highway aid helps to unsmear the traffic through and around the big cities as well as to cover the distances between them.

Intergovernmental revenue received by all state and local governments, regardless of source, has steadily increased. The per capita amount of such revenues has gone up from $22.56 in 1957 to $38.96 in 1961.² Thus it can be seen that not only the total amount has been on the rise but also the share for each citizen of the country.

But it must be mentioned quickly that state and local revenues from their own sources have also been soaring. Governor Rockefeller points out that state and local expenditures had risen some 14.6% in the decade between 1950 and 1960.³ Federal grants in that time period trebled in amount.⁴ In the five years between 1957 and 1961, annual state and local revenue went up 14.0% and federal aid rose by 18.7%.⁵

While state and local governments combined are the reporting unit for much of the aid statistics, a good deal of the money granted to the states

¹Ibid., page 411.
³Rockefeller, Future of Federalism, page 12.
⁵Ibid.
also reaches the local level. One measure of the importance of secondary transfers can be found in the following table.

Table 4. 1961 REVENUE OF STATE AND LOCAL GOVERNMENTS BY ORIGIN AND FINAL RECIPIENT (amounts in millions)¹

<table>
<thead>
<tr>
<th>Originating Level</th>
<th>Federal</th>
<th>State</th>
<th>Local</th>
</tr>
</thead>
<tbody>
<tr>
<td>Amount</td>
<td>7,190.7</td>
<td>21,911.2</td>
<td>24,995.3</td>
</tr>
<tr>
<td>Percent</td>
<td>13.2</td>
<td>40.5</td>
<td>66.3</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Final Recipient</th>
<th>Amount</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Federal</td>
<td>18,508.6</td>
<td>34.3</td>
</tr>
<tr>
<td>State</td>
<td>35,528.6</td>
<td>65.7</td>
</tr>
</tbody>
</table>

The states do not share equally in the federal aid pie on the basis of federal aid as a percentage of total state and local revenue. In 1959, federal aid ranged from a low of 6.4% of a state's total revenue to a high of 32.3%. The details are shown in Table 5.

Table 5. FEDERAL AID PAYMENTS AS RELATED TO TOTAL STATE AND LOCAL REVENUE IN 1959²

| Highest Ratio | Wyoming | 32.3% |
| Lowest Ratio | New Jersey | 6.4% |
| Average State | North Carolina | 14% |
| Mean State | Michigan | 10.3% |

Outside of Wyoming, the states with the higher ratios of federal support are found in the south and southwestern part of the country. Michigan ranks within 3% of its neighboring states of Illinois, Indiana, Ohio and Wisconsin. In the past four fiscal years, the ratio of federal aid funds to total state

¹U.S. Census Bureau, Governmental Finances in 1961, page 46.
²Advisory Commission, Periodic Reassessment, page 16.
and local revenues has been 13-15%. The latest figure is 14% for 1962. This compares with figures of 10% in 1954 and 11% in 1955. ¹ Thus, while federal aid programs have been expanding, they have not greatly overshadowed a corresponding increase in the state and local revenues.

The material presented here gives some insight into the extent and effect of federal aid on state and local governments in general. It is useful to also look at the effects on municipal government as a prelude to looking at federal aid in Kalamazoo.

Impact on City Government

Since there is very little information available on the total impact of federal activity on local governments, the material found in the Compendium of City Government Finances is all the more valuable. Table 6 of that document covers the details of the 43 largest cities in the United States. The amounts of federal aid given directly to each of those cities is shown for the year 1960. The definition adopted for this display of information covers only direct payments and not any state grants to local government which might include money obtained from federal sources. A collection of data from the Compendium is gathered here as Table 6 to show the impact of federal assistance as far as the data is available.

Table 6. DIRECT FEDERAL GRANTS TO THE 43 LARGEST CITIES IN 1960 (Amounts in thousands)²

<table>
<thead>
<tr>
<th>All 43 cities</th>
<th>Population</th>
<th>Federal Grant</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Amount</td>
</tr>
<tr>
<td></td>
<td>37,377</td>
<td>$187,860</td>
</tr>
<tr>
<td>Over 1 million</td>
<td>17,984</td>
<td>71,053</td>
</tr>
<tr>
<td>½ - 1 million</td>
<td>11,511</td>
<td>85,858</td>
</tr>
<tr>
<td>300,000 - ½ million</td>
<td>8,282</td>
<td>30,384</td>
</tr>
</tbody>
</table>

¹Bureau of the Budget, Special Analysis H, page 111.
²Census Bureau, Compendium, page 1 and page 80.
Similar information for the population category of which Kalamazoo is a part is not included.

The Compendium of City Finances also contains information on the total of all intergovernmental aid to local governments plus that portion of it which is from the state level only. The remainder is not necessarily that which is obtained directly from the Federal Government, since it includes some inter-local revenues such as that obtained by the city from county sources. Still, assuming that federal money is the bulk of such revenue, the following information might be useful.

Table 7. INTERGOVERNMENTAL REVENUE OF CITIES, 1956-61
(in millions)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>National Total</td>
<td>2,448</td>
<td>2,321</td>
<td>2,155</td>
<td>1,953</td>
<td>1,756</td>
<td>1,566</td>
</tr>
<tr>
<td>From State Only</td>
<td>1,965</td>
<td>1,868</td>
<td>1,767</td>
<td>1,633</td>
<td>1,489</td>
<td>1,346</td>
</tr>
<tr>
<td>Remainder</td>
<td>483</td>
<td>453</td>
<td>388</td>
<td>320</td>
<td>267</td>
<td>220</td>
</tr>
</tbody>
</table>

The percentage increases tell perhaps a more significant story. However, to draw any inferences it must be assumed that the bulk of the remainder, after state aid, is actually from the federal level - an inference never made explicit in the Compendium.

Table 8. PERCENTAGE INCREASE IN INTERGOVERNMENTAL REVENUE FOR CITIES, 1956 - 1961

<table>
<thead>
<tr>
<th>Source</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Intergovernmental Sources</td>
<td>+57%</td>
</tr>
<tr>
<td>From State Only</td>
<td>+16%</td>
</tr>
<tr>
<td>Remainder (Largely Federal Aid)</td>
<td>+119%</td>
</tr>
</tbody>
</table>

1Ibid., page 6.
2Based upon the data found in Table 7.
What this does show is that while all forms of intergovernmental revenue have been on the increase, the cities of America have stood to gain most from the rise in the application of assistance from the National Government.

