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**ACIR:  
THE YEAR IN REVIEW  
30th Annual Report**

**January 1989**

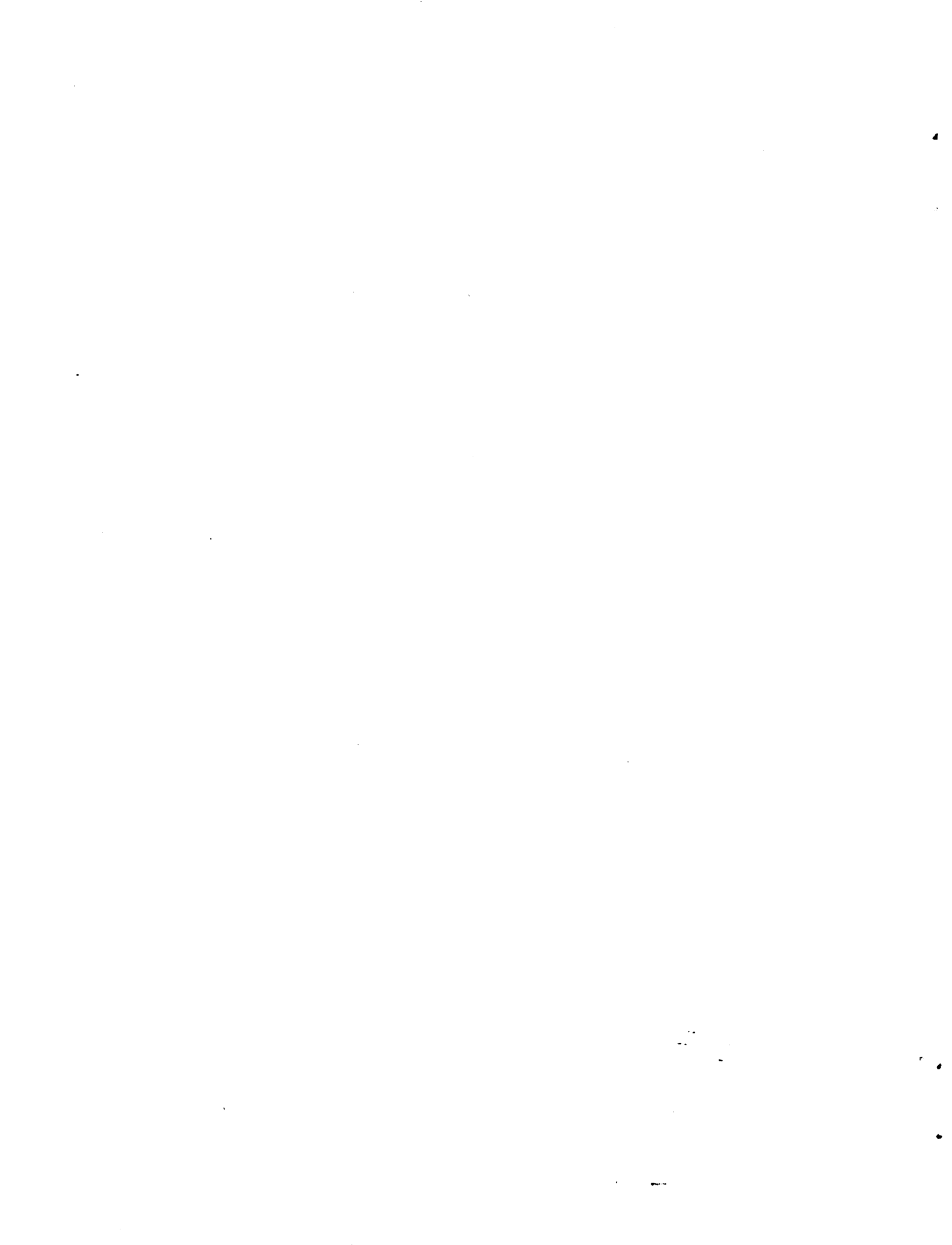
Advisory  
Commission on  
Intergovernmental  
Relations  
Washington, D.C.





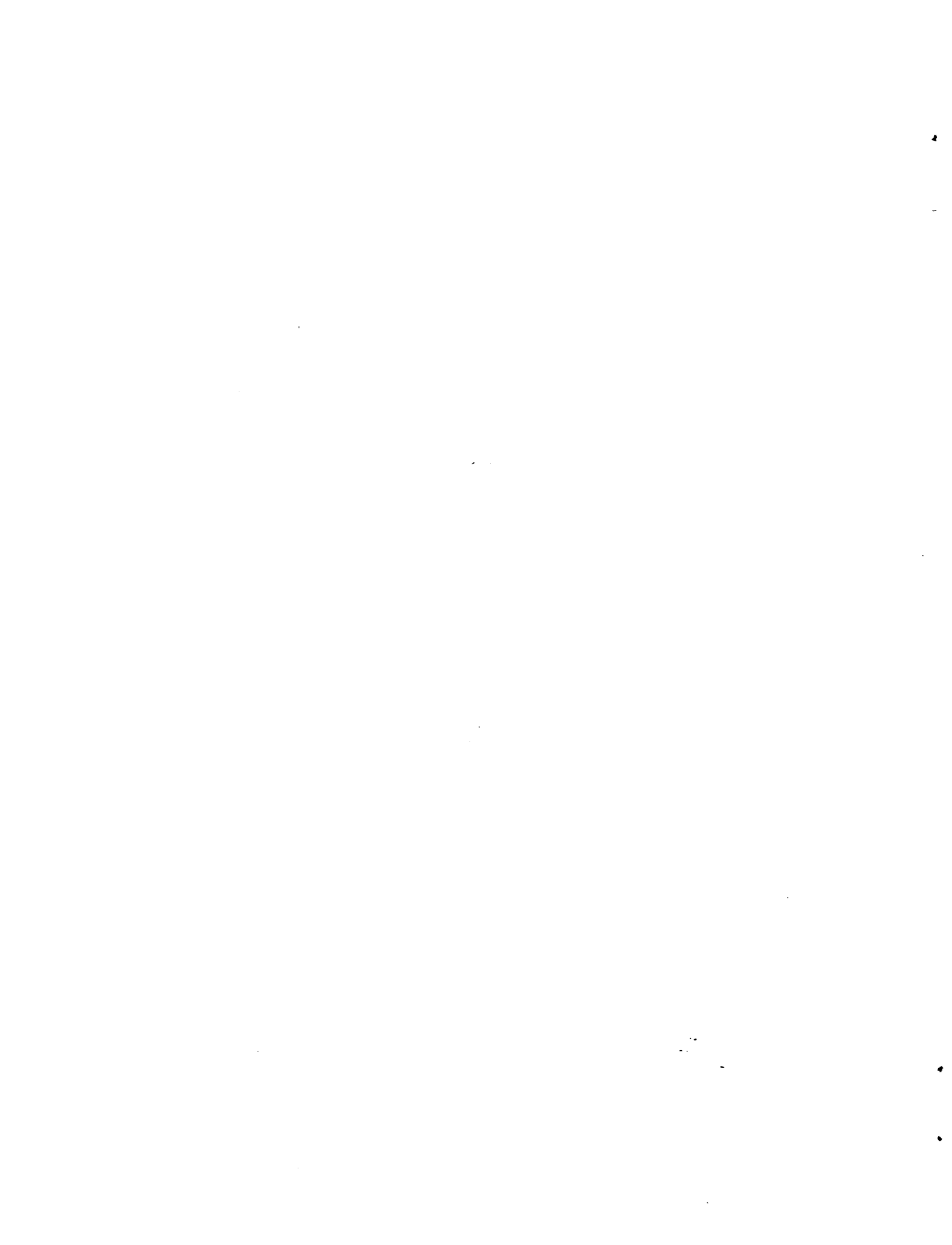
**ACIR:  
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The U.S. Advisory Commission on Intergovernmental Relations (ACIR) completed its twenty-ninth year of operation in 1988. The year was significant and symbolic for federalism and intergovernmental relations, as it marked the end of the Reagan era of the "new federalism presidency" that dominated the decade of the Eighties and focused attention on the transition to a new Administration—as yet to be defined and tested—that surely will have lasting effects on the decade of the Nineties.

