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**ACIR:
THE YEAR IN REVIEW
32nd Annual Report**

January 1991

International Arena

Advisory
Commission on
Intergovernmental
Relations
Washington, D.C.



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General Information

The U.S. Advisory Commission on Intergovernmental Relations (ACIR) marked its 31st birthday in 1990. The value of the work of the Commission was recognized by presidential and congressional approval of an appropriations increase for FY 1991. Calendar year 1990 also marked ACIR's continued need to rely on a diversity of revenue sources—federal appropriations, publications sales, state contributions, research contracts with federal agencies and state and local governments, foundation grants, and honoraria. In addition, the Commission received important financial support from many of the states. This funding mix, together with the intergovernmental composition of the Commission, helps maintain the bipartisan, multi-government, and multi-branch independence of ACIR. For the second year in a row, funds other than appropriated monies were expended to meet essential operating expenses in FY 1990.

ACIR plays a unique role in analyzing the federal system and American intergovernmental relations; in advocating federalism principles; in spotting problems and highlighting emerging issues; and in convening top officials of the federal, state, and local governments to consider means of helping the system work better. As the successor to the temporary Kestnbaum Commission, ACIR now has continued this role for over three decades. The prevailing issues affecting the federal system have changed considerably over these decades, and the 1990s can be expected to pose new fiscal and regulatory challenges to intergovernmental cooperation and comity.

ACIR's work also has prompted a growing number of academic and non-academic analysts to take up similar studies, and temporary study groups join in from time to time. Intergovernmental units in the White House and the executive departments have been encouraged to provide liaisons with state and local governments. The executive branch now is expected to measure its new legislative and regulatory initiatives against a set of federalism principles that respect the traditional prerogatives of state and local governments. The General Accounting Office and the Congressional Research Service devote specialized talent to studies of federalism and intergovernmental relations, often using concepts pioneered by ACIR. The nonprofit State and Local Legal Center was established seven years ago, with ACIR encouragement, to give state and local governments a stronger voice in U.S. Supreme Court cases involving principles of federalism. ACIR also has highlighted the growing importance of state-local relations and has worked cooperatively, for example, with the state ACIRs. With support and encouragement from the

Commission, the number of state ACIRs has climbed from 14 to 26 over the past eight years. Thus, ACIR's policy recommendations and systemwide studies emphasizing basic principles of federalism as well as practical, program-specific solutions to problems have created an environment conducive to considering and resolving issues of intergovernmental balance in our federal system.

This annual report describes how the Commission has kept its process of intergovernmental research and policy recommendations moving forward during 1990, and has positioned itself to continue these contributions in future years. Appendix A lists members of the Commission as of December 31, 1990. A listing of the year's Commission meetings is provided in Appendix B. Appendix C shows the Commission's staff organization. ACIR's 1990 publications are listed in Appendix D. Appendix E shows public speaking engagements of the ACIR staff. Salaries and expenses are detailed in Appendix F. Appendix G accounts for the Commission's financing. Appendix H contains historical tables relating to revenue, personnel, publications, and office and warehouse space.

ACIR: Purposes and Composition

The Advisory Commission on Intergovernmental Relations (ACIR) is a permanent, independent, bipartisan commission established by the Congress under P.L. 86-380 in September 1959. The purposes of ACIR, as stipulated in the Act, 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 allocation 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 elected state and local members are appointed by the President from panels of nominees submitted by the respective national associations of state and local officials. The members of the Commission serve two-year terms and may be reappointed. The Chairman and Vice Chairman of the Commission are designated by the President from within the current membership. The Commission customarily meets quarterly, but may meet more or less frequently as necessary. See Appendix A for a membership list, and Appendix B for a list of the Commission's 1990 meetings.

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, long-term analyses and recommendations that reflect the diversity present in the federal system as well as points of similarity and agreement.

The principal work of the Commission flows through three basic 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, as well as to the general public.

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 in intergovernmental relations. Once a topic is selected 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. The purpose of this research is to provide a solid foundation for Commission policy recommendations.

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, as well as any policy recommendations, 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 in public session and votes on policy recommendations. Subsequently, the report and its recommendations are published and disseminated. The Commission also issues many information reports that do not contain or require policy recommendations.

In addition to publishing reports, the Commission holds public hearings and forums, organizes national conferences on key intergovernmental issues, provides speakers for public and academic forums, and supplies direct assistance and information to a great many individual agencies, public officials, and citizens. Under contract, the Commission also conducts research and analysis for federal agencies and for state and local governments.