The conclusion made possible by this data is that federal aid has been growing as a factor in municipal finance - and growing more rapidly than other elements of city revenues. This is the result of the growing partnership between the cities and the Federal Government plus recognition that the federal level is the one most willing to make available its revenue sources to assist the city in its battle against obsolescence and blight. While some people see this as an encroachment of the restricted province of local self-determination, others like Dr. Grodins see this as the inevitable result of war and depression; as long as the other levels of government are also expanding to meet growing demands, there is no serious danger that the national level of government will become a monolithic super-state. Indeed, the device of grants-in-aid is cited by Governor Rockefeller as one of the saving graces of modern federalism. He said,

"One of the main factors in preserving the balance in the federal system - and averting the growth of arbitrary central authority, while meeting the essential social and economic needs requiring federal participation - has been the federal programs of grants-in-aid to the states... (these have) served to strengthen the weaker states fiscally to equalize opportunity for participation in social programs and to establish certain minimum standards of performance."2

Thus, federal grants-in-aid have come to be a significant device whereby the American public helps to finance seriously needed municipal services

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1Grodins, A Nation of States, pages 1-23.
2Rockefeller, Future of Federalism, page 44.
while largely ignoring direct state intervention and surmounting the lack of built-in municipal resources for the task. It is a solution which seems pleasing to American political decision makers in an era when decisions are mandatory for city survival.
The particular state in which a city is located does have an affect on the amount of federal participation in that city's undertakings. We have seen that Michigan ranks below average among the states in terms of the ration of federal aid to total state and local revenue (see Table 5). Michigan, as a highly industrialized state, has periods of prosperity which make it less dependent upon federal largess. Michigan is one of those states which contributes more than the average toward the national programs which help states like Mississippi and Alabama to rise more quickly toward the median level of economic attainment.

Within this setting, there are other factors which place Kalamazoo in a situation in which it has not had to depend on outside aid even though it has participated in various federal aid programs.

Some of the reasons for the complexion of the community go back to the founding of the city in 1829. The spot for the settlement was a fording place on a river and the site of earlier Indian settlements and, later, trading posts.¹

The arrival of the first group of Dutch people in 1850 signaled the beginning of a sizeable migration to Kalamazoo from the Netherlands. They and their descendants have been notable for their industriousness and thrift.

The feeling that the city can take care of itself was reflected in the pride of the city over the fact that it was one of the last sizeable cities in the nation to be able to boast of debt-free status, which it did.¹

This mental attitude has been bolstered by the fact that a varied industrial grouping developed in Kalamazoo. Other cities have experienced the boom and bust of dependence upon a single industry. Detroit is an example of a single industry economy which is quite susceptible to the cyclical movement of the general economy. The presence in Kalamazoo of several paper companies adds an economic factor which is less responsive to the ups and downs of the general economy.² The Upjohn pharmaceutical house, some auto-related plants, three colleges, and a variety of light manufacturing plants complete the picture of a relatively stable business climate. Employment in Kalamazoo stays at a fairly high level; the 1960 census shows an unemployment level of 4.5% of the labor force.³

The population of the city has not been transformed by massive immigration of negroes which has posed serious problems to some other northern cities. In 1960, 6.4% of the population of the city was colored and of the negroes eligible for the work force, 75% were employed.⁴ The median annual wage for all employed persons in Kalamazoo is $6,526 and the comparable figure for employed negroes is $4,107 per year.⁵ The national

3Ibid., page 11.
4U.S. Census Bureau, Kalamazoo Census Tract, page 25.
5Ibid.
median income is $5,199.1

Kalamazoo as a metropolitan area has experienced some of the common urban problems and avoided some of the others. Annexation of several adjacent areas in the 1950's helped to expand the city and to swell the population from a 1950 total of 57,704 to a 1960 total of 82,089.2 This 42.3% increase compares with a 6.7% increase between 1940 and 1950 and is the largest decennial increase since the 1890 population jumped 49.6% over that of 1880.3

The Kalamazoo Urban Area consists of 115,659 people. The urbanized area concept used here is that of a contiguous land area with a central city of over 50,000 people, other incorporated places of over 2,500, and districts in the unincorporated areas having a population density of at least 1,000 per square mile.4 The Standard Metropolitan area for Kalamazoo consists of 169,712 people, so the comparison of these two figures shows the county in which Kalamazoo is located to be very much an urban county.

Within this metropolitan area there are 61,308 employed persons: 30,096 reside in central city and 40,126, or 65%, of them work in the central city.5 Of the 31,250 working people who live outside the central city, half, or 15,584, of them work within the city.6 The major suburban

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3Ibid.
4Ibid., page IX.
5Census Bureau, Kalamazoo Tract, page 24-492.
6Ibid.
area adjoining Kalamazoo City is Portage Township. This is an area which was home to just 1,250 people in 1940, 7,946 in 1950, but which jumped to 20,181 by the 1960 census. Metropolitan friction between the city and Portage Township was stirred by an amendment attempt by the city against the industrial mainstay of the township in 1962. Portage countered by initiating action to incorporate as a home rule city. Thus the typical metropolitan problem of competition for the property tax base and suburban ethnocentrism became the dominant political issue in the Kalamazoo area.

The post-war period in the Kalamazoo saw a decline in downtown business as Portage Township and the other suburban areas reflected the national trend to new housing subdivisions and shopping centers. When a survey showed that property tax losses to the city in the downtown area had reached $50,000 per year, the merchants themselves organized the Downtown Kalamazoo Association. The Association assessed its members to finance a $45,000 master plan by a professional planning organization. This plan led to the "Kalamazoo 1980" proposal which has been adopted in part by the City Commission. The city and the merchants then shared the cost of creating the first permanent downtown shopping mall in the nation. Some parking spaces were added in the area and, one year after the mall installation, downtown sales had increased by 15%. This development stands as one effort by the people of the area to counteract the typical

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1Ibid., page 24-12.
3Ibid.
4Ibid.
metropolitan area problem of deteriorating downtown property. This initial, and relatively small, endeavor was accomplished without any federal assistance.

Likewise, the city's primary sewage treatment plant, for processing raw sewage before release into the Kalamazoo River, was placed in operation before the federal legislation was passed in 1956 authorizing federal participation in such projects. It was to erect the sewage treatment plant that the voters of Kalamazoo finally balloted themselves out of the debt-free category.¹

Some of the amenities of urban living which prove very expensive to some municipal budgets have been provided by private philanthropy in Kalamazoo. The Kalamazoo Foundation, which ranks as the nation's sixth largest community foundation, has expended millions of dollars over the years on community projects.² The active capital of the Foundation was listed on December 31, 1962, as $22,302,000.³ The civic theater, art center, Carver Center for meetings, Harold Upjohn School for Crippled Children, and a recently renovated high school auditorium are largely due to the munificence of the Foundation plus private philanthropy by members of the Upjohn and Gilmore families. The city and school district budgets have thus been relieved of pressures for the kinds of community facilities provided by donation.