This progress report for 1988 explains the Commission's operating procedures, research program, publications, marketing and other activities. Appendix A lists members of the Commission as of December 31, 1988. A listing of Commission meetings is provided in Appendix B. Personnel and budget data are presented in Appendices C, D and E. A listing of publications may be found in Appendix F. Historical tables relating to revenue, personnel and publications are contained in Appendix G.

## **ACIR: Purposes and Composition**

The Advisory Commission on Intergovernmental Relations (ACIR) is a permanent, bipartisan commission established by the Congress in September 1959. The purposes of the ACIR, as stipulated in PL 86-380, are to:

- 1) bring together representatives of the federal, state, and local governments for the consideration of common problems;
- 2) provide a forum for discussing the administration and coordination of federal grant and other programs requiring intergovernmental cooperation;
- 3) give critical attention to the conditions and controls involved in the administration of federal grant programs;
- 4) make available technical assistance to the executive and legislative branches of the federal government in the review of proposed legislation to determine its overall effect on the federal system;
- 5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;
- 6) recommend, within the framework of the Constitution, the most desirable al-

location of governmental functions, responsibilities, and revenues among the several levels of government; and

- 7) recommend methods of coordinating and simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers.

The Commission consists of 26 members: three members of the United States Senate and three members of the United States House of Representatives appointed by the presiding officer of each chamber; and three members of the executive branch of the United States government, four governors, four mayors, three state legislators, three elected county officials, and three private citizens appointed by the President. The members of the Commission serve two-year terms and may be reappointed. The Commission customarily meets quarterly, but may meet more or less frequently as necessary.

## **Overview**

The principal themes addressed by the ACIR during 1988 concerned the constitutional integrity of the federal system; the balance of power and responsibilities among the levels of government; interjurisdictional competition; state-local relations; and the capacity of state and local governments to govern and to provide programs and services.

ACIR has long pointed out the problems for federalism posed by the expansion of federal authority and the proliferation of federal rules, regulations and programs. Along with the expansion has come a "hyper-intergovernmentalization" of the federal system. Interest in sorting out federal, state and local responsibilities and in devolving certain federal programs have been prominent responses to these problems. Competition is another potential response, one that could have positive and negative effects on the federal system and interjurisdictional equity and relations. In fact, any sorting out or devolution of responsibilities in the federal system could in itself introduce new elements of competition into intergovernmental relations.

Competition in the federal system has come into focus again primarily because of highly publicized examples of competition among states and among local governments for economic investment and large federally funded installations. Such competition, of course, is not new. It has occurred, with

varying degrees of intensity, for two centuries. Nevertheless, the economic changes taking place in the United States, particularly the internationalization of the U.S. economy and federal deficit reduction, have heightened the visibility of inter-jurisdictional competition and public concerns about it.

Fundamentally, however, the evolution of cooperative federalism has raised certain issues that make it useful to take another look at competition. For one, there has been a subtle change over the years in the thinking about cooperation—from cooperation as a two-way street to that of a one-way street in which cooperation is viewed as the willingness of states to comply with federal rules. Furthermore, recent decisions by the U.S. Supreme Court, especially *Garcia v. San Antonio Metropolitan Transit Authority* in 1985 and *South Carolina v. Baker* 1988, have changed the rules which initially guided the development of cooperative federalism.

Indeed, the Supreme Court actions in *Garcia* and *South Carolina* have placed decisions pertaining to federalism largely in the hands of the Congress as opposed to the federal Court, removing a route of access for states and localities in dealing with federal decisions that historically has been available. This creates a potential imbalance between the legislative and judicial branches of the federal government.

The decisions also created an imbalance between the constitutional and political aspects of federalism. In addition, there has been an imbalance in policy responsibilities between the federal and state governments, given the increasing propensity of the Congress to engage in "micromanagement" of state and local activities in many areas. The deeply held concern about these developments has given rise to the consideration of constitutional remedies to redress the progressive imbalance between the levels and branches of government.

These changes in the federal system also have increased the salience of state-local relations and have produced one of the most expansionary periods of state and local government policy activity in American history. State governments have begun to assume greater responsibility for the formulation and funding of policies and programs in such areas as education, transportation, economic development, environmental quality, housing and infrastructure. And importantly, there is a greater recognition by state and local officials alike that they must work cooperatively and creatively to resolve mutual problems, provide needed public serv-

ices, and remain competitive in an increasingly complex and interdependent economic environment.

The breadth of ACIR topical research activities and publications described in the following sections is indicative of the diversity of the challenges and opportunities confronting the federal system today within these thematic areas.

## Operating Procedures

As a permanent, independent, bipartisan commission consisting of private citizens and federal, state, and local officials, the Commission is able to develop consistent, longterm analyses and recommendations that reflect the diverse views present in the federal system.

The principal work of the Commission flows through three stages: (1) staff research undertaken at the direction of the Commission; (2) policy recommendations made by the Commission; and (3) communication of those policy recommendations to relevant federal, state, and local officials.

The Commission determines its own agenda, basing its choices on (1) the members' wide-ranging experiences, observations, and contacts; (2) suggestions from public officials, citizen groups, and others; and (3) staff evaluations of current and latent issues. Once a topic is chosen for research, the staff gathers information by a variety of methods, including reviewing the literature, consulting with relevant public officials and other experts, holding hearings, conducting special surveys, and undertaking field studies.

To assure that all relevant aspects of each subject are reflected in the findings and background sections of a report, the staff conducts "thinkers' sessions" at the beginning of a research project to help define the project's scope and approach. "Critics' sessions" are scheduled near the completion of a project to review closely the information and conclusions contained in the draft prepared for Commission consideration. Participants in these sessions usually include congressional staff members, representatives of appropriate government agencies and public interest groups, members of the academic community, specialists in the substantive area of the report, and representatives of relevant civic, labor, research, and business organizations.

