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PART II



DEPARTMENT OF
HEALTH,
EDUCATION,
AND WELFARE

Public Health Service



GRANTS TO STATES
FOR ALCOHOL ABUSE
AND ALCOHOLISM
PREVENTION,
TREATMENT, AND
REHABILITATION
SERVICES

Allotments to States

[4110-88]

Title 42—Public Health

CHAPTER I—PUBLIC HEALTH SERVICE,
DEPARTMENT OF HEALTH, EDUCA-
TION, AND WELFARE

SUBCHAPTER D—GRANTS

PART 54a—GRANTS TO STATES FOR
ALCOHOL ABUSE AND ALCOHOLISM
PREVENTION, TREATMENT, AND RE-
HABILITATION SERVICES

Allotments to States

AGENCY: Public Health Service, HEW.

ACTION: Final regulations.

SUMMARY: These final regulations set forth a revised formula for allotting to the States funds for alcohol abuse and alcoholism prevention, treatment, and rehabilitation programs appropriated pursuant to section 301 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act of 1970 as amended. The revised formula is intended to allot funds on the basis of State need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism as well as relative population and financial need. As required by Pub. L. 95-83, however, in any year for which the appropriation for alcohol formula grants is equal to or greater than it was in fiscal year 1976, no State will receive an allotment less than the greater of \$200,000 or its allotment in fiscal year 1976.

EFFECTIVE DATE: November 25, 1977.

FOR FURTHER INFORMATION CON-
TACT:

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SUPPLEMENTARY INFORMATION: Section 302(a) of the Act (42 U.S.C. 4572(a)) requires that funds be allotted to the States "on the basis of the relative population, financial need, and need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism." Since fiscal year 1972, allotments to the States have been computed as follows (42 CFR 54a.102):

(1) One-third weight on the basis of need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism, expressed by the relationship of the population in each State to the total population of all the States.

(2) Two-thirds weight on the basis of total population weighted by financial need, as determined by the relative per capita income for each State for the three most recent consecutive years for which data are available from the U.S. Department of Commerce.

On February 1, 1977, the Assistant Secretary for Health, with the approval of the Secretary of Health, Education,

and Welfare, proposed a revision of this formula (FEDERAL REGISTER, Volume 42, No. 21, pages 6066-6069). The Notice of Proposed Rulemaking, developed in response to the requirements of section 3(b) of Pub. L. 94-371, (1) set forth a methodology for estimating the incidence and prevalence of alcohol abuse within the States (for use in determining State "need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism"), and (2) modified the formula currently used to allot the alcohol funds to States, incorporating in the revised formula this new measure of need (as well as those measures of population and financial need already in use).

The proposed formula, though expressed in a manner and format substantially different from the current formula, was, in effect, as follows:

(1) One-half weight on the basis of financial need, as determined by per capita income of the State.

(2) One-half weight on the basis of need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism, as determined by incidence and prevalence of alcohol abuse within the State (as estimated by the proposed methodology).

Assuming a fiscal year 1977 appropriation equal to that for fiscal year 1976 (\$55.5 million), the effect of this proposal, as noted in the FEDERAL REGISTER of February 1, would have been a reduction in the allotment to many States (especially those which are rural or poor) and an increase in the allotment to a few States (largely populous, urban, or with higher per capita income). Interested persons were invited to submit written comments, suggestions, or objections regarding the proposed formula not later than March 18, 1977. Forty-six letters of comment were received.

Several respondents, expressed their understanding of the need to revise the formula, and one respondent stated that "the addition of an incidence and prevalence * * * factor to the allotment formula is a positive step."

However, the majority of comments received objected to the proposed formula. Many persons objected because (assuming an appropriation of \$55.5 million for fiscal year 1977) the proposed formula would reduce their State's formula grant and require reduction or termination of alcohol services badly needed in their communities. Others argued that, despite the merits of incorporating estimates of incidence and prevalence in the allocation formula, no State should have to suffer a reduction in funds as a result of the proposed change.

These objections, which were the dominant theme of the comments received, have been resolved by

(1) Pub. L. 95-83, enacted August 1, 1977, which requires that in any year for which the alcohol formula grant appropriation is equal to or greater than the appropriation for fiscal year 1976 (\$55.5 million) no State shall receive an allotment less than the

greater of \$200,000 or its allotment in fiscal year 1976;¹ and

(2) Pub. L. 95-26, enacted May 4, 1977, which appropriates \$56.8 million for alcohol formula grants in fiscal year 1977.

Other comments and objections are discussed in detail below.

DISCUSSION OF MAJOR COMMENTS

DATA TOO OLD

Four respondents objected that the data on problem drinking used in applying the proposed methodology were gathered in 1967 and 1971. These respondents argued that estimates of current need based on such old data are unreliable. The Council of State and Territorial Alcoholism Authorities and one other respondent suggested that a national survey be conducted to obtain current data.