The city of Kalamazoo has grown from 1829 to the present into the center of a rapidly growing metropolitan county. In the decade between 1950

¹Balle and Lasa, Living in Kalamazoo, page 94.
³Ibid.
and 1960, Kalamazoo County increased its population by 34% - a growth rate exceeded in Michigan only by the metropolitan area of Genesee County (Flint) which grew by 38%. This metropolitan area has experienced many of the aggravations of urban growth, such as interjurisdictional friction and deterioration of the downtown area. But there have been factors on the plus side, too, such as success with annexation, the Kalamazoo 1960 plan, and generous private philanthropy.

Present Climate for Federal Aid

Despite the energy of private businessmen and the city government, Kalamazoo is not opposed to federal aid per se. In an interview, City Manager Clarence Elliott said that the city government takes advantage of most of the federal aid opportunities which are available and for which there is a need in Kalamazoo. Elliott's rationale is that Kalamazoo people are paying for federal money indirectly anyway so really ought to exercise what initiative is necessary to see that some of the funds are used in Kalamazoo. The City Manager said that all of the present city commissioners are generally in favor of the use of federal aid in city projects, although Commissioner Paul Schrier speaks loudly against aid in certain areas, such as urban renewal, where he is adamantly opposed to federal entry. One noticeable prejudice in Kalamazoo is the feeling against use of federal aid for public housing. This is a negative feeling that Mr. Elliott feels the city will get over in time, since the need for some public housing in


the city seems clear to him. The City Manager spoke of the problem of destructive tenants among some of those who were rehoused in private dwellings after Kalamazoo's initial small urban renewal project. Such people might be subject to better control if they were part of a public housing project, he said.

Mr. Elliott acknowledges that the property tax base used by the city is not the most equitable form of taxation. This is one other reason that he favors the use of federal participation when possible. Another reason is that the problems of Kalamazoo are undoubtedly metropolitan area problems and it thus behooves the city to use wider financing sources, like federal aid, when they are available.

Speaking to the question about federal control which accompanies federal aid, Mr. Elliott dismissed the notion that the kinds of control which are applied are dangerous. In general, he feels, the federal standards have been limited to assuring high quality performance. To this extent they are actually beneficial to many cities since they establish a level of performance that the cities might not be able to afford if the projects used municipal funds only.

Looking to the future, Mr. Elliott, who is a past president of the International City Managers Association, predicts that there will be even more federal aid programs such as the proposed aid for mass transportation and extensions into the field of education. Kalamazoo, he implies, will be interested in any new developments calling for the application of federal grants.

And, in fact, a second and more extensive urban renewal program involving federal aid was under consideration at this writing. One phase
of the long range plan for downtown Kalamazoo calls for the creation of a peripheral route around the central business district.1 $53,000 in federal funds were received for a feasibility study of such a route in 1961.2 This "ring road" around the downtown is expected to cost about $7,500,000 of which $2,600,000 would be the city's share. The south leg of the road would be the first part undertaken. The entire project is in the magnitude of an estimated $16,000,000. The Federal Government would bear approximately two-thirds of this cost depending on the specific type of program that is finally decided upon. Although the feasibility study indicated favorable prospects for all aspects of the proposal, including resale of the land acquired for the improvements, the Kalamazoo city commissioners did not commit themselves to undertake the effort. Instead, they scheduled an advisory public vote for August, 1963, on the commitment of city money in the form of a bond issue to allow further progress. The commissioners generally said they would follow the wishes of the voters as expressed in that advisory vote. A public opinion poll taken by a private polling organization predicted that the plan would receive the necessary public support.3

The past has shown that Kalamazoo is willing to extend itself to keep up with modern times, as it did with the Shaffer's Hall but this does not prevent the decision-makers from also participating in federal aid projects as well. The concept of progress in Kalamazoo includes the use of all available sources of revenue, public and private, to accomplish desired goals.

2Ibid.
FEDERAL AID TO KALAMAZOO IN 1962

Direct Aid

There were three programs under which the City of Kalamazoo received direct aid from the Federal Government in 1962. These were urban renewal, airport construction, and civil defense. The total amount of the aid under these three programs was $71,000. While the scope of this study is limited to one calendar year, it is worth noting that federal aid was more significant in 1961 when a major airport construction project was undertaken and also a pilot urban renewal program. The airport aid from the national government in that year, for instance, came to $150,000 - twice as much as all federal aid in 1962.¹

Airport Construction

The only money actually committed to Kalamazoo was a $15,000 grant needed to finish up the major runway extension project of 1961.² This sum was the federal share of the taxiway which parallels the new main runway at the Kalamazoo Municipal Airport. By comparison, local airport administration plans for 1963 included programs which would call for the application of about $100,000 in federal funds.³ The importance of the federal grant in the 1962 airport budget can be seen in the following

¹Information received from the Airport Manager.
²Ibid.
³Ibid.

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Table 9. FEDERAL AID AND THE AIRPORT BUDGET

<table>
<thead>
<tr>
<th>Federal Grant</th>
<th>Airport</th>
<th>Grant as % of Expenditures</th>
</tr>
</thead>
<tbody>
<tr>
<td>$15,000</td>
<td>$50,000</td>
<td>$57,000</td>
</tr>
</tbody>
</table>

Airport Construction aid is administered under the Federal Airport Act of 1946. This allows the Federal Government to match funds with public agencies which operate airports. The federal share may be up to 50% of eligible projects.2

The operation of the control tower at the Kalamazoo Airport is handled directly by personnel of the Federal Aviation Agency and their activities do not require any matching funds from the state or local governments.

Civil Defense Contributions

The Federal Civil Defense Act of 1950 is the source of federal matching funds for civil defense training and equipment. An amendment adopted in 1953 broadens the scope of eligible contribution items to include the salaries and expenses of designated state and local civil defense personnel. The law requires that there be a full-time civil defense director in any organization receiving federal aid and that there be an operational plan meeting certain federal standards.3

1City of Kalamazoo, Michigan, Annual Report 1962.
3Ibid., page 16.
Kalamazoo did not become eligible for participation in these programs until April of 1962 when a full-time director of civil defense was employed. Therefore, matching funds cover only the last nine months of the year.