Background information and findings are presented to the Commission, along with an appropriate range of alternative policy options. The Commission debates the report at a public meeting and votes on policy recommendations. Subsequently,



the report and its recommendations are published and disseminated. The Commission also issues many information reports which do not contain or require policy recommendations.

## Conferences

During 1988, ACIR expanded its activities in such areas as conferences, roundtable discussions, and public hearings to involve more participants representing differing points of view.

In February, ACIR hosted a conference on "Setting New Agendas for Intergovernmental Decentralization: The International Experience." The sessions were co-sponsored by the Center for Urban and Regional Studies at Virginia Polytechnic University, in cooperation with the London School of Economics, and Pion, Ltd. Among the topics discussed were new agendas for decentralization in theory and practice, decentralization and taxation, fiscal federalism, local government and regional growth and development, and the need for in-depth comparative research on the structure and operations of federal systems of government. The conference included participants from all levels of government and from universities in Australia, England, France, Italy, Portugal, Spain, the United States, and West Germany.

"Interjurisdictional Tax and Policy Competition: Good or Bad for the Federal System?" was the subject of a roundtable discussion held in conjunction with the March 25, quarterly meeting of the Commission. Because state and local governments are independent decisionmaking units, a certain amount of rivalry among these governments has always been inherent in the American federal system. More recently, several factors have accentuated the public debate over interjurisdictional competition—e.g., the realization that Americans live in an increasingly competitive world economy, shifting regional economic fortunes, the diminished value of deductibility of state and local taxes from federal income taxes as a result of federal tax reform, and a cutback in federal grants-in-aid.

More than 100 people attended ACIR's policy conference on "Assisting the Homeless: State and Local Responses in an Era of Retrenchment," held in March in Washington, DC. The principal purpose of the conference was to identify crucial intergovernmental issues affecting policy responses to homelessness. The program dealt primarily with state and local responses to the problem of the homeless, but also discussed the roles of the federal

government and the private and voluntary sectors. The basic premise was that given the complex, multifaceted nature of the problem, policy prescriptions to aid the homeless must be varied. The major topics on the agenda were low-income housing and the homeless; deinstitutionalization and mental health; innovative state and local experiences; and policy alternatives for federal, state, and local governments.

ACIR also joined the Home Builders Institute, the National Association of Home Builders and a large number of businesses, non-profit organizations, government agencies, and members of Congress as a cosponsor of a national symposium, "Builders Examine the Many Faces of Homelessness: Laying a Foundation for Action." The November symposium focused on improving the number and quality of housing options for the homeless, and discussed workable program and policy solutions that can be implemented in local communities. In addition to workshops on various types of housing options, the symposium sessions addressed the nature and extent of the homeless problem, how individuals cope with homelessness, housing industry solutions, government and private initiatives, employment and training, and legal issues.

Legislation introduced, but not enacted during the 100th Congress would have substantially preempted state regulatory authority over state banks in the fields of insurance and securities. The Federal Reserve Board also was considering similar preemptive rules, including bank-related real estate activities. It is expected that similar legislation and regulatory activity will be considered during the 101st Congress and under the new Administration. Because ACIR was in the process of developing a two-part report on state regulation and taxation of banking, the Commission convened a roundtable discussion on bank regulation at its June meeting in Bismarck, North Dakota. At the conclusion of the roundtable, the Commission considered a report on bank regulation, and recommended that Congress not enact legislation that would further preempt state powers by restricting state regulatory authority over the insurance and securities activities of statechartered banks.

ACIR also held a two-day conference on residential community associations (RCA) in June, focusing on the associations' role as "private governments" and how they do or should fit into the intergovernmental system. Among the specific topics discussed were: RCA governance and service provi-

sion, land use issues, the role of large-scale developers in private residential governance, the life-cycle of RCAs, the use of challenge grants to encourage RCA formation, the implications of investing RCAs with "state action," and the range of RCA issues facing local governments. Each day began with a focus session, followed by panel discussions, and ended with a pro-con roundtable discussion. Participants included representatives of the federal, state, and local governments, community associations, and the private sector.

In conjunction with its September meeting, the Commission convened a hearing on "Constitutional Reform of the Federal System." Representatives from eight national organizations representing state and local government officials provided their perspectives on the imbalancing effects of the *South Carolina v. Baker* decision on the relationship between the federal government, and state and local governments. Although the Commission has long been concerned with constitutional issues as well as fiscal, political, and regulatory issues in federalism, Commission concern about the constitutional status of federalism has been heightened since the Supreme Court's 1985 ruling in *Garcia v. San Antonio Metropolitan Transit Authority* and the 1988 *South Carolina* decision. Combined with the increased scope of federal commerce powers, increased federal regulation of state and local governments, federal mandates placed on state and local governments without funding assistance, declining federal aid to state and local governments, and the frequent lack of policymaking coordination among congressional committees and executive departments, these decisions have raised serious concerns about the constitutional vitality of federalism and about the very ability of states to be self-governing polities now and in the next century. The proceedings of the hearing will be published in early 1989.

In November, the ACIR joined the National Conference of State Legislatures (NCSL) in sponsoring a conference relating to emerging issues of state taxation of the telecommunications industry. The conference, that was held in Washington, DC, was attended by 150 legislators, legislative staff, industry representatives, and scholars from across the nation. The conference was supported by contributions from AT&T, Ameritech, Bell Atlantic, and MCI Communications. The conference topics included changes in the structure of the industry and the implications for economic development and tax policies of local operating and interex-

change (long distance) companies, recent trends in state tax policies and the relationship of those policies to regulatory reform, alternative approaches for apportioning interexchange company receipts among the states, and concerns regarding the goal of providing universal service.

## Federal Agency Requests and Recommendations

The U.S. Department of Commerce requested that ACIR assist it in establishing a Clearinghouse for State and Local Initiatives on Productivity, Technology, and Innovation. The *Omnibus Trade and Competitiveness Act of 1988* assigned responsibility to the department to establish the clearinghouse to "serve as a central repository on initiatives by state and local government to enhance the competitiveness of American business through the stimulation of productivity, technology, and innovation, and federal efforts to assist state and local governments to enhance competitiveness."

ACIR will design an information system for the clearinghouse in cooperation with state and local governments and businesses. In addition to developing the design specifications, ACIR will help the department choose the appropriate computer hardware and software as well as conventional information media. ACIR also will provide the initial information to make the clearinghouse operational by September 30, 1989.

In September, the U.S. General Accounting Office (GAO) issued a report entitled *Legislative Mandates: State Experiences Offer Insights for Federal Action* and recommended that ACIR prepare a biennial report of the total estimated costs of new mandates contained in legislation passed by the Congress during its two-year term.