The ACIR Work Program

ACIR has had another busy and productive year. During calendar year 1990, the Commission published two policy reports, seven information reports, one information report supplement, one staff report, one survey, four issues of its quarterly magazine, *Intergovernmental Perspective*, and four directories. In addition, several reports are well under way and should be published in the early part of 1991. A chronological list of 1990 publications may be found in Appendix D.

Although the Commission's research has focused on numerous intergovernmental issues, the 1990 publications and projects may be grouped into five broad themes: (1) constitutional balance in the federal system, (2) intergovernmental relations in the international arena, (3) intergovernmental issues concerning the environment, (4) the structures and functions of government, (5) fiscal federalism, and (6) monitoring intergovernmental trends.

Constitutional balance has come into focus increasingly during the past few years as federal government regulation and preemption of state and local governments has increased while federal financial support has declined relative to the federal budget and to state and local revenues.

The roles of state and local governments in international relations have expanded greatly since the late 1970s. As global markets, worldwide economies, multinational corporations, and people-to-people diplomacy have affected the daily operations of state and local governments, it has become increasingly clear that America's relations with other nations are of concern to more than the federal government. ACIR commissioners and staff members visited Australia, Canada, Nigeria, Poland, and Spain in 1990. The Commission received visitors from Austria, Australia, Brazil, Canada, China, Czechoslovakia, Egypt, Finland, France, Germany, Ghana, Hungary, India, Indonesia, Iraq, Israel, Ireland, Japan, Netherlands, Poland, Senegal, South Africa, South Korea, Soviet Union, Spain, Taiwan, and Yugoslavia. Local self-government and intergovernmental relations are topics of growing interest in many countries that are looking to the United States for answers.

Questions concerning the evolving structures and functions of government have led ACIR to study state ACIRs, the changing roles of boundary review commissions, the administration of criminal justice, the role of the National Guard, national infrastructure issues, and intergovernmental approaches to improving educational outcomes.

Issues of fiscal federalism in 1990 were driven significantly by education finance, revolutionary changes in telecommunications technologies and regulation,

and increasing pressures on state and local tax systems to adjust to the expanding responsibilities thrust on state and local governments.

ACIR's continued monitoring of fiscal and non-fiscal trends encompasses compilations of fiscal data, annual estimates of the fiscal capacity and effort of the states, and an annual public opinion poll on governments and taxes. These projects provide early warnings of emerging trends and issues that ACIR may need to consider in its policy deliberations and that other governmental and nongovernmental organizations frequently use in their work.

In the course of its work in 1990, the Commission continued to sponsor conferences and roundtable discussions involving participants with diverse points of view and areas of expertise. In addition to holding fourteen thinkers' sessions and three critics' sessions on a variety of subjects, the Commission cosponsored a national conference on education.

The activities and publications of ACIR described in the following sections explain what has been accomplished in 1990 within the six thematic areas enumerated above.

Constitutional Balance

Maintaining balance between the roles of the states and the federal government in the American constitutional system has been of primary concern to ACIR for years. This system is governed by the U.S. Constitution and the constitutions of the 50 states. In recent years, however, the U.S. constitution has been interpreted increasingly in favor of the federal role at the expense of the states. Many citizens do not think about state constitutions when they think about government.

In recent years, ACIR has encouraged discussion of constitutional balance and the pursuit of research designed to operationalize the concept. In 1988, ACIR recommended that the states take constitutional reform under consideration as one approach to restoring balance in the federal system.

In a related effort to improve state-federal balance, the Commission approved at its December meeting the drafting of proposed legislation to implement ACIR's 1990 recommendation that preemption notes be prepared and considered when legislative and administrative proposals are developed and acted on by the Congress and executive agencies.

In the interest of furthering this recommendation, the Commission also published two reports in 1990 and has two more under way that contribute to the maintenance of constitutional balance. Already published is a revision of the state constitutional law case book that has been well received since it original-

ly was published in 1988. Also published is a book of case studies on state mandates to local governments. A study of federal preemption of state and local authority and a reference guide for use by teachers of federalism are in preparation for publication. These reports are discussed in detail below.

State Constitutional Law: Cases and Materials With 1990-91 Supplement (M-159S) (M-172, the 1990-91 Supplement, is available separately). This publication is a reprint with supplement of 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 cases 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, up-to-date sourcebook fills a gap in the law and political science literature and highlights a new development in American federalism.