In those nine months, the city received $3,000 from the Federal Government under civil defense contributions. This covered one-half of the salary of the Civil Defense Assistant to the City Manager, a title used by the local coordinator since the City Manager also carries the title of Civil Defense Director. Also included were the proportionate share of secretarial services for the Assistant plus all eligible administrative supplies, travel, telephone, utilities and maintenance expenses. Control center costs for the city's emergency operating facility were also included.¹

Full budget figures are more meaningful than the partial year data for 1962 so the budget information for 1963 is shown as Table 10.

<table>
<thead>
<tr>
<th>Federal Share</th>
<th>City Share-matching</th>
<th>Other City Expenses</th>
<th>Total Civil Defense Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,009 (10% of total budget)</td>
<td>$5,009</td>
<td>$2,417</td>
<td>$12,435</td>
</tr>
</tbody>
</table>

The city also received in 1962 the final payment from the Office of Civil Defense for a manpower utilization pilot study completed in Kalamazoo in 1961. The sum, $1,570, will not be included in the yearly totals since

¹Information provided by the Civil Defense Assistant to the City Manager.

²Ibid.
it really represents the financial clean-up of a project from another year.

Urban Renewal

The basic legislation under which grants-in-aid are applied for slum clearance and urban renewal are the various Housing Acts, beginning in 1933 and having their last significant revision in 1954. Federal aid is granted by the Urban Renewal Administration of the Housing and Home Finance Administration for planning advances, loans and capital grants to help cities clear and redevelop slum areas and to halt the spread of blight through urban rehabilitation. The standard formula is for the federal agencies to provide two-thirds of the funds. However, the Federal Government will pay up to three-fourths of net projects costs if the city absorbs the preliminary planning and survey expenses. Federal criteria for aid approval includes rating a city's project against seven fundamental factors. These are housing and building codes, a comprehensive community plan, neighborhood analyses, administrative organization, financing, housing for displaced families, and citizen participation.

Kalamazoo had already completed one urban renewal project on the near north side of town before 1962. The major activity during 1962 was the receipt of $53,000 in planning funds for the larger urban renewal proposal, referred to earlier, which depends on the August, 1963, public advisory vote. This sum was used for staff and consultant fees to prepare the

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1 Hutchison, Metropolitan Area Problems, page 44.
2 Ibid., page 48.
3 Ibid., page 46.
feasibility study on Central Business District project. If the whole program is approved by the voters and the city commission, there will be significant grants in this area in the future.

The relationship of the total $71,000 in direct federal aid to all city revenue in 1962 and to the individual in Kalamazoo is shown below in Table 11.

Table 11. DIRECT FEDERAL AID IN KALAMAZOO IN 1962

<table>
<thead>
<tr>
<th>Total Amount</th>
<th>Per Capita</th>
<th>% of City Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>$71,000</td>
<td>.86</td>
<td>1%</td>
</tr>
</tbody>
</table>

Other Programs

To gain a fuller perspective of Kalamazoo's 1962 participation in federal aid programs, attention must be turned to other federal programs which are available but which were not involved in 1962.

Federal aid to urban highways is administered under the Federal-Aid Highway Acts. The federal share of such projects depends on the kind of road being built and the rest is made up out of state and local funds.¹ A limited access highway, new U. S. 131, cut through a corner of the city of Kalamazoo in 1962. However, the mileage was so small that pinning down the amount of federal money involved did not merit an exhaustive check into the financing; the state does not keep records on the exact amount of federal funds used for portions of federal-aid highways which run through

¹Ibid., pages 28-32.
specific local jurisdictions.\footnote{Information from the city Urban Renewal Coordinator.} This program is more vital in 1963 since the city access routes connecting with U. S. 131 are being constructed in Kalamazoo with the participation of federal, state, and local money.

By act of Providence, Kalamazoo was spared from having to apply for any disaster relief funds. Upon declaration of a major disaster area by the President, the Office of Emergency Planning dispenses funds for essential repair and rehabilitation work. The governor of a state requesting emergency assistance must certify that a reasonable amount of state and local resources have already been expended on the emergency situation.\footnote{Hutchison, \textit{Metropolitan Area Problems}, pages 24-27.}

As previously mentioned, opinion in Kalamazoo was opposed to public housing in 1962. Still, programs exist under which municipalities can receive aid for low-rent public housing. Under the federal Housing Acts, cities can receive up to 90\% of the cost of constructing public housing as a loan plus grants to make up the difference between operating costs and the rents which the families can afford to pay.\footnote{\textit{Ibid.}, pages 38-43.} Usually a special public agency is created to administer the program and the basic impact on the city is that it receives 10\% of the rents in lieu of taxes on the properties. Such payments generally exceed the former tax revenues from the same properties.\footnote{\textit{Ibid.}}

The Water Pollution Control Act of 1956 authorizes the Surgeon General of the United States to make grants to state, local or intergovernmental
agencies for the construction of treatment plants to prevent raw or partially treated waste from being discharged into any waters. Federal participation is authorized up to 30% of such projects.¹ As previously mentioned, Kalamazoo's primary treatment works were in operation before this program went into effect. However, the city does intend to add a secondary treatment capacity to the existing plant. The proposal has already been approved by state officials and forwarded for the action of the Public Health Service. Approval is also expected from that source since the Kalamazoo project was included in the amount of money which the state will be allocated according to present distribution formulae.² Under the water pollution program the city also attempted to receive federal assistance in preventing the pollution of the lakes in the new Spring Valley Park. A sanitary sewer system was needed for the area and application was made to the Water Resources Commission of the state, the intermediate step for applications for the federal money. The Commission has limited funds so it must grade the projects it reviews according to cost and expected results from the project. The Kalamazoo proposal was rated at that time at 10.6 points. The highest rated project was allocated 15 points; Kalamazoo did not get the aid that year and so went ahead with the Spring Valley sewer lines on its own.³

Indirect Aid

The more significant amounts of federal aid which had an influence on the city government in 1962 were those which apply only indirectly. These

¹Ibid., pages 50-52.
²Information from the City Engineer.
³Ibid.
are sums of money which do not pass through the city coffers but which relieve the city taxpayer of responsibilities generally thought of as belonging to the municipal level of government. It is more difficult to measure the exact impact of these aid programs on the city. But, it is still clear that they are most important in terms of the relief they allow the property-taxpayer of municipality. These programs and their approximate worth to the city of Kalamazoo are shown in Table 12.

