

# PERSPECTIVE

## Counties

### County Governments: An Overview

*Tanis J. Salant*

### Financing County Government: An Overview

*John P. Thomas*

### A Profile of County Finances

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### Rural Counties: The Challenges Ahead

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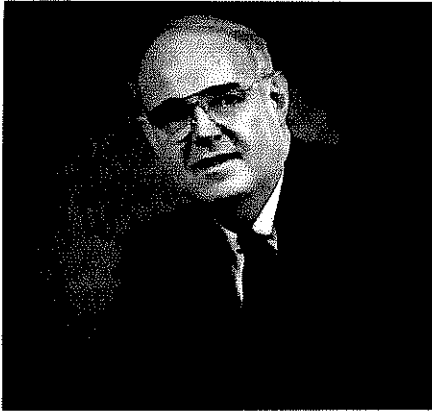
*Robert D. Thomas*

### County Leadership and Models for Change

*Ann Klinger*



# A View from the Commission



During 1988-89, it was my pleasure to serve as president of the National Association of Counties, giving me the opportunity to travel America and listen to the heartbeat of the more than 3,100 county governments in our 50 states. One message that reverberated through all county governments was the constant pressure of mandates—whether funded, underfunded, or unfunded—emanating from the state and federal governments. Mandates, as ACIR has pointed out (see *Mandates: Cases in State-Local Relations*), have become a major intergovernmental issue.

Upon completion of my term at NACo, I became president of the New York State Association of Counties. At last tally, New York's counties were subject to more than 2,000 state and federal mandates, many of them either unfunded or underfunded. Virtually all areas of local government today are subject to mandatory requirements established by the state or federal governments (e.g., Medicaid, public health, solid waste, corrections, education, handicapped children education, transportation, and more).

Mandates originally were based on a need to create minimum standards in fulfilling such needs as health and education. Today, however, the federal and state governments use mandates to establish social policy, and then force their implementation and enforcement onto local governments.

County government may in fact be best suited to render community oriented services, but with the present structural limitations on local revenue sources, funds must accompany social policy mandates if they are to be met. In New York State, with its burgeoning social service needs and shrinking state and local revenue pools, the financial impact of fulfilling mandates is like an avalanche.

For example, few things are more important than working with young children with special needs. But, when a program with the best intentions results in overcomplication in the mechanics and underserving of those for whom it was created, due to ineffectual mandates, the time for overhaul has arrived. The *Education for All Handicapped Children Act* (EHA), enacted by the Congress in 1975, created a program to serve handicapped children under age five. The act did not require state participation, but provided funding and stipulated requirements for states choosing to serve the under-five population.

New York opted into EHA, receiving federal aid in FY 1989 at a rate of \$500 per child served in 1989. New York served 16,640 children, bringing \$8,320,000 in federal aid (basic award). Total federal aid received for the program in 1989 was \$26,041,729, inclusive of other aid for handicapped children's education needs. In 1989, program costs totaled \$416,103,728. The county share was \$197,240,948 for a program over which they had absolutely no say.

The state mandated that county family courts hear the cases, review service eligibility, and determine placement for service. The state also thrust 50 percent of the education costs onto counties, without administrative cost reimbursement. This program expansion increased counties' costs by 25 percent.

As New York's financial picture darkens, the trend continues. To stem the tide of state financial losses, Gov-

ernor Mario Cuomo has proposed numerous cost-cutting measures. For handicapped children's education, he has proposed a rollback of the state's program share from 55 to 50 percent. This would cost New York's counties \$10 million this fiscal year, and \$40 million next year.

Local government taxation is nearing a saturation point; the slumping economy is killing sales tax revenues, and the real property tax is approaching finite revenue levels. An economic recovery would increase revenues from the sales tax, but the millions of dollars necessary to keep pace with the added annual costs of multitudinous mandates cannot be derived from increased local taxation alone.

We must rethink our policy of service implementation. Many of our social programs were instituted to help those who cannot help themselves; they are safety nets of last resort. The same theory of service provision has been continued in expanding those programs, but without consideration of the long-term issues, or the early intervention prospects for success.

We cannot afford to address all of our social problems at the point of last resort. Social programs will always be necessary; personal crises and social change create at least temporary needs for the less fortunate to receive help. But we need foresight, not myopia, in planning for social needs. The best way to achieve this goal is to utilize the expertise and insight of those charged with making the program work. County government undertakes that role every day. The federal and state governments should stop mandating and start listening.

**James J. Snyder**  
County Legislator  
Cattaraugus County, New York

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### 26 Intergovernmental Digest

*The Chairman of the Advisory Commission on Intergovernmental Relations has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Commission. Use of funds for printing this document has been approved by the Director of the Office of Management and Budget.*

## On the ACIR Agenda

At its meeting on December 14, 1990, in Washington, DC, the U.S. Advisory Commission on Intergovernmental Relations took the following actions:

### Approved

Policy recommendations and publication of the report on the 26 operating state ACIR counterparts.

The report and findings of the study on groundwater management, with suggested changes and an addition to the policy recommendations.

Publication as an information report of *Federalism: A Reference Guide* for use by teachers, textbook writers, and others.

Drafting proposed legislation to implement the Commission's 1990 recommendation that preemption notes be prepared and considered when legislative and administrative proposals are developed and acted on in the federal government.

A pilot project to develop a methodology for estimating the costs of intergovernmental mandates.

Co-sponsorship with the American Foreign Service Association of a conference on state and local governments in international trade.

Development of a grant proposal to finance a comprehensive case study of the fiscal impacts of immigration.

### Reviewed

Criminal justice background report, with suggestions for the study.

Project outline for a study of the role of the National Guard.

### Hawkins Reappointed as ACIR Chairman

President George Bush has reappointed Dr. Robert B. Hawkins, Jr., president of the Institute for Contemporary Studies, to a two-year term as chairman of the Advisory Commission on Intergovernmental Relations.

### Nething Addresses Delaware Legislators on Preemption

Commissioner David E. Nething, member of the North Dakota Senate, visited Delaware on December 13 on his way to the Commission meeting to address members of the Delaware legislature on federal preemption of state and local authority and ACIR's recommendations for a Preemption Notes process in the Congress and Executive Branch.

### Finance Director Goes to Private Sector

ACIR's director of Government Finance Research, Dr. Robert D. Ebel, has joined the Policy Economics Group of KPMG Peat Marwick, Washington, D.C., where he is senior manager and director of State and Local Services. During his years at ACIR, Bob significantly strengthened the fiscal analysis capabilities of the Commission, helped to shape the research agenda, directed the production of many outstanding studies, changed the face of *Significant Features of Fiscal Federalism*, built a strong staff, and developed new services, especially for state and local governments. His accomplishments have been deeply appreciated by the Commission.

### New Directory Issued on State ACIRs

The Commission has issued the first directory of state ACIRs, which contains comprehensive descriptions of the 26 state organizations presently operating as counterparts to the U.S. Advisory Commission on Intergovernmental Relations. The directory also lists intergovernmental contacts in five other states, U.S. ACIR staff contacts, and intergovernmental relations officials in other federal agencies. This directory is available for \$2.00 by calling ACIR at (202) 653-5540.

### New Federalism in Australia

Amidst talk of a "closer partnership" in Australia, ACIR Executive Director John Kincaid participated in a conference on "Decision-Making in Queensland Government" in Brisbane, November 26-27, and in a conference on "The Constitution and the Environment" at the University of Melbourne, November 29-30. The hosts were the Federalism Research Centre at the Australian National University and the Centre for Comparative Constitutional Studies at Melbourne.

### State-Local Conference on International Trade

The American Foreign Service Association (AFSA) will host a conference on "State and Local Government Involvement in International Affairs: New Opportunities and Challenges for Doing Business Abroad" at the U.S. Department of State on Friday, March 8, 1991. The conference is being co-sponsored by ACIR and a number of state and local government associations. The conference will focus on better intergovernmental communication, improved understanding within the foreign service community of state and local activities, and trade opportunities in key regions around the world. The registration fee is \$95. For more information, contact AFSA at (202) 338-4045.

### Japanese Visitor at ACIR

Tatsuya Kabutan of Japan's Bureau of the Budget spent several weeks at ACIR in November to study intergovernmental fiscal relations in the United States.

### State Support for ACIR

The Commission would like to thank the following states for their recent financial support: California, Illinois, Missouri, New York, Pennsylvania, and Rhode Island.

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# County Governments: An Overview

Tanis J. Salant

**D**iscussion of the American county typically generates diverse views on the usefulness and role of county government that range from praise as the regional government of the 21st century to ambivalence as the sleeping giant of the 1990s to judgments of obsolescence. Opinion has often reflected misconceptions and outdated perceptions; indeed, county government has endured a barrage of jaundiced assessments for decades. Attempts to reform counties have been occurring since the beginning of the century, and home rule and consolidation movements continue today.

Until recently, however, little was actually known about county government. Academic research tended to focus on the federal, state, and municipal governments or to lump counties together with municipalities as "local governments."

This article traces the origins and development of county government from an administrative arm of the state into a vital and integrated unit of the intergovernmental system.

## Origins

County government's lineage can be traced to the English shire of a thousand years ago. Throughout its development in England, two opposing traditions unfolded and were later transported to this country: the county as an administrative arm of the national government and the county as a local government.<sup>1</sup> Primitive counties delivered the principal services of the royal government through justices of the peace who were appointed by the king, but local officials, particularly the sheriff, also were important. Early responsibilities included judicial, military, and public works functions.

The English county remained as the leading unit of local government, but the parish and borough also became providers of local services. Parishes generally were formed in small rural areas as a unit of church and civil government to furnish elementary education, poor relief, and highways, while boroughs were established in more urban areas to provide police and judicial services.

Early settlers in North America crafted a host of adaptations to conform to their own economic and geographic needs. In Virginia, initial jurisdictions were modeled after the parish, but because the state was agricultural with a dispersed population, larger areas were called for, and eight counties were superimposed to serve as election, judicial, and military districts.<sup>2</sup> These first counties were governed by a plural executive form called the county court, a model replicated extensively in other counties, especially those in the South.

Local governments in Massachusetts also served as models for later colonies. The smaller parish was considered more suitable for the state's clustered communities, an adaptation that evolved into a tradition of powerful cities and towns. Massachusetts eventually was carved into four counties, each administered by a court of justices, a sheriff, and a treasurer appointed by the governor, but counties never attained the political stature of those in the South.

New York and New Jersey adopted a third form of local government. These states were divided into counties, but elected township officials automatically became members of the county board of supervisors, and a penchant for large county governing boards commenced. In Pennsylvania, the county became the primary unit of local government because of the state's widely dispersed population, and county governing bodies, called boards of commissioners, were elected at large.

These colonial origins show the diversity of rationales for counties, but the dual tradition of the county as an arm of the state and as a local government persisted. Virginia's strong county form was followed throughout much of the South. Massachusetts' form, which provided fewer services, spread throughout New England. The county supervisor form originating in New York and New Jersey surfaced in parts of Illinois, Michigan, and Wisconsin, while

Pennsylvania's county commissioner form was transported to many midwestern and western states.

### Historical Development of County Government

Colonial counties were not altered significantly by the American Revolution, and in the quest for a balance of power between the federal government and the states, the framers of the new Constitution did not include provisions specifically for local governments. Early state constitutions generally conceptualized county government as an arm of the state, declaring it to be "nothing more than certain portions of the territory into which the state is divided for more convenient exercises of the powers of government,"<sup>3</sup> and left the prime responsibility of serving local constituencies to municipalities.

By the Civil War, however, counties were assuming more responsibilities. Many states fashioned them into election districts, paving the way for their becoming a significant political unit for party machines and placing them in the center of the "spoils system." County governing bodies also were gaining more elective positions, and the potential for corruption increased along with the expansion in their political power, planting seeds that eventually resulted in a deeply tarnished image and subsequent cries for reform.

Following the Civil War, populations grew, and both cities and counties experienced greater demands for urban services. After World War I, three trends helped strengthen the secondary role of counties as units of local government: (1) population growth, (2) suburbanization, and (3) the reform movement to streamline governmental structure.<sup>4</sup> By World War II, urbanization and the reform movement were bringing changes to county government that broadened its role further: changes in organization, more autonomy from the state, a greater number of intergovernmental linkages, more resources and revenues, better political accountability, and a "cleaner image."<sup>5</sup> Newer services joined the more traditional ones, such as responsibility for libraries, airports, hospitals, other health services, planning, zoning, and fire protection.

### Diversity in Size, Governance and Authority

There are 3,042 county governments in the United States, with another 22 city-county consolidations and 44 "independent cities" that perform county activities. Forty-eight states are divided into functional county governments (called "boroughs" in Alaska and "parishes" in Louisiana). Connecticut and Rhode Island are divided into "unorganized areas" for the purpose of elections, but they have no functional county governments. The number of counties per state ranges from three in Delaware to 254 in Texas. Eight states have fewer than 20 counties, and seven have 100 or more; the average number is 64. Counties range in area from 26 to 159,099 square miles, and the average is between 400 and 599 square miles. County populations range from as low as 164 in Loving County, Texas, to 8 million in Los Angeles County; the average is between 10,000 and 25,000 residents.

Counties, like cities, are created by the state, but primarily for the purpose of providing state services. As such, counties are considered quasi-corporations. Their powers are derivative, but counties have always been recognized as

units of local government as well. With few exceptions, the county governing body and most line officers are elected locally, and some authority to provide optional local services and raise additional revenues makes local autonomy a reality, though limited. Many observers point out, however, that counties often have huge responsibilities but little real authority beyond local police powers, an anomaly often frustrating to county officials.

All counties were created originally as general law units of government subject to almost unlimited state control. Since the home rule movement was launched in California with passage of a state constitutional amendment in 1911, 35 other states have given counties the option of having discretionary authority through home rule.<sup>6</sup> Home rule provisions vary from state to state, but typically focus on changes in governmental structure as the avenue for modernization and autonomy. A few states also grant additional authority in functional and fiscal areas, and even some of the 12 states without home rule have granted extra authority through special legislation.

The most common type of home rule is charter government, offered to counties by 24 states. Charter home rule permits counties to frame and adopt their own charter and generally brings greater autonomy than other types of home rule, particularly in functional and fiscal domains. In 1988, Iowa became the most recent state to provide for charter adoption, while Texas remains the only state to have repealed such a provision. The sequence of state legislation for county home rule is shown in Table 1.

Of the 1,307 counties eligible to adopt a charter, 117 have succeeded in doing so. Charter adoption tends to have more appeal in urban counties and in areas with reform-minded constituencies. The failure of charter adoption has been attributed to lack of a compelling need for structural change, little interest among voters in reform issues, or the opposition of county constitutional officers, whose elective positions are often transformed into appointive ones or consolidated with other offices.<sup>7</sup>

Approximately 2,924 counties, or 95 percent, remain general law counties. The others operate under charter, as city-county consolidations, or as variations attained through special legislation. Regardless of status, however, all counties are still obliged to perform traditional state services, and their original rationale as administrative arms of the state survives intact. The legal status of counties by state is listed in Table 2.

All functional county governments are governed by locally elected executive bodies. The composition and title vary greatly across states and sometimes within, but boards of commissioners and boards of supervisors with three to five members are the most common. There are about 17 different titles, and board size ranges from one member to over 50 in New York.<sup>8</sup> Titles often reflect their origins, such as "Judge Executives" in Kentucky, reflecting that state's initial emphasis on delivering judicial services.

In most counties, board members serve in both legislative and executive capacities. Boards have overall fiscal responsibility for the county, approving the budget, and setting the property tax rate as well as levying other types of taxes. Most counties elect additional officers to head constitutionally mandated departments, such as the sheriff, at-

*Table 1*  
**Chronology of County Home Rule Authority**

Year	Charter	Year	Optional Forms, Other
1911	California	1970	Illinois
1915	Maryland	1972	South Carolina
1933	Ohio <sup>1</sup>	1973	Minnesota
	Texas <sup>2</sup>		Utah
1945	Missouri		North Carolina
1948	Washington	1974	Arkansas
1958	Oregon		Kansas
	Minnesota <sup>3</sup>		Kentucky
1959	Alaska	1975	Indiana
	Hawaii	1976	Georgia
	New York <sup>1</sup>	1978	Iowa
1960	Louisiana	1985	Wisconsin
1963	Michigan <sup>1</sup>		
1968	Florida		
	Pennsylvania <sup>1</sup>		
1970	Colorado		
1972	Montana <sup>1</sup>		
	New Jersey		
	New Mexico <sup>2</sup>		
1974	South Dakota <sup>1</sup>		
1977	Maine		
1978	Tennessee		
1985	North Dakota <sup>1</sup>		
	Virginia		
1986	New Hampshire		
	Massachusetts		
1988	Iowa <sup>1</sup>		

<sup>1</sup> Optional forms also.

<sup>2</sup> Considered a non-home rule state.

<sup>3</sup> Lacks enabling legislation.

torney, recorder, assessor, and treasurer. Often referred to as "row officers," constitutional officers are elected countywide and have functional authority independent of the governing board.

#### County Government Today

In addition to traditional duties and other programs mandated by the state, counties perform a growing list of optional services once largely reserved for municipalities. Despite the limits and controls imposed by the state, many counties now enjoy a large measure of autonomy. Yet, in spite of dramatic changes in scope, authority, and level of resources, many scholars and "reformists" still hold that county government is anachronistic, rigid, and ill-equipped to meet the needs of a rapidly changing society. This position perpetuates the view of counties as an arm of the state and further obscures the real changes that have been occurring. Laments are frequently heard in state legislatures that county government is difficult to understand. Confusion and ambivalence on the part of taxpayers as well as legislators have hurt the efforts of county officials to secure tax increases from voters and to plead their case in state capitols.

A more contemporary view recognizes the county as a major provider of local services as well as an arm of the state. This view is an outgrowth of urbanizing and suburbanizing trends and dwindling federal support to states and localities,

where counties are called on to deliver more services both within and outside of municipal boundaries. Recent research has led to the development of a *quadruple* role concept of county government, an amplification designed to reflect its growing importance in the intergovernmental system.<sup>9</sup> These roles can be defined as follows:

**Administrative Arm of the State.** Under this role, counties deliver services that are state programs, typically client- or formula-driven and beyond the control of counties. Indigent services are in this category, and state mandates under this role are generally the most onerous.

**Traditional Government.** These services also are (constitutionally) mandated and are performed generally by elected constitutional officers. Usually, however, counties have discretion in the level of service provided. These include countywide services performed by such officers as assessor and treasurer, and traditional services in unincorporated areas, such as law enforcement. Other services can include the county hospital, the superior court, and road construction and maintenance.

**Local Government.** These functions can be divided into three categories: municipal-type services in the unincorporated area, such as planning and zoning, libraries, and parks and recreation; services provided jointly with cities and towns (or for them) through intergovernmental agreements; and responses to individual constituent requests by elected supervisors or commissioners (a function that can consume more time than their "formal duties").

**Regional Government.** This role is perhaps the fastest growing, and includes such functions as transportation, air quality, conservation, landfill and toxic sites, growth management, and economic development. These functions are typically environmental or "quality of life" issues that address long-range problems. Rural and medium-size counties also play this role, especially in landfill siting, growth management, and economic development. In this role, counties often become the dominant government in the region.

#### Contemporary Issues

Traditional government roles likely claim the greatest portion of county budgets today, particularly because of escalating expenditures for law enforcement, corrections, and courts. But new roles as "local" and "regional" governments are not likely to diminish, and recognizing this trend would help state legislatures address county issues, particularly the financial ones. Legislators frequently point to the diversity among counties as problematic in crafting uniform legislation, but while the nature of county government has changed dramatically since its inception and demographic shifts continually place new strains on existing structures and resources, diversity should not be overemphasized or cited as an obstacle to problem solving. Recent research concludes that, with respect to "major" problems, there are more simi-

*Table 2*  
**Overview of County Government Structure**

State	County Designation	Number of Counties	Home Rule	Number of Charters	Governing Body
Alabama	county	67	no		County Commission
Alaska	borough	23	yes	2	Borough Assembly and Mayor
Arizona	county	15	no		Board of Supervisors
Arkansas	county	75	limited		Justices of the Peace
California	county	58	yes	12	Board of Supervisors
Colorado	county	63	yes	3	Board of County Commissioners
Connecticut	unorganized areas	8	(nonfunctional)		
Delaware	county	3	no		Levy Court Commission or County Council
Florida	county	67	yes	12	Board of County Commissioners
Georgia	county	159	limited		Board of County Commissioners
Hawaii	county	4	yes	4	Council and Mayor
Idaho	county	44	no		Board of County Commissioners
Illinois	county	102	limited		County Board
Indiana	county	92	limited		County Commissioners and Councils
Iowa	county	99	yes	0	Board of Supervisors
Kansas	county	105	limited		Board of Commissioners
Kentucky	county	120	limited		Judge Executive and Justices of the Peace or Commissioners
Louisiana	parish	64	yes	14	Police Jury Commission
Maine	county	16	yes	0	Board of Commissioners
Maryland	county	23	yes	8	Board of Commissioners or
			code	3	Elected-Executive Council
Massachusetts	county	14	yes	3	Commissioners
Michigan	county	83	yes	1	Board of Commissioners
Minnesota	county	87	limited		Board of Commissioners
Mississippi	county	82	limited		Board of County Supervisors
Missouri	county	115	yes	2	County Court
Montana	county	56	yes	3	Board of County Commissioners
Nebraska	county	93	no		Board of Commissioners or of Supervisors
Nevada	county	17	no		Board of Commissioners
New Hampshire	county	10	yes	0	Board of Commissioners or County Delegation
New Jersey	county	21	yes	6	Board of Freeholders
New Mexico	county	33	no		County Commissioners
New York	county	62	yes	19	Board of Supervisors or County Legislatures or Board of Representatives
North Carolina	county	100	limited		Board of County Commissioners
North Dakota	county	53	yes	1	Board of County Commissioners
Ohio	county	88	yes	1	Board of County Commissioners
Oklahoma	county	77	no		Board of County Commissioners
Oregon	county	36	yes	8	Board of Commissioners or County Courts
Pennsylvania	county	67	yes	6	Board of County Commissioners
Rhode Island	unorganized areas	5	(nonfunctional)		
South Carolina	county	46	limited		County Council
South Dakota	county	66	yes	2	Board of County Commissioners
Tennessee	county	95	yes	2	Board of County Commissioners or Council
Texas	county	254	no		County Judge and County Commissioners
Utah	county	29	limited		Board of County Commissioners or Council
Vermont	county	14	no		Assistant Judges
Virginia	county	95	yes	2	Board of Supervisors
Washington	county	39	yes	5	Board of County Commissioners or Council
West Virginia	county	55	no		Board of County Commissioners or of Supervisors
Wisconsin	county	72	limited		Board of Supervisors
Wyoming	county	23	no		Board of Commissioners

Sources: Blake Jeffery, Tanis J. Salant, and Alan L. Boroshok, *County Government Structure: A State-by-State Report* (Washington, DC: National Association of Counties, 1989); and Tanis J. Salant, *County Home Rule: Perspectives for Decision Making* (Tucson: University of Arizona, 1988), Chapter II.



larities than differences among counties.<sup>10</sup> Special circumstances, such as demography, geography, economy, and spending traditions, determine more the severity of problems and the way they are handled than the type.