Mandates: Cases in State-Local Relations (M-173). This information report on state mandates attempts to shed some light on an increasingly controversial aspect of state-local relations. The current concern centers around several issues, including the decline in federal aid relative to own-source revenues, the shift of more programmatic responsibility from the federal government to state and local governments, questions of accountability, public opposition to rising taxes, and difficulties in meeting the cost of mandates. States handle these issues in a variety of ways. The cases in this report come from seven states: Connecticut, Florida, Massachusetts, New York, Ohio, Rhode Island, and South Carolina.

Federal Preemption of State and Local Authority. The pace of federal preemption of state and local authority has accelerated dramatically since the Kestnbaum Commission first offered recommendations in 1955 to moderate this tendency. This acceleration continues despite the Commission's own recommendations for moderation, made in 1984 and 1987.

As federal preemptions have grown, they have attracted the attention of state and local governments. Federal preemptions not only limit state and local discretion but also frequently cause state and local costs to rise. When those costs were offset by federal grants, the impacts of preemptions were softened. Now that federal aid to state and local governments has begun to decline, however, concerns about federal preemption are intensifying. State and local governments are receiving mixed responses from the courts in their requests for relief from some of the most burdensome federal preemptions.

At its September meeting, the Commission

adopted a policy report on *Federal Preemption of State and Local Authority*. The report will be published in 1991. The purpose of this report is to carry the Commission's previous work forward by (1) defining federal preemption clearly, (2) presenting a new inventory of federal preemption statutes, (3) setting forth typologies of federal preemptions and the mechanisms used to implement them, (4) recording the views of several types of state officials concerning this topic, (5) drawing conclusions about the appropriate scope of federal preemption and uses of implementation mechanisms, and (6) offering new recommendations for dealing with federal preemptions.

The Commission's recommendation reaffirmed a need for explicit statements of congressional intent to preempt, and reasserted principles for limiting federal preemption, and went on to call for preemption notes evaluating the effects of any proposed legislation or executive agency regulations affecting the powers of state or local governments. These notes would accompany any executive or legislative proposal throughout its period of consideration.

Federalism: A Reference Guide. For Civitas, ACIR staff prepared a reference guide on federalism to be included in a larger reference book for teachers of government in secondary schools, textbook publishers, and journalists. Civitas is a joint education project of the Center for Civic Education, affiliated with the California State Bar Association, and the Council for the Advancement of Citizenship. At its December meeting, the Commission approved an expanded version of the guide for publication as an ACIR information report, *Federalism: A Reference Guide*. Publication of this guide will enable ACIR to meet many requests from citizens as well as foreign visitors for a basic guide to and explanation of the American federal system.

Intergovernmental Relations in the International Arena

In 1990, the Commission continued to pursue several activities concerning intergovernmental relations in the international arena: (1) a project on state and local initiatives on productivity, technology, and innovation; (2) a study of state and local roles in the international system; (3) immigration; (4) participation in a conference on federalism in Australia; (5) advising on how to set up local governments in Poland; and (6) setting up a conference on state and local roles in international trade. These six activities are discussed below.

State and Local Initiatives on Productivity, Technology, and Innovation: Enhancing a National Resource for International Competitiveness (A-114). The Commission put considerable time and ef-

fort into an internationally oriented project initiated under the *Omnibus Trade and Competitiveness Act of 1988*. This act established within the U.S. Department of Commerce a clearinghouse to "serve as a central repository on initiatives by state and local governments 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." Because this clearinghouse needed to be connected to the activities of state and local governments, as well as to related activities of the federal government, the U.S. Department of Commerce asked ACIR to assist it in designing the Clearinghouse.

ACIR's assistance helped determine appropriate roles for the Clearinghouse that would be of greatest support to state and local competitiveness initiatives. ACIR's final report to the Department of Commerce, submitted in late 1989, resulted from a year of research and consultation with state and local governments, appropriate federal agencies, and a range of private-sector organizations involved with innovations intended to enhance the global competitiveness of American businesses.

The key finding in ACIR's final report is that many of the functions envisioned for the Clearinghouse currently are being performed by a variety of state, local, and federal agencies, as well as by some private sector entrepreneurs. Thus, establishing a nonduplicating niche is essential. The ACIR strategy urges implementation of a readily accessible and highly utilized network of established actors.

This report was published by ACIR in 1990 along with three handy guidebooks citing published directories, national clearinghouses, and program professionals in the field. In November 1990, the Department of Commerce announced that the Clearinghouse is open for business.

State and Local Roles in International Affairs. At its June meeting, the Commission adopted recommendations and approved for publication a draft policy report on the roles of state and local governments in international affairs. One part treats state roles in the international system and the other deals with the role of local governments in international affairs. The report, which is expected to be published in 1991, chronicles the recent and rapid growth of state and local involvement in international affairs, and provides a basis for the Commission to consider findings and recommendations for making the American federal system work more effectively in a world with increasingly porous national boundaries.