Table 12. INDIRECT ASSISTANCE FROM THE FEDERAL GOVERNMENT TO KALAMAZOO IN 1962

<table>
<thead>
<tr>
<th>Public Assistance Programs</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bureau of Social Aid</td>
<td>$1,077,000*</td>
</tr>
<tr>
<td>County Welfare Dept.</td>
<td>$169,602*</td>
</tr>
<tr>
<td>Total</td>
<td>$1,246,602*</td>
</tr>
<tr>
<td>Public Health</td>
<td>$3,900*</td>
</tr>
<tr>
<td>Surplus Food</td>
<td>$80,319*</td>
</tr>
<tr>
<td>Surplus Property</td>
<td>$1,039*</td>
</tr>
<tr>
<td>School District Aid</td>
<td>$147,395*</td>
</tr>
<tr>
<td>Grand Total</td>
<td>$1,479,055</td>
</tr>
</tbody>
</table>

Public Assistance Programs

The largest single amount of federal aid in Kalamazoo comes from the programs growing out of the Social Security Act as amended, the Federal Government provides aid for dependent children, and needy persons who are aged, blind or disabled. These four programs are operated partly with

*Estimate

1Information made available by county and school district officials.
federal funds and are administered by a state organisation which also runs on federal money. Individuals receive money directly from this organisation or have certain eligible bills paid directly to hospitals or other agencies by the Bureau of Social Aid.¹

Another share of federal money is applied to eligible recipients through the County Department of Social Welfare, a unit which serves both the city and county of Kalamazoo and which is financially and organiationally part of the county structure. Federal funds used by this Department are to support certain designated functions such as the county medical care facility and hospitalization which is part of medical care for elderly persons in need. Federal and state regulations apply to operations under the federal programs.²

Since both agencies keep records only for total county operations and not for the city portion it is difficult to decide just what part of their expenditures are for the benefit of the city population. However, officials of both agencies indicated their feeling that approximately half of their disbursements are for the City of Kalamazoo. On this basis, the ratio of one-half will be applied to these agencies to arrive at an estimate of city benefit.

The greater amount of money is handled by the Bureau of Social Aid. The amount available to any county is actually "open-end" in that every eligible applicant will be included regardless of the total for any given political jurisdiction. The payments made by the Kalamazoo County unit of

¹Advisory Commission, Periodic Reassessment, page 38.

²Information from the Director of the Kalamazoo County Department of Social Welfare.
the Bureau are presented below as Table 13.

**Table 13. 1962 DISBURSEMENTS OF THE KALAMAZOO BUREAU OF SOCIAL AID**

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
<th>City Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aid to the Aged</td>
<td>870,384</td>
<td></td>
</tr>
<tr>
<td>Aid to the Blind</td>
<td>31,629</td>
<td></td>
</tr>
<tr>
<td>Aid to Dependent Children</td>
<td>1,209,610</td>
<td></td>
</tr>
<tr>
<td>Aid to the Disabled</td>
<td>13,400</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,155,023</td>
<td>1,077,000a</td>
</tr>
</tbody>
</table>

The Kalamazoo County Department of Social Welfare handles direct relief, the county farm, the county infirmary plus hospitalization and medical care for the needy. Its 1962 budget included $782,000 for the direct relief and $1,162,300 for other categories lumped together as the Social Welfare Fund. The breakdown of the federal funds which were contributed to the county department are displayed below as Table 14.

**Table 14. FEDERAL CONTRIBUTIONS TO THE KALAMAZOO COUNTY WELFARE DEPARTMENT IN 1962**

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
<th>City Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Care for the Aged in the County Medical Care Facility</td>
<td>130,909</td>
<td></td>
</tr>
<tr>
<td>Care for the Blind and Disabled at the County Facility</td>
<td>20,500</td>
<td></td>
</tr>
<tr>
<td>Hospitalization of the Aged</td>
<td>80,540</td>
<td></td>
</tr>
<tr>
<td>Hospitalization of other Eligible Recipients</td>
<td>107,656</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>339,605</td>
<td>169,800a</td>
</tr>
</tbody>
</table>

*Estimate

1From monthly disbursement tallies in the Kalamazoo Office of the Bureau.


The total amount of the estimates for the federal aid to Kalamazoo represented in the public assistance programs comes to $1,246,800 - the sum of the estimated city shares of the expenditures of the two agencies involved.

The significance of these figures to the city cannot be overlooked. Welfare is a public function which conceivably would be handled by the city government if the county departments were not in operation. If the city operated its own welfare organization, the federal aid would become a direct factor in the city financial picture. Thus these large sums of money are considered indirect assistance only by virtue of the county-wide structure of the public assistance units.

Public Health Services

The basic public health law now in effect is the Public Health Service Act of 1944. Under this authority, grants are made to the states and local governments for them to maintain adequate levels of operations regarding cancer control, heart disease control, mental health, tuberculosis control and venereal disease control. Only the last mentioned is a direct federal program which does not require matching funds from the state or subdivisions. The funds are administered by the Public Health Service and are distributed according to a formula which considers state population, existing health problems and the state's per capita income.1

Under these criteria, the Kalamazoo County Department of Health received $11,472 from the Federal Government in 1962.2 By law these contributions need

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2. Information provided by the Kalamazoo County Health Department.
not be broken down into any particular ratio of expenditure among the eligible programs. Thus the money was put into the Department's general fund to be expended according to the pattern shown in Table 15.

Table 15. ALLOCATION OF FEDERAL FUNDS BY THE KALAMAZOO HEALTH DEPARTMENT IN 1962

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
<th>City Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Health</td>
<td>$6,624.94</td>
<td></td>
</tr>
<tr>
<td>Heart Disease Control</td>
<td>1,693.71</td>
<td></td>
</tr>
<tr>
<td>Cancer Control</td>
<td>584.58</td>
<td></td>
</tr>
<tr>
<td>Tuberculosis Control</td>
<td>2,625.36</td>
<td></td>
</tr>
<tr>
<td>Maternal &amp; Child Care</td>
<td>1,976.11</td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td>988.06</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,472.76</strong></td>
<td><strong>$3,500</strong></td>
</tr>
</tbody>
</table>

According to the health department officials, there is no easy way to determine what portion of the federal contribution was used to benefit the city. The ratio of one-half which seemed appropriate for the welfare programs does not apply in the same manner to the health area. Many of the functions of the health department are of the inspection type which have greater application in rural than in urban areas. For instance, a good deal of their work is done in inspections of dairies and milk, septic tanks, motels, camps and trailer parks.¹

At one time it was determined that the city was the source of just 10% of the county health workload.² But that figure seems too low for the ratio of federal funds applied to the city. This is so because the particular programs which received the grant money are not primarily of the rural type; only the General Health item would be expected to conform to the 90-10

*Estimate

¹Ibid.