Recent surveys of county officials, legislative hearings in state capitols, and a growing body of literature point to the relationship with the state as the most critical component of county viability. Insufficient revenues have become the biggest headache for county officials, and the spiraling costs of state-mandated programs, particularly those for indigent services and long-term health care, are cited as the primary cause. These mandates are handed down without accompanying funds, or sufficient funds, to finance them, and client-driven state formulas keep costs beyond the control of counties. Unfunded state mandates are now widely recognized as unworkable, especially in light of the restricted revenue-raising capacity of counties, and many states are searching for alternatives.

Urban problems are no longer confined to communities with population concentrations. Environmental concerns and the shift of indigent populations from inner cities to outlying areas have superimposed urban problems on rural structures. Urban, suburban, and rural counties alike are grappling with common concerns. Affordable housing, solid waste management, clean air, water quality, AIDS, refugee resettlement, juvenile justice, hazardous material transportation, energy alternatives, cable TV, urbanizing parks systems, and managing natural disasters are just a few of the concerns of county officials—concerns that reflect intergovernmental complexity and a greater role for counties in societal problem solving.

It should be in the best interests of both the federal and state governments to have healthy county governments, particularly since economic development and urban growth issues have become so prominent. The state of counties across the nation is only now beginning to receive more attention, and the double jeopardy of spiraling mandated costs and revenue and expenditure caps makes the fiscal future of all but the wealthiest counties look grim. Counties have assumed and been given a multiplicity of roles, however, even in less populated areas of the country, and the performance of these roles will require authority, resources, energy, and creativity.

*Tanis J. Salant is senior research specialist, Office of Community and Public Service, University of Arizona.*

#### Notes

<sup>1</sup>Laura Kaifez, John Stuart Hall, and Albert K. Karnig, "Counties in the National Context," in *County Government in Arizona: Challenges of the 1980s* (Phoenix: Arizona Academy, 1984), p. 2.

<sup>2</sup>Herbert Sydney Duncombe, *County Government in America* (Washington, DC: National Association of Counties, 1966), p. 20.

<sup>3</sup>State of Maryland v. Baltimore and Ohio R.R., 44 U.S. 534, 550 (1845) cited in *Ibid.*, p. 23.

<sup>4</sup>Duncombe, p. 28.

<sup>5</sup>John C. Bollens, *American County Government* (Beverly Hills, California: Sage, 1969), p. 41.

<sup>6</sup>Tanis J. Salant, *County Home Rule: Perspectives for Decision Making* (Tucson: University of Arizona, 1988), Chapter II.

<sup>7</sup>*Ibid.*

<sup>8</sup>Blake Jeffery, Tanis J. Salant, and Alan L. Boroshok, *County Government Structure: A State-by-State Report* (Washington, DC: National Association of Counties, 1989), pp. 8-14.

<sup>9</sup>Tanis J. Salant, *Arizona County Government: A Study of Contemporary Issues* (Tucson: University of Arizona, 1989), pp. 160-162.

<sup>10</sup>*Ibid.*, p. 152.

## BASIC FORMS OF COUNTY GOVERNMENT

1. **Commission Form.** An elected county commission or board of supervisors, which is the most common form of county government, has legislative authority (e.g., to enact ordinances, levy certain taxes, and adopt budgets) as well as executive and administrative authority (e.g., to administer local, state, and federal policies, appoint county employees, and supervise road work). Typically, however, administrative responsibilities are also vested in independently elected constitutional officers, such as a county sheriff, treasurer, coroner, clerk, auditor, assessor, and prosecutor.
2. **Commission-Administrator.** There are three basic types of this form, some of which also have additional, independently elected constitutional officers. About 786 counties have one type of this form.
  - A. **Council-Manager.** The county council or board, which is the legislative body, appoints a county manager who performs executive functions, such as appointing department heads, hiring county staff, administering county programs, drafting budgets, and proposing ordinances.
  - B. **Chief Administrative Officer.** The county board or commission, as the legislative and quasi-executive body, appoints a chief administrative officer to supervise and coordinate county departments, but not appoint department heads, and to prepare budgets, draft ordinances, and oversee program implementation.
  - C. **County Administrative Assistant.** The county board or commission, as the legislative and executive body, appoints an administrative assistant to help carry out the commission's responsibilities.
3. **Council-Executive.** A county executive is independently elected by the people to perform specific executive functions. The county board or commission remains the legislative body, but the county executive may veto ordinances enacted by the commission, with the commission having override power by an extraordinary majority vote. The county executive's authority and responsibilities are much like those of a mayor in a strong mayor-council municipality. About 383 counties have this form.

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# Financing County Government: An Overview

John P. Thomas

**C**ounty government today is big business. In FY 1987, aggregated county expenditure surpassed \$100 billion for the first time.<sup>1</sup> For contextual purposes, it is worth noting that the federal government did not break the \$100 billion threshold until 1964.

The growth of county expenditures has been a steady \$7 to \$8 billion per year for the last half dozen years. Under the seemingly tranquil surface of that growth is seething conflict among services, revenue sources, wealth distribution, and public unrest. Wrenching change has been occurring, leaving a trail of equity shifts, tax/expenditure limitations, regional/state variances, urban/rural disparities, revenue source realignment, and terminated political careers.

Perhaps best exemplifying the polar extremes of the fiscal dilemma are the City-County of Philadelphia and Butte County, California. Virtually the only thing these two counties seem to have in common is the fact that they are on the verge of bankruptcy. One claims that a state-approved and locally adopted sales tax essentially will resolve its problem. The other requires state intervention with both increased transfer payments and relaxed mandates. Neither result seems to be close at hand. Likewise, at the broader level, the concept of intergovernmental financial partnerships has been replaced by an attitude of "I'll go my way, you go yours." For counties, that attitude cannot work.

County government financing is a complex entanglement in an intergovernmental web. Due to the constitutional and statutory relationships between counties and states, counties have extensive legal and financial relationships with state government as well as the federal government. Relationships also exist with quasi-governmental entities, such as special districts, authorities, nonprofit institutions, and, in many cases, private providers.

On a national scale, there seem to be no public officials who claim with any confidence that the county finance system is adequate to meet the demands of county residents. This inadequacy can be attributed to a variety of factors—economic, political, institutional, legal, and societal. The search for solutions requires an understanding of at least the following: national conditions, state government circumstances, the individual county, and the inadequacy of financing tools and public support.

## National Issues

Current national fiscal policy has essentially abolished the intergovernmental connection between counties and the federal government. During the last decade, virtually all federal financial strategies have been focused on tax changes and deficit reduction. Congressional deliberations on financing questions focus on how to improve the bottom line of the federal budget. As a result, the concept of federalism, from a financial perspective, is no longer applicable.

Several political and economic factors have forced the disengagement of the federal government from counties. An examination of congressional decisions in recent years reveals that national policymakers seek new revenues without raising taxes and reduced expenditures without cutting programs. Exceptions to these goals occur only in cases of extreme magnitude, such as the savings and loan bailout and the military confrontation in the Middle East. In addition, two political commitments that will not be forsaken are payment of the interest on the national debt, which now exceeds domestic transfers by roughly two and one half to one (\$260 billion to \$110 billion), and social security payments.

The search for revenue without increasing taxes has driven the national government to adopt a number of actions which, while designed to enhance the federal treasury, have a negative effect on counties. The following con-

gressional actions are clear examples: removal of the deductibility of sales taxes, application of a federal gasoline tax to fuel used in public vehicles, requirement for payment of medicare premiums on public-employee wages, a more narrow definition of and establishment of caps on tax-exempt bonds, abolishment of arbitrage earnings, and refusal to spend accumulated monies in transportation trust funds. (When the trust funds are not spent, the reserve appears as revenue in the federal treasury.)

The recent multiyear budget agreement continues this practice. Included are further limitations of federal income tax deductions for state and local income and property taxes, mortgage interest, and charitable contributions. The gasoline tax has been increased for the purpose of placing one half of the money in the general fund, thereby reducing the federal deficit, while the other half is added to existing unspent trust funds, which also has the effect of reducing the deficit.

Equally disturbing are actions related to expenditures. Until the last decade, the federal government had added new programs progressively and increased public expectations around domestic issues. In most cases, legislation was passed to create programs, and revenue was made available to state and local governments. With reductions over the last decade, the federal government essentially has revoked its financial commitment to these programs.

The impact of reductions of revenue to state and local government has been especially hard on counties. One analysis found that counties experienced a 73 percent decrease in direct federal aid as a percentage of total revenues between 1980 and 1986.<sup>2</sup> Congress has been unwilling to abolish the established programs or to reduce public expectations regarding their continuation. Each time the federal government withdraws its financial participation in a locally provided service, one of two things happens to assure continuation of the program: either federal rules and regulations are created to force state and local governments to bear the financial burden, or a local political constituency develops around that service to demand its continuation, again at the expense of state and local government.

The practice of one government requiring another to spend own-source revenues for a specific service is referred to by local officials as "mandating." Given that county governments are service providers in concert with state governments, most mandates applied to states automatically include county participation. In those states where counties are major and comprehensive service providers, these jurisdictions must respond to mandates in virtually all program areas. County governments are faced with mandates in air quality, solid waste, hazardous waste, toxic substances, water quality, child care, transportation standards, health services, and criminal justice, which includes courts and corrections. Mandating is likely to continue as members of Congress persuade their constituents that they are committed to resolving domestic service needs. Therefore, legislation is often passed with funding authorized but no dollars appropriated. Recent examples include legislation regarding homelessness, AIDS, drug abuse, and a variety of environmental protection actions.

It is unlikely that the fiscal relationship between the federal government and counties will improve before the next century. The 1990 budget agreement requires that additional program expenditures be offset by new revenue to

pay for them. Given the continuing deficit increase, that scenario seems highly unlikely.

Historically, the only remedy to such an intergovernmental condition is the United States Supreme Court. The separation of national and state powers was originally protected by the Tenth Amendment to the U.S. Constitution. State and local governments could look to remedy by the federal courts when their sovereignty was threatened. Now, however, that protection has been eroded. The complexity of intergovernmental relations today has led the court to conclude that the commerce clause of the U. S. Constitution has precedence over the Tenth Amendment. In four separate cases, the Supreme Court has established and reiterated the supremacy of the commerce clause.<sup>3</sup> In each case, the court has made it clear that states should settle their jurisdictional (fiscal) conflicts in the legislative arena rather than in the courts.

Without jurisdictional protection from the courts, state and local government must seek redress from the very institution, the Congress, which is the violator of the basic concept of separation of powers. If state and local governments could be successful in that arena, the negative legislative action would not have occurred in the first place.

### State Considerations

County government cannot be discussed without recognition of the integration of power and authority with state government. Counties are creatures of state constitutions and are subject to state statutes. For most counties (except those with strong charters), virtually all they do and how they must do it is prescribed by state legislation.

In the area of finance, especially, virtually all the county purse strings are controlled by state government. Probably the most positive actions in the intergovernmental finance area have been in a now fairly large number of states that have granted some degree of fiscal home rule to counties. The specifics are discussed below.

Today, the states are being forced to address their own fiscal dilemma. Expenditures for continued programs are projected to outpace revenues. In an anti-tax mood, state solutions, with a few notable exceptions, tend to mirror the actions of the federal government. There is, therefore, little or no attention given to the financial impact on local governments.

For state governments, the new fiscal syntax seems to be the sin tax. States consistently emphasize increased taxes on drinking, smoking, and gambling. These have replaced the long-term stable sources of sales and income taxes as the glue that has held together the basic ingredients of state government. In some instances, it even seems that certain environmental advocates have successfully defined driving as a sin. Increases in gasoline taxes to be applied to the general fund rather than for transportation purposes are now common. When you have to base the financing of the public good on individuals' "vices," there is little incentive to enhance transfers to local government. The economic stability of these sources does not match the record of general purpose taxes. They must be seen, therefore, as one-year solutions. Partnerships are not built on those terms.

A critical question for state officials, therefore, is how to assure adequate long-term services without financing them from the state treasury. State officials frequently use statutory requirements to assure that citizens will receive a

particular service from their county government. This can be accomplished at no cost to the state because the financial burden falls on local government. The road most traveled is that with the least political resistance. It seems that the mandate route will continue to see heavy usage.<sup>4</sup> It is safe to conclude that given current political and financial conditions, the states are not in a position to come forward voluntarily with solutions that call for massive state intervention.

### County Considerations

Counties are providers of three distinctly different types of services. First, they provide services for the state in the entire geographic area of the county. Second, they often provide municipal services to citizens in the unincorporated area. Third, they negotiate for municipal services that are broader than individual city boundaries.

The role of the county is that of provider, administrator, and, increasingly, financing agent. Countywide services are prescribed by state law.<sup>5</sup> The services must be available uniformly to all citizens regardless of where they reside in the county. Most decisions regarding service quantity and quality are made by the state, often without official county participation.

Providing municipal services is a relatively new phenomenon in county government. In a state like Florida, where more than 50 percent of the population resides in unincorporated areas, citizens receive municipal services through the county, which either provides or regulates them. Counties provide such services as water and sewer utilities, fire and police protection, waste collection and disposal, and residential streets.

Counties have become more involved in services for which municipal boundaries are no longer relevant. Provisions of multijurisdictional services include: air and water pollution control, emergency communications, solid waste disposal, mass transit, law enforcement, and economic development.

Although all three types of services described above are distinct and specific recipients can be identified, most counties fold all services and expenditures into a single budget. In doing so, it becomes impossible to articulate who pays for and who receives which service. Due to this lack of specificity, revenue sources cannot be attached to the appropriate expenditures. The result is a confusing situation in which the public does not understand what it pays for or receives from the county. A system that permits such ambiguity leaves the average citizen with frustration and an unwillingness to provide additional financial support.

Lack of financial and administrative clarity hinders county officials in two primary ways. It prevents them from recognizing the degree to which state and/or federal funding is inadequate to provide a specific service. Were they able to understand the inadequacy, they could become more aggressive in pursuing alternatives. Second, their inability to document the total costs of a municipal service in the unincorporated area makes it impossible for officials to assure citizens that they are receiving the benefits for which they pay.

### Financing Options

When county officials operate with systems that separate the financing of various types of services, the task of identify-

ing appropriate financing mechanisms will become evident. Counties, like states, need a variety of tax options for county-wide services shared with the state. Such taxes are not subject to individual benefit tests. In order to produce adequate revenue, the base of taxes must be broad. Both sales and property taxes have suffered from exemptions, which have reduced their base. It is not unusual in some counties to find that more than 60 percent of the property tax base has been exempted. It is typical for a city to generate 70 percent of its revenue from non-property tax sources. That same circumstance should apply to municipal services in the unincorporated area of the county. To obtain parity in the unincorporated area, counties need to obtain municipal-type revenue sources.<sup>6</sup> These tend to be user-oriented fees and charges rather than taxes. Adopting some of these options would allow existing county revenue to be reallocated.

### Public Support

A final factor affecting government's ability to address financial needs is the lack of an appropriate forum in which to educate the public. Historically, political campaigning served this purpose. Today, however, campaigning is accomplished through the electronic media. Media campaigning is conducted in sound bites. The development and financing of public services cannot be described effectively in an abbreviated manner.

Public finance is a complex and often emotional issue. Candidates prefer to address less controversial issues. Visible leadership on issues in which there is dissension is politically risky. If financing solutions are to be achieved, community leaders, as well as political leaders, must assume responsibility and find new methods of educating the public about the consequences of inadequate attention to fiscal issues.

An element that increases the difficulty of sound public education is that elected officials see finance issues through different eyes than those of the public. When contemplating revenue sources, county officials are concerned with questions of sufficiency, administrative ease, incidence, stability, flexibility, and political consequences:

**Sufficiency.** If we levy a new tax or fee, will it produce enough money to accomplish the goal?

**Stability.** Will the source fluctuate dramatically or be consistent from year to year?

**Political consequences.** Will we have to adjust the rate and base each year or will it adjust automatically?

**Incidence.** Who will pay and who will benefit?

**Administrative ease.** Is it a complex revenue to collect? Will our administrative costs use a large portion of the revenue?

**Flexibility.** Can the revenue be used for general purpose or is it restricted?

The public's perspective is generally quite different. Citizens want visibility, accountability, equity, and authority:

**Visibility.** Is the tax direct or indirect? Can it be seen when collected, as in a tax bill, or is it hidden as a part of a broader transaction?

**Accountability.** Can citizens observe which public officials levy the tax and when they do it?

**Equity.** Is revenue burden borne equally by people with similar abilities to pay?

**Authority.** What is the legal base for the source? Does the public have either direct/indirect control over its application?

As long as the two groups—public officials and citizens—are not talking the same language, reaching a consensus on solving problems will be extremely rare.

The examples of lack of public support for financing services is well documented, especially where there is a low level of public understanding. At the same time, a growing number of communities have undertaken major financial investments, especially for infrastructure. An examination of those communities demonstrates that public support for the resolution of inadequacies is absolutely essential for success.

John Shannon, a former executive director of the U.S. Advisory Commission on Intergovernmental Relations, has called this an era of "fend-for-yourself federalism." His conclusion is almost inescapable following a review of recent intergovernmental history. There is a crucial but largely unrecognized public policy issue buried within this new approach of "you-are-on-your-own" financing. The basic assumption underlying this method is that of a healthy local economy. All the success stories, of which there are many, share strong economies.

Any geographic area with a less than solid economy, which includes most of rural America and a number of urban areas, will find this new approach totally unsatisfactory. The greater question of whether it is in the best interest of society at large goes unanswered as many areas do successfully fend for themselves. History has taught that, ultimately, there is a larger price to pay for leaving such basic policy issues unattended.

*John P. Thomas is executive director, National Association of Counties.*

#### Notes

<sup>1</sup> U.S. Department of Commerce, Bureau of the Census, *County Government Finances 1987-88* (Washington, DC, July 1990).

<sup>2</sup> Lillian Rymarowicz and Dennis Zimmerman, *Federal Budget and Tax Policy and the State-Local Sector: Retrenchment in the 1980's*, Congressional Research Service Service Report (Washington, DC, September 9, 1988)

<sup>3</sup> See also, U.S. Advisory Commission on Intergovernmental Relations, *Mandates: Cases in State-Local Relations* (Washington, DC, September 1990).

<sup>4</sup> *Garcia v. San Antonio Metropolitan Transit Authority* (1985); *South Carolina v. Baker* (1988); *J. A. Crosom Company v. City of Richmond* (1989); *Missouri v. Jenkins* (1990)

<sup>5</sup> Examples of these services are health care, social services, welfare, tax collection, mental health services, corrections, courts, records keeping, vital statistics, and construction and maintenance of secondary roads.

<sup>6</sup> Examples of financing alternatives are: special assessments, special districts, user charges, exactions, public/private ventures, bonding capability with tax exempt status, tax increment financing, lease purchase, certificates of participation, and revolving loans and bond banks.



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# A Profile of County Finances

Robert D. Ebel

**G**eneral purpose local governments in the United States number 38,933 and account for 36 percent of total state and local government expenditures and 35 percent of revenues.<sup>1</sup> Among all general purpose governments, including the states, school districts, and special districts, counties account for about two-fifths (41 percent) of all revenue and expenditure flows (Table 1). Thus, approximately 15 cents of the total state/local dollar is accounted for by county government.<sup>2</sup>

*Table 1*  
**Revenues and Expenditures in Local Governments in the U.S., FY 1988**  
(millions)

Type of Government	1987 Number	Direct General Expenditures	Revenues	
			General	General Own-Source
<b>General purpose:</b>				
Counties <sup>1</sup>	3,042	\$100,371	\$106,069	\$67,433
Municipalities	19,200	129,230	135,835	97,395
Townships	16,691	14,631	15,300	11,243
<b>Special purpose:</b>				
School district	14,721	148,583	149,200	67,963
Special district	29,532	28,909	37,737	27,230

<sup>1</sup>The number of counties is based on the 1987 Census of Governments and will differ from those reported by the National Association of Counties.

Source: U.S. Department of Commerce, Bureau of the Census, *Government Finances in 1987-88* (Washington, DC, 1990), p. XIV and Table 29; and *County Government Finances 1987-88* (1990), Table 1.

