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View From The Commission



Dear Reader:

The Commission recently completed a two-year project assessing the intergovernmental grant-in-aid system. In conducting this work, we believed it essential to include the perceptions of those federal, state and local officials who operate the system. Specifically, we were interested in their views on how the grant system was working.

Our survey was conducted in 1975. This work, and the 1964 effort of the Senate Subcommittee on Intergovernmental Relations, are the only two surveys of their kind. A complete analysis of the findings is the subject of our report A-54, *The Intergovernmental Grant System as Seen by Local, State and Federal Officials*.

The feature article in this issue of *Intergovernmental Perspective* by Dr. Walker focuses on one aspect of the survey—the perceptions of those grant administrators at the federal level. What emerges according to Dr. Walker, is a profile of a less rigid, and a more realistic and adaptable professional.

This profile is particularly important in view of the changing nature and massive growth of federal aid, and the growing dependency of state and local governments on this aid. In 1950, federal aid, of about \$2.3 billion, constituted approximately 10.4% of state and local expenditures. By 1977, federal aid rose to over \$70 billion, accounting for over 26% of state and local expenditures. In my own state of Maryland, federal aid has doubled since 1972, and now represents in excess of 20% of all state-local revenues.

In addition to the remarkable growth of federal assistance, major shifts in emphasis and structure have occurred. The system is now more diverse, both in terms of form and substance. And, major efforts have been initiated to streamline, simplify and improve the administration of federal assistance programs.

The success of these actions, however, have been offset—to some extent—by the growth in the number

of eligible recipients. Nearly one-fourth of all aid now bypasses state government, primarily as a result of the advent of general revenue sharing, and the manpower and community development block grants. Additionally, new problems have developed which are associated with the application of governmentwide regulations in such areas as environmental protection and equal employment. More than 25 of these regulations currently exist. They are administered by a broad range of federal departments and agencies, and frequently are the focus of confusion and conflict between federal administrators and grant recipients, and among the federal administrators themselves.

I hope that this issue of *Intergovernmental Perspective*, as well as the Commission's 13-volume assessment of the intergovernmental grant system, will shed light on a topic of great significance to state and local officials.

A handwritten signature in black ink, which appears to read "John Hanson Briscoe". The signature is fluid and cursive, written in a professional style.

John Hanson Briscoe
Speaker
Maryland House of Delegates

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Washington Watch

Court Approves School Merger Plan

In a 4-3 decision the Supreme Court has approved a plan to merge city and suburban schools in order to desegregate them. The decision affirms a federal judge's order creating one school district for Wilmington, DE, and the 11 districts of surrounding New Castle County.

The court previously had disapproved a city-suburban plan for the Detroit-Wayne County area, indicating its skepticism of plans to join city schools with neighboring suburban systems in order to relieve high concentrations of blacks in the city schools.

Last May the Wilmington plan was approved by the 3rd U.S. Court of Appeals. The court concluded that a remedy for city school desegregation had to extend beyond the city limits because there had been unlawful discrimination in the suburbs as well. The appeals court, however, did overturn a part of the federal judge's order which required that each school in the new single district have a racial mixture of at least 10% and not more than 35% black.

Youth Jobs Bill Signed

The *Youth Employment and Demonstration Projects Act of 1977* has been signed by President Carter. The bill authorizes four new programs under the *Comprehensive Employment and Training Act* (CETA), employing and increasing the employability of youth; coordinating and improving career development, jobs and training programs; and exploring a number of approaches for providing services to young people.

A new office of youth programs will be established within the Labor Department's Employment and Training Administration to administer the new programs as well as existing youth programs. The four new programs are: youth incentive entitlement pilot projects, youth community conservation and improvement projects, youth

employment and training programs, and the young adult conservation corps. CETA sponsors will have a major role in operating the first three programs; the conservation corps program will be operated by the Departments of Interior and Agriculture on public lands.

Initially, the legislation will provide about 200,000 training and job slots; \$1 billion is earmarked from the administration's economic stimulus package. Programs are expected to be funded and implemented before January 1, 1978. All programs are authorized through fiscal year 1978, except the conservation corps which is authorized through fiscal year 1980.

Crime Victim Aid Approved By House

On September 30, 1977, the House approved the *Victims of Crime Compensation Act* (H.R. 7010) by a 192-173 vote. The Senate already has passed similar legislation.

The House measure would provide reimbursement to states with compensation programs for 25% of the first \$25,000 paid to victims of various violent crimes. Federal funds may not be used for administrative costs. Another provision mandates that states require criminals to deposit profits derived from publicity about their crimes into an escrow account for their victims.

Proposal Offered for Neighborhood Statistics

The Bureau of the Census has announced a proposal to provide neighborhood level statistics from the 1980 census. Participation in the program would be at local initiative.

Under the plan a standard set of statistical tables would be provided to requesting agencies at no charge. Additionally, the Census Bureau would prepare guides on the uses of the data, including some case studies illustrating ways in which to apply the information in the analysis of neighborhood problems.

Data to be collected would include basic social, demographic and

economic information. In order to assure maximum usefulness, neighborhood officials would be asked to comment and make recommendations before the tabular content is determined.

Currently, the Bureau of the Census is seeking reaction to its proposal.

High Court Rules On Veteran Preference

In early October the U.S. Supreme Court upheld a Massachusetts law which contained a veterans' preference in filling civil service jobs.

The court overturned a lower court decision that the law was so harsh that it denied women equal protection. In 1976 the court ruled that a law with a discriminatory impact without a proven discriminatory intent was not unconstitutional. The court remanded the case to the lower court in light of this earlier ruling.

A number of states provide for a veterans' preference in hiring practices.

IPA Appropriation Increased for FY 1978

The fiscal year 1978 appropriation for the *Intergovernmental Personnel Act* (IPA) has been approved. The \$20 million level represents a \$5 million increase over the administration's budget request.

The IPA program provides grants to state and local governments to train employees in sound labor management and personnel practices, and to strengthen and develop personnel administration programs. It provides for the temporary exchange of personnel between federal, state and local levels and institutions of higher education. The program also authorizes interstate compacts for training and personnel activities, and encourages intergovernmental cooperation.

The higher authorization level was sought to offset the impacts of inflation, and in light of the growth of federal grant programs and the increased importance of manage-

ment at the state and local levels. Congressional supporters stressed that the savings accrued to recipient governments would in the long run, more than offset program costs.

Justice Reviewing Plan For New Statistics Bureau

Attorney General Griffin Bell is considering the establishment of a new statistics office within the Department of Justice. The new "Bureau of Justice Statistics" would consolidate 17 existing department units which currently produce 54 separate sets of statistics.

Dissatisfaction with existing fragmented statistics collection has been increasing. In recent years, particular attention has been given to crime victim surveys sponsored by the Law Enforcement Assistance Administration (LEAA) in major cities which have indicated that the incidence of violent crimes is more than five times greater than the number reported by the Federal Bureau of Investigation (FBI).

The FBI statistics are based upon figures voluntarily submitted by police departments. The LEAA survey statistics reveal that many crimes are never reported to police agencies.

Taxes, Revenues On The Upswing

Federal, state and local tax revenues totalled \$358.2 billion during fiscal year 1976, according to a recent Department of Commerce report. This amount represents a \$26.8 billion increase over the previous fiscal year.

Although taxes increased at all three levels, state and local tax revenues registered a greater increase (10.9%) than federal tax collections (5.9%). Approximately 56% of total tax revenues were collected at the federal level, while state government collected about 25%, and local government raised about 19%.

The report also noted that total revenues to the three levels of government were \$572.6 billion, an increase of nearly 10.8%.

On the expenditure side, federal, state and local governments spent:

\$335 billion for current operations (including \$186.8 billion for personal services); \$130.4 billion for insurance benefits and repayments; \$71.6 billion for capital outlay; \$41 billion for debt interest; and \$47.7 billion for assistance and subsidies.

Administration Proposes Federal Aid Reform Efforts

In early September, President Carter announced plans for what he termed "a concentrated attack on redtape and confusion in the federal grant-in-aid system." The President cited five areas which initially will be the focus of attention:

- planning, application and reporting requirements;
- financial management practices;
- audit procedures;
- the drafting of regulations; and
- crosscutting requirements to fulfill national goals in areas such as civil rights, citizen participation, environmental quality, etc.

The President stated that reform "will save tax dollars and will also enable the federal, state and local governments to give taxpayers maximum value for each dollar that is spent." He noted that as the grant system has grown, it has become "increasingly irrational, inefficient, and insensitive to the various local needs and idiosyncracies it was originally designed to accommodate."

Several actions are to be initiated to simplify planning, application and reporting requirements. Agencies have been directed to ensure that standard application forms are used and widely available, that grantees be required to submit only an original and two copies of applications or reporting forms, that reports be combined or eliminated where possible, and that federal agencies share information among themselves rather than requiring grantees to provide the same data more than once. Earlier, a July directive had focused on a "zero-based review" of all federally imposed planning requirements, with the view of substantially reducing them by November 30.

In the area of financial management, the Office of Management and Budget (OMB) has been directed to review five major programs (summer youth employment, Title XX, vocational rehabilitation basic support, and maternal and child health services) to determine whether they could be converted to an advance funding status. The Treasury Department has been directed to expand its use of letters-of-credit, and to identify additional programs which could benefit from the use of electronic fund transfers.

Audit procedures also are a target of the reform initiatives. Specifically, agencies have been ordered to make their audit schedules systematically available to grantees and to public and private auditors; to conduct single audits wherever possible; and to increase their reliance on state and local audits.

Federal regulations also are to be improved under the reform package. In addition to being written in clearer and simpler language, state and local officials are to be consulted during the drafting process. Changes in regulations are to be limited, and existing regulations are to be made less complex. One goal is to achieve uniformity of administrative requirements for all grant programs administered by a single department. The directives also address the concept of an integrated grant system and the potential for major grant consolidations.

The final area of reform concerns those crosscutting requirements to achieve national goals. Initially, efforts will be focused on the three most chronic problem areas. During the next several months, the Community Services Administration, the Equal Employment Opportunity Commission, and the Council on Environmental Quality will compile all regulations dealing with citizen participation, civil rights and environmental protection, respectively, publish explanations of those regulations, and identify redundancies and gaps so that more uniform and simpler requirements may be developed.

The President also has asked

ACIR to suggest appropriate ways to further streamline federal aid administrative practices.