²Ibid.
ratio since that is where the inspection function is found. Thus it is mostly guesswork, and a compromise between the 50% and 10% figures, which leads to an estimate that about 25% of the grants-in-aid for health programs were actually used for the benefit of city residents directly.

The contributions from Washington amounted to 4.7% of the health department's 1962 budget of $295,741 and to about 6.5% per capita for the county's 170,000 people.

School District Money

The Kalamazoo Public School District also received federal aid in 1962. The reason for its being included in this study is the direct bearing such aid has on the local taxpayer who must largely support both municipal services and the school system. The money involved here comes under several different programs, as shown in the table below.

Table 16. FEDERAL AID TO THE KALAMAZOO SCHOOL DISTRICT IN 1962

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>National Defense Education Act</td>
<td>$21,524</td>
</tr>
<tr>
<td>Vocational Education</td>
<td>12,300</td>
</tr>
<tr>
<td>Special Milk and School Lunch</td>
<td>72,371</td>
</tr>
<tr>
<td>Surplus Agricultural Commodities</td>
<td>35,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$117,395</strong></td>
</tr>
</tbody>
</table>

Under the National Defense Education Act of 1958, local school districts receive aid designed to improve education in areas of critical national need, such as science, mathematics, foreign languages, guidance, counseling and

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1Ibid.

2Information provided by the Business Manager of the Kalamazoo Public Schools.
testing. Purchase of special equipment in these fields is included in the authorisation.¹

The Smith-Hughes Act of 1917 set up the vocational education program under which grants are now made. Grants are channeled through the states to help local school districts provide training in practical occupations essential to the national defense. This is a straight 50-50 type of matching funds program.²

The School Lunch Act of 1946 set up cash grants and commodity donations by the Federal Government to provide nourishing lunches for school children while encouraging the consumption of surplus foodstuffs. This aid is administered under an equalization formula which favors the lower-income states.³

The special milk program has similar objectives and was established by the Agricultural Act of 1954. The funds granted to each state are based on previous participation plus an expansion allowance.⁴

Although the Kalamazoo School District is not exactly co-terminous with the City of Kalamazoo, the two cover the same general area. For the purposes of per capita figuring, the city population is used. On this basis, the federal aid to the Kalamazoo schools came to $1.30 per capita in 1962.

Surplus Food

Surplus agricultural products are not confined to use by school systems.

¹Advisory Commission, Periodic Reassessment, page 33.
²Ibid., page 42.
³Ibid., page 49.
⁴Ibid.
They are also available to needy families and charitable institutions under the various relief acts of 1933. The Federal Government donates the commodities and pays for shipment to the states. Intrastate transportion is then the responsibility of the state and local governments.¹

The county welfare department is the point of distribution in Kalamazoo for the surplus food commodities. The county-wide receipt of foodstuffs in 1962 was 654,431 pounds of such surplus commodities as flour, chopped meat, cheese, dried milk, rice and peanut butter. Details of this program in Kalamazoo are shown below.

Table 17. SURPLUS FOOD COMMODITIES DONATED BY THE FEDERAL GOVERNMENT TO KALAMAZOO COUNTY IN 1962²

<table>
<thead>
<tr>
<th>Amount</th>
<th>Value</th>
<th>Minus Costs</th>
<th>City Share</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td>654,431 lbs.</td>
<td>$172,205</td>
<td>$160,639</td>
<td>$80,319</td>
<td>97¢</td>
</tr>
</tbody>
</table>

Surplus Property

On February 5, 1962, the City of Kalamazoo paid $1,039 for federal surplus property in the warehouse at Marshall, Michigan.³ These materials, ranging from a fork-lift truck to nine radiator hoses, were assigned to several departments of the city government. There is no exact way to determine the federal contribution to the city by making such material available at low cost. The Director of the city Water Utilities Department

¹Ibid., page 34.
²Welfare Department, Annual Report, page 3.
³Information from invoices in the office of the city auditor.
stated that equipment of like quality on the open market would be worth roughly twice what the federal surplus costs.\(^1\) Thus, the amount of indirect federal assistance in this case would be the same as what the city paid for the surplus property. The federal contribution, then, would also be $1,039.

Another form of indirect federal assistance is training that is provided municipal employees under various programs. For instance, cities may be reimbursed for the travel and per diem expenses of employees who take civil defense instructions at the national civil defense staff college or one of three technical training centers.\(^2\) However, the city did not send any employees for that type of training in 1962. The Federal Bureau of Investigation conducts a National Academy for state and local law enforcement officers which includes a twelve week course in residence. The Kalamazoo Police Department sent officers for training there in 1938 and in 1961 but no one in 1962. There are retraining sessions available for Academy graduates but these are not applicable in Kalamazoo at present since both local graduates have now left the force. The only type of training in Kalamazoo in 1962 was the one-day appearance of a Federal Bureau of Investigation agent who gave instruction in the use of specialized weapons such as tear gas and shotguns.\(^3\)

Indirect assistance is often difficult to define and measure as it relates to a municipality. Yet, the survey above of federal assistance which

\(^1\)Information from the Water Utilities Director.

\(^2\)Hutchison, Metropolitan Area Problems, page 20.

\(^3\)Information from the Lieutenant in charge of Administration, Kalamazoo Police Department.
can be measured or estimated as it affects the City of Kalamazoo is a rewarding as well as essential exercise into intergovernmental finance.

Table 18 summarizes and totals the various programs under which federal aid, both direct and indirect, was brought to focus on the City of Kalamazoo in 1962.