It should be clearly understood that the proposed regulations do not require use of the particular data in question. They do, however, require data on indices of problem drinking gathered by sample survey. Unfortunately, there is a limited number of national sample surveys which include such data:

National Study II: Reinterviews with Subsample of Respondents Initially Interviewed in National Study I. Social Research Group, School of Public Health, University of California, Berkeley, 1967.

American Attitudes Toward Alcohol and Alcoholics: A Survey of Public Opinion. Louis Harris & Associates, Inc., December 1971.

Public Awareness of the NIAAA Advertising Campaign and Public Attitudes Toward Drinking and Alcohol Abuse. Louis Harris & Associates, Inc., February 1974.

The Public Evaluates the NIAAA Public Education Campaign. Opinion Research Corp., July 1975.

Health and Nutrition Examination Survey: 1971-74. National Center for Health Statistics.

The Health and Nutrition Examination Survey (a national sample survey of 20,000 persons) has never been analyzed for data on problem drinking, nor could such analysis be undertaken in time to use the results (if they proved usable) in the allocation of fiscal year 1977 funds. Computer-ready data from the 1974 Harris and 1975 Opinion Research Corp. surveys were not available to the National Institute on Alcohol Abuse and Alcoholism (NIAAA) until December 1976, several months after efforts to develop a methodology in cooperation with the National Center for Health Statistics (NCHS) were underway.

Thus, there was not sufficient time to determine the utility of these data for

¹ Pub. L. 95-83 also prescribes minimum State allotments when the alcohol formula grant appropriation is less than it was in fiscal year 1976. These requirements, which apply regardless of levels of population, financial need, or need for more effective prevention, treatment, and rehabilitation, are also incorporated in the regulations set forth below.

computing allotments prior to publication of the Notice of Proposed Rulemaking—and NCHS was unable to undertake the necessary analysis after its receipt. For fiscal year 1977, therefore, only data from the 1967 and 1971 surveys are actually available.

However, the Department is well aware of the need for more recent data if the proposed methodology is to be most fruitfully applied. Thus, it plans to analyze data from the 1974 Harris, 1975 Opinion Research Corp., and possibly the 1971-74 Health and Nutrition Examination surveys to determine their value in computing fiscal year 1978 allotments. NCHS is also developing some data on alcohol use in its 1977 Health Interview Survey which may prove useful in 1978.

By fiscal year 1979, the Department expects to have the results of a major new national survey of alcohol use. This survey, which NIAAA plans to initiate late in 1977, will be designed so that data gathered can be used (among other purposes) for applying the "need" methodology and calculating allotments to States.

FORMULA SHOULD BE PHASED IN

Two respondents, wanting to minimize the impact of the proposed formula on States adversely affected, suggested the proposed formula be phased in over a two-year period.

However, the statute requiring that formula grant monies be allotted on the basis of "need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism" (as well as relative population and financial need) has existed since 1970. Pub. L. 94-371, enacted in July 1976, spells out this requirement in greater detail and requires that a methodology for carrying it out be established, by regulation, within 180 days of enactment of the law. The report of the Senate Labor and Public Welfare Committee on this legislation (S. Rept. 94-705, 94th Cong., 2d sess., March 19, 1976, page 24) said:

The Committee wishes to stress that the provision of these funds *must* be based on demonstrated need, as provided in the original legislation, and is adamant that this requirement be met. [Emphasis original.]

Phasing in the proposed formula, therefore, would be contrary to clearly stated Congressional content.

However, the adverse impact of immediate implementation of the proposed formula is eliminated by the requirement of Pub. L. 95-83 that in any year for which are alcohol formula grant appropriation is equal to or greater than it was in fiscal year 1976 no State shall receive an allotment less than the greater of \$200,000 or its allotment in fiscal year 1976.

INDICES UNRELIABLE

Six respondents objected that the indices of problem drinking to be used in applying the proposed methodology are unreliable. Some of them suggested indices they believe to be more valid, more reliable, or more likely to reflect the actual extent of alcohol abuse in their

State. Among the indices suggested were per capita consumption of alcohol, deaths from cirrhosis of the liver, and alcohol-related fatalities.

The indices of problem drinking identified in the February 1 FEDERAL REGISTER were:

- (1) Frequent heavy drinking (FHD)—the number of times per week that a respondent drinks 5 or more drinks on one occasion.
- (2) Current tangible consequences (CTC)—an additive score concerning a respondent's problems with spouse, relatives, friends, job, police, finances, and health.

Frequent heavy drinking is derived from the 1971 Harris survey; current tangible consequences is derived from the 1967 Social Research Group survey. They were selected for use in applying the proposed methodology in order to capture both medical and social consequences of alcohol consumption.