The international activities of state and local governments chronicled in this forthcoming report encompass a wide range of economic development activities and extend to social, technical, scientific, cultural, and educational programs; the regulation of foreign as well as domestic business activity; lobbying of the U.S. government on foreign policy matters; divestiture of public funds from corporations doing business in certain countries; agreements with foreign governments; public referenda and legislative resolutions on foreign policy issues; and, occasionally, noncooperation with U.S. policy. The breadth and intensity of these international activities belie the traditional notion that foreign affairs is strictly the domain of the U.S. government. Thus far, state and local international pursuits have not posed major problems for the federal system or for U.S. foreign policy, but there are issues of coordination and cooperation that can be addressed to improve the effectiveness of federal, state, and local efforts to enhance America's position in the world order, and to moderate intergovernmental conflicts.

The Commission made recommendations on educating the public for the global era; supporting effective federal, state, and local decisionmaking and program implementation in the international arena; intergovernmentalizing the process for United States participation in reaching certain international agreements, and assisting local officials of other nations to develop democratic institutions; and guarding against destructive competition and hasty preemption.

Immigration. At its December meeting, the Commission approved the development of a grant proposal to finance a comprehensive case study of the fiscal impacts of immigration. The basic question for ACIR is the extent to which the U.S. government is obligated to provide financial assistance to state and local governments in compensation for the social service costs of hosting immigrants, refugees, and undocumented aliens. The assumptions underlying federal assistance are that immigration is a federal policy responsibility, and that immigrants impose a financial burden on state and local governments.

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

Local Self-Government in Poland. As members of a technical assistance team organized by the Johns

Hopkins University, two Commission staff members drafted technical assistance guides for use by local government officials in Poland as that country reestablishes elected local governments under its new democratic constitution. These two papers addressed intergovernmental cooperation as well as the assignment of functions and responsibilities among the national, provincial, and local governments in Poland. These papers will be revised in 1991 after comments are received from Polish counterparts on the team established by the Johns Hopkins University.

Conference on International Trade. At its December meeting, the Commission approved cosponsorship with the American Foreign Service Association and a number of state and local government associations of a March 1991 conference on state and local governments in international trade. The conference will focus on better intergovernmental communication, improved understanding within the foreign service community of state and local activities, and trade opportunities in key regions around the world.

Intergovernmental Environmental Issues

In 1990, ACIR undertook several studies on environmental issues. The Commission continued research on the intergovernmental management of groundwater resources, conducted a study for the Army Corps of Engineers on intergovernmental institutions and processes for water resource management as part of a congressionally mandated national drought study, and began a project on intergovernmental decisionmaking processes for environmental protection. These projects are detailed below.

Groundwater. The last two decades were characterized by increasing groundwater use, multiple and sometimes conflicting claims to water supplies, greater concerns about protecting environmental quality and aesthetic values of surface water supplies, and restricted availability of public sector funds for additional water development. During this period, the attention of concerned citizens and policymakers had turned toward improved management of groundwater supplies in the United States.

The Commission is considering the proper institutional arrangements and intergovernmental relations in the management of groundwater supplies. At its December meeting, the Commission approved the background chapters and findings on groundwater management, and considered policy recommendations. Final action on the recommendations is expected in 1991.

Environmental Decisionmaking. A number of questions have been raised about the process by

which environmental protection concerns can be met along with the demands of population and economic growth. Many separate environmental protection laws apply simultaneously to development proposals. Although the requirements for environmental impact statements provide adequate scope to consider all aspects of development proposals, they do not provide specific mechanisms adequate to reconcile diverse development needs and environmental protection requirements in a timely fashion. Present procedures include many veto points and uncertainties that make trade-offs difficult between land, air, and water concerns and between development and environmental protection. Negotiation, mediation, mitigation, and other accommodation techniques are not always possible under existing laws. State and local governments have little assurance that they can receive a final decision on proposed development projects within a reasonable time.

The ACIR study proposal calls for inventories of existing federal environmental protection standards, veto points, and rigidities, as well as an examination of potential improvements in analyzing and accommodating environmental protection standards within an intergovernmental process that promises timely and predictable decisions on development projects. This study is expected to produce a policy report.