Table 18. SUMMARY OF FEDERAL AID WHICH AFFECTED KALAMAZOO IN 1962

<table>
<thead>
<tr>
<th>Program</th>
<th>Amount</th>
<th>Per Capita</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Direct</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Airport Construction</td>
<td>$15,000</td>
<td></td>
</tr>
<tr>
<td>Civil Defense</td>
<td>3,000</td>
<td></td>
</tr>
<tr>
<td>Urban Renewal Advance</td>
<td>53,000</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>$71,000</td>
<td><strong>86¢</strong></td>
</tr>
<tr>
<td><strong>Indirect</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bureau of Social Aid</td>
<td>$1,077,000*</td>
<td></td>
</tr>
<tr>
<td>Department of Social Welfare</td>
<td>169,802*</td>
<td></td>
</tr>
<tr>
<td>County Health Department</td>
<td>3,500*</td>
<td></td>
</tr>
<tr>
<td>Kalamazoo School District</td>
<td>147,395</td>
<td></td>
</tr>
<tr>
<td>Surplus Food</td>
<td>80,319</td>
<td></td>
</tr>
<tr>
<td>Surplus Property</td>
<td>1,039*</td>
<td></td>
</tr>
<tr>
<td><strong>Subtotal</strong></td>
<td>1,479,055</td>
<td><strong>$18.01</strong></td>
</tr>
<tr>
<td><strong>Grand Total</strong></td>
<td><strong>$1,550,055</strong></td>
<td><strong>$18.37</strong></td>
</tr>
</tbody>
</table>

*Estimate
IMPACT OF FEDERAL AID ON KALAMAZOO

In Relation to the City Budget

The application of more than 1.5 million dollars worth of federal aid to a city the size of Kalamazoo is bound to be a significant factor and to have a notable impact upon the overall city finances. The total expenditures of the city government were $6,192,737 in 1962. Thus, the federal contributions equaled 25% of the city's expenditure figure. Of course, much of this federal money was indirect to the actual operating functions of the city government. The $71,000 that was granted directly to the city was only 1% of the city expenditures.

The direct aid for the airport, civil defense and urban renewal was thus a minor factor for the city in 1962. But, as noted earlier, the dollar amounts in the airport and urban renewal categories may rise significantly in the near future. For instance, if the major urban renewal program involving the Central Business District is undertaken, and reaches the maximum cost of $16.7 million, the federal share under a two-thirds formula would be $10 million. The conclusion that federal aid had little impact on Kalamazoo in this one year is correct but is only meaningful in the context of an atmosphere which might allow for very major increases in such aid within one year.

The area of greatest direct federal impact in Kalamazoo was the civil defense budget. The personnel and administrative expenses matching funds

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1City of Kalamazoo, Annual Report, 1962.
2Kullenberg, "Key Road", Kalamazoo Gazette, page 1.
The assistance from the National Government is also a sizeable part of the airport operation, amounting to 26% of the 1962 expenditures, as shown in Table 9. The use of the federal funds allowed more rapid completion of the capital expansion of the airport facilities than would probably have been possible if only city funds were used. This is so because the airport is a deficit operation which required $7,000 from other city revenue in 1962 to balance its expenses. This program is a good example of the impetus provided for local projects which might otherwise lag behind. At the same time the Federal Government is assured of a network of local airports which have uniform construction standards.

But, in 1962 at least, it was the indirect assistance which made the greatest impact on Kalamazoo. What matters to the local government is that the functions performed by the county and school district are functions that might otherwise call for municipal action. The aid given by federal sources thus bolsters the agencies which are performing duties of benefit to the local residents. It takes some conjecture to decide just what this means to the municipal government. However, based on the
1962 assessed valuation of the city ($233,340,295)\(^1\) it would take a property tax increase of six mills just to replace the federal portion of the county and school district services which benefit city residents ($1,479,055) in one year. Since, the average home in Kalamazoo is assessed at $5,100,\(^2\) the city tax on that home would have to increase by $30 per year over the present $80 tax rate just to match those federal payments. This, of course, would be in addition to the county and school district taxes on that house which came to $32 and $123 respectively.\(^3\) The city budget would have had to have been expanded by 23% in 1962 for the city to absorb the sum which the Federal Government provided in indirect assistance.

Through the Bureau of Social Aid, the bulk of the welfare load of the city as well as the county is borne by the national level of government. It is this function which most benefits the local governments and allows them to concentrate their own revenue sources on other service needs.

Through the National Defense Act programs and the school lunch and milk programs, the Federal Government is already established in aid to education, despite much comment to the contrary. Just to provide the services which the Federal Government now provides to the Kalamazoo School District would cost the taxpayers .63 of one mill if financed by the property tax on the current assessed valuation. The element which staves off the charge of federal interference in local education in these programs


\(^2\)Ibid.

\(^3\)Ibid.
is the fact that there is little opportunity to meddle with the content of education through the school lunch and special milk programs. Federal standards do apply, however, with the programs under the National Defense Education Act.

Thus it must be concluded that while the direct impact of the direct federal grant-in-aid programs was not generally very significant in Kalamazoo in 1962, the total of direct plus indirect assistance is a major financial element which has considerable meaning to the government of the city. The agencies which administer such local functions as welfare and education do receive enough federal assistance so that the relief of the burden on local financial resources is substantial.

Comparison With Other Cities

Some of the statistics which relate to federal aid as it affects city governments generally were covered previously in the discussion of federal aid development in America. It was noted that federal grants for all purposes to state and local governments have trebled in the past ten years. No exact comparative figures are available for cities of the population class of Kalamazoo, but it was mentioned that direct federal grants to all cities of over 300,000 in population amounted to $5.02 per capita in those cities in 1960 (see Table 6). By comparison, the figure for direct aid in Kalamazoo in 1962 was 86¢ per capita. This has been shown to be a misleading figure since the city has in the past, and probably will in the future, participate in federal programs which would substantially raise that per capita figure. As one example, the federal share of the proposed circumferential route around the downtown area would be about
$5,000,000^1 - or $60 per capita based on the 1960 census figure. This would, of course, be spread over several years. As another comparison, Detroit received $10,157,000^2 in direct federal funds in 1960 and this meant $6.00 per capita for that city.

Unfortunately, there are no compiled statistics on the application of indirect aid to municipal governments. Thus, there is no sure way to gauge how Kalamazoo stands regarding the $18.01 per capita in indirect federal assistance.

Summary

Just as American cities have been said to have “just grown,” so has the use of federal assistance to help modern metropolitan cities out of their deep troubles. The troubles stem from depression inactivity, war preoccupation, suburban growth and financial disequilibrium in metropolitan areas. Cities have been fenced in as far as their own self-help is concerned by the declining usefulness of the property tax for internal funds. State governments have been traditionally unable or unwilling to provide the general laws or the financial aid which would help to solve the urban dilemma of America.

Into the “vacuum” there developed a new relationship between municipal governments and the Federal Government. Grant-in-aid programs are as old as the nation but in the post-World War II era there was a notable trend toward assistance programs which give a boost to the bedeviled cities.

^1Kullenberg, “Key Road,” Kalamazoo Gazette, page 2.
^2Advisory Commission, Periodic Reassessment, page 80.
Large grants for highway construction plus urban renewal and public housing, supplement older existing aid programs for public assistance which were started in depression days. While total state and local revenues have also been increasing, federal contributions to the states and cities have been increasing at a faster rate.