The Department's overriding concern in developing a methodology for estimating need has been that the methodology be equitable—i.e., that it not penalize a State for its laws or reporting practices. While some of the indicators suggested by commenters have been used to estimate the extent of alcohol abuse and alcoholism in the U.S. population on a national basis, none is appropriate for comparing the extent of alcohol abuse and alcoholism from one State to another—largely because definitions and reporting practices vary greatly from one jurisdiction to another. In contrast, the indices used in applying the proposed methodology are defined and reported identically in all States. Furthermore, at a meeting convened by NIAAA in July 1976 to seek the advice of selected State agencies on this question (among others involved in the development of the regulations), the State agencies generally expressed reluctance to have allotments based on indicators which varied from State to State.

One respondent objected that definitions necessary to understand the indices were not provided in the February 1 FEDERAL REGISTER and argued that, without knowing these definitions (e.g., what constitutes a "drink"? what is meant by "problems with job?"), it is impossible to determine how such factors as tolerance, binge drinking, and temporary periods of abstinence affected the responses of the persons surveyed. It is true that factors such as physical tolerance to relatively large quantities of alcohol might affect the nature and degree of "problems" experienced as a result of alcohol consumption. However, distortions attributable to such factors should not vary from State to State and, therefore, should not affect the relative level of alcohol abuse in the States as measured by these indices.

For these reasons, the indices identified in the February 1 FEDERAL REGISTER (i.e., frequent heavy drinking and current tangible consequences) will be used in applying the proposed methodology in fiscal year 1977. It should be noted, however, that the regulations do not specify the indices to be used in applying the methodology. Thus, in future years,

when different surveys are used in applying the proposed methodology, different indices (derived from these surveys) may also be used.

RURAL PROBLEMS

Fourteen respondents objected that the proposed formula does not take into account the special problems faced by rural States in delivering services. Others objected in more general terms to reducing Federal funds to rural areas. Among the special problems of rural areas cited by commenters were population dispersion (resulting in higher costs for travel, communication, and administration), difficulty in attaching qualified personnel, and lack of transportation. These objections were raised because, had the formula grant appropriation for fiscal year 1977 been the same as that for 1976 (as was assumed in the February 1 FEDERAL REGISTER) and had the recent legislation specifying minimum State allotments not been enacted, more rural States than urban would have received a reduced allotment under the proposed formula.

It is true that the proposed formula does not specifically address the special problems of rural areas. Nor does it specifically address the special problems of urban areas—e.g., higher staff costs and difficulty in attracting qualified personnel (and clients) to high crime areas and/or areas without public transportation. However, the use of survey data based on a national probability sample means that the characteristics of both rural and urban populations are taken into account. In fact, urban/rural residence did not prove to be a significant variable in either of the two indices of problem drinking used in applying the proposed methodology.

The main reason rural States would have lost funds is the reduced weight assigned to financial need (measured by per capita income) in the proposed formula. Since rural States generally have lower per capita income than urban States, the proposed change in the weighting of factors in the formula has a more adverse impact on rural States. This aspect of the proposed formula is discussed directly below.

WEIGHTING OF FACTORS IN FORMULA

Four respondents objected to the manner in which the factors in the proposed formula are weighted—that is, one-half weight to financial need (measured by per capita income) and one-half to need for more effective prevention, treatment, and rehabilitation (measured by relative level of alcohol abuse). Some respondents argued that less weight should be assigned to relative level of alcohol abuse, others that greater weight should be assigned to financial need. The Council of State and Territorial Alcoholism Authorities (CSTAA) urged revising the proposed formula so that financial need and need for more effective prevention, treatment, and rehabilitation would bear a 2:1 relationship to each other rather than 1:1.

Section 302(a) of the Comprehensive Alcohol Abuse and Alcoholism Preven-

tion, Treatment, and Rehabilitation Act of 1970 as amended by Pub. L. 94-371 does not specify the weight to be assigned to the three factors it requires. It is clear, however, that in order to incorporate a third factor (need for more effective prevention, treatment, and rehabilitation) in a formula currently containing only two (relative population and financial need), the weight assigned to one or both of the factors in the current formula must be reduced. Since the current formula assigns (on a per capita basis) heaviest weight ($\frac{2}{3}$) to financial need, it seemed most reasonable to reduce this weight. In fact, the proposed formula would reduce the weight assigned to financial need (from $\frac{2}{3}$ to $\frac{1}{2}$) by only $\frac{1}{6}$. The effect of this weighting is to provide the same allocation for every person in the country and then increase or decrease that per capita amount on the basis of financial need (as measured by per capita income in the State) and need for more effective prevention, treatment, and rehabilitation (as measured by the relative level of alcohol abuse in the State).