What does 15 cents buy and where does it come from. At first glance, four important observations may be made. For 15 cents of every *state and local* dollar of expenditure, county governments provide:

- A quarter of public hospital services;
- More than a quarter (28 percent) of the corrections component of public safety expenditures;
- Nearly half of all judicial and legal expenditures; and
- A fifth of spending for solid waste management.

When these county activities are related to the fiscal activities of all local governments (including special purpose units), the county fiscal role is seen even more clearly. Counties provide half of hospital and health services, and three-fourths of corrections, judicial and legal functions.<sup>3</sup>

### County Spending Patterns

Expenditure patterns for county governments differ markedly from those of other local governments. As the data for general expenditures show (Table 2), the single most important function of counties is social services and income maintenance (\$30.7 billion or 29 percent of total county spending). In contrast, social services and income maintenance account for 10 percent of municipal budgets (\$13.4 billion) and 26 percent of special district spending (\$7.9 billion).

Conversely, expenditures for education (K-12 education and libraries) account for 43 percent of total local government budgets, but only 14 percent of county activities. Also, with the exception of corrections, county governments have relatively less responsibility than other local governments for public safety (police and fire, inspections and regulations). Finally, expenditures on transportation (e.g., roads, highways, and water transport) tend to have about the same relative importance for county and municipal budgets.

*Table 2*  
**Percentage Distribution of Government Expenditure, by Type of Government, FY 1988**

Function	Total State and Local	State	Local	County	Municipal	Township	School District	Special District
<i>Exhibit:</i>								
General expenditure (millions)	\$704,897	\$432,178	\$426,883	\$105,452	\$133,881	\$15,374	\$149,075	\$30,131
General expenditure	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Intergovernmental expenditure	0.4	35.1	1.2	4.8	3.5	4.8	0.3	4.1
Direct general expenditure	99.6	64.9	98.8	95.2	96.5	95.2	99.7	95.9
Education	34.9	14.9	42.6	14.4	11.9	26.7	98.0	1.7
Social services and income maintenance	21.5	22.9	12.3	29.1	10.0	2.8	—	26.4
Transportation	9.1	8.1	6.8	9.0	10.8	15.4	—	9.1
Public safety	8.8	4.5	9.9	11.6	19.8	13.4	—	5.3
All other	25.4	14.6	27.2	31.0	44.0	36.9	1.7	53.5

Source: ACIR calculations based on U.S. Department of Commerce, Bureau of the Census, *Government Finances in 1987-1988* (Washington, DC, January 1990), Table 29.

*Table 3*  
**County General Expenditure by Major Function Selected Fiscal Years 1967 to 1988**

	1967	1972	1977	1982	1988
<i>Exhibit: General expenditure</i>	\$12,629	\$23,932	\$41,378	\$64,576	\$105,452
General expenditure	100.0%	100.0%	100.0%	100.0%	100.0%
Intergovernmental expenditure	6.4	4.9	6.2	4.8	4.8
Direct general expenditure	93.6	95.1	93.8	95.2	95.2
Education <sup>1</sup>	17.9	16.5	15.9	14.9	14.4
Social welfare and income maintenance <sup>2</sup>	34.1	38.4	34.1	33.5	29.1
Transportation	16.5	12.1	10.0	10.4	9.0
Public safety <sup>3</sup>	6.4	6.9	8.8	10.3	11.6
Interest on general debt	1.9	2.3	2.4	3.8	6.8
All other <sup>4</sup>	16.8	18.9	22.6	22.4	24.2

<sup>1</sup> Includes higher education and libraries.

<sup>2</sup> Includes cash assistance payments, health, and hospitals.

<sup>3</sup> Includes police and fire protection, corrections, and protective inspection and regulation.

<sup>4</sup> Includes sanitation, sewerage, housing and community development, parks and recreation, environment, government administration, and all other and unallocable.

Source: U.S. ACIR calculations based on data from the U.S. Department of Commerce, Bureau of the Census—1988: *Government Finances in 1987-1988* (aggregation in 1988 numbers will differ from those in *County Finances 1987-88*); 1972, 1977 and 1982: *Finances of County Governments, 1982 Census of Governments*, Volume 4, Number 3 (1984); 1967: *Finances of County Governments, 1977 Census of Governments*, Volume 4, Number 3 (1979).

### Functional Spending

As for all governments, county fiscal patterns are influenced by economic, demographic, and institutional factors external to actual budget decisions. For example, a county experiencing a large influx of immigrants or refugees will have a different budget makeup than a county that is losing population. Similarly, county budgets prepared in an era of economic growth will differ from those designed for a period of structural decline.

The next two tables reveal the effect of some of these influences. Table 3 presents changes in the relative importance of the major functional categories in county budgets. The data, which are for all counties and are expressed as a percentage distribution of expenditures by function, show that during 1967-1988:

- Social welfare and income-maintenance responsibilities consistently claimed the single largest part of the county budget. With the uncertainties of AIDS and the rise in homelessness, it is unlikely this level of responsibility will be diminished.
- Both education and transportation declined in relative importance, particularly in the 1967-1977 period. Although the budget share for these activities has generally leveled off in the past decade, there is reason to believe that transportation spending might capture a larger share of future budgets if, as some recent studies note, policymakers are convinced that an improved infrastructure promotes local-area competitiveness.<sup>4</sup> In addition, there is likely to be an increase in environmental protection costs.
- The most noticeable trend for direct services is the increase for public safety, a trend that reflects the growing expenditure demands of the criminal justice system.
- Finally, there is a disconcerting upward trend in interest on general debt.

*Table 4*  
**Percentage Distribution of Expenditures, by Function and County Population**

	All counties <sup>1</sup>	Over 1,000	> 500 < 1,000	> 300 < 500	> 200 < 300	> 150 < 200	> 100 < 150	Less than 100
Elementary and secondary education	12.8	2.2	13.1	13.8	6.7	23.5	15.9	19.7
Social services and income maintenance	30.5	39.2	28.5	30.6	33.8	20.3	29.6	26.1
Transportation	9.5	7.5	8.0	6.5	8.1	8.1	9.6	13.9
Public safety	11.7	15.5	12.0	12.0	11.3	12.0	10.8	8.7
Interest on general debt	6.8	7.7	7.8	6.2	6.2	5.8	6.6	5.8
All other (includes intergovernmental)	28.7	27.9	30.5	30.9	34.0	30.4	27.4	25.8

Note—Population as of 1986, in thousands.

<sup>1</sup>The numbers vary slightly from Table 2 due to different functional categories and reliance on *County Government Finances*, which provides data in greater detail with a more recent release date.

Source: U.S. ACIR calculations based on U.S. Department of Commerce, Bureau of the Census, *County Government Finances in 1987-1988* (Washington, DC, July 1990), Table 1.

### Size of Population Served

Counties differ dramatically in the number of people served.<sup>5</sup> Table 4 looks at the functional distribution of spending as it varies by size of population. Some general relationships can be identified by reading across the table. Explanations of what lies behind these relationships would, however, entail a great deal of further analysis. To summarize:

- There is a wide range in the percentage of the county budget spent on K-12 education, and the relative amount spent on education declines with increasing county size.
- The range in the percentage distribution for social services and income maintenance is large, with governments serving the largest populations (more than one million) spending the bulk of their budgets on these functions.

- For transportation spending, a slight pattern can be discerned—the smaller the population, the greater the relative attention paid to highways and roads.

- The relative importance of public safety expenditure generally increases with county size.

### Revenue Patterns

Municipalities generate the largest share of local government revenues (Table 1). County revenues are nevertheless significant, accounting for nearly a fourth of both local general revenues (23.9 percent in 1988) and own-source revenues (24.9 percent). Moreover, during the past decade, general as well as own-source revenues rose slightly faster for the counties than for local governments as a whole.<sup>6</sup>

Because of the highly “open” economy in which they operate, and the institutional and constitutional constraints imposed on them by states, the range of revenue sources available to local governments is much more limited.

*Table 5*  
**Percentage Distribution of Revenue Patterns Compared to State & Local Governments**

Function	Total State and Local	State	Local	County	Municipal	Township	School District	Special District
Exhibit: General revenue	\$727,145	\$445,521	\$433,977	\$106,069	\$135,835	\$15,300	\$149,200	\$37,737
General revenue	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Intergovernmental revenue	16.2	24.1	37.5	36.4	28.3	26.5	54.4	27.8
From federal government	16.2	22.6	3.9	2.5	5.4	1.8	0.8	15.3
From state government	-	-	33.5	32.4	20.7	22.7	52.1	4.9
General own-source revenue	83.8	75.9	62.5	63.6	71.7	73.5	45.6	72.2
Taxes	59.9	59.3	39.5	38.3	44.0	59.3	37.6	16.1
Property	18.2	1.1	29.3	28.0	22.0	54.5	36.6	12.2
Sales	14.5	19.5	4.2	6.0	7.5	0.0	0.3	3.3
Income	15.4	22.9	2.4	1.1	6.2	1.3	0.3	0.0
All other	11.9	15.8	3.7	3.2	8.3	3.5	0.4	0.6
Current charges	13.0	7.7	13.9	15.2	15.7	7.7	4.3	39.6
Miscellaneous revenue	10.9	8.9	9.1	10.1	11.9	6.5	3.6	16.4

Source: U.S. ACIR calculations based on U.S. Department of Commerce, Bureau of the Census, *Government Finances in 1987-1988* (Washington, DC, January 1990), Table 29.



ited than it is for a state or the federal government. Accordingly, there is much less diversity on the revenue side than on the expenditure side of the local budget.

Consider, for example, the 1988 information on the percentage distribution of county revenue patterns compared to other state and local governments (Table 5). The county revenue profile is quite similar to local governments as a whole, especially municipalities. Intergovernmental aid accounts for about the same percentage (36 percent for counties) of total revenues, with the bulk coming from the state. For the county and total government categories alike, the percentage importance of the two major sources of own-source revenues—current charges and property taxes—is nearly the same.

As is true for expenditures, the revenue side of the budget will, over time, reflect the influence of external forces. This is shown by the trends presented in Table 6:

- The rise and fall of intergovernmental aid as a proportion of county finances are reflected in the huge relative jump in federal (and, therefore, total) intergovernmental aid to counties between 1972 and 1977. Similarly, the nearly total reversal of the relative importance of federal aid is readily evident.
- In contrast to the ups and downs of federal aid since 1967, state aid to counties exhibits a slow but steady decline through the entire period.
- With respect to taxes, the effect of the property tax revolt of the late 1970s and early 1980s is

evident, as is the subsequent switch of local governments, especially counties, to a greater reliance on fees and charges.

### Conclusion

Given county responsibilities for social welfare and criminal justice combined with the decline in the relative importance of intergovernmental assistance, pressures on county budgets are likely to increase during the 1990s. Thus, the watchwords for county budgeting will be “self-reliance” and “difficult choices.” Although self-reliance is a key value of federalism, and the decline of intergovernmental aid has certain benefits for fiscal responsibility, the virtues of these developments are being undermined by the rise of unfunded and underfunded intergovernmental mandates.<sup>7</sup> In addition, while counties have diversified their revenue sources in a manner that emphasizes the benefit principle in taxation, the major expenditure functions of counties, particularly social welfare and income maintenance, are not necessarily well suited—in terms of equity and efficiency—to the local revenue sources available to county governments. Thus, what has developed since the mid-1970s are certain mismatches between duties and accountability, between functional responsibilities and revenue sources appropriate to those responsibilities, and between requirements for self-reliance and authority to be self-governing.

*Robert D. Ebel is director, Government Finance Research, at ACIR. The author acknowledges the assistance of ACIR analyst Clay Dursthoff and research associate Laurence Marks.*

### Notes

<sup>1</sup> The data are for fiscal 1988. U.S. Department of Commerce, Bureau of the Census, *Government Finances in 1987-1988* (Washington, DC, 1990), Table 2.

<sup>2</sup> In per capita terms for 1988 that amounts to about \$492 per year, compared to \$3,365 paid per person per year for all state and local services.

<sup>3</sup> Highlighting these facts does not, of course, minimize the role of other state and local units, which play especially large roles in the provision of public welfare and transportation (states); parks, housing, and community development (municipalities); and certain types of education (townships). *Government Finances in 1987-1988*, Table 2.

<sup>4</sup> For a discussion, see Robert D. Ebel and Laurence Marks, “American Competitiveness in the World Economy,” *Intergovernmental Perspective* 16 (Winter 1990): 5-9.

<sup>5</sup> Moreover, nearly 14 percent of the total population is not served by any separately organized county government. For a discussion of the implications for fiscal reporting, see U.S. Department of Commerce, Bureau of the Census, *County Government Finances: 1987-88* (Washington, DC, 1990), Introduction and Appendix A.

<sup>6</sup> General revenues are the sum of intergovernmental receipts plus own source taxes and charges, and miscellaneous current revenues, such as interest earnings. For 1977-1987, the annual growth rate in general and own source revenues was, respectively, 8.9 percent and 10.4 percent for counties and 8.4 percent and 9.3 percent for all local governments.

<sup>7</sup> See also, U.S. Advisory Commission on Intergovernmental Relations, *Mandates: Cases in State-Local Relations* (Washington, DC, 1990) and *Federal Preemption of State and Local Authority* (forthcoming).

Table 6  
County General Revenues, by Source  
Selected Fiscal Years 1967 to 1988

	1967	1972	1977	1982	1988
Exhibit: General revenue (millions)	\$12,472	\$23,652	\$41,562	\$66,655	\$106,069
General	100.0%	100.0%	100.0%	100.0%	100.0%
Intergovernmental					
From federal	1.3	1.7	9.0	6.5	2.5
From state <sup>1</sup>	39.0	40.4	36.1	35.5	33.9
From own sources	59.7	57.9	54.9	58.0	63.6
Taxes	45.7	42.6	38.5	34.5	38.3
Property	42.1	36.5	31.3	26.6	28.0
General and selected sales	2.1	3.8	4.7	5.5	7.3
Income and other	1.5	2.3	2.4	2.3	3.0
Charges and miscellaneous general revenues	14.0	15.3	16.5	23.5	25.3

Source: U.S. ACIR calculations based on data from U.S. Department of Commerce, Bureau of the Census—1988: *Government Finances in 1987-1988* (aggregation in 1988 numbers will differ from those in *County Finances 1987-88*); 1972, 1977 and 1982: *Finances of County Governments, 1982 Census of Governments, Volume 4, Number 3* (1984); 1967: *Finances of County Governments, 1977 Census of Governments, Volume 4, Number 3* (May 1979).

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# Counties in the Federal System: The Washington Connection

D. Michael Stewart

**T**he American county traces its origins to the shires of Anglo-Saxon government more than 1,000 years ago. In colonial America, the county functioned as a judicial, police, public works, and military system. While religious leaders dealt with matters of heaven, county officials dealt with matters of earth, property, life protection, and welfare.

Today, human services, environmental protection, inter-governmental planning, as well as administering national and state policies indicate the wide role of American counties.

Counties continue as units of local government as well as administrative arms of state and, increasingly, of national government. In New England, where settlement was in compact communities, counties have had a less visible role, but for the rest of the United States, county functions characterize orderly government. Since colonial times, counties have been the central unit for providing many local government services. Whereas a municipality is established for the convenience of a locality or people, a county is created to carry out the policy of a state.

Characteristically, the powers of a county have a dual reference—administering the policy of the state as well as providing municipal services to rural and suburban areas, delivering services across municipal boundaries, and, where efficiency and economies of scale dictate, initiating coordination and planning among multiple entities of local government.

## From Jacksonian Democracy to Modern Service Delivery

The U.S. Constitution had less direct impact on county government than did state constitutions, the former making no reference to local governments. Control of local governments was reserved to the states and to the people. While county governments are mentioned in state constitutions, there is generally silence about municipalities.

In the early 1800s, the emphasis by Jacksonian Democracy on more elective offices was best expressed in county offices. Specific names and election requirements were given to common county functions, such as assessment and collection of property taxes, law enforcement, roads, and administration of justice. These functions remained in place even after the Civil War.

As public confidence in, and the general competence of, county government increased in the mid-20th century, counties grew as service providers, assuming many municipal roles. As a result, however, they have emerged as the 20th century's local government most under stress, since counties deal with social problems, health, human services, and welfare as the provider of last resort. When municipal problems are beyond the scope of cities and towns, counties continually absorb them because of their broader tax base and demographic diversity. The result is that urban, suburban, rural, and agricultural problems occur alongside chronic economic decline and a shrinking tax base in many areas.

Counties became a clear presence in the federal efforts to meet the plight of people during the Great Depression in the 1930s when states could not deal with the economic dislocation and sought federal help. Since then, counties have become service providers for a variety of federal programs: health, nutrition, immunization, disease control and prevention, job training, low-income and indigent support, and homeless assistance. In addition, air, water quality, and environmental programs, which overlap cities and special districts (school, sewer, water, etc.), have been instituted by county governments.

## From a Fiscal High to a Fiscal Low

In the 1960s and 1970s, federal grants cemented even closer federal ties with counties. Yet, in the 1980s, efforts

to return control of such programs to local governments while making salutary efforts to deal with the federal deficit caused disruption in the close federal-county relationship because grants and pass-through payments were greatly reduced. The early relationship spawned by addiction to grants and contracts induced withdrawal shocks, with many counties scrambling to maintain service delivery. For example, in Salt Lake County, Utah, in 1978, \$34 million of federal money was available. Four years later, it had fallen to \$18 million.<sup>1</sup> The previous fiscal federalism of the 1960s and 1970s became the "fend-for-yourself federalism" of the 1980s. To replace the reductions, counties sought new relationships and revenue from their states. Lobbying activities shifted from the White House to the State House. Some services no longer affordable for counties were delegated to states, eliminated, or reduced to impotency. States were generally unwilling to grant new revenue authority for counties.

The 1980 and 1990 censuses reflect a trend by Americans to request more government services. The census shows the decline of the nation's central cities, with unincorporated counties and rural areas becoming the new growth centers.<sup>2</sup> Dramatic demand for infrastructure, such as roads, bridges, water and waste systems, and health, social and recreational services, has outstripped the ability to finance them because counties have basically only property taxes, limited user fees, and portions of the sales tax to meet needs.

Strange to say, the direct federal-local finance relationship of the 1960s to the 1980s and its withdrawal in the 1980s coincided with more mandated services and requirements by the federal government in the areas of air and water quality, health, and criminal justice. The mandate for action by county governments may have been reasonable public policy, but the funding fell short and has nearly broken the fiscal back of many county governments.

In addition to federal reductions of intergovernmental funding, the emergence of federal policies and administrative rulings has endangered the existence of communities in remote and rural areas dependent on resource extraction and timber products from federal lands.

Local tax limitation movements in the 1970s and 1980s, spreading from California's Proposition 13 across the nation, have further reduced revenue availability. States have not rushed forward to assist counties, except in limited ways, such as California with its noticeable high surplus in the mid-1980s.

In spite of the federal-local dollar decline, a dominant federal agenda has persisted without financial commitment. In fact, regulation and preemption of state and county roles has accelerated. A hoped-for replacement by private-public partnerships has not realized a measurable offset because coincidental federal tax policies in the 1980s stifled incentives for such partnerships.<sup>3</sup>

### The County Intergovernmental Agenda

The National Association of Counties (NACo), established in 1935, cooperates with major public interest groups to sharpen the focus on the federal intergovernmental fiscal and policy relationship. The fact that counties deliver approximately 110 services and programs drives

NACo to promote structural modernization, efficiency in government, improvement of public understanding, and strengthening the local government role in federalism.

The speed with which NACo has changed its agenda to grapple with the realities and rapid change of 20th-century living is startling. In 1986, NACo's highest priority was economic development and infrastructure replacement. At that time, only brief mention was made of solid waste, clean air, and the drug/alcohol war. Since then, these have become the primary issues for solution in communities across the country.<sup>4</sup>

NACo, while lobbying for greater financial participation by the federal government in solving these problems, advocates allowance for local flexibility and discretion. To pick up the pieces of the fractured family, to protect life, to prosecute the criminal as well as provide indigent counsel, to heal the at-risk populations of infants, youth, and seniors as well as maintain the mentally ill are immense chores requiring local ingenuity. Coupled with these responsibilities comes the planning and coordination of roles to keep cities, schools, and service areas loosely connected in service responsiveness.

Counties point out the interdependency of American governmental units, at the same time they seek to strengthen the private sector. For example, recent interest in reducing national forest-road construction money by \$100 million, while done in the name of environmental preservation, would reduce 700 million board feet of lumber, which translates into 70,000 fewer housing units to be built.<sup>5</sup> Indeed, affordable housing as a social issue is intertwined with preservation as an environmental issue, and reflects the growing complexity of the county agenda.

### Counties as Partners

How can the county-federal relationship be invigorated to strengthen and guide intelligent intergovernmental policy? How can the obstacles facing local government be surmounted by the federal government?

If county officials could have their dreams come true, would begin with a federal attitude that would view local government as a partner in an intergovernmental system, not as a special interest.

Second, they would include an agreement on the part of federal lawmakers and administrators that a mandate or requirement on local government to act should be accompanied by the means to do so. As John Torbert, executive director of the Kansas Association of Counties, exclaimed: "Congress, don't pass the buck without the buck!"<sup>6</sup> Over 40 percent of all local revenues are spent in dealing or implementing state and federal mandates.<sup>7</sup>

Third, they would include enhancing local discretionary alternatives and flexibility, including fiscal and rule-making discretion. This comes under the current catch-phrase "empowerment" of others to get the job done.

The federal system cannot function effectively if local government must wait in line for the favor and attention of the Congress and the President. Local officials are elected to do the business of government. Local government is not a private interest or a corporation. Recent efforts to encroach on the state and local tax base by eliminating the

deductibility of the sales tax, local government earnings from arbitrage interest in public funding, and tax exempt financing for economic development, plus the 1990 congressional assaults on deductibility of state and local income taxes, point up the cavalier attitudes toward intergovernmental partners currently displayed in Washington.