National Drought Study. The Commission prepared, at the request of the U.S. Army Corps of Engineers, a resource paper entitled "Intergovernmental Coordination for Drought-Related Water Resource Management." This paper reviewed the coordination tasks likely to be needed in the management of water resources, historical experiences with the various mechanisms used in the past for developing and coordinating national water policies and for planning river basin and other subnational water resource management areas, and assessing present opportunities for water resource coordination. This paper is being used by the Corps in organizing the institutional aspects of its congressionally mandated three-year national drought study.

Governmental Structures and Functions

The Commission continued its well established program of examining the structures and functions of governments. The 1990 reports published and research in progress on these aspects of federalism are described in the following paragraphs.

Structures of Governments. The Commission continued its encouragement of improved intergovernmental relations via state ACIRs. A new report on the structures and functions of state ACIRs and a directory of these counterpart organizations of the U.S.

ACIR were prepared. The Commission also updated and reevaluated its earlier work on boundary review commissions.

State ACIRs. Interest in state ACIRs and similar agencies continued during 1990 as state and local officials searched for ways to develop and strengthen intergovernmental partnerships. To foster and maintain good relations with these state counterparts, ACIR cooperates with them on matters of common concern whenever possible. Twenty-six states have active intergovernmental advisory agencies, compared with 14 states eight years ago.

In September, the Commission participated in the annual conference of state ACIRs, sponsored in 1990 by the Rhode Island State-Local Relations Commission. Representatives of the U.S. ACIR and fourteen state ACIR counterpart agencies met in Newport, Rhode Island. Topics of discussion included new or innovative projects, marketing state ACIR recommendations, and the relationships between the U.S. and state ACIRs.

The Commission issued a directory of state ACIRs in December (A-117D). It contains comprehensive descriptions of the 26 state organizations presently operating. The directory also lists intergovernmental contacts in five other states, U.S. ACIR staff contacts, and intergovernmental relations officials in many federal agencies.

At its December meeting, the Commission approved the publication of the policy report on the state ACIR counterparts. Based largely on surveys conducted in 1989 and 1990, the report reaffirms the Commission's 1974 recommendation that each state establish a permanent, bipartisan advisory commission on intergovernmental relations to serve as a neutral forum for discussing mutual interests and problems. This publication discusses types of ACIRs, legal bases, organizational structures, functions, and accomplishments. It will be issued in 1991.

Boundary Review Commissions. Local government boundaries are set in many different ways under the varying provisions of state constitutions and statutes. Beginning in 1959, some states established special commissions to review the creation of new local governments and the revision of local government boundaries by annexation, consolidation, or other means. Now, 12 states have such commissions, two more than the last time ACIR studied these mechanisms. An ACIR survey of boundary review commissions indicates that most boundary activity now concerns annexation cases rather than new incorporations.

At its September meeting, the Commission authorized publication of this information report. It will be issued in early 1991.

Functions of Governments. With its continued emphasis on studies of government functions, Commission staff and contractors focused on criminal justice, the role of the National Guard, national infrastructure issues, improving educational outcomes, and the economic consequences of American education.

Criminal Justice. In response to a resolution of the National Association of Counties, the National Institute of Justice funded a \$250,000 ACIR study of intergovernmental relations within criminal justice. This study is investigating the roles of state and local elected officials in the administration of criminal justice—particularly the roles of legislators and chief executives. It will produce materials designed to increase the understanding of elected officials and to serve as the basis of ACIR recommendations for improved, coordinated, informed decisionmaking and better budgeting and planning.

Focus group discussions or one-on-one interviews are being held at meetings of the governors, state legislators, elected local officials, municipal managers, state fiscal officers, county attorneys, police chiefs, prison administrators, sheriffs, public defenders, judges, probation and parole officers, juvenile administrators, and others.

At its December meeting, the Commission reviewed and commented on a preliminary background report.

National Guard. The Commission is undertaking a study of "The Role of the National Guard in Protecting the Nation and the States." Key issues to be examined include: the "total force policy" and Guard involvement in the process, adequacy of federal support for the Guard, procedures for calling the Guard into national service, maintaining the integrity of Guard units after federalization, roles in disaster relief, Guard compliance with environmental protection laws and regulations, Guard roles in the War on Drugs, equal employment opportunities in the Guard, and the use of "state defense forces" to supplement the Guard. A thinkers' session was held on October 5, 1990 and the Commission reviewed the study's outline in December.

National Infrastructure Issues. At the request of the U.S. Army Corps of Engineers, Commission staff drafted two issues papers on public works topics for use by the Corps in developing a federal interagency infrastructure strategy for the 1990s. These papers dealt with the topics of "The Value of Infrastructure to America," and "Alternative Infrastructure Strategies and Implementation Techniques." These drafts will be revised in early 1991 as the basis for additional work with the Corps designed to develop a dialogue with other major federal infrastructure agencies as well as with state and local governments, their associations, and the private sector.