Social Security Bills Moving Ahead

The Senate has approved its version of social security financing legislation. The House had approved its measure a week earlier.

The Senate bill breaks the "parity payment principle" by imposing higher taxes on employers. Both measures would nearly triple social security taxes by 1987.

The Senate approved a floor amendment, offered by Senator John Danforth (MO), which would give state and local governments, nonprofit organizations, and universities a 10% rate reduction on the total taxes these groups would pay as employers beginning in 1979. The amendment would cost an estimated \$14 billion by 1987.

The Senate also approved \$400 million in fiscal relief to assist states with welfare costs. Half of the amount would be allocated in proportion to the ratio of a state's total expenditures for Aid to Families with Dependent Children to the total for all states during December 1976. The \$400 million would represent the first installment of a \$1.35 billion fiscal relief program for which the Administration has indicated its support. The balance of \$950 million would be attached to welfare reform legislation for distribution in fiscal years 1979 and 1980.

A conference is expected immediately. Indications are that attention will be focused on the fiscal relief and rate reduction provisions.

Public Works Act Ruled Unconstitutional

A federal district court judge has ruled that the "minority quota" provision of the *Public Works Act of 1977* is unconstitutional. The decision came as a result of a suit filed by the Pacific Legal Foundation on behalf of several building contractors in the city and county of Los Angeles. The act requires

that 10% of the funding go to qualified minority businesses.

The judge agreed with the contractors who compared the act's quota system for public works projects to minority quotas for college admission. Although the judge refused to order a halt in construction, he did issue an injunction against further enforcement of the quota requirement. The judge termed the minority provision "invidious and unconstitutional."

The government has indicated it will appeal the decision. Similar suits have been filed in Montana, Indiana and Pennsylvania.

CD Reauthorization Signed By President

In a recent White House ceremony, President Carter signed into law a three-year renewal of housing and community development programs. The legislation had been the subject of heated debate among Senate and House conferees since mid-summer.

The new *Housing and Community Development Act of 1977* increases funding for the existing community development block grant program, authorizes additional funding for Section 8 rental assistance and public housing, extends the authority for the Federal Housing Administration (FHA), increases the amounts for maximum mortgage insurance and lowers down payment requirements, and creates a new initiative to aid the most hard-pressed urban areas.

The new program, the Urban Development Action Grant Program, is authorized at \$400 million for each of three years. The one-time action grants under this discretionary program are designed to encourage public and private investment.

Senate Committee Hearing On Cigarette Bootlegging

On October 21, ACIR Executive Director Wayne Anderson appeared before the Senate Subcommittee on Criminal Laws and Procedures in support of S.1487. The bill is designed to eliminate racketeering in the sale and distribution of cigar-

ettes. Anderson was accompanied by Robert Kleine, former ACIR staffer and a principle author of the Commission's cigarette bootlegging report, *Cigarette Bootlegging: A State AND Federal Responsibility*. The Judiciary Subcommittee hearings were chaired by Senator Edward M. Kennedy (MA).

One of the recommendations included in the ACIR report calls upon Congress to give early and favorable consideration to legislation prohibiting the transportation of contraband cigarettes in interstate commerce. S. 1487, proposed by Senator Henry Bellmon (OK) and cosponsored by Commission member Senator Lawton Chiles (FL), would implement this recommendation.

The Commission's support for federal enforcement legislation is based upon the premise that the federal government, as well as the states, should work to end cigarette smuggling. Anderson cited the interstate nature of the problem as a major reason for supporting the passage of federal enforcement legislation. Noting the extent of cigarette bootlegging and the apparent inability of the states to reduce the problem, the ACIR testimony indicated that federal action may be the only feasible way to prevent the growth of organized cigarette tax evasion. Specifically, the Commission's statement cited four existing conditions conducive to the growth of organized criminal involvement in cigarette bootlegging:

- the market for contraband cigarettes exists;
- high profits provide financial incentive;
- the racketeering process is established; and
- the lack of serious risk—cigarette bootlegging is not a federal crime.

Anderson concluded by stating that passage of S.1487 should not give states a license to relax their own cigarette tax enforcement efforts. Rather, the federal contraband legislation should result in a cooperative state-federal enforcement program which would reduce organized cigarette tax evasion.

State/Local Watch

State, Local Officials Have Low Honesty Rating

According to a Gallup Poll taken in August, only 14% of the respondents rated the "honesty and ethical standards" of local political officeholders as "very high or high." State officeholders received only a 12% "very high or high" rating.

State and local officials were two of the 20 occupational groups rated on honesty and ethical standards. The only other occupations which received a lower rating were realtors (14%), labor union leaders (13%), advertising practitioners (10%), and car salesmen (8%).

The highest rating of 62 percent was given to clergymen, followed by medical doctors (51%), engineers (46%), college teachers (43%), bankers (39%), policemen (37%), and journalists (34%).

Undertakers and lawyers rated 26%, while U.S. Senators and business executives registered 19%, building contractors received 18%, U.S. Congressmen rated 16%, and insurance salesmen received 15%.

California Enacts Anti-Redlining Law

California Governor Edmund Brown, Jr. recently signed a new "anti-redlining" law that some officials describe as being the toughest in the country. The law enables state officials to order a savings and loan association or a bank to grant a mortgage loan in cases where the state finds that the borrower was denied a mortgage because of redlining or other discriminatory practice.

The law requires lenders to establish affirmative action programs for lending in inner city neighborhoods, to make public their criteria for granting mortgages, and to advise the state where new loans are being made. It extends to all lenders those provisions of state regulations which have governed state-chartered savings and loan associations during the past year or so. Experience during this past year indicated

that 45 potential borrowers complained to the state alleging redlining. Forty of the complaints were resolved administratively. Of the five remaining cases which required further action, some required a state-ordered loan.

State-chartered savings and loan associations dominate the state's single family home mortgage market, and account for two-thirds of all state savings and loan assets.

Illinois Enacts Federal Dollar Control Measures

The Illinois General Assembly has enacted a series of measures designed to improve its control over the activities of state agencies. The package of 11 measures was sponsored by the Illinois Economic and Fiscal Commission.

Several of the measures are designed specifically to strengthen the legislature's control of federal funds. The most important bill in the package, which passed unanimously, requires the appropriation of federal funds and amends various statutes which might otherwise permit spending federal dollars without an appropriation. The bill, however, does permit universities and colleges to continue their present practice of receiving and spending unappropriated federal monies, a large portion of which are for research grants and contracts. The bill also permits the pass-through of federal general revenue sharing and the expenditure of emergency disaster relief, and allows disbursement of federal funds to local governments or school districts if those funds have been designated solely for such distribution.

Other measures in the package prohibit state agencies from holding funds outside the state treasury without legislative approval; name the Intergovernmental Cooperation Commission as the central information agency which will track and report on federal funds receipts and disbursements; require state agencies to certify that funds are set aside to cover the federal govern-

ment's full share of retirement, group insurance and federal audit costs; and require the governors' budget to be presented with integrated line item and program data, including a capital development section.

ACIR has recommended greater state legislative involvement in the oversight and control of federal dollars.

Michigan To Review Local Boundary Changes

Michigan Governor William G. Milliken has appointed a special committee to review boundary change practices and procedures.

In 1970, the state legislature extended the power of the Municipal Boundary Commission to include the review of petitions for annexations. The commission's authority over annexations depends upon the size of the population in the area proposed to be annexed. If a territory under consideration has a population of less than 100 persons, the commission has the authority to make the final determination. If the population of the area under review exceeds 100, the decision of the commission becomes final only if petitions for referendum on the question of annexation are not filed within 30 days.

The so-called "100 criterion" has been the major source of dispute and litigation.

The 12-member committee is to make specific recommendations dealing with petition review criteria and the population criterion. It will review past and current boundary change practices in Michigan, as well as procedures in other states that might be applied in Michigan.

Pennsylvania Enacts Major Juvenile Justice Reforms

Pennsylvania has enacted a measure which represents a major reform of the state's juvenile justice system.

Under the act's provisions, status offenders (youngsters who have committed an act not considered

criminal if committed by an adult) will no longer be treated as delinquents. Rather, they will be classified as dependent children and be the prime responsibility of county child welfare agencies. In addition, these children will no longer be placed in training schools, detention centers, or county jails, but referred to more appropriate social agencies for help.

Under the terms of the new act, the use of jails for juveniles would be prohibited by the end of 1979. In the interim, the public welfare department will work with counties to develop plans for adequate detention and shelter care facilities. The department also will issue regulations governing separate juvenile sections of county jails which can be used during the interim to ensure that juveniles who are housed there will receive the best possible care.

The passage of the bill puts Pennsylvania in compliance with the requirements of the federal *Juvenile Justice and Delinquency Prevention Act*, and thus the state will be eligible for federal funds estimated at \$2.5 million annually.

Binding Arbitration Renewed In Two States

Massachusetts and New York have approved two-year renewals of binding arbitration in police and firefighter impasses. The actions were opposed by public employer associations in both states.

The Massachusetts renewal calls for the selection of the last best offer package, from either party or the factfinders' recommendation, by a tripartite panel. The ability to pay has been added to the selection criteria. The bill was vetoed by Gov. Michael Dukakis, but his veto was overridden by both houses of the legislature.

The Massachusetts League of Cities and Towns has indicated its intention to draft an initiative petition to place the law on the 1978 state ballot.

The New York extension elimi-

nates factfinding as an interim step in the resolution of an impasse. The measure also requires a complete record of hearings at the request of either party (and the cost shared by both), provides for the parties to share the cost of the arbitrators, and requires the arbitration panel to consider the statutory criteria and specify the basis for its findings. Governor Hugh Carey signed the bill after the state legislature rejected his proposal to empower local legislative bodies, rather than the courts, to review compulsory arbitration awards.

A similar legislative effort to enact binding arbitration for firefighters, policemen and highway patrolmen, was defeated in the California Senate.

Compulsory binding arbitration currently is in effect in 17 states.

Basic Education Law In Washington

Governor Dixy Lee Ray of Washington has signed a bill which phases in full state aid for education by 1981. The education measure also phases out school financing which is heavily dependent on special school levies.

Earlier this year, a superior court judge declared the school financing system unconstitutional. The ruling ordered the legislature to develop a system of "basic education," as well as a plan to fully finance it.