Moreover, U.S. Supreme Court rulings in several cases, including *City of Boulder v. Cable T.V. Co.* (1982), *Garcia v. San Antonio Metropolitan Transit Authority* (1985), *South Carolina v. Baker* (1988), and *Alter v. Lake County and Village of Grays Lake* (1988), have had negative impacts on federal-county relations. They have disrupted or distorted employee relations, tax financing, antitrust, and land use.

In these decisions, the court has concluded that the constitutionally protected state-local position and the intergovernmental relationship of reserving certain powers to the states and the people under the 10th Amendment, instead of allowing federal intrusion, is ended—it is superseded by the interstate commerce clause. These decisions give the Congress, not the courts, the sole power to determine levels of responsibility within our federal system. With such decisions, federalism as generally known—balancing between state and national powers—is eroding. This centralization of power likewise threatens the county's ability to govern successfully.

### Restoring Balance in Federalism

The future success of the federal-county relationship, like the federal-state relationship, will depend on several things. The Congress and the White House must get a handle on fiscal programming by dealing with the deficit and making innovations. A *five-year revenue and expenditure budget* closely adhered to, and the introduction of an *intergovernmental budget*, not just a federal budget, so the wider commitment of resources by state and local governments is understood, would be a beginning to deal with the fiscal federalism problem.

In addition, cultivation of *champions* in the Congress and in the Administration to raise the federal question of whose power and responsibility is at stake must be pressed forward in order to defend the integrity of the federal system.

Finally the training and *education of federal administrators and judges* as to the varied roles of local and state governments would slow the crisis in federalism.

The success of the federal-county government relationship hinges also on the willingness of states to be less restrictive with county structure, functions, and fiscal discretion. Empowerment must be vested in the county or local government because the responsibility ultimately falls to counties as the provider of last resort.

### Conclusion

Counties and NACo will continue to be preoccupied with public health, deteriorating infrastructure, and clean air and water in the 1990s. They will continue to grapple with solid waste, alcohol and drugs, and the needs of the walking wounded at the same time they seek to defend the federal system. Since local government was a given, an assumed fact of life in the American federalist philosophy at the nation's birth, counties cannot do otherwise. The new role for counties as service providers for the federal and

state governments is a natural extension of the framers' intention that government best governs in a local setting. For this reason, counties will not ask for the universe, but only for a handful of stars to respond adequately to the expectations that the citizen and the law require. That is the county's effective role in American federalism.

*D. Michael Stewart is chairman of the Salt Lake County Commission and president of the National Association of Counties.*

### Notes

<sup>1</sup> Adopted Budget, Salt Lake County Auditor (December 1982, 1984); D. Michael Stewart, "Fiscal Federalism: A Vanishing Act," *American City County Magazine* (September 1988): 119-122.

<sup>2</sup> Preliminary Census Report. U.S. Census Bureau. Wingspread Conference (Racine, Wisconsin, 1984).

<sup>3</sup> The *1986 Tax Reform Act* captured the congressional attitude of that time as well as set the tone for the Congress-White House budget negotiations in the fall of 1990.

<sup>4</sup> *The American County Platform, 1986. The National Association of Counties Legislative Priorities, 1990.*

<sup>5</sup> Senate Appropriation Bill, Forest Road Construction Budget. Recommendation of Senator Wyche Fowler, Jr.

<sup>6</sup> National Council of County Association Executives (NCCAE) Meeting (Salt Lake City, Utah, October 24, 1990).

<sup>7</sup> Barbara P. Greene, "Counties and the Fiscal Challenges of the 1980s," *Intergovernmental Perspective* 13 (Winter 1987): 16.

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# Counties in the Federal System: The State Connection

Barbara Todd

**H**istorically, county service delivery reflected traditional relationships in which counties were administrative arms of state government.<sup>1</sup> Under this design, counties provided limited services fulfilling state purposes locally.<sup>2</sup> The rationale for this assignment was related to geography—counties cover the whole state, and they are generally large compared to municipalities.

The arrangements between states and counties for delivering traditional “core” services have changed, however. Control and discretion over many functional and financial responsibilities have shifted from counties to states. This centralizing tendency is particularly apparent in local courts, jails, transportation, growth management, and health and human services. Nevertheless, county governments retain vital functional and financial responsibility in a number of services, including those marked by an enlarged state role.

New forms of state-county relations also are reflected in key adaptations requested by counties and granted or offered by the state. They include home rule, revenue diversification, limits on state mandates, the ability to transfer powers and establish intergovernmental agreements, and the use of intergovernmental commissions.

## Illustrations of Change in State-County Relationships

### Judicial Services

Counties have witnessed a large-scale transfer to the state of their once considerable functional and financial responsibilities for judicial services. Counties traditionally provided administrative support to state courts,<sup>3</sup> but many also operated their own courts. Judicial services tended to be decentralized in a large number of courts (many operated locally) until the 1960s,<sup>4</sup> when advocates of court reform prevailed in a number of states.

The early court reform movement of the Progressive Era proposed “unified” court systems to substitute state control for local delivery, control, and financing of justice services.<sup>5</sup> States began adopting unified courts in the 1940s, although not all features were adopted uniformly. By the late 1970s, observers estimated that well over half of the states had unified court systems.<sup>6</sup>

Influenced by criticisms appearing in the late 1960s and early 1970s, the rate of unifying reforms slowed in the 1980s. Critics questioned the removal of local government from the administration and funding of local courts. They also expressed doubts about the extent to which centrally administered and funded court systems could respond to the diverse values and perspectives apparent across local jurisdictions within states.<sup>7</sup>

Despite such concerns about the loss of local control, many officials seek full state funding for the state court system so as to provide fiscal relief for local governments.<sup>8</sup> Rapidly increasing costs of indigent defense, juvenile justice, and electronic technologies have contributed to county fiscal stresses and have begun to outweigh concerns about the wisdom of full state funding for courts.<sup>9</sup> Some local officials seeking fiscal relief have been drawn to grants-in-aid and local cost-reimbursement schemes, which can contribute to local fiscal relief without significantly diminishing local control and discretion over justice services.

### Jails

County responsibility for operating and financing local jails dates back to 13th century England.<sup>10</sup> ACIR reported in 1984 that counties operated local jails in 44 states. Since then, there has been a major shift to strict state control as a result of the imposition of state authority over structures and conditions of confinement in county jails. Compounded by state influence over the size of local jail popu-

lations, this shift has led to fiscal stress, prompting counties to seek adjustments, including increases in financial and technical assistance, to help meet new state criteria.

State involvement with local jails first emerged in the 1970s in response to federal court orders subjecting conditions of confinement in prisons and jails to constitutional review. States mandated standards and instituted enforcement programs, which limited county discretion by establishing minimum standards for facility design, employee qualifications, inmate classification, housing, food, recreation, and inmate medical care.

County compliance costs can be substantial.<sup>11</sup> The "spillover" of state prisoners into county jails, as well as stricter law enforcement in recent years, have added burdens<sup>12</sup> that have led to demands for expanded state financing. According to the National Conference of State Legislatures, assistance for local corrections is one of the fastest growing categories of state aid. While the most common form of aid is reimbursement for housing state prisoners, many assistance programs deal with aspects of local corrections not directly related to jails—such as work-release, electronic monitoring, and community service.

### Transportation

Within a complex intergovernmental funding structure, counties and states share the major responsibility for building and maintaining transportation networks. County responsibility varies,<sup>13</sup> extending in some states to all non-metropolitan highway and road mileage and to a portion of the metropolitan mileage. In 1986, counties were responsible for 43.5 percent of mileage in the United States. In 1987, they were responsible for 45.4 percent of all bridges on the National Bridge Inventory, while the states' percentage was 43.3.

County responsibilities for transportation have not always been accompanied by sufficient intergovernmental revenues. Although federal funding, state allocation formulas for disbursing federal funds, and state funding have been substantial, state funding for highways decreased in constant dollars between 1977 and 1986. With respect to transit, state aid grew during the 1980s to top federal aid for that purpose.<sup>14</sup> In some states, counties as well as cities receive this state aid. Additional demands appear to have been covered by local motor fuel taxes, both optional and mandatory. As reliance on intergovernmental funding and property taxes for transportation has decreased, bonds and notes have become more important.

Two major federal programs affecting county transportation programs are the Federal Aid Secondary Program (FAS) and the Federal Aid Urban System (FAUS). Both programs provide funds for states with a 25 percent match. FAS covers the rural to urban roads and is the most important funding program for counties. The allocation of FAS funds to counties varies, with 20 states retaining 100 percent of the funding and 24 states sharing at least 50 percent with counties. FAUS covers major centers of activity and busy arterial and collector routes. Although most counties receive few FAUS funds, high-growth suburban counties share in them significantly.

### Growth Management

Local zoning, subdivision control, building permits, and public works programs long have been the principal

means by which counties and municipalities control development. In several states, local government difficulties in settling land use disputes, the emergence of exclusionary zoning, and rising concerns about environmental protection have led to greater state control over land use management. However, county roles in implementing state planning objectives remain critical.

One of the more ambitious attempts by a state to assert itself in the planning arena is the Florida Comprehensive Plan Act of 1985, which dictates the objectives and goals to be followed by the regional and local governments. The structure has a hierarchy of plans, and the state Department of Community Affairs reviews compliance. Counties and municipalities are required to prepare and administer their growth management plans consistent with the state comprehensive plan. Consistency among local plans must follow suit. Because of the larger land area in county jurisdictions, the impact of a county comprehensive plan on municipalities is inevitable.<sup>15</sup>

The key to success in growth management is trust and confidence between state and local governments. Sufficient funding for planning and for providing adequate public works also is key. If counties are to perform as the state expects in Florida and elsewhere, these two ingredients must be present.

### Health and Human Services

State-county relationships in providing health and human services are varied and subject to change. The federal government, states, and counties all are involved in "social safety net" programs. Generally, states rely on counties to implement state and federal health and welfare programs. In addition, counties and large municipalities frequently cover health and human service needs not addressed by the state or federal governments.

The partnership between states and counties is becoming more complex—and more strained. For example, the federal government expands eligibility and coverage for intergovernmental programs, such as Medicaid. States and local governments must pay their portions of the increased coverage and eligibility or risk losing the programs. Many states have passed on the costs to their local governments, thereby increasing local fiscal stress.

Rural health care, jeopardized by unprofitable operations and hospital closings, also illustrates the strains between states and counties. States and counties have initiated efforts to help rectify rural health care problems,<sup>16</sup> but state regulations raising the level of required services, such as emergency medical services, make it difficult to deliver and pay for programs that meet state standards.

While control of health services has been shifting to the states, human services programs have moved toward local delivery and control.<sup>17</sup> Many counties participate in such programs as nutrition centers, special transportation for the elderly, protective services and shelters, and alcohol and drug abuse programs. What has emerged in the delivery of local human services is county reliance on special districts and authorities, plus joint management with municipalities.

### Mechanisms for Improving State-County Relations

To enable counties and other local governments to meet growing needs, states often have granted or offered home rule, revenue diversification, limits on state mandates, local

ability to transfer powers and establish intergovernmental agreements, and the use of intergovernmental commissions. These tried and tested options are most desirable.

### Home Rule

One of the broadest powers requested by counties has been home rule<sup>18</sup>—state constitutional or statutory authority to undertake, on local initiative, any of a series of reforms in structure, functions, and revenue capacity. Although a variety of options is available for implementing home rule, the primary vehicle is the adoption of a locally framed and approved county charter.

County home rule first emerged at the turn of the century, and was proposed as a remedy for the patronage, corruption, and incompetence then found in many counties. More recent efforts in this area have stressed local government effectiveness and efficiency. Rigid governmental structures and a restricted scope of functional and fiscal authority often have frustrated county attempts to cope with increasing demands for urban services as well as with the loss of discretion and control over “core” services.

With structural home rule, counties can provide for a unified executive office—usually an elected or appointed chief executive. Structural home rule allows the county to reorganize, professionalize, and adjust its organization as needed to meet increasingly complex demands.

Functional home rule allows counties to provide a broad and changing array of services not mandated by the state but desired by local citizens. Such services might include libraries, mass transit, flood control, parks and recreation, and industrial development. Discretion to provide these services has been essential when counties have had to respond to demands for services typically provided by municipalities.

Fiscal home rule involves greater county authority over taxation and long-term debt issuance. Fiscal home rule is necessary to provide counties with budgetary stability, to satisfy the increasingly strict regulatory criteria of state mandates, and to fund the emerging diversity of functions demanded by citizens.

### Local Revenue Diversification and Enhancement

Paralleling the push for local home rule, counties have benefited from state assistance authorizing revenue diversification and enhancement. The National Association of State Budget Officers reported that 15 states adopted spending or tax proposals to assist local governments in FY 1988-89.<sup>19</sup> In addition, the Bureau of the Census has documented a shift away from county reliance on property taxes and increased reliance on state aid between 1957 and 1986.<sup>20</sup> Eighteen states have increased local aid faster than general spending. State aid also is increasing in funding categories not historically associated with state aid, such as corrections, housing, and transit.<sup>21</sup>

States also have allowed county sales taxes and income taxes. According to a U.S. ACIR report, 31 states allowed local sales taxes by 1987.<sup>22</sup> Overall, 1,243 counties use this revenue source, including all counties in ten states.

The income tax, while generally more common among municipalities, is used by counties in four states.<sup>23</sup> Typically, the local income tax is a wage or payroll tax. In Maryland the local income tax is based on the percentage of state income tax liability; in Indiana, it is based on a flat rate of federal adjusted gross income.

User fees also have expanded county revenue options. Counties in at least 28 states rely primarily on special assessments and impact fees to finance growth.<sup>24</sup>

Recent expansions of statutory authorizations for revenue diversification have been partly the result of the decrease in and termination in 1986 of federal General Revenue Sharing for local governments. Other reasons include (1) compensation for property exempted from local taxation, (2) property tax relief, and (3) the disbursement of state funds according to measures of local need. Documentation of the plight of the rural or nonmetropolitan areas with limited revenue options also helped.<sup>25</sup>

### Countering State Mandates

Interest in state mandates has been heightened by the fiscal pressures on states and local governments resulting from federal retrenchment in many domestic programs, by state and local tax reduction and limitation measures initiated by voters, and by the changing relations between states and local governments.<sup>26</sup> Mandates on counties have been particularly severe in jail operation and health and human services.<sup>27</sup>

Although mandates stem from both state and federal governments, states have led the way in adopting methods to identify mandates, estimate their fiscal impacts, and, in some states, reimburse or compensate local governments for mandate costs. The General Accounting Office (GAO) reported that 42 states require an estimate of the local cost burden of state mandates. Fourteen states require mandate reimbursement, but only seven of those states do so by constitutional provisions. GAO found that state constitutional requirements are more effective in limiting unfunded mandates.<sup>28</sup>

### Service Delivery Coordination

Another key facilitator of sound state-county relations is the opportunity for counties to coordinate with other local governments and the private sector in discharging responsibilities. ACIR examined service delivery arrangements for local coordination in service delivery, including (1) intergovernmental service contracts, (2) joint service agreements, and (3) intergovernmental service transfers.<sup>29</sup> Authorization for local contracting—in which one government pays the other for a particular service—increased from 30 states in 1974 to 45 states in 1983. Local governments in 26 states also are allowed to contract with private entities.

Joint service agreements are arrangements between two or more governments for planning, financing, or delivering a service. All states authorize local governments to execute these agreements.

Intergovernmental transfers refer to the transfer of service responsibility from one government to another. Authorization for this option is not as widespread as for the other options; only 18 states authorized it in 1983. Although the wording varies, transfers generally are permitted only between local entities.

County reliance on intergovernmental service contracts and joint service agreements is significant. Among the counties responding to a 1983 survey by U.S. ACIR and the International City Management Association, 54 percent had intergovernmental service contracts and 60 per-

cent had used joint service agreements. Service contracts executed between counties and cities commonly encompassed public works and utilities, education, and cultural events. About 39 percent of the counties used service transfers, which typically involved emergency medical/ambulance service, drug and alcohol rehabilitation, refuse collection, and jail/detention home services. Generally, transfers were used to achieve economies of scale, and counties usually were the recipients. The use of intergovernmental service arrangements has increased the flexibility of counties to meet service demands.

### Intergovernmental Commissions

Advisory commissions on intergovernmental relations in 26 states<sup>30</sup> have taken on the formidable task of improving relations between local entities and the state.<sup>31</sup> Support for this option has come from the U.S. ACIR, the National Conference of State Legislatures, and the National Association of Counties.

Often modeled after the U.S. Advisory Commission on Intergovernmental Relations, state ACIRs usually have broad representation from the state executive, state legislature, local governments, and private citizens. Counties are represented directly on the policy boards of 22 of these organizations.

Although the purposes and functions of state ACIRs vary, seven roles seem to cover the spectrum responsibilities. The most common role is as a forum for discussion of intergovernmental issues. Other typical roles include research on matters affecting more than one type of government, serving as a data center or information clearinghouse, providing constituent services and technical assistance, developing and advocating policy recommendations, holding conferences and seminars, and publishing a newsletter.

The success of state ACIRs can be difficult to measure. Typically, the enactment of recommendations is viewed as a positive indication that the research, discussion, and consideration of issues are worth the effort. One state ACIR director has suggested that, "What characterizes a successful ACIR is the issues it tackles, the resources it can marshal, the interest it engages, the solutions it formulates, the discussion it promotes, the agenda it influences, and the activities it fosters."<sup>32</sup> Strategies for success vary, but one key factor is the ability of the commission to generate support from more than one branch or type of government. A balanced approach resolves intergovernmental conflicts more effectively. The goal of improving state-county relationships is a high priority of many state ACIRs.

### Conclusion

While transformations in state-county relations indicate movement toward greater state control, the state-county partnership has endured, and counties remain a vital force. Counties have retained critical functional and financial responsibilities over the courts in many states, even in some states with unified court systems. Counties remain key service and financial resource providers in local jails, rural health care, and the delivery of human services. Moreover, a wide array of new responsibilities by counties fulfilling the role of "urban service providers" has elevated

the importance of counties in an increasingly complex service-delivery structure. Clearly, counties have stepped beyond their traditional role as administrative arms of the state.

These new county roles and increasing state involvement have placed structural and fiscal stresses on county governments. In response to these stresses, counties have sought and in many cases been granted home rule powers, revenue diversification and enhancement opportunities, and authority to coordinate service delivery with other public and private entities. Adaptations to state mandates also have appeared in a number of states.

Nevertheless, the effectiveness of these adaptations in relieving the pressure points and allowing counties to implement the structures and procedures required to meet demands is uncertain. While this uncertainty may be attributable to the lack of appropriate measures, the effectiveness of home rule powers and rules to limit state mandates has been questioned.

The critical roles that counties perform in the state's service delivery and administrative structure argue for greater empowerment of counties and more effective intergovernmental relations. Effective intergovernmental commissions can facilitate movement toward these improved intergovernmental linkages. Consideration of intergovernmental dimensions is increasingly imperative in arriving at sound governmental policies and practices that make the best use of the entire governmental fabric of each state.

*Barbara Todd is a commissioner, Pinellas County Commission, Clearwater, Florida.*

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## 1988 State Fiscal Capacity and Effort

ACIR developed the Representative Tax System (RTS) and the Representative Revenue System (RRS) to improve on available measures of state fiscal capacity and effort. **These measures show state and local government capacity to collect tax as well as nontax revenue.** With *1988 State Fiscal Capacity and Effort*, ACIR—in conjunction with Price Waterhouse—continues its tradition of providing information on the relative economic well-being and fiscal performance of the states.

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# Intergovernmental Digest

## State-Local Clearinghouse Open for Business

The U.S. Department of Commerce has announced that the Clearinghouse for State and Local Initiatives on Productivity, Technology, and Innovation, called for in the *Omnibus Trade and Competitive Act of 1988*, is open for business in the technology administration of the department (phone: (202) 377-8100). The design for this clearinghouse was prepared by ACIR and issued as *State and Local Initiatives on Productivity, Technology, and Innovation: Enhancing a National Resource for International Competitiveness (A-114)*. The computerized data base contains information on more than 700 federal, state, and local technology initiatives, including new federal laboratory partnerships emphasizing state economic development, technology initiatives within the European community, biotechnology, state seed capital and venture capital programs, and industrial networking.

## New York Starts Two IGR Units

Governor Mario Cuomo recently announced the creation of a Blue Ribbon Commission on Consolidation of Local Governments and staffing of the new Office of Mandate Review. Both organizations will play key roles in determining the future of intergovernmental relations in the state.

Noting that New York has about 10,000 local governments and that "the nature of local government itself is often a major obstacle to efficient use of taxpayer dollars," Cuomo emphasized his administration's commitment to "providing local governments with tools to help them use their resources more efficiently." The 18-member commission is chaired by the Secretary of State. Consolidation of local services will be encouraged, rather than the consolidation of governments only.

The Office of Mandate Review will be located in the Department of State. It will evaluate the need for state and federal mandates on local governments and recommend the elimination or reform of those considered to be outmoded or expendable. In announcing the appointment of Joseph Gerace as director of the office, Governor Cuomo noted that "mandate reform has been a major topic of local government decisions and resolutions year after year. The dilemma is that a mandate considered unnecessary by one person often ensures the meeting of another's critical needs. The Office of Mandate Review . . . will give localities a permanent forum for their concerns about state and federal mandates."

## Mandate Opt-Out Allowed

The FY 1991 *Transportation Appropriations Act* contains a provision allowing states, without losing some of their federal-aid highway funding, to opt out of the federal mandate requiring the revocation of the driver's license of any person convicted of a drug offense if the governor and the legislature enact a resolution rejecting the application of the mandate within their state.