Improving Educational Outcomes. The Commission developed a proposal to support a national policy conference on the topic of "Intergovernmental Approaches to Effective K-12 Education." This conference would examine the increasingly intergovernmental nature of elementary and secondary education programs and any intergovernmental barriers that may be retarding the pursuit of excellence in effective schools rooted in school-based and community-based management. Funding for the proposal is being sought.

Fiscal Federalism

Fiscal issues in federalism are a continuing focus of ACIR research. In 1990, the Commission directed its attention to studies of representative taxes and expenditures, local revenue diversification, property taxes, telecommunications regulation and taxation, interjurisdictional tax and policy competition, and case studies of state taxes and expenditures. It also investigated the volume cap on private-activity bonds and the structure of state aid to elementary and secondary education, and began studies on Medicaid and on the fiscal impacts of immigration on state and local governments.

Representative Taxes and Expenditures. ACIR developed the Representative Tax System (RTS) and the Representative Revenue System (RRS) to improve on available measures of state fiscal capacity and effort. These measures show state and local government capacity to collect tax as well as nontax revenue, and gauge governments' potential abilities to raise revenues relative to a national average. They are the only indicators that measure fiscal capacity on a revenue-by-revenue basis. RTS and RRS capture states' opportunities for tax exportation by estimating actual tax and nontax revenue bases and applying average tax rates.

1988 State Fiscal Capacity and Effort (M-170). Through this publication, the Commission continues its tradition of providing information on the relative economic well-being and fiscal performance of the states. This report contains tables and graphs on RTS and RRS bases, arranged both by revenue base and by states; discusses recent changes in states' fiscal capacities; compares RTS and RRS with other capacity measures; provides details on the methodology and makes a number of methodological refinements; and includes historical data. It includes a chapter by the administrator of the Canadian program of federal-provincial equalization, which uses a representative tax system.

Representative Expenditures: Addressing the Neglected Dimension of Fiscal Capacity (M-174).

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

Strengthening State and Local Revenue Systems. ACIR has long been involved in research into overall tax systems and particular fiscal tools as a means of strengthening the fiscal dimension of the intergovernmental system. In 1990, ACIR staff, with assistance of consultants in some cases, continued this focus with studies on local revenue diversification in rural economies, the property tax, the federal volume cap on private-activity bonds, and interjurisdictional tax and policy competition. These projects are discussed below.

Local Revenue Diversification: Rural Economies (SR-13). Commission staff and consultants have been preparing a multipart series on ways that local governments have to lessen their reliance on property taxes by diversifying their revenue bases. The 1990 publication on rural economies is the final part of an initial four-part series. It focuses on the challenges and implications of local revenue diversification for rural local governments rather than on a specific revenue source.

This study consists of three papers applying the concept of local revenue diversification to rural economies. Two of the papers explore the experience of particular rural states and communities with local revenue diversification, and the third presents arguments for and against revenue diversification in rural communities.

Property Tax. As a result of California's Proposition 13, public attention forced realignments in local government spending and revenue raising. The property tax survived and is still the source for three of every four local tax dollars. The Commission is investigating how technological and other changes are affecting the property tax. For example, this study proposes to examine the property tax from a variety of angles, including computer assisted mass appraisal, geographic information systems, differential taxation of land and improvements, and efficiency effects of direct and indirect relief measures.

The Volume Cap for Tax-Exempt Private-Activity Bonds: State and Local Experience in 1989 (M-171). In the 1960s, Congress began to express

concern that some of the tax-exempt bonds issued by state and local governments were being used to support activities that were essentially "private," although they were related to the government mission. Since then, restrictions have been placed on the freedom of state and local governments to issue bonds for purposes the federal government defines as "private activities."

One of the most important restrictions was the unified state volume cap on "private-activity" bonds in 1986. Prior to the adoption of this restriction in 1986, local governments had issued a large volume of private-activity bonds. Local officials were concerned that local governments would lose their independence in issuing such bonds and would be required to petition the state for every private-activity bond allocation. Users were concerned that their activities would not receive a fair share of the cap.

This information report provides the results of a 50-state survey (plus the District of Columbia) regarding state and local experience under the volume cap during 1989. The report begins with a brief review of the history of the limitations on tax-exempt issuance, and then details the priorities established by each state to allocate private-activity bonds between state and local authorities, the volume and composition of the bond allocations, and suggestions from the states for reform of existing volume cap rules.