This reporting task is consistent with ACIR's mission, and would provide valuable information to the Congress, executive agencies, states, and local governments. Estimates of the accumulated costs to state and local governments of federal mandates are not known; consequently, continued federal mandating occurs in an environment in which no one knows how the costs of mandates compare to the available or potential resources of state and local governments. This reporting task would have the additional value of contributing to the implementation of the President's federalism Executive Order 12612.

Efforts will be undertaken during the upcoming year to determine the nature and feasibility of ACIR's assuming responsibility for this activity.

## Publications

During 1988, the Commission published one policy report, seven information reports, three staff reports, one survey report, and five issues of its quarterly magazine, *Intergovernmental Perspective*. A chronological listing of publications may be found in Appendix F.

***State Regulation of Banks in an Era of Deregulation.*** This policy report examines the key intergovernmental regulatory issues which arise as a result of the changing economic and institutional structure of the banking and financial services industry. It reviews the history of bank regulation and analyzes current issues, focusing on the purpose and scope of regulation and the effects of deregulation on the operation of the dual banking system. The report also evaluates and makes recommendations on current federal regulatory proposals.

***State and Federal Regulation of Banking: A Roundtable Discussion.*** At the June 1988 Commission meeting, this roundtable discussion was held to offer differing points of view on current federal legislative proposals concerning bank regulation. The participants were James Chessen, American Bankers Association; David T. Halvorson, New York State Banking Department; Sandra B. McCray, consultant to ACIR; Kathleen O'Day, Federal Reserve Board; and Keith Scarborough, Independent Bankers Association of America.

***Assisting the Homeless: State and Local Responses in an Era of Limited Resources. Papers from a Policy Conference.*** As part of an effort to identify intergovernmental issues and help improve public responses to the problem of homelessness, ACIR hosted a national conference on assisting the homeless in March 1988. Private organizations which traditionally have responded to the homeless are overloaded, and the public sector has become deeply involved in the quest for solutions. Although local governments experience the problem of homelessness most directly, both the causes and remedies also involve the state and federal governments.

***Devolution of Federal Aid Highway Programs: Cases in State-Local Relations and Issues in State Law.*** This report addresses questions in state law arising from a March 1987 ACIR recommendation on devolving non-Interstate federal aid highway programs and revenue bases to the

states. Presented here are the results of a survey of state code and statute revision offices in the 50 state legislatures and of case studies in six states: California, Florida, Illinois, Kansas, Maryland and Ohio. The survey and case studies assessed state-local relations in highway policymaking and identified issues which would have to be addressed in implementing a devolution proposal.

***State Constitutional Law: Cases and Materials.*** This is the first major collection of court cases, law journal articles, and other materials ever to be made available on a broad range of state constitutional law affecting the 50 states. State constitutional law is being "rediscovered" by a growing number of scholars and practitioners in the legal and political communities. This unique source book fills a gap in the law and political science literature and highlights a new and important development in American federalism. This gap has been acknowledged by judges as well as by educators, including U.S. Supreme Court Justice William J. Brennan, Jr. who commented on the ACIR report: "I'd been hoping for some time that a casebook would be published. With the growing interest in reliance by state courts on their own state constitutions, it's been very badly needed. I shall certainly encourage any deans I run into to follow the lead of the other law schools already using it."

***Metropolitan Organization: The St. Louis Case.*** This is the first report in a series of case studies of how metropolitan areas are organized and governed in our federal system. The St. Louis metropolitan area, particularly St. Louis County, has a governmental structure that is among the most complex in the country. The report describes the dynamics of "a productive metropolitan community of communities," and challenges many of the traditional approaches to metropolitan reform. ACIR offers this report in the spirit of seeking to learn—through discussion, debate and analysis—how to improve the ways in which we govern ourselves.

***Interjurisdictional Competition in the Federal System: A Roundtable Discussion.*** Competition in the federal system has come into focus again primarily because of highly publicized examples of state and local governments competing for economic investment and large federally funded installations. Such competition, of course, is not new. But the economic changes taking place in the United States, particularly the internationalization of the economy, have heightened the visibility of interjurisdictional competition and public

concerns about it. This report contains the presentations and discussion from a roundtable session held at the March 1988 ACIR meeting.

***Significant Features of Fiscal Federalism, 1988 Edition, Volume II.*** Volume II contains completely revised information on federal, state and local revenues and expenditures; public sector employment and earnings; and selected additional topics. Provided are historical and state-by-state data, trends and regional comparisons, expenditures by function, constitutional and statutory restrictions on state and local spending and debt, and per capita rankings on state-local revenue, expenditures and debt.

***Local Revenue Diversification: Local Income Taxes.*** This study is one of a series by ACIR on ways in which local governments can lessen their reliance on property taxes by diversifying their revenue bases. Among the most potentially important nonproperty taxes suitable for use by local governments is the local income tax. It is presently a modest source of revenue, but is important for a number of large cities. In most cases, local income taxes must be authorized by the state legislature, and they are most often used by general purpose local governments. Typically, the local income tax is an alternative rather than a complement to a local sales tax, and all states which authorize a local income tax also have a broadbased state income tax.

***State-Local Highway Consultation and Cooperation: The Perspective of State Legislators.*** This report is a part of ACIR's larger study of the feasibility of devolving federally aided, non-Interstate highway programs and revenue bases to the states, and of state-local relations in the fields of road and highway planning, financing and construction. In a survey of state legislators conducted by ACIR, it is suggested that state-local cooperation is generally perceived as satisfactory, and that state-local relations are improving. There was general agreement that state and local governments consult and cooperate on highway matters, and that most states would probably meet highway needs under a turnback program.

***The Tax Reform Act of 1986—Its Effect on Both Federal and State Personal Income Tax Liabilities.*** The federal *Tax Reform Act of 1986* was the most significant restructuring of federal tax policy of the post-World War II period. Its impact was felt not only on federal tax liabilities

but also on state income tax systems. With the assistance of a grant from The Ford Foundation, ACIR undertook a study of the fiscal effects of federal tax reform on state and local governments even before enactment of the legislation. In December 1986, ACIR issued its first report that examined the linkages between the federal and state income tax systems and presented estimates of the changes in total state personal income tax liabilities. Two other working papers summarized then current studies on tax reform and its potential effect on state income tax revenues, and provided preliminary estimates of provision-by-provision effects of the act on aggregate state personal income tax liabilities. This Staff Information Report extends the analysis to consider the state-by-state effects of federal tax reform on federal and state tax liabilities of taxpayers in various income classes, and the effects of four different groupings of provisions in the Act.

***Changing Public Attitudes on Governments and Taxes.*** This is the 17th annual, national public opinion survey conducted for ACIR by the Gallup Organization. Thirteen questions were asked regarding attitudes toward various taxes; the efficiency of federal, state and local governments; awareness of state constitutions; state and local government involvement in international commerce and foreign affairs; and the performance of public works.