## Florida to Reimburse Mandates

In November, Florida voters approved a constitutional amendment providing reimbursement for state mandates to local governments. The amendment "excuses counties and municipalities from complying with general laws requiring them to spend funds unless: the law fulfills an important state interest; and it is enacted by two-thirds vote, or funding or funding sources are provided...." The legislature may not reduce the revenue generating authority or the percentage of state shared revenues, except by a two-thirds vote. Certain categories of law are exempt, including criminal laws and laws that have an insignificant fiscal impact. Adoption of the Florida amendment brings to 15 the number of states with general mandate reimbursement requirements. Of those, eight states have a constitutional reimbursement requirement.

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### **Mandate Referendum Approved in Wisconsin**

The Milwaukee County Board initiated a movement challenging the state to recognize its obligation to fund state programs and services. Disenchanted with more than a decade of studies, commissions, and task force reports on state mandates but little action, the county board voted unanimously for a countywide advisory referendum on whether the Wisconsin constitution should be amended to require the state to provide full funding for any program, service, or benefit that it requires local government to provide. Endorsed by the Wisconsin Counties Association (WCA), the mandate referendum spread rapidly through Wisconsin counties, and was on the November ballot in 71 of the 72 counties. Supervisor Richard D. Nyklewicz, the resolution's co-sponsor in Milwaukee County, said that the referendum would help "work toward a real solution to the problem of ever-rising property taxes levied to fund state-required mandates."

The advisory referendum was approved by more than 69 percent of the voters. Of a total 1,166,255 votes cast statewide, 810,828 were for the recommended constitutional change. Although the referendum has no binding effect, it puts the legislature on notice that the public is concerned about increased taxes. According to Mark Rogacki of WCA, it "provides a strong base of support in the electorate to press home legislative changes in human services, courts, youth services, and probation and parole. . . . We have finally educated people to where they understand that state decisions are driving their taxes."

### **Electronic Grant Applications**

The National Science Foundation and National Institutes of Health have begun pilot projects to encourage submission of grant applications electronically. For applicants, this method relieves them of the burden of mailing multiple copies of paper applications, provides the greater speed of filing by modem, removes the uncertainty about when the application is filed, and speeds agency processing of the application. For the federal agency, applications filed electronically are available for review immediately on submission, do not require laborious keying-in of the basic tracking information, allow real-time summarization of applications on file, permit related applications to be linked for review purposes, save filing space, and shorten processing times. Instead of circulating many copies of applications to reviewers, each reviewer can access the application electronically, and printout only the pages relevant to the reviewer's particular function.

### **County Officials' Views of State and Federal Relations**

A recent national survey of 723 county administrators, elected county executives, and chairpersons of county commissions by William L. Waugh, Jr., of Georgia State University, found that 59 percent of these officials do not believe their state government is especially responsive to the needs of local governments in their state. An even larger number, 85 percent, feel the same way about the federal government. Two-thirds do believe their state is responsive to urban area governments; however, 94 percent believe their state has not done as much as it can to help local governments financially. At the same time, 86 percent do not believe the federal government is better able than their state to address serious problems in their county, and 74 percent do not feel that strong federal guidance is required to assure that their state targets monies where they are most needed. In addition, 75 percent say that state programs are easier to administer than federal programs. Yet, 61 percent say that county officials distrust state government. Large majorities of county officials believe counties should have more home rule powers (91 percent), more taxing authority (84 percent), and more borrowing authority (64 percent).

## The Structure of State Aid to Elementary and Secondary Education

Elementary and secondary public education is the largest single expenditure for state and local governments. During the last two decades, the issue of equity in school finance has been hotly debated in the courts and legislatures of many states. Now, there is an even greater public focus on education quality.

This new report analyzes the intergovernmental relationships in financing public education—focusing especially on the effects of state aid programs on local school district spending decisions.

The report:

- Provides information about the trends in school finance.
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## Representative Expenditures: Addressing the Neglected Dimension of Fiscal Capacity

This information report presents an approach to the measurement of the relative public service needs of the states that is analogous to the Representative Tax System. The fundamental prerequisite for any measurement of service costs—and ability to raise revenue—is that it abstract as completely as possible from the actual tax and expenditure policies of any individual state. Variations in costs among the states will depend on three general classes of factors: legal requirements, prices, and scope of services.

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## Representative Expenditures Addressing the Neglected Dimension of Fiscal Capacity



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# Counties in the Federal System: The Interlocal Connection

Roger B. Parks

**C**ounties serve many functions today. Traditional functions of counties are constitutional or statutory responsibilities based on their role as decentralized administrative units of their states. County courts and related offices, surveyors and assessors, treasurers and tax collectors are early examples. Later, in many states, county welfare and health departments were established to implement state programs locally. Counties, especially in urbanized areas, have become important providers of general public services, often supplying services as supplements to those provided by suburban municipalities and being principal service suppliers for increasingly populous unincorporated areas.<sup>1</sup>

Counties are now important intergovernmental actors as well. County governments negotiate with central and suburban cities, state and federal agencies, nonprofit and private organizations, and firms to construct intergovernmental bodies focused on specific problems. Human services, health, and housing are prominent examples.<sup>2</sup> County governments join with their constituent elements and often with neighboring counties to promote joint economic well-being. County governments are active in intergovernmental service arrangements where, for example, the county produces areawide service components to augment the more localized efforts of its municipalities. Counties are producers of services that they sell to constituent units via contract.

Counties also have emerged as significant forums for interlocal self-governance. Interlocal self-governance refers to locally determined arrangements to address multi-jurisdictional issues and problems, while retaining the autonomy of individual local governments. It is not the same as countywide or metropolitan government, which would address multijurisdictional problems through consolidation of existing governments or establishment of a superior, second tier government.

Interlocal self-governance is a more realistic alternative, and its results are widespread. Interlocal cooperation and contracting, multijurisdictional service departments, overlapping special districts, and the like are ubiquitous, but often overlooked.

A brief article cannot capture the wealth of intergovernmental action found in contemporary counties, but significant categories of activity can be identified with illustrative examples cited.

## The County as Intergovernmental Actor

Counties act intergovernmentally when they bargain, negotiate, and implement multicounty, multiagency agreements and when they join together with intracounty constituent units for joint action. Both forms of intergovernmental action are important for counties, although the latter, intracounty form is more common. Examples of multicounty action include:

- St. Louis County, Missouri, the City of St. Louis (separate from the county), and surrounding counties in Missouri and Illinois jointly contribute to the Bi-State Development Corporation, an interstate compact that operates public transportation in the area. St. Louis City and County jointly created special districts for the support of the St. Louis Zoo and Museums and, more recently, a nonprofit Regional Hospital Corporation to operate city and county hospitals.<sup>3</sup> After substantial conflict, the city and county have now agreed on the location and financing of a new, domed football stadium in downtown St. Louis.
- Allegheny County, Pennsylvania, is an active participant in the Southwestern Pennsylvania Regional Planning Commission, a multicounty organization that seeks to enhance economic and governmental performance in its region.

Intercounty or multicounty agreements are frequently difficult to reach and difficult to sustain. Adjacent counties in a metropolitan area can readily see themselves in competition for economic development. While they may agree on the desirability of joint ventures to attract new firms to their region, intraregional location of such firms can spark conflict. Similar considerations apply to the retention of firms and other sources of economic base.

The principal difficulty is obvious; counties rely heavily on revenues generated within their own borders. Although growth in an adjacent county may benefit a given county's residents by enhancing their employment opportunities, it will not, in general, enhance the county's revenue base directly.

Multicounty compacts can be threatened when development is uneven across the participants. Agreements that are ratified through the creation of special service districts with an independent revenue source—not simply reliant on contributions from constituent units—appear more likely to be sustained over a period of years in the face of changes in economic circumstances and political administrations (e.g., the Port Authority of New York and New Jersey).

Counties may have greater success as intergovernmental actors when working with constituent units on intracounty issues. Allegheny County, Pennsylvania, affords a good example. Additional examples of joint intergovernmental actions by counties and cities within them are described in a recent publication of the Coalition to Improve Management in State and Local Government entitled "How Cities and Counties Achieve Effective Partnerships."<sup>4</sup>

Allegheny County government is an active participant in numerous interlocal cooperative ventures, and often an initiator or sponsor.<sup>5</sup> The county's Authority for Improvements in Municipalities, funded by county bond issues and managed by the county's Department of Development, makes loans and grants to municipalities for infrastructure improvements. Authority grants are used to encourage functional cooperation among groups of neighboring communities. The Department of Development administers the county's Community Development Block Grant (CDBG) funds. It delivers the bulk of these funds to municipalities through local Councils of Governments (COGs). Municipal representatives to the COGs meet to consider requests for funding and to approve bids on projects using CDBG dollars in member communities.

The county provides assistance to municipalities, which augments local service capacities. It funds the Local Government Academy, organized to provide training for municipal officials and their staffs. The County Police and Fire Training Academy supplies entry and in-service training for local police and firefighters in the county, with reimbursement for the cost of training obtained from the state. The county operates a crime lab that is used by municipal departments. The county police supply back-up investigative services to most of the municipalities in the county on request.

County government has been active in attempts to reduce the economic distress of communities in the county, especially those in the Mon Valley. The county commissioners appointed a 16-member Mon Valley Commission

in 1986, charged with conducting a study of problems in the Valley and making recommendations for its revitalization. The commission drew particular attention to a need for increased cooperation among Valley communities, citing existing COGs as a structure for such cooperation.

One factor contributing to the ability of counties and their constituent units to act more cooperatively may be the absence of large, urbanized (or suburbanized) tracts of unincorporated county. Residents of such areas, especially if their ability to incorporate themselves is restricted, can be expected to turn to county government for greater public service delivery. As a county develops a *de facto* or *de jure* "urban services district" and the staff needed to supply services, it can find itself in competition with its own municipalities for economic resources and/or threatened by those municipalities if they can annex unincorporated county areas as they develop.

Allegheny County, for example, is fully incorporated and has been for years. The county has no areas where it is the primary supplier of urban services. Battles between the county and municipalities over "turf," therefore, are rare. St. Louis County, on the other hand, is the primary supplier of services, such as police and streets, to large parts of that county. As annexation and incorporation emerged as issues, substantial conflict arose between the county and its municipalities—conflict that has now been dampened though not extinguished by intracounty exercise of local self-governance.

#### The County as a Forum for Interlocal Self-Governance

Counties are useful forums for developing multijurisdictional arrangements through interlocal self-governance. A county is a legal unit with defined, fixed boundaries. Citizens and officials can find it easier to identify with their county than with their metropolitan area, which may extend to multiple counties and is, in many cases, an artifact created for purposes of data collection and aggregation. Associations of local governments—such as municipal leagues—and of local government professionals—such as managers, police and fire chiefs, highway engineers, and school superintendents—are commonly organized by county. County governments, as units with overlapping jurisdiction, can serve as conveners or sponsors for the development of intra-county multijurisdictional arrangements. Where the state constitution allows it, county-specific legislation can be used to guarantee agreements reached locally.

Such arrangements rarely appear on maps, nor are they recognized and counted in conventional sources (e.g., Census of Governments). Interlocal self-governance is intergovernmental and multigovernmental in nature. Rather than being imposed from above, it emerges from processes of interaction among local citizens and officials as they exercise public entrepreneurship to address specific problems. Several recent and continuing examples illustrate possibilities:

- In DuPage County, Illinois, adjacent to Cook County, an Intergovernmental Task Force has been formed with representatives from municipalities, townships, fire protection, park, library, sewerage, and other special districts, and county

government. The task force is conducting an intensive self-study of public service delivery throughout the county, with the intent of recommending improvements where identified, including negotiation and renegotiation of intergovernmental agreements where appropriate.

- In St. Louis County, Missouri, the County Municipal League was instrumental in crafting legislation to motivate the complete incorporation of the county—subject to oversight by a county Boundary Commission with both county government and municipal representation. The legislation that was then adopted by the Missouri legislature at the request of the county's legislative delegation.<sup>6</sup> This action followed an earlier success by the league in achieving at least a partial resolution of a sales tax distribution fight—again with legislation crafted by the league and adopted by the legislature.<sup>7</sup>
- In Hamilton County, Ohio (Cincinnati), the Local Government Commission organized by the Greater Cincinnati Chapter of the American Society for Public Administration has recently completed an inventory of all service delivery arrangements in the county as a first step toward determining “if there are ways [public services] can be produced in a more effective, efficient, and equitable manner.”<sup>8</sup>

Efforts such as these can lead to elaborate systems of intergovernmental service delivery. Examples from St. Louis County are illustrative, although by no means atypical of those found in many other counties.<sup>9</sup> Coordinated and joint service production arrangements in policing include the following.

- The areawide Major Case Squad draws investigators from many different departments (including the city) to bring personnel and expertise to bear on serious crimes.
- The countywide “Code 1000” plan provides for rapid mobilization and deployment of officers from multiple jurisdictions when needed.
- The St. Louis County Police and Fire Training Academy supplies recruit training for all departments in the county.
- The Regional Justice Information System maintains a computerized data base for police-related matters, affording on-line access to police dispatchers and to state and FBI data bases.
- The areawide 911 system of call-for-service receipt, routing, and dispatching is a joint venture of municipal departments and the county police.

Fire protection in St. Louis exhibits substantial coordinated service production:

- Mutual-aid agreements link all municipal and fire district departments in the county and surrounding areas (recently including the city), and ensure needed backup capability and redundancy to respond to large or numerous fires.
- Many mutual aid agreements include first-response provisions that delimit areas within one jurisdiction where a fire company from an adjoining jurisdiction will respond immediately to a fire call.
- As in policing, fire departments in the county operate a joint training program for recruits.
- Equipment sharing among departments is facilitated by the Catalog of Apparatus and Special Equipment prepared annually by the fire chiefs association.
- Many fire jurisdictions participate in joint fire and emergency vehicle dispatch centers, enhancing mutual aid capabilities and increasing the deployment of personnel for fire prevention and suppression.

In public education, too, joint and coordinated production is prevalent:

- The Cooperating School Districts of the St. Louis Suburban Area (the city district is an associate member) supplies members with extensive audio-visual capabilities, data processing, and joint purchasing. It also serves as a forum for uniting to lobby for educational programs requiring state action.
- The Regional Consortium for Education and Technology supplies its members with computer technology, software, training, and maintenance.
- The Special School district of St. Louis County coordinates service delivery for mainstream students who require special education. Special district teachers work in the classrooms of each of the 23 regular public school districts in the county. Coordination also occurs in the diagnosis and evaluation of students for special education programs.
- County school districts have joined with the St. Louis City district to create the Voluntary Inter-District Coordinating Council to implement a desegregation plan linking city and county schools.

#### **Public Entrepreneurship and Local Autonomy**

Interlocal agreements, legislation, and coordinated and joint service production do not happen spontaneously, but rather emerge from processes of discussion and negotiation—efforts to discern common interests among diverse communities. Further, these efforts are likely to flourish more fully in states where autonomy to act locally is granted in the constitution or statutes—where home rule interpretations outweigh a strict Dillon's rule position.

The development of joint ventures among multiple jurisdictions is the work of public entrepreneurs who take initiative to propose ideas and carry the burden of ensuring

discussion, compromise, and creative settlement. The ability and incentive to exercise initiative is the key to entrepreneurship. The potential for entrepreneurship increases with the number of possible sources of initiative. Counting the number of elected officials, police chiefs, fire chiefs, school superintendents, directors of public works, and city administrators or managers yields a rough measure of the potential for public entrepreneurship in a local public economy. The greater the number of possible sources of initiative, the more likely entrepreneurship becomes.

Individual entrepreneurship is frequently exercised in the context of professional associations organized on countywide bases. Such organizations facilitate the work of public entrepreneurs by bringing relevant parties together regularly. Local elected officials, working bilaterally and through county multijurisdictional forums, such as municipal leagues and intracounty councils of governments, also engage in entrepreneurial activities that create functional links among jurisdictions.

Local public entrepreneurship, exercised through voluntary associations, is preferred in most counties to imposition by higher authority. Local agreement is the essential condition. Once local agreement is reached, public entrepreneurs may have access to other forums that can serve as guarantors. Some local agreements require ratification by the state legislature or by voters in countywide or even statewide referenda. Where state law and judicial interpretation allow the passage of legislation or constitutional amendment that apply in fact, if not by name, to a specific county or set of counties, codification in state law may serve as a partial guarantor of agreements made locally, thus helping to ensure that parties to an agreement maintain their participation through changes in political administration and other circumstances.

Agreements nevertheless remain flexible and, for the most part, subject to renegotiation when needed, with state ratification of changes proposed locally. Having recourse to state law may also constrain the occasional hold-out among local jurisdictions that might seek a special advantage in relation to others; absolute unanimity is not required to obtain local consensus.

States that require uniformity of legislation as, for example, across classes of municipalities, do not afford this tool for interlocal self-governance to their localities. States that hold strictly to Dillon's rule may dampen local public entrepreneurship and interlocal self-governance to such an extent that important intergovernmental opportunities cannot be pursued.

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#### Notes

- <sup>1</sup> J. Edwin Benton and Platon N. Rigos, "Patterns of Metropolitan Service Dominance: Central City and Central County Service Roles Compared," *Urban Affairs Quarterly* 20 (March 1985): 285-302; Mark Schneider and Kee Ok Park, "Metropoli-

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<sup>2</sup> Robert Agranoff, "Managing Federalism through Metropolitan Human Services Intergovernmental Bodies," *Publius: The Journal of Federalism* 20 (Winter 1990): 1-22.

<sup>3</sup> U.S. Advisory Commission on Intergovernmental Relations, *Metropolitan Organization: The St. Louis Case* (Washington, DC, 1988).

<sup>4</sup> Coalition Special Paper No. 4 (Pittsburgh: School of Urban and Public Affairs, Carnegie Mellon University, May 1990).

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<sup>7</sup> James M. Brasfield, "The Great Land Rush: Annexation and Sales Tax in St. Louis County," paper presented at the 1985 Annual Meeting of the American Political Science Association, New Orleans.

<sup>8</sup> Peter A. Shocket and David D. Duckworth, *The Delivery of Local Governmental Services by All General Purpose Jurisdictions in Hamilton County, Ohio: An Inventory* (Oxford, Ohio: Center for Public Management and Regional Affairs, Miami University, February 1989).

<sup>9</sup> Examples are from ACIR, *Metropolitan Organization: The St. Louis Case*.

### Finance Data Diskettes

**1988 Now Available for State-Local Government Finance Data.** The diskettes developed by ACIR provide access to Census finance data in a format not previously available, and are designed for easy use. State-by-state data for 129 revenue and 200 expenditure classifications, population, and personal income are included for state and local governments combined, state government only, or all local governments aggregated at the state level.

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# The Suburban County: Governing Mainstream Diversity

R. Scott Fosler

**O**ver the past century, America's population center has shifted from farm to city to suburb. In the process, the reality behind these concepts of place has been transformed to the extent that they mislead more than they inform. Urban regions are far more diverse than the conventional model of a nuclear central city surrounded by suburban bedroom communities. And suburban areas have long since been transformed from the homogeneous track housing of popular imagery into diverse economic and residential geo-complexes that defy common description.

Counties, meanwhile, have become the front-line agents of governance in the new urban regions. Suburban counties confront the challenge of governing their own affairs as well as growing leadership responsibility for determining how America's urban regions will be governed.

## The New Mainstream

The concept of a metropolitan area reflected in such statistical definitions as "Metropolitan Statistical Area" (MSA) is based on an outdated demographic and economic model, one in which a metropolitan area is comprised of concentric circles around a dominant core. The core includes a central business district (CBD), interspersed with generally high-density housing. Adjacent to the CBD is an industrial zone of factories and lower density working-class neighborhoods. Beyond lie the suburbs, a fringe of single-family residential neighborhoods on ample lots, generally occupied by middle- to upper-income families whose husband commutes to work in the CBD and whose wife stays at home. Surrounding the metropolitan area is a rural, predominantly agricultural, countryside.

This model is at odds with reality.

The suburban zone—whose very name implies that it is subordinate to the central city—now contains the dominant share of the metro population. In 1988, about 76 percent of the American population (or 185 million people) lived in the nation's 282 MSAs. Of the total MSA population, about 60 percent lived outside central cities in the zone defined as "suburban."

If one includes counties adjacent to MSAs as de facto extensions of the metropolitan area, the "suburban" population is even larger. In 1980, about 10 percent of the total national population resided in counties of 20,000 or more that were adjacent to MSAs. The 1990 census is likely to show that metropolitan areas account for close to 90 percent of the total national population and that the "suburban" proportion is home to about one-half of all Americans.

Equally important, economic power also has shifted from the central city to the once dependent suburbs. In 1989, the non-central city parts of metro areas had 58.1 million jobs, or 63 percent of all metropolitan jobs. During 1980-89, the number of jobs in central cities increased by 8.0 million or 23 percent, while the number of metro jobs outside of central cities jumped 17.5 million or 30 percent.<sup>1</sup> By 1980, fewer than one in five of the nation's workers were making the stereotypical commute from the suburbs to downtown; in contrast, twice as many were commuting from suburb to suburb.<sup>2</sup>

The CBD is only one of many employment centers scattered throughout most metropolitan areas. It may still be the biggest and most centrally located, but in few places does the downtown comprise even a majority of office space, employment, or retail sales. Nor is "downtown" necessarily the economic engine of growth for the metropolitan economy. During the 1980s, suburban employment growth was determined relatively independently of central city growth, while central city growth was influenced in part by suburban growth.<sup>3</sup>

## Assertive Diversity

If the vast zone of the metropolis outside the central city no longer conforms to the suburban stereotype, neither has it evolved into one new pattern.