Interjurisdictional Tax and Policy Competition. Issues of interstate and interlocal competition within the United States are becoming a focus of increasing interest and concern. Along with the heightened visibility of worldwide competition among national governments has come increased awareness of competition among states, cities, and regions within the United States. ACIR has completed a report intended to provide a conceptual overview of major issues related to interjurisdictional tax and policy competition. The report will be issued in early 1991.

Competition among governments can be beneficial insofar as it increases the responsiveness of governments to their citizens. With competition among governments, citizens are more likely to receive the level of government services they desire at the lowest possible cost. With respect to a policy dimension for which there are significant spillovers, however, competition can be harmful. Competition among governments can be harmful when governments are allowed to impose negative spillovers on other governments, such as when governments export their taxes to other jurisdictions.

One of the most important issues related to interjurisdictional competition is an evaluation of its benefits and costs within the American fed-

eral system. This report suggests that criteria for evaluating the results of competition among governments include equity, efficiency, and maintenance of the competitive viability of the states and of the substate governmental systems.

Applied Fiscal Analyses. In addition to analyzing overall tax systems and methodologies, ACIR conducts research on specific applications of fiscal analysis in intergovernmental relations. The following studies are illustrations of applications of intergovernmental fiscal analysis to specific issue areas, industries, and programs.

The Commission was involved in two education finance projects. An education report concerns the structure of state aid to elementary and secondary education. The Commission also sponsored a conference with Lehigh University on the economic consequences of American education.

Two telecommunications projects involve the study of the taxation and regulation of a particular industry, and the Medicaid project deals with fiscal analysis of a particular expenditure program.

ACIR staff also serves in a consultant role to state and local governments, applying its tools of fiscal analysis to actual revenue and expenditure systems. These various applications of fiscal analysis are discussed in the following paragraphs.

The Structure of State Aid to Elementary and Secondary Education (M-175). Elementary and secondary public education is the largest single expenditure function for state and local governments. During the last two decades, the issue of equity in school finance has been hotly debated in the courts and legislatures of many states. Now, there is an even greater public focus on education quality.

In 1983, the Commission recommended that "states and localities continue experimentation in developing appropriate funding patterns in light of their distinctive circumstances (and that) . . . in this process (the states) should address the equity issue, both in terms of revenue raising and of equal access to a quality education." As a follow-up to this recommendation, the Commission directed the staff to study the structure of school finance with specific attention to the role of state aid.

In 1990, ACIR issued a publication that analyzes the intergovernmental relationships in financing public education—focusing especially on the effects of state aid programs on local school district spending decisions. The report presents a detailed discussion of the trends in school expenditures, revenues, and state aid programs during the past quarter century. The analysis looks at school funding from the viewpoint of how state aid programs affect the public choices of individual consumers/voters. It concludes that the diversity in the 50 states makes nationwide

generalizations about school finance difficult. The effect of specific state aid programs on equalizing school spending among districts depends on many complex factors affecting individual voters and local political institutions that influence the levels of school district spending.

This report provides information about trends in school finance, outlines the different state institutional arrangements for school finance, illustrates the role that state aid plays in models of local school spending decisions, and develops an analysis that should prove useful for evaluating and implementing proposed initiatives for education financing reforms.

Economic Consequences of American Education. In late October, ACIR joined Lehigh University in hosting a conference entitled "The Economic Consequences of American Education." The conference focused on the costs of allowing the quality of American education to continue to erode and of the various policy prescriptions that have been recommended. Hawkins addressed the conferees. ACIR will be publishing the proceedings.

Telecommunications. The 1980s brought a revolution in telecommunications technology—lasers, microwave transmission, communications satellites, digital switches, and glass fiber optics—and economics. The straightforward wire links of past decades are a near anachronism.

Recognizing that this new era in telecommunications will play out through the policies of intergovernmental fiscal and regulatory bodies, the Commission examined the policy implications of the new economics in this industry. Policy reports on intergovernmental regulation of telecommunications were completed and adopted.