Per Pupil Expenditures Show Significant Increase

A recent analysis by the Tax Foundation reports that national average per pupil expenditures rose 70% between the reporting years of 1969-70 and 1975-76. The 1969-70 average per pupil expenditure was \$816, compared to \$1,388 in 1975-76.

Data are for pupils in average attendance in full-time public elementary and secondary day schools. Current expenditures exclude capital outlay and interest on school debt.

The greatest percentage increases between reporting years occurred in five states: Alabama (100%), Montana and Mississippi (99% each), Colorado (93%), and Kansas (91%). Thirty states registered percentage increases above the national average.

Per pupil expenditures for 1975-76 were highest in New York (\$2,179), Alaska (\$2,096), New Jersey (\$1,892); and the lowest were in Arkansas (\$881), Tennessee (\$969), Kentucky (\$986), and Mississippi (\$997).

City Employment Levels Decrease

Recent Bureau of the Census statistics reveal that city government employment dropped 2.5% in the year ending October 1976. This represents the first decrease in city jobs since 1962.

A total of 2.4 million persons held city jobs in the 1976 reporting year, down by 63,000 jobs from 1975. Payrolls also registered the lowest rate of increase since 1962. For 1976, payrolls rose 5%, to a total of \$2.2 billion paid to 2,443,000 city employees.

Campaign Mounted To Limit State Tax Collections

The American Conservative Union (ACU) recently announced plans for a nationwide campaign to limit state tax collections. The ACU is a leading national conservative organization, with 80,000 members across the country.

The plan calls for efforts to gain approval for state constitutional amendments to limit the total percentage of income that could be collected from individuals. In announcing the ACU plan, Rep. Philip Crane (Illinois) and Milton Friedman, a noted economist, indicated that constitutional amendments would be sought in every state. They noted that their approach takes into account the effects of inflation since the total amount

of taxes would increase although the percentage would remain at the same level.

Kentucky County Home Rule Challenged

The Kentucky Supreme Court has ruled that a 1972 law giving county fiscal courts the power to enact laws is invalid. Officials of Jefferson County (Kentucky's largest county which includes Louisville) have announced they will challenge the decision.

The decision applies to all 120 counties, except Fayette and Lexington which merged in 1974. The functions of the former Fayette fiscal court now are vested with the Urban County Council.

The ruling has been described as having a "cataclysmic" effect on Kentucky counties and citizens since hundreds of ordinances enacted by fiscal courts would be nullified if the decision stands. According to Bureau of the Census statistics, over half of the state's residents live in unincorporated areas affected by the ruling.

Robert Aldemeyer, president of the Kentucky Association of Counties, has raised the possibility of seeking a constitutional amendment dealing with the county home rule issue. However, Aldemeyer noted that this approach would result in a considerable delay in resolving the question: "The legislature has to pass it and then we don't vote on it for two years."

NCSL Issues Report On Big City Schools

A report recently issued by the National Conference of State Legislatures (NCSL) has found that big city schools increasingly will have to rely on state and federal aid in order to meet the needs of a growing population of hard-to-educate children. The report was released by NCSL's Legislators' Education Action Project.

According to the report, total enrollments are declining, but the

proportion of minority and poverty students is increasing. This changing nature of the school populations is due to "white flight" to the suburbs, changing family patterns, and the increasing number of minority families moving into cities.

The study notes that the decline in total enrollments has had "a disastrous effect on the ability of most cities to retain the tax base they need to serve their remaining school populations." The report notes that quality and coordination of bilingual, vocational and special education programs are essential, and that these programs will result in a heavier financial burden on cities.

The report found that states and the federal government have moved to alleviate mounting property tax pressures in many big cities. Further, basic aid reforms in a dozen states have recognized the increasing concentrations of disadvantaged children in cities and have targeted more direct school aid to these localities. The report concluded that both the states and the federal government will have to sustain their aid in order to prevent new urban school crises.

The report was released to coincide with Congressional hearings on the Title I compensatory education program which provides millions of dollars to assist educationally disadvantaged students in big city schools.

Texas Passes School Financing Measure

A school finance bill, estimated to cost \$945 million during the next biennium, was passed during the special session of the Texas Legislature. Included are increased state shares in various programs; allotments for operating allowance increases; and funds for retirement benefits, salary increases and new positions for small districts.

The measure also imposes new standards for local school tax administration and establishes a new tax assessment practice oversight board. The board will be able to

recommend to the state Board of Education whether a school district should be declared ineligible for state aid if it fails to comply with standards it has established. The board also will be responsible for training local tax appraisers and assessors and providing technical assistance to local boards of equalization and school tax offices. In addition, the board is to conduct a biennial study of the market value of all property and the productive value of agricultural property in every school district.

Local taxpayers should benefit from two provisions requiring district tax offices to provide more information on their tax bills and follow new procedures in determining tax rates.

South And West Lead Population Gains

The most dramatic population gains in this decade have been registered by western and the southern states, according to the Bureau of the Census.

The west made the most dramatic gain (22%), followed by the south with 20%.

The north central region's population increased 11.3%, followed by a 10% gain in the northeastern section of the country.

Leading states identified by the Census Bureau are: Arizona at 41%; Alaska at 38%; and Nevada and Florida at 36% each.

Regional Body Has Immunity

The Ninth Circuit Court of Appeals has ruled that members of the Tahoe Regional Planning Agency are—in effect—"regional legislators," and as such, enjoy relative immunity.

The ruling came as a result of a case involving local developers. The developers had sued the members of the planning agency for revenue losses while developments were being delayed.

Federal Aid Administrators and the Federal System

by David B. Walker

Federal aid administrators are primary participants in present intergovernmental relations (IGR) in the United States, thanks to the accelerating significance of federal assistance programs. How influential a role these administrators occupy depends not only on one's assessment of their power, influence and position within the system, but also on the formal and informal constraints placed upon them by other key IGR actors—the Executive Office of the President, the Congress and its oversight and appropriations committees, departmental political executives, nationally based public and functional interest groups, and state and local political and program leaders.

One fairly conventional interpretation is that federal aid officials form an angle in a series of “functional triangles” that also include affected interest groups, and relevant Congressional committees and subcommittees.¹ Sometimes, but not always, this horizontal view is given a downward “vertical functional autocracies” dimension.² The linkage between the two is not wholly consistent, since the latter is chiefly a bureaucratic interpretation involving “clear and unbroken lines of communication between and among functional specialists and their counterparts in the field.”³ Hence, some treat this theory as a wholly separate explanation of federal aid officials' influence and behavior.

More recently, and partly stemming from these two earlier views, a pair of “whipping boy” interpretations has emerged. Both embody the belief that aid administrators are the paramount actors in the current intergovernmental drama.

From the Executive Branch has come the view that severe measures must be taken—in terms of personnel actions, administrative reorganizations, budgetary and other fiscal actions, and program reformulation—if these officials are to be rendered accountable. From the Congress has come a range of antibureaucratic opinions which tend to lead to common conclusions: the federal bureaucracy is out of control and the will of Congress, as reflected in grant statutes, is not being honored. Detailed statutory prescriptions of proper administrative behavior, better Congressional budget procedures, “sunset” legislation, and/or legislative review of administrative regulations have been utilized or proposed as means of establishing a pattern of proper accountability.

In one sense, both of these recent interpretations stem from the constitutionally based dual theory of administrative accountability wherein the President and the Congress share the responsibility for organizing, directing and controlling the civil administration. In another, they reflect the institutional and partisan conflicts of the 1969-76 period. But, from a systemic vantage point, they tend to reflect Presidential and Congressional frustrations, if not bewilderment, with the massive changes in federal assistance efforts which have occurred over the past dozen or so years. Witness the following:

¹See Harold Seidman, *Politics, Position, & Power: The Dynamics of Federal Organization*, Oxford University Press, 1970, p. 136.

²See Advisory Commission on Intergovernmental Relations, *Tenth Annual Report*, 1968, p. 8.

³Senate Committee on Government Operations, Subcommittee on Intergovernmental Relations, “The Federal System as Seen by Federal Aid Officials,” December 15, 1965, pp. 98-101.

□ General Developments:

- Federal aid to state and local governments grew from \$10.1 billion in 1964 to nearly six times that amount in 1976 (\$59 billion), and prospectively to over eight times the 1964 figures by FY 1978 (\$81.9 billion).
- Major shifts in program emphasis also have occurred. In 1960, transportation and social security-related programs dominated the aid system; but by 1975 health, education, employment, social services, natural resources, the environment, and general support payments accounted for significant shares of the aid package.
- The number of eligible federal assistance recipients has soared since the early '60s. Nearly a quarter of all aid now bypasses state governments, due in large measure to the eligibility provisions of general revenue sharing and the community development and manpower block grant programs.
- The form of federal aid has shifted significantly over the past decade. A tripartite system composed of categoricals, block grants, and general revenue sharing has replaced the pre-1966 heavy reliance on categoricals.

□ Categorical Developments:

- Categoricals still dominate the aid picture accounting for 76% of the aid dollars in FY 1975, compared to 14% for general revenue sharing and the smaller general support assistance programs, and 10% for the five block grants enacted since 1966.
- The efforts of "New Federalism"—with its emphasis on revenue sharing, consolidations, devolution, and simplification—barely dented the categorical system. State and local governments were eligible for 442 such grants in FY 1975, and higher education benefitted from about 100 others (nearly 150 grants went unfunded in FY 1975); moreover, about 100 of these aid programs were enacted during the Nixon-Ford years.
- Ironically, while efforts have been made to reduce red tape in grant application and award procedures over recent years, new problems have arisen concerning the impact on grant recipients of a number of governmentwide regulations involving national policies in environmental, equal employment opportunity, equal access to public services, and other fields. These regulations are administered by a complex network of federal departments, agencies and units, and have too often become a point of confusion and conflict between the levels of government and within the federal bureaucracy itself.

- A number of different and competing philosophies and objectives have determined the allocation of aid among state and local governments, including the need for a specific service, fiscal capacity, the level of expenditures, and such general criteria of political "fairness" as equality among the states or total population. The present distributive pattern in the aggregate is a product of 146 separate formulas and thousands of project grant awards, rather than any coherent national policy.

- Allocational patterns have shifted as formulas have been revised, new grants created, and the emphasis upon particular functional areas has altered. Over recent years, differences in the total per capita grant allocations among the states have narrowed, though there has been a slight but continuing tendency to favor the smaller and less urbanized states. In contrast to a common belief, federal aid has not consistently favored the states least able to finance their own public services—the reverse has sometimes been true—and only a small number of grants (24) explicitly recognize interstate differences in fiscal capacity.