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Its prime characteristic is its very diversity. In sharp contrast to the popular perception of boring sameness or monotonous homogeneity, the organizing concept of this new suburban pattern, to the extent there is one, is the drive to meet the specialized needs, desires, and choices of individuals. The result is wide variation in housing types, specialized shopping, customized workplaces, and personalized automobile transportation.

Another element of diversity is that parts of the suburban zone vary greatly from one another. For example, Daniel Garnick has divided the metropolitan area into four county types: the core county, which contains the "central city" and parts of the metropolitan area outside of the central city; core-contiguous counties next to the central city (or near suburbs); non-core-contiguous counties with population of at least 250,000 (or far suburbs); and non-core-contiguous counties with population of less than 250,000 (or exurbs).<sup>4</sup>

The inner tier of near suburbs may have many of the problems plaguing the central cities: a population with a high proportion of the aging and very young that is poorer and losing its middle class, deteriorating housing stock and physical infrastructure, loss of higher paying jobs, high rates of crime, and the mounting pressures of AIDS, drugs, and homelessness.

The middle-tier far suburbs are likely to be more stable, with ample middle-class homeowners and relatively strong employment centers, although even many of these areas are feeling economic stress.

The outer-tier exurbs are the expanding edge of the metropolis, with new housing, increasingly crowded schools and roads, and young adults forming new families or establishing themselves in single-person households. The outer tier must contend with such issues as farmland preservation and the location of LULUs ("locally unwanted land uses"), including landfills, incinerators, and prisons. At the edge of the outer tier is the twilight of "penturbia" and beyond—the new sweep of low-density residential, industrial, commercial, and agricultural land uses that fades imperceptibly into rural areas, which themselves show an increasing diversity of economic and residential patterns.

Even the notion of suburban "tiers" pays more homage to the conventional metropolitan model of concentric circles than is warranted, because development in most urban regions rarely conforms to such neat patterns.

A third element of diversity results from important differences among urban regions. Some of these differences are due to varying stages of development. For example, since the 1960s, according to Garnick's data, the core counties on average in all metropolitan areas have experienced sluggish population growth, while the central cities have declined in population. Beyond the core counties, the growth pattern varies. In the older metropolitan areas of New England and the Middle Atlantic, the far suburbs and exurbs have been growing more rapidly than the near suburbs. In the newer metro areas of the Southeast, Southwest, and Rocky Mountain, the near suburbs have been growing more rapidly than the far suburbs and exurbs. During the 1970s, the near suburbs had the highest relative em-

ployment growth rates in every region except New England, where the exurbs grew faster.

The wide differences in form and function among urban regions also suggest the evolution of quite different types of urban regions. For example, the size, geographical reach, economic dynamics, transportation patterns, and social structure of the Greater Los Angeles area of 13 million people suggest a regional form that is significantly different from the Minneapolis-St. Paul metropolitan area of 2.5 million. The Northeast megalopolis stretching from Maine to Virginia is comprised of a series of converging metropolitan areas that constitute an urban region different in important respects from either Southern California or the Twin Cities. The Southeast Florida, Puget Sound, Chicago, and Phoenix metropolitan areas all have still other unique characteristics.

### The Challenge to Governance

Suburban counties are likely to become the centers of action in addressing the fundamental challenges to governance in the 1990s.

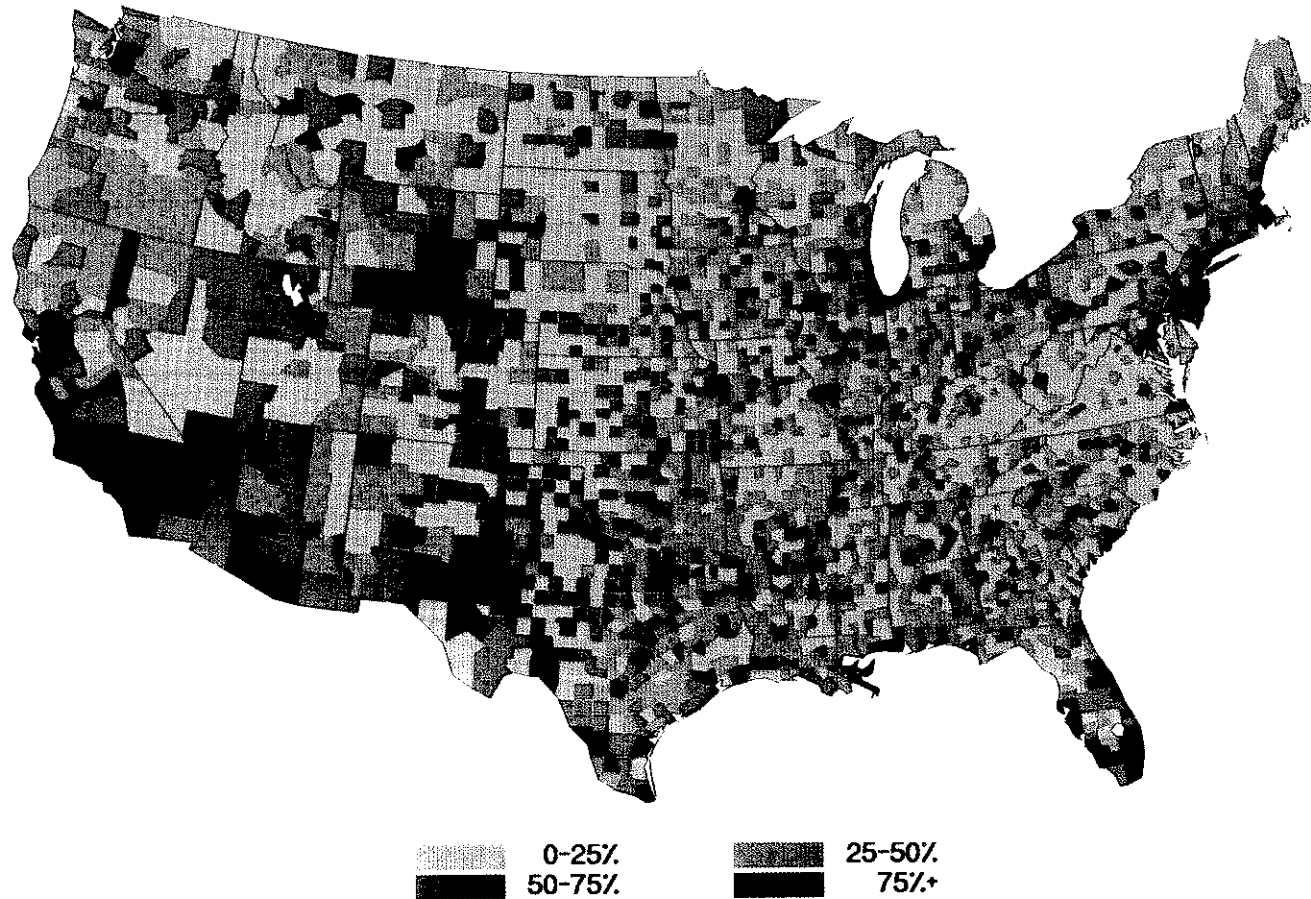
The nature of the challenges will depend, first, on their location within the urban region. There are 738 counties in MSAs, or 24 percent of the nation's more than 3,100 counties. Nearly all of these cover some portion of the MSA outside of the central city, including those that cover all or parts of the central city.

County governments that serve the inner tier may have more in common with central city governments, and those that serve the outer tier may have more in common with rural governments, than either has with the other. Some suburban counties, meanwhile, serve areas in all three tiers. They may also reach into traditional rural and agricultural areas, and thus are likely to face urban poverty and population outmigration, along with rapid growth, demands for new schools and roads, and the issue of farmland preservation. Consolidated city-county governments may cover all three suburban tiers as well as the central city.

In some suburbs, the overbuilding of office and retail space (and, in some cases, middle- and upper-income housing) combined with recession will provide a respite from the pressures of growth even as they create new problems. For other suburbs, growth will persist or resume after a hiatus, so that counties will continue to face the dilemma of accommodating economic and residential expansion even as they seek to protect the quality of life of existing residents. One key question is whether counties will use a hiatus in growth to catch up with the backlog of infrastructure problems and plan for future expansion.

Whatever part of the urban region they cover, nearly all suburban counties will confront problems across a range of functions common to most local governments, such as deficiencies in education, inadequate affordable housing, traffic congestion, weak mass transit, pollution, and a burden of waste, crime and drugs, and inadequate social services. Of 423 MSA counties responding to a National Association of Counties (NACo) survey in 1985, at least 95 percent provided services for police protection and corrections, legal assistance and prosecution, public health,

## America's Counties: Percent Urban Population, 1980<sup>1</sup>



<sup>1</sup> Missing from the map are Alaska, which has 23 boroughs, and Hawaii, which has four counties.

<sup>2</sup> Based on U.S. Department of Commerce, Bureau of the Census population data.

Source: Dr. Joel A. Lieske, Department of Political Science, Cleveland State University.

social services, transportation, public utilities, natural resources, land use, community and economic development, parks, and education.

The challenge of meeting service needs can be expected to increase due to pressures from changing demographics (e.g., as increasing numbers of elderly people and educationally disadvantaged children), fiscal tightening, and economic distress. This pressure will be all the greater as federal and state governments confront growing fiscal pressures and squeeze local governments by reducing grants and imposing unfunded mandates on them.

Consequently, the capacity of suburban counties to provide services will depend increasingly on their ability to improve the productivity of public services systems, to find new sources of revenue, and to strengthen the local and regional economy. To do so will require more innovative management and more creative interaction with the private sector and citizens. It will also mean moving beyond "privatization" and "partnership" to redefine public needs, rethink government responsibilities, and redesign public systems that involve government, business, nonprofits, civic groups, and individual citizens.

This will require more than a technical adjustment, but rather a wholesale conceptual, organizational, and political restructuring of the relationship between government and citizens. Indeed, one consequence of a society tailored to the desires and choices of individuals is that the pursuit of personalized desires can easily conflict with the interests of the general public. For example, the spread of single-family housing reduces open space and increases automobile congestion. Central to the governance challenge, therefore, will be to define narrow and overlapping communities of interest more precisely, and to find more creative and efficient ways to serve them.

A related challenge is to link land use management more closely to the provision of public services. This will require, at minimum, an adjustment in the traditional planning function. Planning in most suburbs has been equated with "land use planning"—master plans, zoning, subdivision regulation, and the like. In the future, planning will need a broader concept of foresight, including economic, programmatic, and strategic planning.

### **The Leadership Imperative**

Suburban counties will not only confront new issues of governance in their own jurisdictions but will also be pushed to take a stronger leadership role in regional governance.

Effective and efficient governance will require increasing interaction across the political boundaries of the entire urban region. Most metropolitan areas in the United States are governed by many local jurisdictions. There are, to be sure, benefits that derive to smaller units of government by permitting residents choice in the level and quality of services they desire, and by permitting governments to take advantage of economies of small scale.<sup>5</sup> Most metropolitan areas, therefore, are likely to rely principally on interlocal agreements to deal with broader service needs and problems.

There also will be a need for regionwide institutions to deal not only with such familiar areas of regional cooperation as transportation, water supply, and waste management, but also areas such as human resource development.<sup>6</sup> Consequently, the potential for city-county consolidation or other more comprehensive regionwide institutions may be reconsidered as local governments confront new challenges.

Urban regions are also prime units of economic geography in the new global economy, and their competitiveness will depend in part on the actions of local government. As global integration and competition increase, the importance of national boundaries and economic policies is diminishing relative to the power of international economic forces and the capacity of regions to shape their own economic destiny.<sup>7</sup>

The principal determinants of local economic competitiveness cannot be disassociated from those of the region as a whole. They include:

- Human investment to assure a competitive work force;<sup>8</sup>
- Technology, knowledge, and information services, which are central elements in the economic "infrastructure" of the future;
- Industrial clusters of small, medium, and large producers, suppliers, and related services that work through networks in specific industries concentrated in the region;
- Physical infrastructure, such as telecommunications networks, transportation systems (including cross-county rather than suburb-to-downtown links), water supply, and waste disposal facilities;
- Protection of the natural environment—including air, water, parks and forests, water sheds, stream valleys, and farmland—to enhance the quality of life and to attract and retain a quality work force and job base.

The economic vitality of any one jurisdiction will depend increasingly on the strength of these factors for the region as a whole.

Suburban counties will also be pushed into a stronger leadership role to deal with both metropolitan governance and economic development because they will have the comparative political influence, institutional capacity, and resources to do so. In the past, the central city government was seen as the natural leader of the metropolitan area. Today, however, many central cities confront stresses that make it difficult for them to meet their own needs, let alone assume primary leadership duties for their region. To be sure, other types of local government—municipalities, towns, villages, and special districts—play important roles. But counties are more likely to have the population and economic weight, geographical coverage, and range of governmental powers that give them the stake and the capac-

ity to take a more active leadership role. Some 164 counties, or nearly 40 percent of all MSA counties responding to the 1985 NACo survey, reported that they had home rule. The point here is not that leadership will shift completely from the central city to the suburban counties, but rather that local governments throughout the region will need to find a collaborative style of relationships suitable to regions that no longer have one dominant jurisdiction.

Failure of urban regions to deal with their own needs will lead to stronger state involvement in regional affairs. The question then will be whether growing suburban political clout is exercised to strengthen the entire region, or to serve the interests of suburban jurisdictions alone. In some instances, city-suburb tensions may be heightened as suburbs seek to enhance their power in state government by building coalitions with other suburban jurisdictions throughout the state.

Part of the metropolitan political battle also will be played out in the national arena. The national political strength of the suburbs is increasing, especially in the U.S. House of Representatives. However, because the federal deficit will limit new federal spending for local programs, both central city and suburban jurisdictions may well find it in their mutual interest to reconcile their differences and find common cause within their state and region rather than the federal arena.

*R. Scott Fosler is vice president and director of government studies, Committee for Economic Development, and senior fellow, Institute for Policy Studies, Johns Hopkins University. The author wishes to express appreciation and acknowledge the assistance of Jeremy Leonard of the Committee for Economic Development, and John Thomas, Jim Golden, and Fred Zeldow of the National Association of Counties.*

#### Notes

- <sup>1</sup> *Employment and Earnings*, January 1981 and January 1990.
- <sup>2</sup> Robert Fishman, "America's New City: Megalopolis Unbound," *The Wilson Quarterly* 14 (Winter 1990): 27.
- <sup>3</sup> Anita A. Summers and Peter D. Linneman, "Patterns and Processes of Urban Employment Decentralization in the U.S. 1976-1986," prepared for the Conference on Comparisons of Urban Economic Development in the U.S. and Western Europe (Bellagio, Italy, July 9-13, 1990).
- <sup>4</sup> Daniel Garnick, "Local Area Economic Growth Patterns," in M. McGeary and L. Flynn, eds., *Urban Change and Poverty* (Washington, DC: National Academy Press, 1988).
- <sup>5</sup> U.S. Advisory Commission on Intergovernmental Relations, *The Organization of Local Public Economies* (Washington, DC, 1987).
- <sup>6</sup> See, for example, Robert Agranoff, "Managing Federalism through Metropolitan Human Services Intergovernmental Bodies," *Publius: The Journal of Federalism* 20 (Winter 1990): 1-22.
- <sup>7</sup> "International Economic Competitiveness," *Intergovernmental Perspective* 16 (Winter 1990): entire issue; and "State and Local Governments in International Affairs," *Intergovernmental Perspective* 16 (Spring 1990): entire issue.
- <sup>8</sup> Committee for Economic Development, *An America that Works: The Life-Cycle Approach to a Competitive Work Force* (New York, 1990) lays out a comprehensive strategy for human investment, with strong reliance on state, local, and regional roles.

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Price: \$20—Single diskette

(see page 49 for order form)

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# Rural Counties: The Challenges Ahead

Kaye Braaten

**T**he 1990s will present rural communities with great challenges. The principal challenge will be the ability of counties to forge brave leadership for citizens to help themselves. Responses to coming changes will either be carefully thought out on the part of county leaders or forced by circumstances. Counties and their incorporated cities must be poised to create a workable atmosphere for the action of the 1990s.

Counties are one of the oldest forms of government, dating back to sixth century England. Counties were formed in America as a means of establishing local order prior to 1776. There are more than 3,000 counties in the U.S. today, and, of those, 2,670 or 88 percent have populations of less than 100,000.

Many counties have fulfilled their responsibilities in law enforcement, judicial services, tax collection, and other areas in the same unobtrusive manner for generations. County organizational structure, in most cases, has not changed since the counties were incorporated. Although the stability of government entities is to be applauded, often that same stability has led to stagnation and a failure to adapt to the changing needs of society.

## Falling Population and Rising Problems

Major shifts in population from rural to urban areas in the last two decades have forced many counties to evaluate the way they do business. While counties with growing populations struggle to provide services for more people, rural counties face the problem of continuing services to a declining population, with an eroding tax base and less support from state and other local governments. Rural counties face growing problems in declining economic opportunity, education, transportation, and care of the aging.

Problems in many rural and nonmetropolitan counties are made more acute by the fact that the number of rural jobs is growing more slowly and that nonmetropolitan unemployment has been higher than in urban areas.

Between 1969 and 1988, nonmetropolitan poverty rates remained consistently higher than metropolitan rates, and the gap widened in the 1980s, when the rural economy went through major adjustments. Since 1973, per capita income in nonmetropolitan areas has fallen in relation to metropolitan income. The nonmetropolitan poverty rate has risen, and now stands 35 percent higher than the metro rate.

Between 1980 and 1988, the nonmetropolitan population grew only 4.7 percent, less than half the metro area growth rate. Between 1982 and 1987, almost half of the nonmetropolitan counties lost population. This decline occurred primarily in counties that are considered rural because of low population and because they are not in close proximity to metropolitan areas. These rural counties experienced outmigration due to slow economic expansion and better economic opportunity in urban areas.

## Revenue Losses and Human Impacts

The immediate effect on rural counties has been a loss of tax revenue to support the services they provide as mandated by the state and federal governments. Information on fiscal problems facing counties was gathered in a 1989 survey by the National Small Government Research Network (NSGRN). In North Dakota, where 19 of the 21 county auditors contacted responded, none reported population growth. Eighty-four percent said taxes had been raised in the last two years to maintain services. At the same time, 79 percent reported a decrease in state aid, and 84 percent reported cutbacks in federal revenue sharing.

The report said counties were especially hard hit by federal program cutbacks. In addition, few officials thought the situation with federal mandates would improve. To cope with their fiscal problems, taxes were raised, administrative changes made, levels of service reduced, and more services were shared with other political subdivisions.<sup>1</sup>

By far, the people expected to be most affected by the reduction of state and federal funding were low-income people, the elderly, children, farmers, and the unemployed.

The conclusion was that local governments in North Dakota, like local governments throughout the nation, are experiencing demands for increased services in the face of cutbacks in federal government assistance. However, it was also reported that the picture was not entirely gloomy because many communities were responding in creative and innovative ways.

### Transportation

Key issues, like transportation, affect every facet of society. County roads are the lifeline between farms and towns, the field and the marketplace. Rural roads constitute 98 percent of North Dakota's 106,000-mile road system, with county and township rural roads accounting for 90 percent of the total. Counties are also responsible for over 4,000 bridges, 60 percent of which are classified as deficient.

The problem is compounded by railroad abandonment. Since 1936, over 850 miles of North Dakota rural branch lines have been abandoned, most in the past 15 years. These branch-line abandonments changed the pattern for getting agricultural products to market. County roads that are now used to transport commodities were not built to handle either the weight or the number of vehicles they must now bear.

The impact of federal highway funding on society as a whole cannot be underestimated. If fewer dollars are earmarked for rural states, problems of getting commodities to market will increase, chances of rural economic development will decrease, and more people will be forced to move to cities, compounding urban transportation problems.

Solutions to some transportation problems are emerging. In-depth planning is taking place locally in North Dakota and in other states to determine the best way to spend scarce funding. Replacement of obsolete bridges with lower cost structures, like culverts, can reduce costs without severely detracting from road service levels. Some paved roads are now being converted back to gravel for less expensive maintenance.

### The Aging

A specific group of people affected by mounting rural problems is the aging. In 1900, only about 4 percent of the population was over age 65. By 2000, that number is projected to hit 13 percent. This trend will have varying impacts on rural counties. As younger people move away from rural areas in search of economic opportunity, there are fewer support systems for older people. Medical care is often not available in rural communities, and transportation services are often inadequate.

Some medical schools, such as those at the University of North Dakota and the University of Minnesota, were developed to help train physicians for family practice in rural areas. These programs, along with the National Health Corps, help place physicians in rural and urban areas. These programs provide some relief, although it is not always permanent or adequate.

### Cooperative Service Arrangements

As population declines in rural counties, there is a greater need to overcome turf protection and find ways to

coordinate, cooperate, and consolidate services within the county structure and with cities within counties.

City-county consolidations, sharing of services among political subdivisions, cluster communities, and changes in government forms are some ways that rural counties are responding to the dilemma of providing services with fewer tax dollars.

Although no two counties have yet combined, there are about 22 city-county consolidations. Among the better known urban consolidations are Davidson County and Nashville, Tennessee, and Marion County and Indianapolis, Indiana. Often in urban areas, the motivation to consolidate comes from the migration of taxpayers from the city to suburbs and unincorporated areas, which creates a need for more services by the county in outlying areas, as well as a need for sharing the costs.

In rural areas, however, consolidation is often a forced necessity in order to survive. It can be augmented by the willingness of the state to open the way, as in the case of Montana, where a new constitution in 1972 gave local governments the opportunity to consolidate. Two cities and counties, Anaconda and Deer Lodge County, and Butte and Silver Bow County, dependent economically on a floundering mining industry, chose consolidation in order to conserve resources and manage services more efficiently. The constitution provides Montana cities and counties the opportunity every 10 years to review their form of government and make needed revisions.