However, the minimum allotment requirements of Pub. L. 95-83 effectively maintain financial need as the dominant factor in the 1977 allocation for nearly all States and, for this fiscal year, approximate CSTAA's proposal.

RICH GET RICHER

Three respondents objected that the proposed formula would provide additional funds to States with relatively high per capita income and substantial public and private resources—in effect, permitting the rich to get richer.

It is true that the proposed formula has the effect of increasing allotments to States with relatively high per capita income. However, of those States which will receive an increased allotment in fiscal year 1977, only one will receive an allotment which, on a per capita basis, is equal to the national average (\$0.262). All other States receiving an increase will still receive, on a per capita basis, substantially less than the average allotment per capita nationally, despite high levels of alcohol abuse (need for more effective prevention, treatment, and rehabilitation) as estimated by the new methodology.

REGION AS VARIABLE

Six respondents, all of them from Florida, objected that the actual level of alcohol abuse in their State (as measured by a variety of indicators) is higher than indicated by the estimated 1977 allocation for Florida printed in the FEDERAL REGISTER of February 1. They argued that the proposed methodology, by grouping Florida with other States in the South Atlantic Census region, underestimates the actual level of alcohol abuse in that State.

In fact, a State's Census region is used in estimating only one of three factors in the proposed formula (need for more effective prevention, treatment, and rehabilitation as measured by relative level of alcohol abuse) and is one

of eight variables used in estimating this factor. Further, residence in the South Atlantic region is a significant variable only in one of two indices of alcohol abuse (frequent heavy drinking) and, even for this index, only among unmarried males aged 18-64.

Therefore, the impact of the region variable on Florida's estimated 1977 allocation, as shown in the February 1 FEDERAL REGISTER, is very slight. With the enactment of Pub. L. 95-83, however, Florida will receive the same allocation in 1977 as it did in 1976.

NON-FEDERAL EXPENDITURE AS FACTOR IN ALLOCATION

One respondent objected that the proposed formula offered no "credit" for local funds provided for alcoholism and alcohol abuse services.

The report of the Senate Committee on Labor and Public Welfare cited earlier (Senate Rept. 94-705) states that "the Committee believes it reasonable that the Secretary should consider as evidence of * * * need, the scope and funding support provided by or through the single State agency within the respective States." The law, however, does not require this.

Giving "credit" for non-Federal expenditures (whether State or local) in the allocation of formula grant funds can be viewed as inappropriate, for the following reasons:

- (1) The level of State or local (or Federal) expenditures for a given purpose is not necessarily related to actual need.
- (2) Jurisdictions with limited tax resources are penalized.
- (3) To offer such "credit" is to establish an implicit matching requirement (which some States will be unable to meet) for funds intended by law to be available to all States on the same terms.

Therefore, no changes have been made in the formula to recognize a credit for non-Federal expenditures.

POPULATION AS FACTOR IN ALLOCATION

Nine respondents commented on population as a factor in the allocation of formula funds.

One of these respondents objected that the proposed formula "eliminated" population as an allocation factor. It is true that in October 1976 NIAAA considered (and discussed with State alcohol agencies) a formula which would make relative population a larger factor in allocation than it is in the formula ultimately proposed. However, as can be clearly seen in the equation published February 1, the proposed formula requires that "Population of State" be multiplied by the amount appropriated for each person in the United States and this amount in turn multiplied by per capita income plus need. Thus, relative population remains an important factor in the allocation formula as proposed, and no change has been made in response to this comment.

Six of the nine respondents objected that the proposed formula did not take into account seasonal populations—for example, migrant workers and tourists—which local programs must serve. This

concern is well taken. However, if appropriate data are available, it is possible to take into account seasonal increases (and decreases) in State population without modifying the proposed formula. NIAAA will explore this possibility, at least for migrant workers, in calculating allotments for fiscal year 1978.

One respondent objected that the population factor in the proposed formula penalizes less populous but high growth States by using estimates of State population in 1975 derived by distributing among the States the total national population increase since 1970 based on the actual distribution of population in 1970. In fact, inter-census estimates of population used in calculating State allocations are based on detailed annual State-by-State analysis of births, deaths, and migration by the U.S. Census Bureau.

A number of respondents seemed to feel (though they didn't always say so directly) that States with small populations are somehow penalized by the proposed formula. It is true that, under the proposed formula, if two States have equal financial need and equal need for more effective prevention, treatment, and rehabilitation, the State with the larger population would receive a larger allocation. This result is consistent with the authorizing statute, which explicitly requires that population be a factor in the allocation of formula grant monies.