- Matching and other cost sharing provisions in grant authorizations continue to reflect considerable diversity and evidence little clear rationale for their selection. At the same time, the overall number of categorical programs requiring no recipient matching has increased in recent years (by over 70 from 1967 to 1975); but this trend has not affected most of the big money formula-based and open-ended grants.

- State and local governments still raise many of the same complaints about the categorical aid system that they did a decade ago, but certain shifts are notable, including concerns about the certainty of funding; the relationship of categorical grants to block grants and revenue sharing; and the emergence of new conditions affecting general state-local policies and governmental processes. At the same time, recipient jurisdictions continue to believe that the categorical grant problem is a federally centered dilemma and has little to do with their own internal management and decision-making capabilities.

□ Block Grant Developments:

- The block grant concept has emerged as a product of tough battles between the White House and the Congress, and statutes themselves have resulted chiefly from external pressures.
- None of the five block grants (Partnership for Health, Safe Streets, Social Services, manpower (CE/TA), Community Development) is

pure in form. However, each of the five still possesses certain common traits (broad functional scope, significant recipient program discretion, formula apportionment) which warrant the block grant designation.

- The record suggests that these grants possess two built-in sources of great tension: one is between the authorizing Congressional committees and administering agency, and the other is between the agency and recipient jurisdictions.
- To be successful, the administering federal agency must pursue a delicately balanced course between upholding the "national objectives" reflected in the legislation and resisting excessively intrusive efforts which would deny the other basic goal of all block grants: maintaining recipient program and administrative discretion in the aided area consistent with the "national goals."
- This balancing act has rarely been achieved, making block grants the least stable of all grant forms.

Dramatic growth in dollar amounts, major changes in the design of certain assistance programs, a vast expansion in the range of eligible recipients, a continuing crisis in the categoricals—despite various reform efforts, and an uncertain overall block grant record—these are some of the basic trends that have emerged over the past decade. And, these are some of the general conditioners which now help shape the attitudes and perceptions of federal aid administrators.

Changing and Current Opinions

In 1975, the Advisory Commission on Intergovernmental Relations conducted a survey of federal grant administrators as part of its multi-volume probe of the intergovernmental grant system. This poll, along with the pioneering 1964 effort of the Senate Subcommittee on Intergovernmental Relations are the only two of their kind and provide the basis for this attitudinal analysis.⁴

Respondents to the subcommittee's survey of a dozen years ago tended to reflect four behavioral themes in their replies.⁵

○ *Functionalism*, or the administrator's preoccupation with protecting and promoting the purposes of individual grant programs, was the most important single conditioner of comments.

⁴The latter involved a survey of 125 program administrators, responsible for disbursing a little over \$12 billion in grants in 1964, 109 of whose responses were used in the subcommittee's report. The ACIR surveyed 440 administrators, 276 of whose responses were deemed "usable" for analytical purposes.

⁵Survey, pp. 93-102.

○ *Professionalism*, or a deep faith in the merit system principle and to the ethical and technical standards of the specialized group to which they belonged, conditioned answers to numerous questions relating to intergovernmental personnel and state organization.

○ *Standpattism*, or the vigorous defense of traditional practices and program principles, dominated many of the replies to items covering federal aid, financial management, and metropolitan area problems.

○ *Indifference*, or the seemingly "cavalier" dismissal of serious questions or broader intergovernmental, managerial, and fiscal significance was another theme embodied in the administrator's survey replies. This attitude was viewed as partly an extension of the other three, but was singled out for special treatment in the subcommittee report because of its special significance for those seeking to reform the grant system.

How, then, do the general attitudes of federal aid administrators in 1975 compare to their counterparts of more than a decade ago? While the areas of inquiry in the later survey differed in many respects from some covered by its 1964 predecessor, certain identical questions were included in both. Moreover, broad attitudinal themes may be gleaned from both surveys and used for comparative purposes even though specific items in the two polls differ.

The themes from the 1975 ACIR survey are found in the responses to questions in four basic areas: (1) the adequacy of the design and administration of their respective grant programs; (2) state and local personnel practices and problems, as well as grant recipients' "overall capacity"; (3) recent efforts, incorporated largely in management and other circulars, to standardize, simplify, and decentralize grant administration; and (4) other recent changes affecting the grant system, including consolidation, departmental reorganization, and general revenue sharing.

Program Design and Administration. In evaluating their programs against 34 features deemed by many as necessary for the proper design and effective administration of federal grants, three-fifths of the federal administrators indicated a basic satisfaction with their respective aid programs. Only 11% saw any need for substantial improvement, with administrators in HEW's Social and Rehabilitation Service (SRS), Justice and Labor leading this group, while 29% noted that some moderate reforms were desirable.

Significant needed improvement was seen as greatest in areas involving the Congress and recipient governments. More adequate program authorizations and appropriations and more substan-

tial administrative and staff funding received the most attention. These, of course, are chiefly Congressional responsibilities, though indirectly these comments in some instances may constitute a criticism of Office of Management and Budget (OMB) actions. Better organization and staffing of state and local counterpart units, more effective state influences on their local governments when federal dollars to the latter are channeled through the states, and better recipient coordination of aided program efforts with other state or local undertakings were three other items receiving major needed improvement ratings. Better agency monitoring of recipient's conformance with plans and procedural requirements and more prompt issuance of guidelines and regulations were the two prime areas where responding administrators felt significant improvement on their own part was needed.

fiscal equalization in their grant programs and over three-fourths voted for "no change." This proportionate attitudinal shift over the 1964-75 period may well be explained by the fact that despite the proliferation of grants during the same period, the number having an equalization factor in their allocation and/or matching formulas came to a mere 24 in the later year.

Finally, to the question of whether incentive payments should be added to their grant programs to encourage adoption of above minimum level eligibility standards in order to improve program administration and/or service levels, 27% of the responding 1964 grant administrators and a roughly comparable proportion (24%) of their 1975 counterparts sanctioned such a change. The continuing skepticism on the part of the majority may reflect a disenchantment with incentive provisions in early grant programs or a feeling, as one respondent put it, that such an approach amounts to "legalized bribery."

Recipient Performance. Four items were included in the ACIR poll to gauge respondents' perceptions of certain aspects of state and/or local performance. Three of these were substantially similar to items in the Senate Subcommittee's questionnaire, thus permitting some comparisons.

Both surveys dealt with personnel issues, focusing initially on whether low salaries, overly rigid civil service systems, the lack of merit systems, or inadequate training programs at the state and local levels undermined good administration of the respondents' respective aid programs. Overall, 79% of the 1964 administrators found deficiencies in one or more of these areas compared to 43% for their 1975 counterparts, suggesting major improvement in recipient personnel practices over the 11-year period. Salaries and training programs, in effect, were seen as having experienced the greatest improvement. Stringent merit systems, on the other hand, though not a prime focal point of earlier criticism registered the least shift in opinion.

Slightly more than two-fifths of the 1964 aid administrators indicated personnel turnover in recipient agencies was a problem in their respective programs compared to only 18% of the much larger number of the 1975 survey respondents. Here, again, a much more positive perception emerged over the period between the polls.

In rating the overall capacity of state and local recipients, the 1975 respondents were requested to consider such factors as the size and competence of assigned staff, the adequacy of the administrative resources, the organizational structures, and the commitment of key recipient governmental decisionmakers to their aid program(s). Moreover, they were asked to focus only on those subnational governments which were involved with their grants. Not surprisingly, states commanded the greatest attention with cities, counties, other units, and

Table I

Federal Grant Administrators' Ratings of Overall Capacity of State and Local Government Grant Recipients: by Type of Recipient

Summer 1975

Key: N — number of responding grant administrators.
1-5 — descending scale of rated overall capacity (i.e., (1) is highest).

| Type of Recipient | N | 1 | 2 | 3 | 4 | 5 | Total |
|-------------------|-----|-----|-----|-----|-----|----|-------|
| States | 159 | 24% | 28% | 30% | 12% | 7% | 101% |
| Local governments | | | | | | | |
| Cities | 69 | 15 | 20 | 37 | 17 | 11 | 100 |
| Counties | 62 | 14 | 19 | 38 | 18 | 12 | 101 |
| School districts | 44 | 14 | 26 | 39 | 11 | 10 | 100 |
| Other | 63 | 38 | 21 | 22 | 13 | 5 | 99 |

Note: Because the programs vary with respect to their eligible recipients, with some grants, for example, going only to states, or local governments, or school districts, the number of total possible responses varies among the different recipients. This accounts in part for the variation in N value.

Three questions relating to possible changes in grant administration were posed that parallel items included in the 1964 survey. On channeling all state and local aid requests through state budget units, nearly a fifth of the 1975 administrators saw coordinative benefits in the proposal compared to a meager 2% of the earlier survey's respondents.

Whether greater or lesser recognition should be given to the financial capacity of recipient governments in their aid programs also produced some shift in opinion. More than a third of the 1975 respondents called for greater recognition of this factor, with administrators from HEW's SRS and Office of the Secretary along with those from the multistate regional development commissions figuring prominently in this group, while 64% called for no change. By way of contrast, about a fourth of the administrators in 1964 urged greater

school districts receiving progressively fewer assessments. In terms of their overall ratings, however, the "other" category, which included universities, nonprofit organizations, and various types of special districts and authorities received the highest scores, with states, school districts, cities, and counties earning somewhat lower ratings, in the descending order suggested here. The responses of block grant administrators provided recipient governments with their highest overall ratings, followed by those from formula and then project grant managers. Formula-project administrators provided the lowest evaluations.