## Microcomputer Diskette Series

In 1988, ACIR continued to offer several microcomputer diskettes: State-Local Government Finance Data; Government Finance Data for Individual Cities and Counties; State Government Tax Revenue Data; State Tax Resources and Utilization; and Federal Grants by States. The diskettes will operate on any IBM or compatible microcomputer, and are designed primarily for use with *Lotus 1-2-3™* and *Symphony™* software. Detailed documentation is included for all five series.

***State-Local Government Finance Data.*** This series provides access to census finance data in a format not previously available. State-by-state data for 66 revenue and 70 expenditure classifications, population and personal income are included on each two-diskette set. Data are available for state and local governments combined, state government only, or all local governments (aggregated by state).

**Government Finance Data for Individual Cities and Counties.** The data for FY 1984 and FY 1985 are available for nearly all cities over 25,000 population, all counties over 50,000 and selected counties between 25,000 and 50,000. Diskettes contain data for population, 62 types of general revenue, 30 types of general expenditures, four categories of locally operated government utilities, and seven categories of local retirement system finances.

**State Tax Resources and Utilization.** This series is based on the data used to produce ACIR's annual publication *Measuring State Fiscal Capacity* (also called the Representative Tax System). The disks, which contain data not published in the annual report, permit users to monitor changes in tax bases and revenues, compare and contrast states' rates, and project future revenues. The data base includes the dollar amount of the state-local tax base, state-local tax collections, statutory state tax rates, and effective tax rates. Data for selected years are presented for five other indices.

**State Government Tax Revenue Data, FY 1983-87.** This diskette makes the state tax portion of the U.S. Bureau of the Census government finance series available to the public six months earlier than the entire state-local government finance series. Five years of tax revenue data (FY 1983-87) are included on a single diskette. The revenue fields are basically the same as for the state-local series. The state government tax diskette does not contain any information on local government, nor does it contain any expenditure data.

**Federal Grants.** This series of diskettes contains federal expenditures for every federal grant program—approximately 500 grants to state and local governments as well as several hundred grants awarded to nongovernmental entities. This series is based on the Consolidated Federal Funds Report data collected by the U.S. Bureau of the Census. Data are available for FY 1986 and FY 1983 and are organized on a fiscal year basis.

## Continuing Research Activities

In addition to those activities and reports completed during 1988, work is in progress in a number of other important areas. The topics include: Congress, the states and federalism; readings in federalism; intergovernmental aspects of welfare re-

form; federal and state compliance with disability rights laws; federal preemption and mandate reimbursement; water management in the federal system; state law in the federal system; state taxation and regulation of telecommunications; boundary review commissions; alternative approaches to providing local public services; interjurisdictional tax and policy competition; local revenue diversification (sales taxes and rural communities); state and local governments in international affairs; and the development of a representative expenditure system.

Planning and preparations for several forthcoming policy conferences also continued. Topics to be addressed include: school finance reform, targeting state and federal grants, and an examination of the property tax.

## Marketing

Pursuant to a congressional directive, ACIR sought to increase its outside income substantially in FY 1988. Although the Congress reduced the Commission's appropriation, it also allowed ACIR to keep the proceeds from earned revenues. Several techniques are used to promote sales of ACIR publications and diskettes. These include:

**Omnibus Catalogues.** Every four or five months, a catalogue of all ACIR publications and microcomputer diskettes is revised and updated. These catalogues are used both for displays at meetings and for mailings.

**Special Brochures.** In most cases, a special brochure is developed for each ACIR publication and microcomputer diskette series. Some brochures are mailed to an in-house list, but most often they are mailed to a specialized (subject oriented) purchased list.

**Special Mailings.** Periodically, "personalized" mailings are sent to selected groups of individuals (e.g., political science professors, bond houses and financial institutions) where there is a potential market for sizable purchases.

**Intergovernmental Perspective.** ACIR's quarterly magazine is sent free to approximately 20,000 individuals. Therefore, it is used as an advertising vehicle for the Commission's products. Pages are devoted to promoting various publications, as are some summary articles.

**Displays.** ACIR displays its publications and diskettes at numerous meetings of groups likely to be interested in ACIR products. Often, this takes

the form of full displays of targeted publications. In addition, brochures are sent to smaller meetings and regional meetings of public interest groups for display at the registration desk.

**Press Releases.** Issuance of a publication usually is accompanied by a press release or announcement. The release is sent to both mass media outlets, and specialized and targeted periodicals. If a report contains policy recommendations, the publication will have been previously announced in a press release reporting the Commission's action.

**Requests for Reviews.** Complimentary copies of selected ACIR publications are sent to periodicals with the request that they review it or otherwise notify readers of its availability.

**Subscriptions.** ACIR has three annual subscription packages: for \$1,000 a subscriber receives all microcomputer diskettes and publications; for \$200 a subscriber receives one region of the city-county diskettes, the state-local revenue and expenditure diskette, plus all publications; and for \$75 a subscriber receives publications only.

## State Contributions

ACIR has requested contributions from the states since the early 1970s and has been permitted to keep the proceeds in a special account. Based on state population, annual requests range from \$5,000 to \$13,000. During FY 1988, \$111,550 was received from 23 contributing states. Additional staff resources were allocated to this activity during the year for the purpose of increasing contributions to the program. A monitoring system was implemented to track the inclusion of ACIR's contribution request in state executive budget requests and legislative appropriation bills; to identify key state contact points during the budget and appropriation processes; and to synchronize the issuance of ACIR invoices with state payment cycles.

## State ACIRs

Interest in state ACIRs and similar agencies grew considerably during 1988 as state and local officials searched for ways to develop and strengthen

intergovernmental partnerships. Twenty-eight states now have an intergovernmental advisory agency, compared with 16 states just six years ago. Additionally, ACIR staff worked with officials in a dozen states where interest existed to develop an ACIR proposal or where legislation already was under consideration.

In November, the Commission sponsored the sixth annual meeting of the state ACIR counterpart organizations in Annapolis. The two-day session was held in conjunction with the Assembly on the Legislature of the National Conference of State Legislatures (NCSL), and included the first joint meeting of the state ACIRs and the NCSL State-Local Task Force.

The conference was attended by representatives from 14 state ACIR organizations and from two states that are studying the feasibility of creating a state ACIR.

Attendees reviewed the status of the Commission's research agenda, related activities, and possible new areas of study, and discussed ways in which state organizations could be involved, such as participation in thinkers' and critics' sessions, review of report drafts, and data collection or study assignments. The state representatives also provided updates on their work programs and considered areas for possible joint projects between the states and the U.S. ACIR. A small task force was formed to develop a proposal and strategy to solicit foundations and other funding sources to help strengthen and expand the state ACIR network.

Chief among the topics addressed at the joint ACIR-NCSL State-Local Task Force meeting were the development of an annual survey of the state of state-local relations; areas of possible joint activities, including the identification and recognition of model programs and success stories; and the need for and timeliness of a national convocation on intergovernmental relations in 1989.