ADDITIONAL INFORMATION

ILLUSTRATION OF METHODOLOGY

As explained in the FEDERAL REGISTER of February 1, the methodology proposed for estimating State need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism employs multivariate statistical analysis of survey data on alcohol abuse to determine the most important demographic variations in alcohol abuse. Using the results of the analysis, the methodology estimates an index of alcohol abuse in each State on the basis of current data on the State's demographic composition. It was also explained that the proposed methodology, if adopted, would be applied in fiscal year 1977 as follows:

A technique of multivariate statistical analysis known as Automatic Interaction Detector (AID) would be used to (1) divide the population in each of two national sample surveys into appropriate demographic subgroups based on their relative risk of problem drinking, as measured by frequent heavy drinking (FHD) and current tangible consequences (CTC) scores, and (2) compute the average FHD and CTC scores for each subgroup thus identified.

The proportion of a State's population in each of these subgroups (according to the U.S. Census) would then be multiplied by the average scores for FHD and CTC in that subgroup (as estimated by AID analysis of the national surveys).

The results of this computation for each subgroup within a State would be added to obtain an overall FHD score and an overall CTC score for that State.

These overall FHD and CTC scores would be divided by the respective national average

scores to obtain relative FHD and CTC scores for the State.

The mean of each State's relative FHD and CTC scores—i.e., $\frac{1}{2}(\text{FHD} + \text{CTC})$ —would be the relative measure of alcohol abuse and alcoholism in each State and, thus, of relative "need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism," as required by section 3(b) of Pub. L. 94-371.

This process is more vividly described by Tables 1 and 2 below.

TABLE 1.—Estimate of current tangible consequences (CTC) in a hypothetical state

	Mean CTC index	Proportion of state population in each subgroup
1. Black males aged 35 plus....	0.602	0.046
2. Black males aged 21 to 35....	2.034	.012
3. White males aged 65 plus....	.0200	.048
4. White males aged 21 to 64 who are married or were never married.....	.450	.378
5. White males aged 21 to 64 who were previously married.....	.980	.010
6. Black females.....	.490	.063
7. White females living in Pacific region.....	.423	10
8. White females aged 65 plus living outside Pacific region.....	.035	.069
9. Previously married white females aged 21 to 64 living outside Pacific region.....	.395	.369
10. Married or single white females aged 21 to 64 living outside Pacific region.....	.151	.005
Total.....		1.000

¹ This value is zero since the hypothetical State is not in the Pacific region. If the State were in the Pacific region, this value would be the proportion of white females in the State's population and the proportions in subgroups 8, 9, and 10 would all be zero.

NOTE.—CTC = $.602 \times .046 + 2.034 \times .012 + .200 \times .048 + .450 \times .378 + .980 \times .010 + .490 \times .063 + .423 \times 10 + .035 \times .069 + .395 \times .369 + .151 \times .005 = .421$

TABLE 2.—Estimate of frequent heavy drinking (FHD) in a hypothetical state

	Mean FHD index	Proportion of State population in each subgroup
1. Males aged 65 plus.....	0.045	0.042
2. Unmarried males aged 18 to 64 living in South Atlantic and west north central regions.....	.138	10
3. Unmarried males aged 18 to 64 living outside South Atlantic and west north central regions who are high school graduates with annual incomes of \$4,000 to \$8,999 or over \$15,000.....	.247	.063
4. Unmarried males aged 18 to 64 living outside South Atlantic and west north central regions who are high school graduates with annual incomes of \$10,000 to \$14,999 or under \$4,000.....	.602	.060
5. Unmarried males aged 18 to 64 living outside South Atlantic and west north central regions who are not high school graduates.....	.914	.067
6. Married males aged 35 to 49 living in middle Atlantic region.....	.775	10
7. Married males aged 18 to 34 or 50 to 64 living in middle Atlantic region.....	.232	10

TABLE 2.—Estimate of frequent heavy drinking (FHD) in a hypothetical state

	Mean FHD index	Proportion of State population in each subgroup
8. Married males aged 18 to 64 living outside middle Atlantic region.....	.210	.235
9. Married females aged 18 plus.....	.025	.341
10. Unmarried females aged 18 plus.....	.105	.182
Total.....		1.000

¹ This value is zero since the hypothetical State is in the Mountain region.

NOTE.—FHD = $.045 \times .042 + .138 \times 10 + .247 \times .063 + .602 \times .060 + .914 \times .067 + .775 \times 10 + .232 \times 10 + .210 \times .235 + .025 \times .341 + .105 \times .182 = .191$

Column 1 of Table 1 lists the demographic subgroups identified by AID analysis of the Social Research Group survey as high and low risk groups for current tangible consequences (CTC); together, these subgroups comprise the entire population covered by the survey. Column 2 lists the mean CTC index identified by AID analysis for each of these subgroups. Column 3 lists the proportion of a hypothetical State's population in each subgroup. The computation at the bottom of the table (the sum of Column 2 multiplied by Column 3 for each subgroup) produces the overall CTC score for this hypothetical State.