Table II

Federal Grant Administrators' Ratings of Overall Capacity of State and Local Grant Recipients: by Type of Grant Administered

Summer 1975

Key: N — number of responding grant administrators.
1-5 — descending scale of rated overall capacity (i.e., (1) is highest).

| | N | 1 | 2 | 3 | 4 | 5 |
|-------------------------|-----|-----|-----|-----|-----|----|
| States | | | | | | |
| Formula | 48 | 31% | 22% | 31% | 11% | 5% |
| Project | 100 | 23 | 30 | 28 | 12 | 7 |
| Formula-project | 9 | 7 | 32 | 36 | 17 | 8 |
| Block | 2 | 8 | 10 | 68 | 10 | 5 |
| Cities | | | | | | |
| Formula | 6 | 13 | 25 | 39 | 16 | 7 |
| Project | 59 | 16 | 19 | 36 | 18 | 11 |
| Formula-project | 3 | 2 | 5 | 73 | 10 | 10 |
| Block | 1 | 0 | 100 | 0 | 0 | 0 |
| Counties | | | | | | |
| Formula | 7 | 21 | 16 | 34 | 22 | 6 |
| Project | 51 | 12 | 19 | 39 | 18 | 12 |
| Formula-project | 3 | 1 | 36 | 40 | 10 | 13 |
| Block | 1 | 100 | 0 | 0 | 0 | 0 |
| School districts | | | | | | |
| Formula | 100 | 20 | 25 | 40 | 12 | 4 |
| Project | 32 | 13 | 25 | 38 | 11 | 13 |
| Formula-project | 2 | 0 | 50 | 50 | 0 | 0 |
| Block | — | — | — | — | — | — |
| Other | | | | | | |
| Formula | 16 | 35 | 22 | 24 | 12 | 6 |
| Project | 44 | 39 | 21 | 20 | 14 | 5 |
| Formula-project | 3 | 40 | 8 | 40 | 8 | 4 |
| Block | — | — | — | — | — | — |
| Total | | | | | | |
| Formula | 87 | 29 | 22 | 31 | 12 | 5 |
| Project | 287 | 21 | 24 | 31 | 15 | 9 |
| Formula-project | 20 | 9 | 27 | 44 | 12 | 7 |
| Block | 4 | 29 | 30 | 34 | 5 | 3 |

tent to which they had to rely on the withholding of funds or suspension of payments as a means of enforcing their programs' statutory requirements or administrative regulations. Of those responding to the survey question on whether their grant funds had been withheld or suspended during the previous five years, 26% indicated that such had been the case. By way of contrast, 38% of the subcommittee's survey respondents provided an affirmative reply to the same question in the 1964 poll. Additional queries in the later questionnaire provide evidence that once initiated, a withholding or suspension of grant funds is likely to be carried out. Overall, however, the data from the two surveys suggest there has been a decline in the practice over the past 11 years, despite the increase in the number and dollar flow of aid programs. At the same time, its continued use indicates recurring shortcomings in certain state-local actions and procedures as they relate to grant administration.

Recent Efforts to Standardize and Simplify Grant Management. Several items were included in the 1975 survey to gauge the reactions of federal aid administrators to various efforts over the past decade to streamline grant administration. Most of these reform undertakings, of course, post-date the 1964 poll, thus barring many comparisons.

OMB Circular A-95 grew out of section 204 of the *Metropolitan Development Act of 1966* and Title IV of the *Intergovernmental Cooperation Act of 1968*. Some of its major goals were, and are, to encourage establishment of a project notification and review system to facilitate coordinated planning on an intergovernmental and substate regional basis of specified federal assistance programs, and to help mesh direct federal undertakings with those of other affected governmental units.

Though changes have been made in the circular over the past eight years, it still may be regarded as an outgrowth of the "creative federalism" era. In their assessment of the impact of this circular, 39% of the aid administrators who felt the circular applied to their grants stated that it had produced "substantial" or "moderate" improvement in the administration of their programs. The most favorable comments tended to come from administrators from Commerce, EPA, Agriculture, and ARC, while those from HEW's OE, PHS, and OS were among the most negative. A very rough basis of comparison with the views of the 1964 administrators is provided by a question in the earlier survey that asked whether the respondent's "program should be amended to require that projects having an areawide impact meet the needs of a number of jurisdictions and/or that they be consistent with metropolitan development plans." Only 3% of the total and 11% of the urban grant adminis-

Still another dimension of the respondents' attitudes toward recipient governments is the ex-

trators provided an affirmative response to this item.

Regionalization and decentralization were two major themes of New Federalism. Early in his first administration, President Nixon established ten standard regions with common headquarter sites for the major domestic departments and agencies, with a view toward ending the chaotic regional boundary and headquarters patterns which had evolved over the previous half century. When queried as to what kind of an effect the conformance of regional boundaries had on the administration of their programs, 46% of the respondents claimed that the standardization of the boundaries did not apply to their programs, suggesting a strong continuing centralized pattern of administration for a number of grants. Of those who said the change did apply, only 29% felt that it constituted a "substantial" or "moderate" improvement.

stated that "substantial" or "moderate" improvements had resulted. In terms of program type, administrators of project grants were somewhat more sanguine about these efforts than the other three categories of grant managers. When the FRC's intergovernmental role was probed, only 8% of the respondents gave it a substantial or moderate improvement rating, with the project administrators again being more positive about this effort.

Linked to the boundary and FRC reforms was the New Federalism drive to place more decision-making authority for grant programs in the regional offices. Participants in the 1975 survey were asked to indicate which of a lengthy list of decentralizing actions actually applied to their respective programs and these were grouped according to whether the responding administrators were responsible for project or formula grants. A little over half of the formula grant administrators reported that the appointment of personnel, major responsibility for program review, and the investigation of program complaints had been decentralized. Financial management decentralization, a key field role in technical assistance, and an increase in field personnel had occurred in the programs of nearly half of these administrators, but only 20% of them indicated that the power to disapprove plans and plan amendments had been assigned to the field. Of the 75 responding formula grant administrators, two-thirds indicated that their programs had been affected by one or more decentralizing actions and half of those felt that program implementation had been improved either substantially or moderately as a result.

With project grant administrators, more than half of those responding to the probe of decentralization actions reported that program review authority and major technical assistance responsibility had been decentralized. Between 40% to 50% indicated that authority to commit funds, to approve grant applications, and to assume financial management responsibilities had been reassigned to the field. Of the 1975 responding project grant administrators, 114 indicated that they had been involved in one or more decentralizing actions. Of the latter, 102 offered an overall assessment of the impact of these efforts, and nearly three-fifths of this group judged these actions in favorable or very favorable terms. Comparison of the replies from the two groups of aid administrators highlights a fairly similar response pattern, with a majority of those affected favoring the effort.

Proposed and Other Recent Changes. Respondents' reactions to a cluster of other recent IGR developments round out this brief review of the 1975 ACIR survey.

Departmental and agency reorganizations were very much a part of the New Federalism's drive to revamp the intergovernmental system. Over half of the respondents indicated that they had been

Table III

Federal Grant Administrators' Views on Effect of Conformance of Regional Boundaries on Their Grant Program: by Department or Agency

Summer 1975

Key: N — number of respondents who said change applied to their programs.
 NA — number who said it did not apply.
 A — boundary conformance produced substantial improvement in administration.
 B — produced moderate improvement.
 C — had no appreciable effect.
 D — had a negative effect.

| Department or Agency | N | Change Applicable | | | | Not Applicable NA |
|----------------------|-----|-------------------|-----|-----|-----|-------------------|
| | | A | B | C | D | |
| Agriculture | 12 | 0% | 0% | 50% | 50% | 14 |
| Commerce | 8 | 0 | 38 | 62 | 0 | 10 |
| HEW-PHS | 26 | 8 | 15 | 77 | 0 | 4 |
| -OE | 34 | 3 | 12 | 68 | 18 | 30 |
| -OS | 7 | 0 | 29 | 71 | 0 | 1 |
| -SRS | 1 | 0 | 0 | 100 | 0 | 4 |
| HUD | 6 | 17 | 67 | 17 | 0 | 1 |
| Interior | 5 | 0 | 0 | 100 | 0 | 4 |
| Justice | 6 | 17 | 34 | 50 | 0 | 0 |
| Labor | 3 | 67 | 33 | 0 | 0 | 5 |
| DOT | 10 | 0 | 40 | 60 | 0 | 2 |
| ARC | 2 | 0 | 0 | 100 | 0 | 5 |
| EPA | 5 | 0 | 80 | 20 | 0 | 12 |
| All other | 19 | 11 | 26 | 63 | 0 | 30 |
| Total | 144 | 6% | 23% | 63% | 8% | 122 |

With the standardization of the regions in 1969 came the establishment of Federal Regional Councils (FRCs). The FRCs had the mandate to facilitate both interdepartmental and intergovernmental liaison and coordination in the field. The overall response pattern on the part of the 1975 administrators indicates only a modest degree of improvement in these areas of field activity. On four questions relating to various aspects of interprogram and interdepartmental coordination in the field, only a little over 9% of the respondents

involved in one or more such efforts and a third had experienced two or more. Thirty-seven percent of the affected felt the organizational change had helped their aid program, but the rest viewed them negatively (35%) or as having no real effect on their programs (28%).

Table IV

Federal Grant Program Administrators' Assessment of Effects of Reorganizations on Their Programs

Summer 1975

Key: N — number of administrators responding.
 A — reorganization substantially enhanced achievement of objectives.
 B — moderately enhanced.
 C — no appreciable effect.
 D — moderately retarded.
 E — substantially retarded.

| Department or Agency | N | A | B | C | D | E |
|-----------------------------|-----|-----|-----|-----|-----|-----|
| Agriculture | 7 | 14% | 43% | 29% | 14% | 0% |
| Commerce | 5 | 0 | 20 | 40 | 20 | 20 |
| HEW-PHS | 23 | 9 | 4 | 43 | 35 | 9 |
| -OE | 52 | 15 | 10 | 19 | 29 | 27 |
| -OS | 7 | 0 | 43 | 57 | 0 | 0 |
| -SRS | 5 | 20 | 20 | 60 | 0 | 0 |
| HUD | 4 | 0 | 0 | 25 | 75 | 0 |
| Interior | 1 | 0 | 0 | 100 | 0 | 0 |
| Justice | 5 | 20 | 80 | 0 | 0 | 0 |
| Labor | 1 | 100 | 0 | 0 | 0 | 0 |
| DOT | 4 | 25 | 50 | 25 | 0 | 0 |
| ARC | 7 | 14 | 43 | 14 | 29 | 0 |
| EPA | 14 | 0 | 57 | 7 | 21 | 14 |
| All other | 15 | 33 | 27 | 40 | 0 | 0 |
| Total | 150 | 14% | 23% | 28% | 22% | 13% |
| Median department or agency | | 14% | 24% | 27% | 7% | 0% |

Impoundments were one technique used during the Nixon period to achieve greater control over the flow of federal aid dollars. Twenty-eight percent of those responding stated that their programs had been subjected to such actions. Of those experiencing impoundments, a third reported serious program consequences, while half claimed a moderate hindrance.