In addition to the national meetings and joint projects, several on-going activities help to develop stronger working relationships with the state panels. These activities include state visits, state ACIR thinkers' and critics' sessions, research projects, and a feature article in each issue of Intergovernmental Perspective highlighting the work of one of the state panels.

*Appendix A*

**Members of  
The Advisory Commission on  
Intergovernmental Relations**

*December 31, 1988*

**Private Citizens**

Robert B. Hawkins, Jr., Chairman, San Francisco, California (Rep.)  
James S. Dwight, Jr., Arlington, Virginia (Rep.)  
Daniel J. Elazar, Philadelphia, Pennsylvania (Rep.)

**Members of the United States Senate**

David Durenberger, Minnesota (Rep.)  
Carl Levin, Michigan (Dem.)  
James R. Sasser, Tennessee (Dem.)

**Members of the U.S. House of Representatives**

Sander M. Levin, Michigan (Dem.)  
Jim Ross Lightfoot, Iowa (Rep.)  
Ted Weiss, New York (Dem.)

**Officers of the Executive Branch, Federal Government**

Ann McLaughlin, Secretary of Labor (Rep.)  
Richard L. Thornburgh, Attorney General, U.S. Department of Justice (Rep.)  
Vacancy

**Governors**

John Ashcroft, Missouri (Rep.)  
John H. Sununu, Vice Chairman, New Hampshire (Rep.)  
Vacancy  
Vacancy

**Mayors**

Donald M. Fraser, Minneapolis, Minnesota (Dem.)  
William H. Hudnut, III, Indianapolis, Indiana (Rep.)  
Robert M. Isaac, Colorado Springs, Colorado (Rep.)  
Vacancy

**State Legislators**

John T. Bragg, Deputy Speaker, Tennessee House of Representatives (Dem.)  
David E. Nething, North Dakota Senate (Rep.)  
Ted L. Strickland, Colorado Senate (Rep.)

**Elected County Officials**

Philip B. Elfstrom, Commissioner, Kane County, Illinois (Rep.)  
Harvey Ruvin, Commissioner, Dade County, Florida (Dem.)  
Sandra R. Smoley, Supervisor, Sacramento County, California (Rep.)

*Appendix B*

**Commission Meetings: 1988**

<b>Date</b>	<b>Place</b>
March 25, 1988	Washington, DC
June 17, 1988	Bismarck, ND
September 16, 1988	Washington, DC
December 16, 1988	Washington, DC



*Appendix C*

**ACIR Permanent Staff**

*December 31, 1988*

**Kincaid, John (Executive Director)**  
**Casey, Joan A. (Information Officer)**  
**Coffel, Lori A. (Administrative Secretary)**  
**Cohen, Carol E. (Analyst)**  
**Ebel, Robert D. (Director, Government Finance Research)**  
**Hahn, Thomas D. (Accountant)**  
**Jones, MacArthur C. (Publications Assistant)**  
**McDowell, Bruce D. (Acting Director, Government Policy Research)**  
**McPhaul, Anita J. (Administrative Secretary)**  
**Phillips, Ruthamae, A. (Administrative Assistant)**  
**Reynolds, Pamela D. (Personnel Officer)**  
**Roberts, Jane F. (Assistant Director, Communications & Publications)**  
**Ross, Ronald L. (Mail Room Supervisor)**  
**Smith, Betty (Marketing Assistant)**  
**Steinko, Franklin A. (Budget and Management Officer)**

*Appendix D*

## **Salaries and Expenses**

*(in thousands)*

<b>Object Classification</b>	<b>FY 1988 Actual</b>
Personnel Compensation	\$ 639
Personnel Benefits	141
Travel and Transportation of Persons	72
Transportation of Things	8
Rental Payments to GSA	274
Communications, Utilities & Miscellaneous Charges	78
Printing and Reproduction	84
Other Services	43
Supplies and Materials	41
Equipment	1
<b>Total Obligations</b>	<b>\$1,376</b>

## Financial Support

### ACIR's Productivity

The FY 1988 goal was to maintain the same level of productivity as FY 1987, despite a declining appropriation. Actually, productivity increased in FY 1988 and, for the third year in a row, ACIR had the highest level of productivity per employee in its 29-year history.

With the close of FY 1988, ACIR reached the limits of its ability to maintain current levels of activity and productivity with present budgetary resources. The Commission anticipates a slight drop in productivity in FY 1989 because of the further decline in the Congressional appropriation. Research initiated by contracts prior to FY 1989 will help to maintain substantial productivity for much of the year; however, ACIR will initiate fewer projects in FY 1989 than it would have if ACIR's FY 1989 budget request had been approved by the Congress. Also, the increased productivity at lower costs achieved thus far from contracting out research will decline in FY 1989 because fewer staff will be available to supervise contract research, maintain quality control, and produce reports.

### ACIR's FY 1990 Budget Request

ACIR's budget request for FY 1990 is \$1,300,000. This level of appropriation falls within OMB guidelines and is essential if ACIR is to be a viable federal agency. A lower appropriation, one comparable to that of FY 1989, would have disastrous effects on the Commission. A straight-line appropriation of \$1,040,000 from FY 1989 to FY 1990 would require the Commission to:

- reduce productivity by about 60 percent;
- terminate four more staff positions;
- reduce from four to three the number of Commission meetings held each year; and
- relocate its offices to smaller quarters at lower rent.

### Product Sales and State Contributions

ACIR has made a major effort to increase revenues from product sales and state contributions. Revenue from both sources has increased from FY 1987 to FY 1988. However, it is unrealistic to expect these sources of revenue to increase to a level that would compensate for the loss incurred under an FY 1990 appropriation below \$1,300,000.

### ACIR Cost-Reduction Measures

During the past six years, ACIR has regularly instituted cost-reduction measures.

- *Permanent Staff Reduction and Increased Use of Contractors.* Since FY 1986, ACIR has made ever greater use of "life-of-project" contractors (individuals or firms) rather than permanent staff to reduce overall personnel, employment advertising and search, and project start-up costs. ACIR achieved a net reduction of four total compensable work years in FY 1987 and two total compensable work years in FY 1988.
- *Space.* In compliance with Reform 88 initiatives to reduce overall federal office space utilization and coincident with the reduction in permanent staff and funding, ACIR again reduced its office space in FY 1988, this time by 1,591 square feet—the fifth out of six years that office space was reduced. ACIR has released over 6,600 square feet of office space during the past six years, at a cumulative savings of just over \$128,000. The FY 1988 reduction will reduce our FY 1989 rent charge by approximately \$40,000. ACIR also plans to reduce space and/or rental charges for its storage space in FY 1989.
- *Printing and Reproduction.* Various initiatives have been undertaken in this area because it encompasses the largest category of discretionary funds in the Commission's appropriation outside of contract research. By using its own desk-top publishing system, ACIR has significantly reduced the costs of producing reports.