Table 2 is a similar illustration of the process for estimating frequent heavy drinking (FHD) in a State. The subgroups identified by AID analysis of the 1971 Harris survey as high and low risk are different from the subgroups identified for current tangible consequences. Otherwise, the process is the same, culminating in an overall FHD score for the State.

These overall FHD and CTC scores are divided by national average scores to obtain relative FHD and CTC scores for the State.

The State's relative CTC and relative FHD scores are then added together and divided by 2. It is this value which is the relative measure of alcohol abuse in the State and, thus, of its relative "need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism" (as required by section 3(b) of Pub. L. 94-371).

The actual result of this process for each State appears in Table 3, Column 3.

It should be noted that the AID technique, as used in applying the proposed methodology in 1977, is quite conservative. That is, it tends to overestimate low need and underestimate high need, drawing both extremes toward the mean. In view of the limitations of the data used and of the indices derived from this data, this tendency (at least for the present) may not be undesirable.

RULES AND REGULATIONS

TABLE 3.—Values of factors used to allot alcohol grants to States for fiscal year 1977 (by State) and fiscal year 1977 allotment, total and per capita (by State)

	Population		Financial need ¹		Need for more effective prevention, treatment, rehabilitation ²		Fiscal year 1977 allotment ³		Change from fiscal year 1976		
	Number persons ¹	Rank order	Index	Rank order	Index ⁴	Rank order	Total	Per capita		Percent	Dollars
								Dollars	Rank order		
Alabama.....	3,615,000	21	1.2809	2	1.0564	12	1,085,850	0.300	8		
Alaska.....	365,000	51	0.7309	51	1.3640	1	200,000	.548	1		
Arizona.....	2,212,000	32	1.0715	20	0.9633	21	566,373	.256	33		
Arkansas.....	2,110,000	33	1.2692	3	0.9667	19	633,060	.300	9		
California.....	21,198,000	1	0.9042	42	1.1698	5	5,355,461	.253	39	+8.77	+431,833
Colorado.....	2,541,000	28	0.9660	32	0.9528	22	627,287	.247	46		
Connecticut.....	3,100,000	24	0.8477	49	0.9409	27	695,294	.224	51		
Delaware.....	579,000	48	0.8707	48	0.8399	42	200,000	.345	4		
District of Columbia.....	712,000	44	0.7751	50	1.2207	2	200,000	.281	19		
Florida.....	8,277,000	8	1.0177	28	0.7962	43	2,074,445	.251	42		
Georgia.....	4,681,000	14	1.1474	14	0.9175	32	1,353,533	.274	23		
Hawaii.....	868,000	40	0.9033	43	1.2050	3	222,711	.257	32	+11.36	+22,711
Idaho.....	813,000	41	1.1115	17	0.9041	38	226,395	.278	22		
Illinois.....	11,197,000	5	0.8740	47	0.9778	18	2,573,966	.230	50		
Indiana.....	5,313,000	12	1.0333	24	0.9356	28	1,368,101	.258	31		
Iowa.....	2,861,000	25	0.9679	36	0.7275	51	730,919	.255	36		
Kansas.....	2,280,000	31	0.9718	35	0.7648	45	567,692	.249	45		
Kentucky.....	3,387,000	23	1.2190	9	0.9660	20	987,606	.292	15		
Louisiana.....	3,806,000	20	1.2339	6	1.1300	9	1,121,860	.295	12		
Maine.....	1,058,000	38	1.2194	8	0.9055	37	305,067	.288	16		
Maryland.....	4,122,000	18	0.9183	41	0.8774	41	971,608	.226	49		
Massachusetts.....	5,814,000	10	0.9644	38	0.9155	33	1,405,761	.242	47		
Michigan.....	9,111,000	7	0.9378	40	0.9824	17	2,188,016	.238	43		
Minnesota.....	3,921,000	19	1.0300	30	0.7403	50	1,000,471	.255	37		
Mississippi.....	2,341,000	29	1.4333	1	1.1269	10	755,548	.323	6		
Missouri.....	4,767,000	15	1.0695	21	0.7894	44	1,241,105	.260	28		
Montana.....	746,000	43	1.0756	19	0.9420	26	200,000	.268	24		
Nebraska.....	1,544,000	35	0.9833	33	0.7419	49	390,391	.253	40		
Nevada.....	590,000	47	0.8861	45	1.0393	13	200,000	.339	5		
New Hampshire.....	812,000	42	1.1006	18	0.9058	36	212,211	.261	27		
New Jersey.....	7,333,000	9	0.8798	46	1.1805	4	1,840,432	.251	43	+10.60	+176,335
New Mexico.....	1,144,000	49	1.2643	5	0.9877	16	338,273	.246	11		
New York.....	18,076,000	2	0.8962	44	1.1685	6	4,546,398	.252	41	+9.43	+391,785
North Carolina.....	5,441,000	11	1.1824	13	0.8936	39	1,517,529	.279	21		
North Dakota.....	637,000	46	0.9555	39	0.7493	47	200,000	.314	7		
Ohio.....	10,735,000	6	1.0051	29	0.9458	25	2,693,046	.251	44		
Oklahoma.....	2,715,000	27	1.1407	15	0.9510	24	761,376	.280	20		
Oregon.....	2,284,000	30	1.0264	25	1.1001	11	591,634	.259	30	+0.44	+2,611
Pennsylvania.....	11,860,000	4	1.0012	31	1.1518	7	3,110,503	.262	26	+4.03	+120,362
Rhode Island.....	931,000	39	1.0229	27	0.9526	23	238,710	.256	34		
South Carolina.....	2,816,000	26	1.2663	4	0.9344	29	842,797	.299	10		
South Dakota.....	681,000	45	1.1151	16	0.7409	48	200,000	.294	14		
Tennessee.....	4,173,000	17	1.2026	11	1.0049	14	1,200,942	.288	17		
Texas.....	12,237,000	3	1.0695	22	1.0028	15	3,260,078	.266	25		
Utah.....	1,203,000	36	1.2044	10	0.9104	34	338,428	.282	18		
Vermont.....	472,000	49	1.1861	12	0.9272	30	200,000	.424	3		
Virginia.....	4,981,000	13	1.0232	26	0.8796	40	1,268,648	.255	38		
Washington.....	3,559,000	22	0.9647	37	1.1409	8	912,855	.256	35	+5.22	+45,319
West Virginia.....	1,799,000	34	1.2278	7	0.7804	46	530,308	.295	13		
Wisconsin.....	4,589,000	16	1.0416	23	0.9069	35	1,195,419	.260	29		
Wyoming.....	376,000	50	0.9831	34	0.9207	31	200,000	.532	2		
American Samoa.....	29,000	51	1.4333	-----	1.3640	-----	9,882	.341	-----	+9.61	+866
Guam.....	99,000	-----	1.4333	-----	1.3640	-----	33,735	.341	-----	+4.54	+1,464
Puerto Rico.....	3,096,000	-----	1.4333	-----	1.3640	-----	1,054,999	.341	-----	+9.95	+5,486
Trust Territory Pac.....	118,000	-----	1.4333	-----	1.3640	-----	40,210	.341	-----	+15.73	+5,465
Virgin Islands.....	95,000	-----	1.4333	-----	1.3640	-----	32,372	.341	-----	+21.66	+5,763
Total.....	216,470,000	-----	-----	-----	-----	-----	56,800,000	0.262	-----	-----	+1,300,000