Enactment of general revenue sharing in 1972 initially alarmed many aid administrators. But the 1975 survey results suggest some calmer, second thoughts on the subject. Only 5% of the respondents felt that revenue sharing had caused a reduction in their appropriations, while 94% claimed it had no effect. When asked to what extent states and localities had used revenue sharing funds to meet needs in their program area, 3% indicated "moderate" application of such funds, 32% claimed "small," while 65% responded in the negative.

Special revenue sharing and block grants were also priority items on the New Federalism's agenda. As might be expected, only a small pro-

portion of the respondents (18%) agreed to the proposition that such consolidated grants might better meet the needs in their program area. At the same time, 43% did feel that enactment of legislation permitting fiscal transfers between functionally related categorical was a good idea.

When comparing and contrasting the response patterns to these four basically New Federalism related items, negativism not surprisingly loomed large in the impoundment, block grant, and recipient use of revenue sharing fund areas. More optimism than might be expected was reflected in the reorganization, revenue sharing, and categorical fund transfer responses.

Administrative Attitudes and Theories: How Much Change?

Four themes, as was noted earlier, dominated the responses of the 109 grant administrators to the 1964 Senate subcommittee questionnaire: functionalism, professionalism, standpattism, and indifference. While these behavioral norms were present in the pattern of responses to the 1975 poll, they were much less striking and strident. And, certain new themes can be detected in their collective responses to several survey items.

Of the earlier four, functionalism, or program protectionism, emerged most fully intact. The moderate to strong negative responses on consolidating programs, standard application and pre-application forms, the staffing size and organization of counterpart units, Congressional cuts in authorizations and appropriations, and departmental reorganizations highlight the continuing and not surprising strength of this collective attitude. Not to be overlooked here is the overwhelming satisfaction expressed about most of the features of their individual grant program's design and the fairly strong tendency to rate highly the performance of public and quasipublic recipient units of a specialized functional character over and above general purpose governments. Yet, this functional theme still emerges less strongly from the 1975 survey than it did in the 1964 poll.

Some of this can be explained in terms of the chastening effect of various efforts to curb narrow program commitment over the past decade. But, equally significant is the emergence of other themes in the later survey—themes which do not necessarily reinforce the functionalist tendency.

Standpattism figured predominantly as a major bureaucratic norm conditioning a heavily status quo orientation on a range of items in the earlier poll. But, it was more than matched by a countervailing tendency toward greater flexibility in the later one. Admittedly, the basic contentment with most aspects of the design of their grants (noted earlier), the negative to merely passive reactions to efforts geared to speeding up the grant application process, and the strength of the "not applicable" and "negative" vote on decentralization

efforts—all suggest that the older norm had not disappeared.

At the same time, the moderate to favorable views on management circulars, the A-95 process, the limited transfer of program funds proposal, and others, clearly suggest adaptability and, in some cases, a shift of attitude from that of their predecessors. Greater flexibility, then, especially on managerial and procedural issues, emerges from various response patterns in the ACIR survey and this serves to undercut somewhat the standpat stance reflected in replies to other items.

Professionalism, or the strong attachment to vocational and program standards or goals, is very much present in the 1975 attitudinal probe. But, it presents a far less paternalistic image, vis-a-vis state and local program personnel, than it did in 1964. This is due primarily to the many positive changes that the later generation of federal aid administrators found in recipient governments' personnel practices. Salaries, training, personnel turnover, and merit systems were all given much more favorable ratings than they received a dozen years ago. More negative judgments about the "overall capacity" of recipient units suggest some continuing concerns chiefly of a professional nature. But, even here, the dominant views were not caustically critical.

Finally, the earlier collective sentiment of indifference toward serious questions of broad intergovernmental concern can hardly be discerned in the responses to the 1975 poll. Instead, it was replaced almost wholly by a spirit of skepticism—if not a sense of "hard-headed realism." The strong "no appreciable effect" response to the management circulars, to incentives for improved recipient program administration or servicing, and to many of the regionalization and decentralization efforts underscores this, while the self-criticism reflected in the response pattern on agency monitoring of recipient performance and on the issuance of regulations suggests a realistic awareness of internal management difficulties, rarely found in the previous attitudinal probe. Moreover, the perceptive, nondefensive replies to the two questions relating to general revenue sharing suggest another dimension of this realism.

Summary

Overall, then, the 1975 aid administrators addressed some of the behavioral norms of their predecessors. But, their lesser commitment to standpat positions, their greater flexibility in confronting broad managerial and interlocal issues, their much more moderate professional concerns regarding state and local counterpart personnel, their rejection of their predecessors' cavalier indifference toward certain basic intergovernmental management challenges, along with a certain skepticism regarding some efforts to re-

form grants management clearly indicate changed attitudes. And, for the most part, these basic opinion shifts must be judged as for the better.

What kind of an operational theory of federalism emerges from all this? Only a minority of the 1975 respondents implicitly favor the old "picket fence" theory with all of its rigid, vertical functionalism that was endorsed by three-quarters of the respondents to the 1964 survey. But, what of the majority?

A fence still would appear to be the proper metaphor, but not the sturdy, solid wood variety. Instead, one of bamboo would be more apt—given its somewhat softer materials, its elaborate horizontal wiring system, and its greater capacity to bend to prevailing winds. Whether "bamboo fence" federalism accurately captures the vertical functionalism, continuing professionalism, greater flexibility, and realism of these contemporary administrators depends in part on one's taste in metaphors. Yet, it clearly suggests a marked—but not complete—contrast with the more rigid "picket fence" variety and a similar contrast was reflected in the general attitudes embodied in the two surveys of federal aid administrators.

Like its predecessor, "bamboo fence" federalism is not a conventional interpretation of the system. But, unlike its predecessor, it provides somewhat fewer difficulties for adherents of the old cooperative federal ideal.

And, this bodes well for the future.

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Fiscal Issues Highlight Commission Agenda

At its September 19-20 meeting, the Advisory Commission on Intergovernmental Relations approved reports and adopted recommendations concerning two significant fiscal issues: state mandates and tax exempt federal lands.

State Mandates: A Policy Of Deliberate Restraint

State mandating of local government services and programs increasingly has become an irritant in state-local relations. While these mandates are justified in many instances, they raise distinctly intergovernmental issues centering on the division of authority and financial responsibility between state and local governments. Stated simply: state mandates substitute state priorities for local priorities.

It should be noted that many mandates are not controversial, particularly those related to local government organization and procedures. Further, mandates are most solidly grounded when a clear statewide policy objective is to be achieved. It was within this context, and in view of a previous Commission recommendation calling for fiscal notes for all major state legislative and proposed administrative regulations affecting local expenditures and revenues, that the Commission determined that a state policy of "deliberate restraint" was appropriate.

Specifically, the Commission called for action in eight areas:

- The legislative and/or executive branch should define and catalogue existing state mandates, with appropriate annotations for those which are a result of federal or court initiative. All new mandates should be added to the catalogue, and their fiscal impacts should be tabulated at the end of each legislative session.
- The legislative and/or executive branch should conduct a review of mandates affecting new services and program levels; retirement systems; and the wages, hours, working conditions and qualifications of employees.
- The state legislative and executive branches should adopt provisions to assure that the statewide policy objective of a proposed mandate is specified clearly at an early stage prior to adoption.
- States which impose tax or expenditures limits should either reimburse local governments for all direct costs imposed by mandates or exempt

those costs from all state-imposed local expenditure or levy limits.

- States should partially finance highly intergovernmental mandates in such areas as education, health, highways and welfare through reimbursement or a categorical aid program. Partial state financing is most persuasive where the local share of state-local expenditures is above average, and/or where local revenue powers are relatively restricted, and/or where state aid is below average.
- States should fully finance mandates which increase retirement benefit levels and costs beyond widely accepted tests of reasonableness.
- All proposed state mandates involving employee compensation, hours, working conditions and qualifications should be fully reimbursed.
- And finally, an effective reimbursement program should include these safeguards: a fiscal note process, a strict interpretation of mandates, and an appeal and adjustment provision to resolve local claims relating to payment disputes to be administered by a designated state agency.

Tax Exempt Federal

Land: The Fiscal Impact

Federal ownership of vast acreage has given rise to local claims for compensation for lost taxes and a host of secondary benefits. These claims have been countered by contentions that this ownership provides offsetting direct and indirect benefits. The Commission addressed these issues, and recommended several actions regarding federal compensation programs.

The Commission recommended that: the existing federal payments-in-lieu of taxes program be retained; currently designated recipients not be changed; appropriate federal officials be authorized to grant additional compensation to eligible counties which meet certain "hardship" criteria; adjustment payments be authorized to respond to revenue losses from federal land acquisitions or sharp reductions in receipt sharing payments; restrictions on the local use of federal compensation payments be removed from National Forest receipt sharing payments; the National Forest receipt sharing formula be based on a several year moving average of factors; and states examine the impact of state-owned land and buildings on local governments and compensate those units for adverse fiscal effects.

Six Members Named to ACIR

The White House has announced the appointment of three governors, a state legislator, a county official and a private citizen to serve on the Advisory Commission on Intergovernmental Relations. The new members are:

- **Richard F. Kneip**, Governor of South Dakota (reappointed to a third term);
- **Richard A. Snelling**, Governor of Vermont;
- **Reubin O'D. Askew**, Governor of Florida;
- **Martin O. Sabo**, Speaker of the Minnesota House of Representatives;
- **Lynn G. Cutler**, Chairperson of the Black Hawk County Board of Supervisors, Waterloo, Iowa;
- **Richard W. Riley**, Attorney, Greenville, South Carolina.

Shifts In Public Thinking On Taxes

The sixth annual ACIR public attitude poll on government and taxes reveals a somewhat significant shift in attitudes concerning major federal, state and local taxes. Specifically, the poll notes that 33% of the public view the local property tax as the worst tax, up from 29% in 1975. An apparent beneficiary in this shift was the state sales tax; only 17% rated it the least fair tax in 1977, down from 23% in 1975.

The "worst tax" ratings for both federal and state income taxes remained the same for this two-year period at 28% and 11% respectively. Eleven percent had no opinion, up one percentage point.

Regionally, the northeast (20%) and west (25%) were below the national negative ratings of the federal income tax, while the north central (32%) and the south (33%) were considerably higher. The northeast also was the only region above the national norm regarding state income and sales taxes.