It is anticipated that these savings and ACIR's ability to retain revenues from the sale of goods and services will allow the Commission to continue living within the Office of Management and Budget's Long-Range Guidelines through FY 1990. However, the Commission is no longer in a position to reduce staff, space, or other aspects of its operation without also reducing productivity significantly. The Commission's 29-year record of remaining small and frugal while maintaining its vitality and high productivity will be sorely tested over the next several years.

*Appendix F*

**Publications Issued in 1988**

***Reports Containing Commission Recommendations***

A-110 *State Regulation of Banks in an Era of Deregulation* (\$10)

***Information Reports***

M-162 *State and Federal Regulation of Banking: A Roundtable Discussion* (\$5)

M-161 *Assisting the Homeless: State and Local Responses in an Era of Limited Resources* (\$10)

M-160 *Devolution of Federal Aid Highway Programs: Cases in State-Local Relations and Issues in State Law* (\$5)

M-159 *State Constitutional Law: Cases and Materials* (\$25)

M-158 *Metropolitan Organization: The St. Louis Case* (\$10)

M-157 *Interjurisdictional Competition in the Federal System: A Roundtable Discussion* (\$5)

M-155 II *Significant Features of Fiscal Federalism: 1988 Edition, Vol. II* (\$10)

***Staff Reports***

SR-10 *Local Revenue Diversification: Local Income Taxes* (\$5)

SR-9 *State-Local Highway Consultation and Cooperation: The Perspective of State Legislators* (\$5)

SR-8 *The Tax Reform Act of 1986—Its Effect on Both Federal and State Personal Income Tax Liabilities* (\$5)

***Survey Reports***

S-17 *Changing Public Attitudes on Governments and Taxes* (\$10)

***Intergovernmental Perspective***

Winter 1989 *"Metropolitan Governance Forum on the St. Louis Area"*

Fall 1988 *"Federalism—A Balancing Act"*

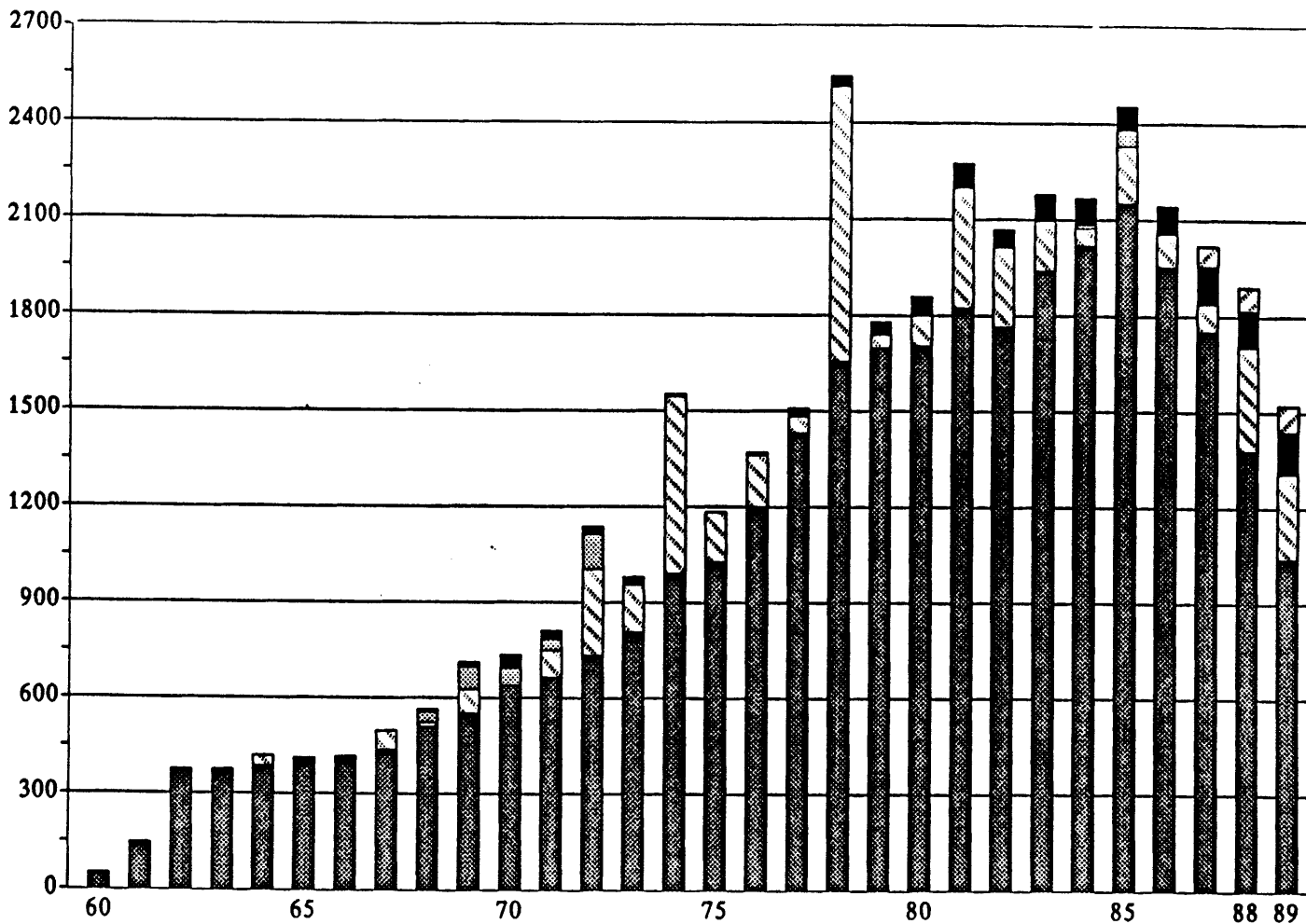
Summer 1988 *"Intergovernmental Changes in the 80s: Creative State-Local Responses"*

Spring 1988 *"Welfare Reform"*

Winter 1988 *"Federalism Becomes Finance"*

# ACIR Revenue History, FY 1960-89

Total Revenues (in 000s)