Combining of services between cities, counties, and other political subdivisions takes place more frequently than consolidation of governments. In the NSGRN survey, 37 percent of the North Dakota counties reported joint service provision with other governments. A National Association of Counties survey of 800 counties resulted in 600 responses identifying 1,500 to 2,000 contacts in counties for various local intergovernmental agreements covering fire and police protection, park maintenance, solid waste disposal, and road repair.

Some examples are relatively simple and practical. For instance, road grading and snow removal is done by Weld County, Colorado, for the city of Windsor on a county road inside the city limits.

More complex negotiations took place in Washington State when a bridge in Pierce County, Washington, which was owned jointly by the county and the city of Puyallup, needed repairs. An agreement was reached in which the county, city, and the City of Sumner shared the expenses for the repairs. Once they were complete, ownership and responsibility for the bridge was turned over to the two cities.

Adams County, North Dakota, provides an example of full integration of services. The county has assumed much of the responsibility for services in its four municipalities, including the county seat, either by combining services or through contracts. These services include law enforcement, street repair, snow removal, and water and sewer system maintenance. City utility billing is provided through the central county computer, and landfill service is provided for the entire county, the county seat, and portions of the next state. The result is that the county seat no longer has any employees, although the two political subdivisions have not formally consolidated.

Consolidation of services between counties is another trend, involving county-to-county intergovernmental

agreements in which counties agree to cooperate on road maintenance, airport authority, social services, and other areas that overlap boundaries.

Clustering of communities is another new idea in rural development. A cluster is an expanded community formed when people from several communities combine services and cooperate rather than compete with one another. A number of clusters are in operation in Iowa. In North Dakota, the state economic development commission, university extension service, and rural county commissions are working to develop community and county clustering.

Another innovation in North Dakota is a contract that five counties have with Washington, DC, to house prisoners. The counties thus have a new way to finance their county jails, meeting both the need for more financing in rural areas and the need to provide housing for urban prisoners.

### Governance and Outreach

Changing forms of county government can help counties meet changing needs. Richland County, North Dakota, undertook a project called "Spirit of the 90s" in 1989 to help citizens determine their own destiny. This was an ambitious undertaking for a county with less than 20,000 citizens. Almost 150 volunteers participated in the process. As a result, in the November 1990 election, voters approved a home rule charter that will make numerous changes in the way the county is governed.

County commissioners, both rural and urban, are becoming more cognizant of their role in education and other policy areas. The connection between county board, school board, and corporate board, for example, is no longer a straight line, but rather a smaller and smaller circle that is drawing these separate entities closer together.

Technology and education will be crucial to meeting the challenges faced by counties in the 1990s. More sophisticated technological capabilities are needed, not only to improve efficiency, but to tell the county story. Although the same pressing needs exist in rural America that are found in urban and suburban America, rural counties do not have the data necessary to tell their stories to the state legislatures or the Congress. The National Association of Counties is working to overcome this problem by linking urban, suburban, and rural counties with state-of-the-art technological information.

The circles we live in can overpower and dominate us, or they can serve as sources of cooperation and unity that bring strength and economic well-being to county government. The challenge to meet and solve the problems facing counties belongs to county leaders, other local governments, and citizens alike as they work together.

*Kaye Braaten is first vice president, National Association of Counties. The author wishes to express appreciation and acknowledge the assistance of Gayle Schuck, communications specialist, North Dakota Association of Counties.*

### Notes

<sup>1</sup>Small Local Government Fiscal Trends in North Dakota, (Grand Forks: University of North Dakota, Bureau of Governmental Affairs, August 1990).

## State and Local Initiatives on Productivity, Technology, and Innovation: Enhancing a National Resource for International Competitiveness

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## Mandates: Cases in State-Local Relations

This information report on state mandates attempts to shed some light on an increasingly controversial aspect of state-local relations. The current concern centers around several issues, including the decline in federal aid relative to own-source revenues, the shift of more programmatic responsibility from the federal government to state and local governments, questions of accountability, public opposition to rising taxes, and difficulties in meeting mandates. The cases in this report come from seven states—Connecticut, Florida, Massachusetts, New York, Ohio, Rhode Island, and South Carolina.

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(see page 49 for order form)



# Counties in Transition: Issues and Challenges

Robert D. Thomas

When confronted by changing socioeconomic, demographic, and governmental conditions, county officials often face critical problems without authority to legislate locally, raise sufficient revenues, or engage in areawide or neighborhood planning and land use management. Such problems vary dramatically across the spectrum of counties, from the most urbanized (e.g., Los Angeles County, California, and Cook County, Illinois) to the most rural (e.g., Loving County, Texas, and Hillsdale County, Colorado). Many counties are confronting economic shifts, changing residential patterns, and more governments delivering public services and issuing regulations. These transitions intensify demand for traditional county services and also compel consideration of how county government should respond to the changing environment. The issue, of course, is framed partly by the county's legal powers, or lack thereof.

## Five Counties in Transition

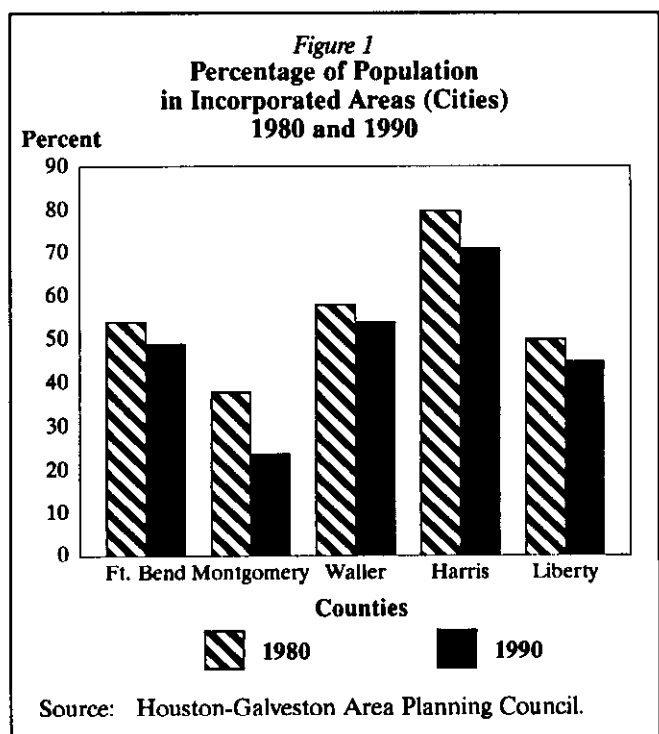
The five counties of the Houston Metropolitan Statistical Area (MSA)—Ft. Bend, Harris, Liberty, Montgomery, and Waller—provide an example of counties in transition. These counties serve 3,247,000 people (1986) within 5,345 square miles of the upper coastal plains of Texas. MSA employment increased from 300,000 in 1945 to 1.6 million in 1988. Harris County has 85.8 percent of the MSA's population, with 60.8 percent its population living inside the city of Houston. Thus, the city and Harris County form the core of the area's economy.

## Growth Trends

From a metropolitan perspective, with population increasing 74.6 percent and personal per capita income rising 314 percent from 1970 through 1988, Houston's MSA counties underwent a massive face-lift. Growth varied among the counties, however, arraying them along an urban continuum: Harris County on the urbanized side; Ft. Bend and Montgomery moving in an urbanizing direction; and Waller and Liberty the least urbanized.

During the 1980s, the populations of Ft. Bend and Montgomery counties skyrocketed (72 percent and 42 percent, respectively), mainly because they became bedroom communities of Houston.<sup>1</sup> Comparatively, population growth in Harris, Liberty, and Waller counties was modest (17 percent or less). Figure 1 shows, moreover, that more population growth occurred in the unincorporated areas of each county.

Population growth also brought new residential, commercial, and industrial developments in each county. New single-family housing, building permits, capital expenditures, and value added by manufacturing—as well as other elements of urban growth—rose sharply in the 1970s and 1980s. As the area experienced an economic boom in the late 1970s and early 1980s, the landscape of each county began to change. While the total number of houses increased



by an average of 107 percent (1972-1982), the size of farms decreased by an average of 25 percent. In Montgomery and Waller counties, urban conditions seemed to replace rural conditions. Ft. Bend County, however, became more bifurcated, experiencing the greatest increase in housing and substantial increases in manufacturing simultaneously with the smallest decrease in farm sizes and the greatest increase in the value of farm products.

### Changes in the Tax Base

How did these growth trends affect tax valuations? The data in Table 2 provide some insight. Given that growth has had an impact on the tax value of land, we might expect such changes to result, eventually, in a shift of county government's priorities from rural to urban concerns. However, the growth effects on tax values are not uniform. While Harris County's tax base in the 1980s was substantially urban (e.g., residential and commercial/industrial property valuations averaged about three-fourths of total valuations), the other counties presented a mixed picture. Waller and Liberty were consistently skewed toward farm, ranch, and acreage. Ft. Bend and Montgomery were more bifurcated, relying both on urban-type sources and on farm, ranch, and acreage sources.

### Governmental Responses

Governmental complexity seems to mirror urbanization and taxation trends. As suggested by Table 3, as counties change, more governments are created to provide an urban infrastructure for new residential, commercial, and industrial developments or for servicing these developments once they are in place. Municipal utility districts (MUDs) and, to some extent, independent school districts (ISDs) but counties only secondarily are the vehicles used in the Houston MSA to support new developments in unincorporated areas. (Numerous MUDs exist in Harris County, and MUDs are especially important in rapidly developing Ft. Bend and Montgomery counties.)

*Table 1*  
Percentage Change in Urban and Rural Conditions,  
1962-1982

County	Percent Urban 1980 <sup>1</sup>	Urban Conditions		Rural Conditions	
		Number of Houses	Value Added by Manufacturing	Size of Farms	Value of Farm Production
Ft. Bend	29	187	230	-3	84
Harris	79	68	281	-39	32
Montgomery	14	172	566	-36	18
Liberty	0	57	946	-20	7
Waller	0	53	7,050	-25	39
Mean		107	1,815	-25	36

<sup>1</sup>Based on U.S. Bureau of the Census definition of urban as incorporated areas and census designated places of 10,000 or more people.

Source: U.S. Department of Commerce, Bureau of the Census, *City and County Data Book* (Washington, DC, selected years).

*Table 2*  
Average Tax Values Contributed by Selected Properties,  
1983-1988<sup>1</sup>

County	Residential <sup>2</sup>	Commercial/Industrial <sup>3</sup>	Farm, Ranch Acreage <sup>4</sup>
Ft. Bend	37.42	11.48	20.83
Harris	42.49	29.69	3.86
Montgomery	35.15	11.29	23.53
Liberty	24.20	7.17	32.38
Waller	11.14	5.62	38.03

<sup>1</sup>The percentages reported for the three tax properties do not add to 100 percent because other categories include vacant lots and tracts (platted); oil, gas, and minerals; and personal (vehicles, utilities, and others).

<sup>2</sup>Single-family structures on five acres of land or less; and multifamily structures containing two or more dwelling units but not individually owned.

<sup>3</sup>Commercial property includes virtually any property primarily devoted to sales, entertainment, or services. Industrial property includes manufacturing and processing facilities.

<sup>4</sup>Residences, barns, silos, and other real property improvements located on tracts of land over five acres in size; land separated out of a larger farm/ranch tract for homestead exemption purposes; and parcels of land larger than five acres (e.g., timberland, farm land, ranch land, recreational land, idle land, wasteland, all land receiving productivity valuation, and large vacant tracts owned by commercial, industrial, or utility taxpayers).

Source: State Property Tax Board, *Annual Reports, 1983-1988* (Austin, Texas).

### The State Connection

Governmental complexity in the five counties is linked directly to the structure of state authority for local governments. Consider how the state forms the legal parameters for MUDs and ISDs.

The legal antecedent of MUDs is a 1917 Texas constitutional amendment. That amendment was the foundation for state statutes allowing landowner initiative in the creation of taxing entities to fund improvements on undeveloped land. Originally, farmers and ranchers used these authorities to finance land improvements to protect against hurricanes and floods and to have higher productivity.<sup>2</sup> State statutes subsequently expanded the constitutional concept, allowing such financing to be used for urban infrastructure improvements supporting residential, commercial, and industrial developments.<sup>3</sup>

Likewise, because the Texas Constitution provides authority for independent school districts and explicitly authorizes the legislature to form ISDs embracing "parts of two or more counties," education services can emerge around land development patterns rather than being corralled inside either cities or counties.<sup>4</sup> Thus, many school districts have overlapping boundaries, especially in the most urbanized and urbanizing counties.

### Who Pays for Urban Development? The Debt Picture

The Texas Constitution makes counties first and last administrative arms of the state government.<sup>5</sup> A review of

**Table 3**  
**Governments with General Obligation Debt**  
**in the Houston MSA, 1988**

	Total Number in County	Number that Cross County Line	Debt (millions)	Percent of Total Local Government Debt in County
Ft. Bend County	1		7,807	1.4
Cities	7	4	33,876	6.3
School Districts	4	4	153,712	28.3
MUDs	50	11	346,351	64.0
Total	62	19	541,746	100.0
Harris County	1		392,418	8.0
Harris County <sup>1</sup>	4		900,768	18.4
Cities	20	8	1,000,286	20.5
School Districts	17	10	1,162,576	23.8
MUDs	292	12	1,433,656	29.3
Total	334	30	4,889,656	100.0
Liberty County	1		5,668	16.5
Cities	5		8,882	25.9
School Districts	5	2	19,754	57.6
MUDs	1		—	—
Total	12	2	34,304	100.0
Montgomery County	1		30,419	8.4
Cities	11	1	26,307	7.3
School Districts	5	4	112,900	31.2
MUDs	49	3	191,831	53.1
Total	66	8	361,457	100.0
Waller County	1		1,326	5.4
Cities	3	2	1,175	4.8
School Districts	2	2	20,971	84.8
MUDs	1		1,262	5.0
Total	7	4	24,734	100.0

<sup>1</sup>Includes Harris County Toll Road Authority, Harris County Department of Education, Harris County Flood Control District, and Port of Houston Authority.

Source: Municipal Advisory Council of Texas, *Texas Municipal Report* (Austin, 1990).

public indebtedness for the governments of the five counties shows how this role shapes not only county responses but also other governments' responses to change. As indicated in Table 3, MUDs have the largest share of debt in the most urban county (Harris) and in the most urbanizing counties (Ft. Bend and Montgomery). In these counties, as well as in the least urbanized counties, ISDs are also key entities in establishing an urban infrastructure through debt financing.

These data suggest that the county is generally a secondary player in debt financing, but there are interesting exceptions on each end of the urban continuum. One of the least urbanized counties, Liberty, bears relatively more indebtedness in relation to its other local governments than the more urbanized counties. On the other side, in Harris County, special purpose authorities, which are either quasi-county agencies (e.g., Toll Road Authority and the Flood Control District) or closely allied with the county (e.g., Port Authority), have 18 percent of the total indebtedness for all governments in Harris County, thus making them significant actors in areawide developments.

### Consequences and Challenges: Whence Counties?

What do these trends imply for county governments? Perhaps a football analogy illustrates the implications. In Texas, as in many other states, counties operate substantially as administrative arms of state government. As a result, counties are often placed in the position of being second or even third stringers in responding to changing patterns of growth and decline. If local circumstances warrant it, the state may allow the county to play an important skilled position, although not always one that is central to the challenges at hand.

Harris County is a case in point. The state has permitted the creation of quasi-county agencies and authorities closely allied with the county to respond to public needs where other local governments cannot or do not take action. Still, there are limits to the county's ability to respond to growth. Of course, county governments also carry out state administrative services that are an integral part of metropolitan governance (e.g., criminal justice administration). However, the state does not provide counties with sufficient statutory authority or legal latitude to be first-team players able to shape responses to permanent and transitional needs arising from urbanization.

Instead, statutory embellishments of selected provisions of the Texas constitution have placed MUDs and ISDs at the forefront in providing counties with an urban infrastructure and delivering important services. This differentiated structure of local service provision has given rise to a free-market atmosphere in which land use patterns are shaped largely by land ownership and by what the market will bear. Given that MUDs and ISDs are formed around or along with developments, the initial, if not always final, urban infrastructure created in counties is financed mainly on a neighborhood-specific basis, not by the county's entire population.

A recent ACIR report argues that a cluster of local governments inside and overlapping counties, such as that found in the Houston MSA, can be viewed as a "local public economy." This economy is created by local actors, public and private, within a "framework of rules . . . supplied largely through state constitutions and laws, not by metropolitan or regional governments."<sup>6</sup> For the Houston MSA, the multiplicity of governments emerging with urbanization does seem to serve "a number of useful purposes: it increases the sensitivity of local government to diverse citizen preferences; it increases efficiency by matching the distribution of benefits more closely to the economic demand of communities; and it enables citizens to hold public officials accountable to a specific community of interest."<sup>7</sup>

In the Houston area and across the nation, however, the "rules" for local governments are not static, nor are they framed only by the state's constitution and statutes. Increasingly, the U.S. Constitution and statutes also have come to overlay local governance. Sometimes, perhaps often, what works at one time must later be altered to deal with new circumstances. The problem, though, is that the "rules" established by the state and federal governments do not always allow counties and other local governments to respond adequately to challenges in order to build a

more functional local public economy where conditions are dysfunctional. In the Houston MSA, for example, a number of local governance challenges will have to be addressed in the near future.

For one, Texas faces major questions of equity in the financing of public education. With ISDs created to serve economic enclaves, as opposed to citywide or countywide jurisdictions, many differences in fiscal capacity exist between school districts, although with urbanization, the creation of more ISDs does give metropolitan residents more choices. Of course, such disparities are not confined to the Houston MSA; they exist statewide. Thus, how this issue is finally resolved will require changes in state "rules." The political challenge will be to equalize funding under state court orders largely within the present structure of ISDs. Two possibilities, each with consequences for local governance, are interjurisdictional transfers from rich to poor districts or statewide financing based on uniform assessments.

Several intergovernmental questions also need resolution. For example, many MUDs in the Houston MSA use groundwater and have small wastewater treatment plants that were built to meet population projections that were too low. Eventually, MUDs will have to be supplied by surface water because of depletion and subsidence problems, and their treatment plants will have to be upgraded or integrated regionally.<sup>8</sup> In resolving these issues, local government boundary questions will arise around the complex issues of incorporation and annexation.

Through incorporation, MUD costs and benefits can be absorbed by existing cities. Such incorporations are unlikely, however, because all Harris County MUDs and most MUDs in Ft. Bend, Montgomery, and Waller counties are inside the city of Houston's extraterritorial jurisdiction (ETJ), which extends five miles beyond the city's corporate limits.<sup>9</sup> State law prohibits new incorporation within a city's ETJ unless the city grants permission. Given that Houston is not likely to grant such permission, incorporations are out of the question. The surrounding counties, therefore, have little leverage under the existing rules to help fashion a more functional local public economy.

Ironically, the state's ETJ rules were intended, in part, to allow municipalities to respond to growth. Indeed, since World War II, Houston has dissolved many MUDs and taken over their liabilities and assets through large-scale annexations. (A home rule city may annex by simple ordinance action within its ETJ.) This annexation power, however, has been complicated by two major factors. One is the *Voting Rights Act of 1965* and its later amendments. This act, which is applicable to Houston, prohibits boundary changes that dilute minority voting strength.<sup>10</sup> The second factor is the 1963 Municipal Annexation Act that requires cities to provide equivalent city services to annexed areas within three years of annexation—a hurdle that is sometimes difficult for cities. Thus, these federal and state statutes—which have laudable equity objectives—have some counter-equity consequences, while they also limit the ability of the city and its surrounding counties to respond to growth challenges.

How county governments can fit more effectively into the overall pattern of local governance in the future will require a thorough reshaping or at least fine tuning of existing state rules and, perhaps, some federal rules. On the educational equity question, for example, county govern-

ments are not even in the picture. On many intergovernmental questions, county governments can only react and adapt to the actions of other governments. At this time, moreover, county governments can only venture selectively from their traditional service responsibilities.

Hence, county empowerment needs to be addressed in Texas as well as in many other states, especially where the challenges to local governance posed by urbanization are stretching the limits of existing governments. Such empowerment, moreover, can be seen as a logical extension of the traditional service responsibilities of counties, an extension that does not require the county to take over and centralize all functions, but rather an extension that allows a county to serve its local communities by facilitating the development of a functional local public economy.

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#### Notes

- <sup>1</sup> A 1989 Missouri City (Ft. Bend County) survey, for example, found that 61 percent of the city's residents worked in Houston.
- <sup>2</sup> The 1917 amendment gave landowners *unlimited and unrestricted* debt financing for flood control, drainage, irrigation, and power projects—financial latitude not available to cities and counties.
- <sup>3</sup> Under the 1917 amendment, the legislature has authorized 13 different types of districts, but only three have been used to support urban developments. As forerunners of MUDs, Fresh Water Supply Districts and Water Control and Improvement Districts were used to finance urban improvements. The Municipal Utilities Act of 1971 applied the concept directly to urban developments, authorizing MUDs to provide all types of water supplies, waste disposal services, and drainage. MUDs were also authorized to alter land elevations, provide parks and recreation facilities, as well as other functions. Combined, these functional responsibilities made MUDs "small" towns. Cf. Lee Charles Schroer, "The Water Control and Improvement District: Concept, Creation and Critique," *Houston Law Review* 8 (March 1971): 712-738; and Texas Water Code, Chapter 54.201, p. 297.
- <sup>4</sup> The Texas Constitution (Art. VII, Sec.3) also authorizes cities to constitute separate school districts; however, there are 1,064 ISDs in Texas and only a few city districts.
- <sup>5</sup> Art. XI of the Texas Constitution creates counties as legal subdivisions of the state (Sec. 1), and then controls their authorities through general laws (Sec. 2).
- <sup>6</sup> U.S. Advisory Commission on Intergovernmental Relations, *The Organization of Local Public Economies* (Washington, DC, 1987), p. 35.
- <sup>7</sup> *Ibid.*, p. 1. See also, U.S. Advisory Commission on Intergovernmental Relations, *Metropolitan Organization: The St. Louis Case* (Washington, DC, 1988).
- <sup>8</sup> See also Virginia Lacy Perrenod, *Special Districts, Special Purposes: Fringe Governments and Urban Problems in the Houston Area* (College Station: Texas A&M University Press, 1984).
- <sup>9</sup> Home rule cities in Texas have ETJs of one-half mile to five miles beyond their corporate limits, depending on their population, as follows: more than 100,000, five miles; 50,000 to 100,000, three and one-half miles; 25,000 to 50,000, two miles; 5,000 to 25,000, one-mile. Municipal Annexation Act, General and Special Laws of the State of Texas, 57th Legislature (1963), Ch. 160, pp. 447-545.
- <sup>10</sup> See also Robert D. Thomas and Richard W. Murray, "Applying the Voting Rights Act in Houston: Federal Intervention or Local Political Determination?" *Publius: The Journal of Federalism* 16 (Fall 1986): 81-96.