Significant regional disparities were registered with respect to the local property tax, with the northeast at 28%, the north central at 37%, the south at 25%, and the west

at 45%—the highest negative rating.

The survey is based upon personal interviews of a national sample of 2,009 men and women, aged 18 or over, living in private households. Interviews were conducted during May and June of this year. The poll repeated several questions asked in previous years, and raised a new one asking whether states should grant special tax breaks in order to promote industrial development.

Marked differences between regions were registered for this new question. Fifty-seven percent of those in the northeast favored these tax breaks, while only 42% in the west supported these incentives. These responses would appear to underscore the growing concern of the "frost belt" states for encouraging economic development.

In other responses, there were no big surprises when this year's results are compared to the baselines of previous years. The general continuity can be attributed in great measure to the fact that various population groups hold fairly fixed—albeit contrasting—views on major intergovernmental issues. For example, persons in the low-income group tend to be most supportive of the federal government, while those at the highest income level are likely to be more supportive of local government.

The poll also reveals that the federal government continues to receive the most votes (36%) for efficiency; there has been no major shift regarding the proper size of the public sector, with the vast majority of respondents (83%) favoring either a "hold the line" policy or a cutback in taxes and services; and the American public continues to be fairly evenly divided about special federal aid for financially distressed central cities—43% favor the aid, and 44% are opposed.

Merriam Center Dedicated in Chicago

In September the "1313" Center for Public Administration in Chicago was dedicated to Charles E. Merriam, a noted political scientist. Merriam, father of ACIR Chairman

Robert Merriam, was a founder of the center in the 1930s, and a professor of political science at the University of Chicago.

In the early 1900s, state and local officials increasingly became involved in active professional and public interest associations. A plan was devised to bring the major organizations together in one building. The center that emerged, as a result of Merriam's work, was the Public Administration Clearing House. The group was housed initially in temporary quarters. In 1937, it moved into a newly constructed building of its own, with a unique, misnumbered address—1313.

Among those groups which are, or have been associated with 1313 are the: American Public Works Association, Public Administration Services, American Society of Planning Officials, Federation of Tax Administrators, Council of State Governments, National League of Cities, and American Public Welfare Association.

"Piggybacking" Draft Regs Issued by IRS

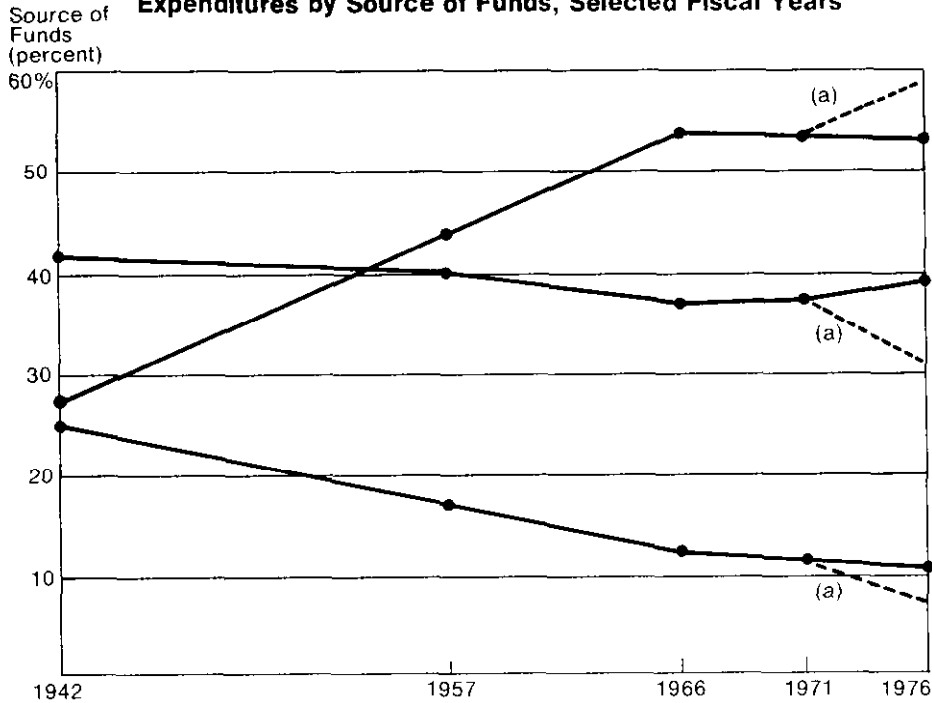
The Internal Revenue Service (IRS) has issued draft regulations permitting states to empower IRS to collect state taxes. This "piggybacking" process would implement a long-standing ACIR recommendation.

Authority for the procedure initially was contained in the 1972 *Tax Reform Act*. The 1976 *Tax Reform Act* eased the restrictions on states regarding their use of IRS to collect their taxes. No state has opted as yet to use the procedure which is designed to eliminate duplication by federal and state tax collectors.

ACIR To Meet In December

The Advisory Commission on Intergovernmental Relations will meet in Washington, DC, on December 15-16. Included on the agenda are reports on countercyclical aid, inter-regional competition, and "assignment of functions."

Percentage Distribution of State-Local Public Welfare Expenditures by Source of Funds, Selected Fiscal Years



State-Local Welfare Expenditures: The Declining Federal Role Is More Apparent than Real

During the last three decades, state-local welfare expenditures have not only increased dramatically, but the federal government is continuing to become a stronger fiscal partner.

Between 1942 and 1976, total state-local welfare expenditures increased by \$31.4 billion or \$142 per capita. This increase can largely be attributed to four factors: the liberalization of eligibility standards, higher participation rates, increased benefit levels, and inflation.

In 1942, all three levels of government undertook a significant role in financing welfare services, but by 1966 the federal government had assumed the largest share of the responsibility, accounting for 53.1% of total state-local welfare expenditures. This rapid surge of relative federal fiscal support appeared to have stabilized after 1966 and actually showed a slight decline to 52.2% in 1976.

This recent trend, however, is misleading because the federal public assistance program, known as supplemental security income (SSI) for the blind, disabled, and aged became, in 1974, a direct federal payment to individuals. As a result, these funds which amounted to \$5 billion in 1976 are no longer considered as grants to state and local governments. If these funds were included for 1976 (as shown by the dotted lines in the graph), the federal share would increase to 58.7% while the state and local shares would decrease to 32.3% and 9.1% respectively.

In 1978, the federal outlay for SSI is estimated to total \$5.7 billion providing benefit payments, which will average \$104 per month, to approximately 3.9 million recipients.

One of the primary reasons for the increased federal role in state-local welfare expenditures is the increased fiscal burdens that are being realized at the state and local level. While the state and local relative contribution has declined, their actual welfare expenditures in absolute terms have increased by \$12.4 billion between 1966 and 1976. For many states this has meant a significant fiscal burden, especially for most of the states in the northeast.

Public Welfare Expenditures¹

| Source of Funds | Fiscal Years | | | | |
|-------------------------|---------------|---------------|--------------|--------------|--------------|
| | 1976 | 1971 | 1966 | 1957 | 1942 |
| Total in millions | | | | | |
| Federal | \$17,030 | \$ 9,478 | \$ 3,587 | \$ 1,545 | \$ 360 |
| State | 12,160 | 6,616 | 2,399 | 1,393 | 531 |
| Local | 3,414 | 2,132 | 771 | 547 | 334 |
| Total | 32,604 | 18,226 | 6,757 | 3,485 | 1,225 |
| Per Capita | | | | | |
| Federal | \$79.17 | \$45.96 | \$18.34 | \$9.03 | \$2.67 |
| State | 56.53 | 32.08 | 12.27 | 8.14 | 3.94 |
| Local | 15.87 | 10.34 | 3.94 | 3.20 | 2.48 |
| Total | 151.57 | 88.38 | 34.55 | 20.36 | 9.10 |
| As a Percent of GNP | | | | | |
| Federal | 1.0% | 0.9% | 0.5% | 0.4% | 0.3% |
| State | 0.7 | 0.7 | 0.3 | 0.3 | 0.4 |
| Local | 0.2 | 0.2 | 0.1 | 0.1 | 0.2 |
| Total | 2.0 | 1.8 | 0.9 | 0.8 | 0.9 |
| Percentage Distribution | | | | | |
| Federal | 52.2% | 52.0% | 53.1% | 44.3% | 29.4% |
| State | 37.3 | 36.3 | 35.5 | 40.0 | 43.3 |
| Local | 10.5 | 11.7 | 11.4 | 15.7 | 27.3 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

¹State local total general expenditure for public welfare.

(a) This line represents the percentage distribution of total state-local welfare expenditures if the federal public assistance program (supplemental security income for the blind, disabled, and aged) was included. As a result of 1974 legislation these funds are direct federal payments made to individuals and are no longer grants to state and local governments.

Source: ACIR staff compilation based on various reports of the government.

And Briefly Books

The following publications are available directly from the publishers cited. They are *not* available from ACIR.

American State Legislatures: Their Structures and Procedures. Revised 1977. Council of State Governments, Iron Works Pike, Lexington, KY 40511. \$4.50

This report summarizes the current structures and procedures of state legislatures. The information is primarily tabular in form and includes data from the 1976-77 **Book of the States**, the National Conference of State Legislatures and Legis 50.

Topics covered are the legal framework governing state legislatures, information on legislators themselves such as salaries, characteristics of support services and staff, and descriptions of legislative procedures.

A bibliography of materials from 1972 to 1976 is included.

Domestic Housing and Community Development: Issues for Planning (CED-77-102), Land Use Planning, Management and Control: Issues and Problems (CED-77-101), Environmental Protection Issues Facing the Nation (CED-77-92). All three studies are by the staff of the U.S. General Accounting Office, Distribution Section, Room 4522, 441 G Street, NW, Washington, DC 20548. Free for government officials, libraries, faculty and students; \$1.00 for the general public.

These three publications give overviews of the major national issues involved in housing and community development, land use, and environmental protection.

Although each differs slightly in format, all cover the current issues and problems in the field and federal programs which have addressed these issues.

In addition, the reports list recent GAO reports on the subjects and studies in progress. Congressional committees and organizations which are involved in the respective subject areas are listed.

Financial Reporting by State and Local Government Units, Sidney Davidson and others, The Center for Management of Public and Nonprofit Enterprise, Graduate School of Business, The University of Chicago, Chicago, IL 60637.