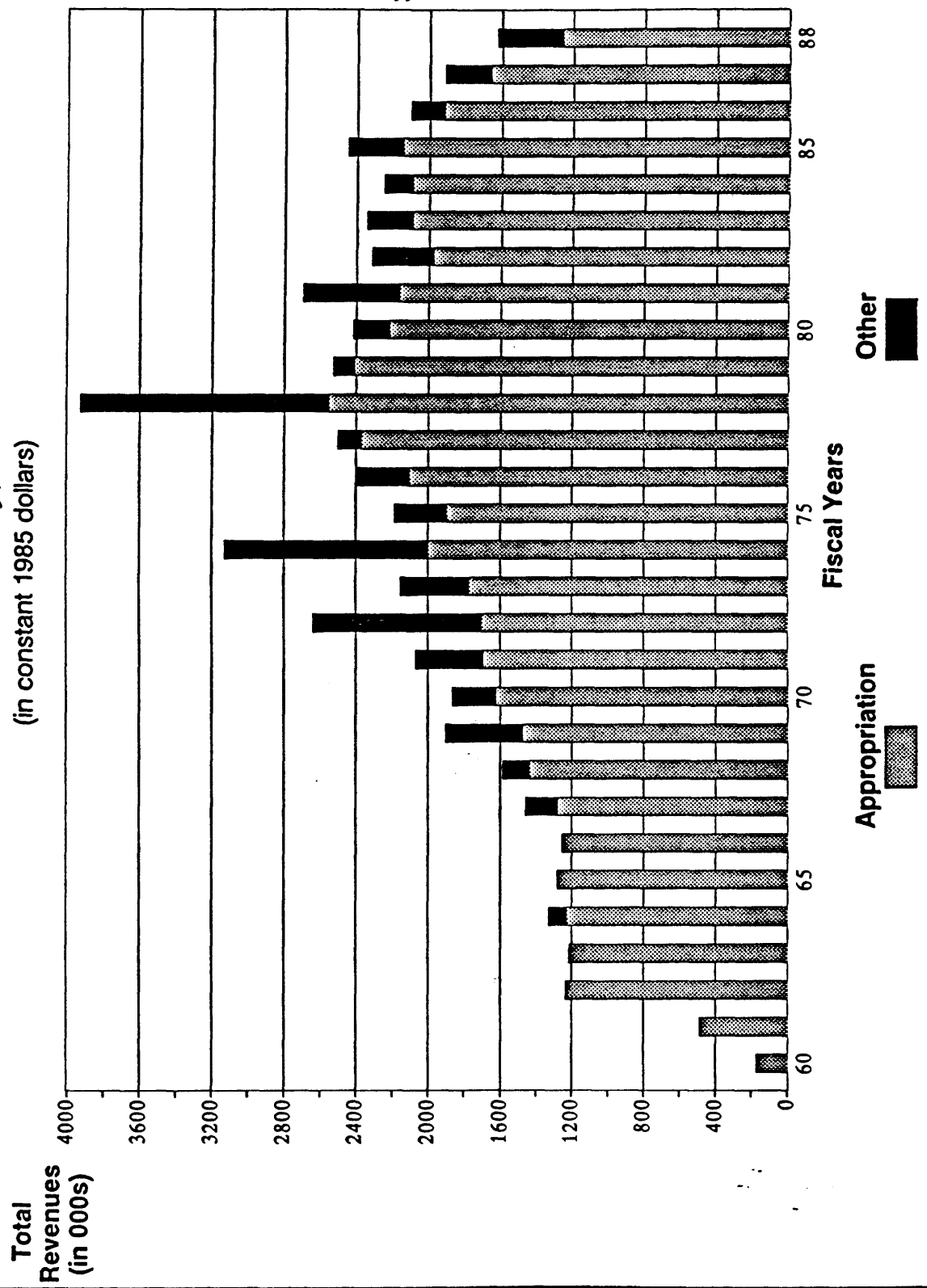


Appendix G1

# ACIR Revenue History, FY 1960-88

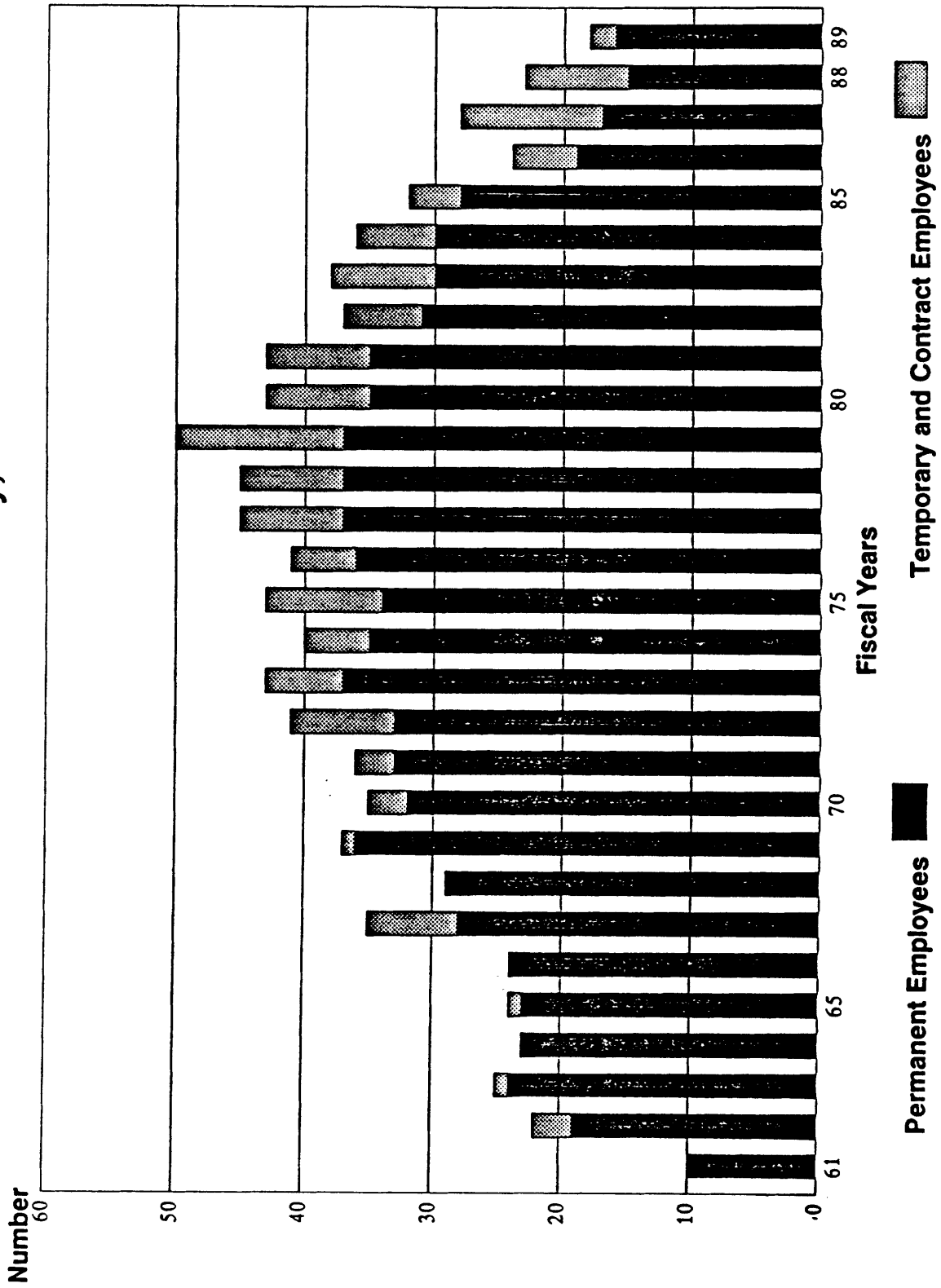
(in constant 1985 dollars)

Appendix G2



# ACIR Personnel History, FY 1961-89

Appendix G3



# ACIR Publication and Product Production, FY 1960-88

(by date of release)