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# County Leadership and Models for Change

Ann Klinger

**O**ne of the greatest challenges in the federal system is for state and federal officials to create "the policy structures that allow local governments to solve problems." This observation by Robert B. Hawkins, chairman of the U.S. Advisory Commission on Intergovernmental Relations (ACIR), sums up the reality for counties in the last decade, and the future for counties in the 1990s.<sup>1</sup>

When treated as intergovernmental partners in the federal system, and not just another special interest group, county governments have generally met the challenge of change with innovation and creativity. Counties have been forced to become more creative and innovative in order to deliver services more efficiently in the face of state and federal cutbacks and voter tax revolts.

The most successful counties exhibit the spirit of entrepreneurship. They have the willingness to risk, to discard what does not work, and to build on what does work—public enterprise using the same strategies as private enterprise. Delivering services in a different way is the norm in many counties. This has occurred despite federal and state mandates and the propensity of federal and state governments to micromanage by rule and regulations with little consideration for county size or diversity.

The diversity of our 3,041 county governments can be demonstrated by three facts:<sup>2</sup>

1. Over half of the nation's population resides in the 167 counties with populations over 250,000.
2. Almost three-fourths of all counties (more than 2,200) have populations of under 50,000.
3. The largest, Los Angeles County, California, has more than 8 million residents (larger than 42 states<sup>3</sup>) and the smallest, Loving County, Texas, has about 150.<sup>4</sup>

There is one major, common thread. In 1985-86, with analysis and editorial assistance by Barbara P. Greene, the National Association of Counties conducted a survey of county governments. The survey showed "the overwhelming concern from all population ranges is with state and federal requirements without appropriate funding and federal fiscal cutback."<sup>5</sup>

Regardless of size, counties are on the front line of service delivery, which is sometimes not well understood or considered by federal and state governments. One good example is the federal war on drugs. There was a general clamor for more resources in law enforcement, especially more cops on the street in urban areas.

Once an arrest is made, whether on a city street corner or in a rural area, it is the county criminal justice and social service systems that take the biggest impact. When the largest city in one urban county in California added 116 patrol officers to the city police force, the county's increased cost was determined to be \$7.4 million. Except for trial appearances, the responsibility of city police ends at booking. "The responsibility of the county only starts at booking. The county must then house, feed, clothe, medicate, adjudicate, prosecute, defend, and supervise most offenders returned to the community."<sup>6</sup> Intergovernmental issues, such as the need for new jails, more courtrooms, judges, etc., are easily overlooked as we respond to the need for more law enforcement on the street.

Let's follow the process through. Those arrested are taken to the county jail for booking and detention by the county sheriff's office or county corrections. They are prosecuted by the county district attorney and appear before a county judge, with a report and recommendations written by a county probation officer. If the defendants

have no personal funds, they will be represented by the county public defender or a court-appointed attorney at county expense. If defendants are a high risk from IV drug use or other behavior, they probably will be tested for HIV/AIDS by the county health department. They also may receive treatment, education, and prevention services by the county health department or county hospital, with counseling and treatment of their addiction by county substance abuse or county mental health programs. Of course, if the defendant has a family, the county welfare department and county family support Office may be involved.

In another urban county "as a result of the federal 'War on Drugs', drug felon filings have doubled in three years."<sup>7</sup> Eighty-five to 90 percent of the inmates in this county's jail system test positive for drugs. "For the district attorney, criminal caseloads have quadrupled since Proposition 13."<sup>8</sup> The sheriff/corrections budget has more than tripled in six years.

Following the problem of addiction and drug abuse through to successful resolution would call for a proportionate increase in treatment and prevention funding as more drug addicts go through the justice system—through a revolving door without intervention. Further, some drug busts in rural areas with huge amounts of illegal drugs involved suggest that "wholesale" operations are taking place in sparsely populated areas where there is scant law enforcement personnel. Solving the drug crisis will require a strong federal-state-local partnership. Balance in the intergovernmental process is not an easy outcome.

Just as the drug war requires county leadership, county officials must be clear about those areas where the state and federal governments help or hinder innovations.

### Waive the Rules vs. Wave the Rules

Regardless of the unit of government, we all know bureaucrats who have "waved the rules" in the face of an innovator seeking a model for change. Convincing these individuals to "waive the rules" instead can be quite a challenge. Perseverance pays, especially in open-ended, caseload-driven programs such as welfare.

Three major waivers in my own county over a period of years have saved millions in federal-state-county dollars, and have the potential to save much, much more. All required federal and state waivers or sign-offs to accomplish—a difficult process at best, with much "waving" of the rules.

Hard hit by the economic downturn of the early 1980s, simultaneous with an unprecedented secondary migration of Southeast Asian refugees, the county experienced a dramatic increase in welfare costs and workload. A look at the ethnicity of school children in the county's largest elementary school district tells the story. This year, schools in that district average 7 percent black, 25 percent Asian, 32 percent Hispanic, and 35 percent other white students.<sup>9</sup> As welfare costs continued to skyrocket, the county's share of cost was negatively affecting other essential services.

Housed in the county's least efficient building where you couldn't plug in another adding machine much less computerize for efficiency and economy, county human services management and line staff were determined to find a solution. It was the toughest financial time in county

history. The board of supervisors and county administrative officer gave their word: be innovative and we'll support you, but you must do it within the budget allocation.

The employees, after 10 months of negotiation and with a sound business plan of savings, won waivers of capital expenditure rules and reached agreement with both state and federal agencies to be equity partners in a new building. Instead of the building being amortized at 2 percent a year for 50 years, the new plan called for a public-private venture with lease-purchase and full public ownership in 12 years by the county (25%), state (25%), and federal (50%) equity partnership. This was a first for the public welfare system. A day-care center on site was built under a similar arrangement.

With no up-front cash available for preliminary design work, the county project team determined what would be required to deliver efficient services and proceeded to design a "smart" building with future technology in mind. An architect was hired for basic schematic plans, which were used for the bid process. The outcome was a turn-key, state-of-the-art, 65,000-square-foot facility built at a comparatively low cost. Federal, state, and county governments realize a total cost savings of more than \$.5 million annually. New systems enabled a decrease in personnel through attrition. This staff savings "pays for" 75 percent of the monthly lease-purchase payments.

The county could not afford new furniture, but was able to acquire used "interior landscaping" from a failed financial institution at greatly reduced cost. Old county files and desks were refurbished to match for a coordinated, new look. Estimated savings on furnishings was \$575,000. The county had now demonstrated its ability to innovate and deliver. Our flexible county employees moved from 1960 technology to 1985 technology literally overnight with voice mail, central dictation, security access by magnetic card, and a centralized information services center.

Energized by their success and poised for the future, county staff members focused on bringing new technology and innovation to state public assistance administration, whose Statewide Public Assistance Networks (SPAN) System for welfare automation had failed to be implemented several years before. As an incentive, California and the federal government were willing to cover the costs of automation development for pilot counties. County plans for automation were presented to federal and state agencies and, as partners, a common understanding was reached on how California should approach public assistance automation. Bottom line, the county made a business case for a successful automation project that can be transferred to other counties and states.

Demonstrating a willingness to risk for big gain, the county encouraged vendors to propose alternative solutions to main-frame processing, suggesting that cooperative processing combined with expert system technology would reduce main-frame and other resources required in more traditional automated welfare systems. This approach pushes processing power via PC work stations into the hands of users. This technology has been projected to save 60 percent of data center costs, which would otherwise have been incurred, and to position the county to take ad-

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vantage of the technological advances of this decade. Without the original waiver for capital expenditure, none of this would have been possible.

With twice the state and national unemployment rates and with high welfare costs (more than 24 percent of the county population qualifies for Medicaid, Food Stamps, or public assistance), the county is especially dedicated to leading-edge technology and aggressive cost savings over the long term. The goal is efficient, effective, and equitable service delivery.

For immediate benefit, the county sought state and federal waivers in eligibility determination to encourage rather than discourage people to work part time if they can not find full-time employment. Experience gained in part-time work has given participants the possibility of moving off public assistance and into self-sufficiency while saving federal, state, and county tax dollars.

Obtaining waivers has been a lengthy, time consuming, and costly process, with numerous control studies and independent evaluations required along the way. The most needy counties in the direst of straits have no choice but to run this gamut. How nice it would be to have simple problem solving and assurance for the taxpayer that rules, regulations, and policy will not get in the way of common sense approaches to saving tax dollars.

Sometimes common sense goes into hiding when the status quo is challenged. Given the choice between risk taking and *laissez faire*, the former is the responsible approach. Perhaps the day will come, as we become more used to rapid change in government, when two questions will be asked: "What is the common sense factor?" and "Does it meet the common sense test?" Problem solving in a pluralistic society requires many approaches. Given national complexity and diversity, there is not necessarily one "right" approach. Tough times require creative solutions and maybe a little conflict resolution along the way, if necessary. The county charge is clear: Officials must create environments where responsible, innovative change is encouraged.

### Leadership Innovation

The Innovation Group of the Rensselaerville Institute says that innovation comes not from bright ideas but from individual efforts. "The key is individual 'sparkplugs' who will lead change by example. Innovation often rests on an entrepreneurial act." Further, "organizations and institutions which empower and enable their members will outperform those who seek to control and direct."<sup>10</sup> Again, balance and empowerment for counties in the federal system could lend a big assistance to county entrepreneurship. As former U.S. House Speaker Tip O'Neil liked to say, "All politics is local." Well, most program implementation in the federal system is local, too.

Counties are fortunate that a number of foundations are allied in promoting models for change. The W.W. Kellogg Foundation gives both project and leadership grants. Its commitment is "for the application of knowledge to the

problems of people" using pragmatic problem-solving in projects for positive change.<sup>11</sup>

The Health Policy Project at the National Association of Counties, funded by Kellogg through Brandeis University, promotes dissemination of creative programs and helps counties solve problems through university expertise and bootstrap efforts. This exchange of ideas and these connections are especially important because universities and their institutes provide information to the Congress and the Administration for public policymaking.

Counties are working "smart" by sharing data and cooperating in university studies that actually will reflect reality in county government. This kind of "third party" review and validation of facts can facilitate change in the federal system and can help build confidence and trust among the intergovernmental partners—a role ACIR plays so well.

Counties are inviting researchers for a first-hand look at front-line service delivery, helping them gain a practical and broader perspective of county issues. The Kellogg Foundation funds leadership training "to help develop leaders with broad perspectives about national and international issues; and to improve their skills and abilities to find creative solutions to social problems."<sup>12</sup>

Leadership training is serious business in counties today. Georgia counties sponsored legislation last year to require leadership training of all newly elected commissioners with training to be provided by the school of government of a major university. Such training helps create the climate for innovation.

A look at the 1990 Innovations in State and Local Government Awards Program is a study in the "can do" attitude of county government. Funded by the Ford Foundation in collaboration with the John F. Kennedy School of Government at Harvard University, ten \$100,000 awards are granted annually; this year, half of the recipients were county governments.<sup>13</sup>

The five winners included a landfill reclamation project in Collier County, Florida, which used mining technology; two health programs; a mental health program; and a welfare program that uses a magnetic card for distributing of public assistance. All demonstrated high value in meeting community needs and potential for replication in other counties. The two health programs were public-private partnerships that work. Fairfax County, Virginia, provides health access and care for children of the working poor. Community physicians charge a fraction of their usual fee, and local businesses raise funds to match the county's annual allocation. Montgomery County, Maryland, solved a problem of access to obstetrical care by extending the county's liability insurance program to private obstetricians and making them part-time employees for the purpose of delivering poor women's babies.

Ramsey County, Minnesota, set up an electronic benefits system using automated teller machines (ATMs) in cooperation with area banks so that welfare clients can withdraw their monthly benefit as needed with safe, convenient access.

Merced County, California, set up a specialized treatment service for sexually abused boys, who tend to be more reluctant than girls to admit abuse. A cooperative venture, the Human Services Agency makes referrals of suspected sexually abused boys and their families to the Mental Health Department for evaluation and possible treatment. Both mental health and welfare have federal and state mandates on confidentiality. Interagency agreements guarantee client protection while providing needed services.

### Competitiveness and Productivity

Other county innovations show a renewed commitment to collaboration and cooperation. More than a decade ago, the National Association of Counties, National League of Cities, and the International City Management Association formed Public Technology, Inc., (PTI), a non-profit research, development, and commercialization organization, to use the power of public enterprise to create revenue. With the focus, "Vision for the future . . . solutions for today," PTI uses technology as a platform for innovation.

Counties across the country have become very innovative in assisting local business and agribusiness to tap into foreign markets.<sup>14</sup> International competitiveness is and has been a "Main Street" issue of great concern to policymakers at county courthouses. Seeking to strengthen and diversify their economies, county officials have made their own connections with foreign trade possibilities and established programs for in-county capacity. Coping with international competitiveness in the global marketplace has become as much a county issue as a federal and state issue. Counties are, of course, political subdivisions of the state, and have only those powers allowed by the state. Certainly, counties are not at the table negotiating world trade agreements. Counties can and are doing something about the balance of trade. A recent research report adopted by ACIR in January 1990 indicated that, "Strengthening the competitive position of American businesses in the global economy has become a pervasive challenge for all governments in our federal system. As such, competitiveness has become a prominent motivator of innovations in state and local economic development programs."<sup>15</sup>

There is much discussion today that this will be the first generation that cannot look forward to a higher standard of living for their children. At the Education Summit, President George Bush and the nation's governors agreed on new goals for education that will move the country toward higher productivity. The action, however, must be in every county and community in America if we are to succeed. County officials know this and are working to bring together business, educators, and community leaders to implement programs locally to reduce the high school dropout rate and improve the education level of those entering the workforce.

National model programs, such as Jobs for America's Graduates, are being implemented in states and counties for successful transition from school to work or from "classroom to careers."<sup>16</sup> Such programs are being implemented in many counties in collaboration with those funded

by the federal *Job Training Partnership Act* (JTPA), with the key to success being local flexibility and control. To quote one business leader, "We need that local flexibility and the emphasis on the private sector to keep JTPA grounded in reality, not in regulation."<sup>17</sup> This focus on "intellectual infrastructure" or "human capital" must be a major effort of all players in the intergovernmental system if we are to succeed.

### Summary

A climate for innovation must be created in all our governments without unnecessary rules and restrictions just for the sake of control. Federal, state, and local governments must work together to build trust, facilitate change, and recognize that reasonable risk taking is a component of business success and government success. Leadership is key, and models for change must be disseminated widely, especially in technology. Adequate public investment in human capital as well as physical infrastructure must be priorities if counties, cities, states, and the nation are to maintain and improve our standard of living and our standing as a world power.

*Ann Klinger is a supervisor in Merced County, California, and former president, National Association of Counties.*

### Notes

- <sup>1</sup> Robert B. Hawkins, "ACIR Roundtable on International Economic Competitiveness," *Intergovernmental Perspective* 16 (Winter 1990): 23.
- <sup>2</sup> "1990 Fact Sheet, County Statistics & Financing" (Washington, DC: National Association of Counties).
- <sup>3</sup> *1990 World Almanac*, Los Angeles County is larger than all states except California, New York, Texas, Florida, Pennsylvania, Illinois, Ohio, and Michigan.
- <sup>4</sup> These figures exclude the 27 city-county consolidations, such as San Francisco, New York City, New Orleans, and Denver, and the 44 independent local governments that deliver both city services and those usually performed by counties.
- <sup>5</sup> Barbara P. Greene, "Counties and the Fiscal Challenges of the 1980s," *Intergovernmental Perspective* 13 (Winter 1987): 14.
- <sup>6</sup> Richard P. Simpson and Gary S. Jung, "Summary of Findings," *California Counties on the Fiscal Fault Line* (November 1990).
- <sup>7</sup> *Ibid.* p. 25.
- <sup>8</sup> *Ibid.* p. 25.
- <sup>9</sup> *Merced Sun-Star*, November 26, 1990.
- <sup>10</sup> *The Rensselaerville Institute News* (Spring-Summer 1989).
- <sup>11</sup> Robert A. DeVries, Unpublished Speech, National Association of Counties Board of Directors, July 1990.
- <sup>12</sup> *Ibid.*
- <sup>13</sup> Beverly A. Schlotterbeck, "Counties Win Big in Ford Foundation Competition," *County News*, October 8, 1990.
- <sup>14</sup> See also "State and Local Governments in International Affairs," *Intergovernmental Perspective* 16 (Spring 1990).
- <sup>15</sup> Bruce D. McDowell, "State and Local Initiatives on Productivity, Technology and Innovation," *Intergovernmental Perspective*, 16 (Winter 1990): 29. See also U.S. Advisory Commission on Intergovernmental Relations, *State and Local Initiatives on Productivity, Technology, and Innovation* (Washington, DC: ACIR, 1990).
- <sup>16</sup> *Crossroads*, Jobs for America's Graduates, Fall 1990.
- <sup>17</sup> Hugh Miller, *Quarterly Report*, Merced County Private Industry Council, October 1990, p.3.



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## County Government

COUNTY GOVERNMENT STRUCTURE: *A State-by-State Report*. By Blake R. Jeffrey, Tanis J. Salant, and Alan L. Boroshok. National Association of Counties, 440 First Street, NW, Washington, DC 20001, 1989. \$10.

County government has undergone dramatic change in the last two decades, largely as a result of attempts to reduce barriers to service delivery. Many counties also have succeeded in establishing clearer executive responsibilities, accountability, and leadership, with the major focus being on an elected or appointed leader. With this report, NACo attempts to document the structure of county government in order to establish a baseline understanding of the important issue of the form or structure of county government. The information in the report was drawn from state constitutions, legal codes, university research organizations, state associations of counties, elected officials, and published sources. Each state overview includes descriptions of constitutional guidelines and statutes affecting county governments, home rule authority, and current trends supporting the evolution of alternative county government structures.

MODEL COUNTY CHARTER. *Revised Edition*. National Civic League, 1601 Grant Street, Suite 250, Denver, CO 80203, 1990. \$12.50.

The revised edition of the *Model County Charter* reaffirms the long-held belief of the National Civic League (formerly National Municipal League) in the increasing importance of county government in the American federal system. As with the 1956 edition, it must be emphasized that this *Model* is not a panacea. No county should adopt it without modifications necessary under state law,

taking into account local traditions and practices. The *Model* provides for: (1) a substantially integrated county government; (2) an elected, representative policymaking body; (3) a single administrative head (manager or chief executive officer) chosen by and accountable to the council; (4) appointment of the principal administrative officers by the chief executive; (5) flexibility in the administrative structure; and (6) modern procedures for fiscal management.

## Interlocal Relations

CITIES AND COUNTIES. *Implementing an Executive Management Improvement Program. Management Guide No. 5*. Coalition to Improve Management in State and Local Government, School of Urban and Public Affairs, Carnegie Mellon University, Pittsburgh, PA 15213. 1990. \$10.

This new guide—the fifth in a series—is for city and county managers and administrators who aim to strengthen management and institute a well organized program to improve the management, productivity, and quality of services. The guide focuses on cities and counties with populations of at least 100,000, but many proposals are adaptable to smaller jurisdictions. The guide includes proposals for developing strategy, strengthening capabilities for cooperative action, goal setting, planning, programming, budgeting, and executive leadership and team building.

SERVICE DELIVERY IN THE 90s: *Alternative Approaches for Local Governments*. International City Management Association, 777 North Capitol Street, NE, Washington, DC 20001, 1989. \$15.

Based on a nationwide survey of city and county officials, this report discusses techniques that use private firms, neighborhood or other non-profit organizations, volunteers, or

individual citizens to deliver or assist in the delivery of local services. The report discusses policy, management, and implementation issues that officials must consider. The approaches reviewed are: purchase of service agreements, franchise agreements, subsidy arrangements, vouchers, volunteer personnel, self-help, and regulatory and tax incentives. The report also covers five local service categories: public works, transportation, and utility services; public safety; health and human services; parks and recreation; and support services.

## Social Welfare

DISCRETIONARY POLITICS. *Intergovernmental Social Transfers in Eight Countries*. Edited by Douglas E. Ashford. JAI Press, Greenwich, CT, 1990. 212 pp.

The contributors to this volume examine local discretion in the administration of selected social welfare programs in France, Israel, Italy, Japan, Sweden, Switzerland, United States, and West Germany. The contributors find local discretion to be of crucial importance. It often enhances the effectiveness of national programs by allowing those programs to be tailored to local conditions and needs. Discretion “enables local officials and experts to exercise judgment and initiative rather than become robots in a rigid process of implementation.” In addition, “discretion may reinforce democratic values.”

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