The financial crisis of New York City raised the question of how state and local governments inform the general public and the business community of their financial condition. This document presents one method of financial reporting of which the most important feature is that governmental financial statements should follow the concepts, form, and terminology of commercial accounting. In addition, a full-accrual basis of accounting should be used.

There are chapters on consolidated statements, presenting overlapping debt obligations, depreciation and long-lived assets, accounting for pension plans, and leases, revenue bonds, the avoidance of legal debt limitations, and the need for financial forecasts.

A sample format of a financial statement is appended.

County Yearbook, 1977, National Association of Counties/International City Management Association, Joint Data Center, 1140 Connecticut Avenue, NW, Washington, DC 20036. \$22.50; \$21.00 if payment accompanies order.

This is the third edition of the National Association of Counties annual publication of statistics, current trends, and recent developments in county government.

Profiles of counties of over 10,000 population contain brief demographic and financial data. Recent legislative, administrative, and judicial trends are covered, particularly federal and state actions affecting counties; politics of city-county consolidation; and the inter-governmental role of counties.

There are additional articles on county finances, productivity improvement, county clerks, and federal grants management from a city and county perspective.

County directory information is listed and an extensive bibliography is included.

Environmental and Land Controls Legislation, Daniel R. Mandelker, Bobbs-Merrill, 4 West 58th Street, New York, NY 10019. \$15.50.

This book is a comprehensive examination of national and state legislation affecting the land development control process. Various model laws on state planning and land development programs are discussed, particularly the American Land Institute's Model Land Development Code. Hawaii's and Vermont's programs are the subject of individual chapters and illustrate what a state planning and land development control system look like in practice.

Several chapters examine federal programs which have an impact on land development: air and water quality programs, the *National Coastal Zone Management Act* and federal environmental impact statement requirements. State coastal zone and environmental laws are also discussed.

Although no prescription for the proper role of national and state land development programs is laid out, alternative models for state programs are given.

The Public Personnel World: Readings on the Professional Practice, Jay M. Shafritz, International Personnel Management Association, 1313 East 60th Street, Chicago, IL 60637. \$10.00.

This collection of articles from *Public Personnel Management* and its two predecessor journals presents the basic trends and current practices of personnel management. Included are chapters on position classification and pay, selection, and employee training and development.

Current issues covered are human resources planning, the constitutional rights of public employees, labor relations, productivity, and organizational development.

Sunset . . . It's Not all Rosy: A Report on a New Approach to Legislative Oversight, New York Senate Research Service, Task Force on Critical Problems, State Capitol, Albany, NY 12224.

The increasing size and complexity of government has forced legislatures to take a greater interest in legislative oversight functions.

This report reviews one method—sunset laws—including state statutes and two bills pending in Congress. Both the benefits and problems of sunset review are cited.

The conclusion drawn in this report is that if the New York Legislature wishes to adopt a sunset approach to legislative oversight it should move slowly using one of three experimental approaches to obtain understanding and facility with sunset procedures.

Texas County Government Finance: Revenue and Spending Issues, Texas Advisory Commission on Intergovernmental Relations, State Office Building, 1700 North Congress, Austin, TX 78701. \$3.75.

With the growing importance of counties in the provision of government services, county revenue and expenditure patterns are receiving increasing attention. This report looks at county finances in Texas and makes several recommendations for changes.

The property tax is the major revenue source, although federal revenue sharing is becoming increasingly important particularly for smaller counties. There are chapters on the revenues and expenditures for roads and highways, courts and correctional institutions and health and welfare services.

The commission has made several recommendations to change assessment and property tax collection procedures as well as recommendations for fiscal notes (already passed by the legislature) and improved accounting and reporting standards for counties.

Compendium of Materials on Zero-Base Budgeting in the States, U.S. Congress, Senate

Committee on Government Operations, Subcommittee on Intergovernmental Relations, U.S. Government Printing Office, Washington, DC 20402.

An innovation in state government which is now being tried at the federal level is zero-base budgeting. Since it is such a recent development, very little detailed analysis has been published. This publication is a useful compilation of general articles, and materials on state experiences.

Included is a Congressional Research Service publication summarizing zero-base budgeting in the states and a reprint of Peter Phyr's 1970 article in the *Harvard Business Review*. Budget materials from Georgia, Texas, Montana and several other states are included as well as several articles which discuss the advantages and pitfalls of zero-base budgeting.

Troubled Local Economics and the Distribution of Federal Dollars, U.S. Congress, Congressional Budget Office, U.S. Government Printing Office, Washington, DC 20402.

The recent controversy about the economic decline of the northeast and the shift of economic activity to the south and southwest have raised concern about federal actions affecting regional economic development or decline.

The paper examines the extent to which federal spending is concentrated in areas with economic hardships. Two economic indicators are used, low income and low growth, with the south and southwest suffering low income, and the north low growth. Economic conditions and federal spending are examined at the county level to reflect intraregional differences.

The geographic distribution of federal spending is then compared with the pattern of economic difficulties. In general, if need is measured by ratio of growth, then federal spending is moderately favorable to needy areas. If income is the basis for need, then federal spending is less favorable since low-income

counties were found to receive less federal funding than high-income counties.

To Save a City, Representative Henry S. Reuss, U.S. Congress, House Committee on Banking, Finance and Urban Affairs, Subcommittee on the City, U.S. Government Printing Office, Washington, DC 20402.

In this report, Rep. Reuss proposes a national urban policy based on the neighborhood as the basic building block of urban revival and the importance of the city as a conservator of land, energy and resources.

His recommendations on improving the health of the city include the creation of jobs and the restructuring of federal programs. The federal government should reform the welfare system and provide national health insurance, allow for the cities' higher cost of living in social security and veterans' benefits, adjust federal grants so the neediest areas are helped, reduce federal paperwork, and change some tax laws which affect urban development.

Rejuvenating neighborhoods is a key element in saving the cities and Rep. Reuss believes this important role should be taken on not just by the federal government but also by states, counties, individual citizens, profit and nonprofit enterprises and the cities and neighborhoods themselves. He again recommends that revenue sharing funds to the states be given on the condition that the states develop plans for modernizing local governments.

Setting National Priorities: The 1978 Budget, Joseph A. Pechman, Ed., Brookings Institution, 1775 Massachusetts Avenue, NW, Washington, DC 20036. Cloth, \$11.95; paper, \$4.95.

This volume, the seventh edition in an annual series, describes the President's proposed budget, examines alternative policies and evaluates the short and long-run implications of these alternatives,

compares the budgets of Presidents Ford and Carter and analyzes the prospects for achievement of Carter's budgetary goals, and describes some of the new processes such as zero-base budgeting, current services budget and the sunset law.

Specific chapters are included on employment programs, social security, welfare reform, energy and a national policy toward the cities.

The Federal System and Energy Facility Siting, A Symposium of the National Academy of Public Administration, 1225 Connecticut Avenue, NW, Washington, DC 20036. \$2.00.

In May 1977, the National Academy sponsored a symposium on the intergovernmental aspects of energy development and production.

Speakers from federal, regional and state government addressed the questions of state autonomy versus the need for national leadership and the role of regional, multistate organizations.

Although the problem of interstate impacts of energy development are recognized, there was little support for creating a regional layer of decisionmaking even if state initiated.

State Planning: Intergovernmental Policy Coordination, Council of State Governments, Iron Works Pike, Lexington, KY 40511. Free from the Council of State Governments; \$2.30 if ordered from the U.S. Government Printing Office, Washington, DC 20402.

With the increasing importance of planning at the state level, the Council of State Governments, in cooperation with the Council of State Planning Agencies, has looked at the organization of state planning, significant problems, and the strategies, structures, techniques and methods for solving these problems.

This report examines planning relationships within state govern-

ments paying special attention to the process of policy development and the relationship of planning and budgeting. In addition, the intergovernmental aspects of planning are explored, including state-local relations and the impact of federal planning programs and requirements.

Pragmatic Federalism, Parris N. Glendening and Mavis Mann Reeves, Palisades Publishers, P.O. Box 744, Pacific Palisades, CA 90272. No price given.

This recent book focuses on the evolving nature and impact of intergovernmental relations. Issues covered include national-state, national-local, state-local, interstate and interlocal relations; fiscal federalism; the human factor in intergovernmental relations; and the dynamics of "intergovernmental accommodation."

The authors underscore the fact that no level of government operates in a vacuum, and that each level depends, at least to some degree, on the others. As such, the formulation and implementation of public policy usually concern all three levels, and frequently several on one plane.

A Comparative Business and Industry Tax Study for Tennessee, Kenneth E. Quindry and Arthur A. Bayer, Center for Business and Economic Research, College of Business Administration, The University of Tennessee, Knoxville, TN.

This study argues that states can significantly influence the stimulation of capital investment through state tax policy. It recommends comprehensive tax reforms to "neutralize" Tennessee's business tax policy and clear away tax impediments to the kinds of industrial investment that should be promoted if Tennessee's economic growth is to reach its potential.

In order to develop a neutral (equitable) business tax system the

state must eliminate negotiated and selective tax exemptions or subsidies which tend to promote favoritism and disturb balanced growth. "Tax policy should neither favor nor discriminate among firms or industries through selective tax exemptions," the study states.

The study recommends that the kinds of industrial investment which Tennessee promotes are high-wage, high-productivity, capital-intensive industries, which incidentally happen to depend on large amounts of out-of-state investment funds, and that biases toward these industries must be removed from the tax structure.

Innovation and Action in Regional Planning, Bruce D. McDowell, Ed., Bureau of Urban and Regional Planning Research, University of Illinois, Urbana, IL.

This inexpensive paperback consists of 18 papers presented at the 58th Annual Conference of the American Institute of Planners, under the auspices of the Institute's Department of Metropolitan and Regional Planning. Despite the limitations inherent in dealing with a set of disparate conference papers, the book provides a useful view of current issues in metropolitan and regional planning.

Three underlying themes are found in the conference papers: (1) planners are among the important agents of change in the nation's metropolitan areas and regions; (2) planners need better education to be successful in this role; and (3) planning no longer can be practiced successfully at any level of government (including metropolitan and regional) unless it is linked firmly to planning at other levels. Specific suggestions for improvement are offered.

The papers are grouped into four sections dealing with regional and local aspects of growth policy; the impact of federal aid on regional planning; social elements in a metropolitan or regional plan; and citizen and community leader involvement in regional affairs.

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October 1, 1977**

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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 periodical has been approved by the Director of the Office of Management and Budget through April 30, 1979.

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