Kalamazoo is the center of a rapidly growing urban county. The city itself is medium sized and experiences typical metropolitan problems of deterioration in the core and competition with its suburbs for tax dollars and for civic loyalty. The City has several factors in its favor including a stable economic climate, diversified industry, generous private citizens and a start towards an ambitious central redevelopment plan. The decision makers in the town believe in the use of federal aid when applicable, to supplement private endeavor and the revenue available from local and state public sources.

1962 was not a major year for participation in direct federal grant-in-aid programs with the National Government. But as the area takes on a more decided metropolitan flavor, it is likely that more partnership in urban renewal and other federal programs will take place. Indirect assistance which affects the city is a continuing type of activity and will thus be of lasting concern to the financial pattern for the community; the impressive welfare costs of the area are largely underwritten by the Federal Government.

The plans for more extensive urban renewal have been alluded to previously. The impact of this development, if carried to the full extent of local plans and federal programs, can hardly be overemphasized. For instance, if the entire $16.7 million central business district project were
to be undertaken with city funds only and spread over a six year period, it would require a 12 mill increase over present taxes on the assessed valuation to meet the financing. But with the federal assistance, the top amount estimated to be needed from the city itself is $5.5 million. Thus it is a very significant step that the commission contemplates taking, based on the public advisory vote. The city of Kalamazoo would vault out of the category of a minor participant in direct aid programs and would become, on a per capita basis, an important partner with the national government in meeting local urban problems. The approval of the voters and of the city commission for a large scale urban renewal project in the city would be a clear indication that the people of Kalamazoo admit that the need for downtown renovation exceeds the capabilities of private organizations and the city budget. This is not to minimize the steps already taken, but only to reiterate that to accomplish something as ambitious as the Kalamazoo 1980 plan in a few years would not be feasible without some assistance. The significance of approval of the first step in the long range program transcends the initial amount involved; the effects will be substantial and far reaching in both a physical and financial sense. Considering the pervasive insulation about public housing which is the need of Kalamazoo, it will be most significant if the public registers approval of urban renewal in general.

Creation of the Meijer's Mall was an exciting, if limited, approach to new means of revitalizing the downtown area. Now the people have a chance to make their desires known regarding a much more comprehensive and far-reaching solution. Progress costs money; Kalamazoo likes to be both progressive and thrifty. The choice is on the line now as to whether the city
should oblige itself for the only feasible comprehensive approach - the use of federal assistance.

This study not only covered the background of federal aid and the local history of one city in one year, it uncovered some lapses in the fabric of certain pertinent statistics relating to intergovernmental finances. The whole project might have been more enlightening if it had been possible to compare the Kalamazoo experience with that of other cities of comparable size. There is no source of information on the total federal impact, direct and indirect, on American municipalities. The data on direct federal grants extends only through cities in the 300,000 population category and there is no general information on the kinds and amounts of aid which filter through the state government and have their greatest effect on local governments. If the Kalamazoo example is a typical one, and if the estimates included in this study are not grosslyawy, the overall impact of the federal level might be greater than is generally thought.

If the information is not as complete as would be desired, it still makes an effective point. The Federal Government is tied in significant ways through a variety of programs to the well-being of municipal governments in the United States. Kalamazoo does not present a picture in 1962 of a city which is deeply involved with aid from the national level. But the broader picture of the types of continuing assistance, plus the potential direct application of federal money to the sewage disposal and urban renewal projects, indicate a closer cooperation. The political and administrative leaders of the community do not fear federal domination in local affairs, they recognize that these programs represent a national approach to the solution of local problems. Any future local commitments
will be important in dollar totals but will not alter the basic trend, started decades ago, which has been for increasing direct and indirect federal aid.

Thus, the case study information on Kalamazoo can be thought to illustrate in a small way the broader principle that all governments in the American political system are entwined in numerous ways. All forms of public endeavor have been on the increase in the United States, with cooperative ventures at least as notable as any areas of conflict. As Dr. Grodzins states it so graphically,

"The federal system is not accurately symbolized by a neat layer cake of three distinct and separate planes. A far more realistic symbol is that of the marble cake. Wherever you slice through it you reveal an inseparable mixture of differently colored ingredients."¹

Intergovernmental revenue is sometimes looked at as a game in which the participants try to build up one level of government with "free" resources from another. If federalism is a marble cake, then a slice of it contains all the ingredients, there is no other "layer" to rely on. In this context, Dr. Grodzins also counsels,

"The rhetoric of state and national power becomes easily and falsely a rhetoric of conflict. It erroneously conceives states and localities, on one side, and the central government, on the other, as adversaries. There are undoubtedly occasions when the advantage of a locality, state, or region is a disadvantage to the nation as a whole. But in most circumstances at most times compatibility rather than conflict of interests is characteristic. The nation's diversities exist within a larger unity. Voters at local, state and national elections are the same voters....Federal, state, and local officials are not adversaries. They are colleagues. The sharing of functions and powers is impossible without a whole. The American system is best conceived as one government serving one people."²

¹Grodzins, A Nation of States, page 3.
²Ibid., page 23.
Since the system is one whole, a "marble cake" of blended ingredients, then the mingling of federal, state and local resources to solve the problems of the citizen at the local level can be viewed as natural and logical. When the local revenues are inadequate, it makes sense that the "national community" apply some of its broader revenue sources to the common and pervasive ailments of metropolitan centers. The kind of federal participation revealed in the case study of Kalamazoo need not be seen as the intrusion of a foreign element into municipal affairs. Neither must it be considered a gift. It is actually the operation of the total "body politic" adjusting its parts to the needs of contemporary American society.
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NEWSPAPERS


INTERVIEWS

City of Kalamazoo Officials

Cornelius, Eugene, Airport Manager

Elliott, Clarence, City Manager

Jenkins, Harry (lt.), Administration Office, Police Department

Loventz, Robert, Civil Defense Assistant

Sabo, Albert, Director of Water Utilities

Sawyer, E. E. (Tom), Urban Renewal Coordinator

Schoolenberg, John, Accounts and Audits

Southern, Dodd, Assistant to City Manager

Swets, Donald H., Director of Public Works

Kalamazoo County Welfare Department

Avery, Paul O., Director

Bureau of Social Aid

Graham, Benjamin, Kalamazoo County Director

Kalamazoo Public Schools

Hedrick, Gerald E., Business Manager