¹ Resident population of States.

⁴ Mean FHD score+mean CTC score.

² Per capita income of United States (3-year average)
Per capita income of State (3-year average)

³ Based on requirement of Pub. L. 95-26 that allotments to States in fiscal year 1977 shall not be less than allotments in fiscal year 1976.

¹ Need in State
Need in United States

⁴ Average.

VALUES OF ALLOCATION FACTORS, BY STATE

CORRECTION IN CALCULATION OF NEED ESTIMATES

Table 3 lists the values of each factor in the proposed formula for each State in 1977. It also lists the fiscal year 1977 allocation for each State, the allocation per capita for each State, and the rank order of this per capita allocation. The 1977 allocation listed reflects the minimum allotment requirements of Pub. L. 95-83. Indeed, the chief factor determining the 1977 allocation for most States is not the interaction of the values calculated for population, financial need, and need for more effective prevention, treatment, and rehabilitation but the "hold harmless" requirement of Pub. L. 95-83.

The estimated fiscal year 1977 allotments listed in the February 1 FEDERAL REGISTER were based on estimates of need for more effective prevention, treatment, and rehabilitation computed under the proposed methodology. Unfortunately, some of these estimates of need were in error. Specifically, the value used to estimate frequent heavy drinking among married men aged 18-64 outside the Middle Atlantic States was incorrect—and somewhat larger than the correct value.

Estimates of frequent heavy drinking for this group have now been recalculated, using the correct value (0.210,

as shown in Table 2). The result is a lower index of "need" for all States outside the Middle Atlantic region than was originally estimated—and a higher index for all States within the region. (The correct index of need for more effective prevention, treatment, and rehabilitation in each State is listed in Table 3, Column 3.)

Thus, a number of States outside the Middle Atlantic region which have been anticipating increased allotments in fiscal year 1977 based on the listing in the February 1 FEDERAL REGISTER will not receive an increase (Arizona, Connecticut, Illinois, Louisiana, and Michigan) or will receive a smaller increase than anticipated (California, Hawaii, Oregon,

and Washington). In addition, all five of the island jurisdictions will receive a smaller increase than anticipated. Two States within the Middle Atlantic region will receive a larger increase than anticipated (New Jersey and New York) and another State in the same region which was anticipating a decrease (prior to enactment of the new minimum allotment requirements) will receive an increase (Pennsylvania).

CONCLUSION

As stated above, Pub. L. 94-371 requires the Secretary to establish, by regulation, a methodology to assess and determine the incidence and prevalence of alcohol abuse within the States to be used in determining the extent of a State's need for more effective prevention, treatment, and rehabilitation of alcohol abuse and alcoholism. A Notice of Proposed Rulemaking intended to carry out this requirement was published February 1, 1977. Public comments on this notice have been received and reviewed. For the reasons detailed above, no changes have been made in the proposed regulations as a result of the public comments. However, the proposed regulations have been modified to clarify

the definition of "Need in State" and to reflect the minimum allotment requirements of Pub. L. 95-83.

Accordingly, 42 CFR § 54a.102 is revised to read as set forth below.

(Catalog of Federal Domestic Assistance Program No. 13.257, Alcohol Formula Grants.)

NOTE.—The Department of Health, Education, and Welfare has determined that this document does not contain a major proposal requiring preparation of an Inflation Impact Statement under Executive Order 11821 and OMB Circular A-107.

Dated: September 26, 1977.

JULIUS B. RICHMOND, M.D.,
Assistant Secretary for Health.

Approved: November 14, 1977.

HALE CHAMPION,
Acting Secretary.

42 CFR § 54a.102 is revised to read as follows:

§ 54a.102 Allotments to States.

(a) The allotments to the several States under section 302 of the Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation Act will be computed by the Secretary as follows:

$$\text{State allotment} = \text{Population of State} \times \frac{\text{Total funds appropriated}}{\text{Population of U.S.}}$$

$$\left(\frac{1 \text{ Per capita income of U.S. (3-year average)}}{2 \text{ Per capita income of State (3-year average)}} + \frac{1 \text{ Need in State}}{2 \text{ Need in U.S.}} \right)$$

In which Need in State is an estimate of the level of alcohol abuse based on multivariate statistical analysis of survey data on alcohol abuse, the results of which are applied to data on the demographic characteristics of each State and Need in U.S. is:

$$\frac{\text{Population of State} \times \text{Need in State}}{\text{summed over 50 States and D.C.} / \text{Population of State summed over 50 States and D.C.}}$$

(b) In making the calculation specified in paragraph (a) of this section for Puerto Rico, the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands, the Secretary, in the absence of income data and

estimates of need specific to these areas which are, in his judgment, satisfactory, will use the highest estimate of Need in State and the highest estimate of:

$$\frac{\text{Per capita income of U.S. (3-year average)}}{\text{Per capita income of State (3-year average)}}$$

(c) In any fiscal year for which the amount appropriated under section 301 of the Act is equal to or greater than the amount appropriated for the fiscal year ending June 30, 1976, if, after determining the amount of the allotment for each State in accordance with para-

graph (a) of this section, it appears that any State (with the exception of the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands) will receive less than \$200,000, the Secretary shall reduce the shares of each State which would receive more than \$200,000 by an equal percentage and reallocate these sums as required to assure that every State (other than the Virgin Islands, American Samoa, Guam, and the Trust Territory of the Pacific Islands) will receive at least \$200,000.

(d) Allotments to States computed pursuant to paragraphs (a), (b), and (c) of this section shall be adjusted so that the total allotment to any State will not be less than the amount allotted to it for the fiscal year ending June 30, 1976.

(e) In any fiscal year for which the amount appropriated under section 301 of the Act is less than the amount appropriated for the fiscal year ending 1976, the minimum allotment to a State shall be an amount which bears the same ratio to the amount allotted for the fiscal year ending June 30, 1976, as the amount appropriated for the fiscal year for which the allotment is being made bears to the amount appropriated for the fiscal year ending June 30, 1976.

(f) If the amount appropriated under section 301 of the Act for any fiscal year is less than the amount required to make for such fiscal year the minimum allotments prescribed by paragraphs (c), (d), and (e) of this section to each State with an approved State plan, the minimum allotment for such fiscal year for a State with an approved State plan shall be an amount which bears the same ratio to the minimum allotment prescribed by paragraph (c), (d), or (e), as appropriate, for such State as the amount appropriated for such fiscal year bears to the amount of appropriations which would be required to make the minimum allotments to each State with an approved State plan under paragraphs (c), (d), or (e), as appropriate.

[FR Doc.77-33455 Filed 11-23-77;8:45 am]