Intergovernmental Regulation of Telecommunications (A-115). This policy report begins by detailing the process whereby the "telephone industry" evolved from one of competition to one of monopoly by American Telegraph and Telephone. The report then focuses on the events that led to the break-up of AT&T, with specific attention to the intergovernmental regulatory tensions between the state public utilities commissions, the U.S. Department of Justice, and the Federal Communications Commission. The study concludes with a review of the range of present state policies designed to promote the long-term regulatory goal of universal service, the evolving FCC policy relating to the cross-subsidy of local telephone service by the nation's long-distance carriers, and the recent attempts by the federal government to preempt state regulatory authority over the business of telecommunications activities. **The report contains Commission policy recommendations, adopted on September 29,**

1989, relating to the need for continued regulatory experimentation among the states, the promotion of universal access, clarification of federal preemption authority, and strengthening procedures for resolving issues through joint federal-state boards and conferences convened by the Federal Communications Commission.

State Taxation of Telecommunications, a report adopted by the Commission on September 29, 1989, complements the regulatory report. It will be published early in 1991.

Like the study on regulation, this report begins with a review of the economic and technological developments in the industry, but then puts this history into the context of state tax policy. After setting out a normative framework for evaluating the taxation of telecommunications firms, the study examines the questions and issues of defining what is to be taxed (firms and/or services) and the degree of intra- and inter-industry competitiveness as it pertains to voice transmission. This report also treats the distinction, if any, that must be made between the new set of long-distance carriers and the local operating company. The study discusses the arguments for and against various forms of taxation applied to telecommunications firms, and the special issues of the taxation of access charges and the apportionment of interstate revenues.

The report concludes with a set of key findings and Commission policy recommendations. These relate to the taxation of access charges, the merits of differential treatment of long-distance versus local operating companies, and the need for further research regarding the apportionment of multi-state receipts. **The Commission recommends that (1) special taxation be removed to promote tax neutrality, and (2) experimentation with alternative measures of apportionment of interstate income and receipts be continued.**

Intergovernmental Dimensions of Medicaid. Medicaid, a major intergovernmental program providing health care benefits to low-income groups, is of increasing concern to policymakers. This concern extends to program costs, eligibility for coverage, and services authorized. Medicaid has expanded into one of the largest and fastest growing areas of state and federal spending. At the same time, there are questions about how well Medicaid accomplishes various policy goals and can meet future health care needs.

ACIR's project, authorized by the Commission in September 1989, is examining the changing roles and intergovernmental structure of Medicaid. Particular attention is being given to the federal, state, and local costs of the program, as well as to the various sources of expenditure growth, including federally required expansions in eligibility and benefits for certain groups. The project

also will examine the intergovernmental structure of Medicaid and analyze options for restructuring the provision of Medicaid-type services.

State and Local Fiscal Studies. With contracts from three state governments and one county, the Commission continued to capitalize on its research into measuring fiscal capacity by applying its analyses of representative revenue and expenditure capacities to local governments. This is a type of analysis that ACIR pioneered and has been applying to states since 1962. Like the federal government, states are facing increasing demands on limited resources. As a result of federal actions cutting aid to states, the increasing use of unfunded mandates, and discontinuance of some programs that the states have had to pick up, the states are under increased fiscal pressures. Applying the ACIR methodology to local government data could help states spend their money more efficiently by targeting limited funds to the local governments most in need.

In 1990, under contract with state agencies and nonprofit organizations, ACIR staff and consultants were engaged in three studies of state and local fiscal systems. Work was done for Maryland, South Carolina, and the Chicago Regional Partnership.

The first of these studies, completed under a contract with the Maryland Commission on State Taxes and Tax Structure, developed estimates of representative expenditures for all local governments in each of the state's 23 counties and the City of Baltimore. The results of the study show the approximate cost to local governments in each area of providing the state-wide average (representative) level of public services. In conjunction with estimates of representative tax collections that are prepared each year by Maryland's Department of Fiscal Services using methods patterned after ACIR's RTS, the estimates of representative expenditures provide the first comprehensive picture of the relative fiscal capacities of the highly diverse areas of the state of Maryland.

Under a contract with the South Carolina ACIR, U.S. ACIR staff and consultants completed a report presenting an overview of the state's tax system and identifying options for further research. SCACIR relied on the report in developing its five-year research agenda, which its Commission approved in September 1990.

A contract with a local nonprofit organization is funding ACIR's preparation of estimates of the fiscal capacities of a sample of 40 municipal areas in the six-county Chicago region of Illinois, home to one of the most complex structures of local government in the nation. The study also is developing a comprehensive data base relating to the actual revenues and expenditures of every one of the more than 300 governmental entities serving the 40 municipal areas. As one of six studies in progress under the auspices of the Chicago Regional Partnership, this ACIR work is in-

tended to provide insights into the extent of fiscal disparities among localities in the region, including the City of Chicago. The results of the overall project will be presented at a conference in Chicago in April 1991.

Monitoring Intergovernmental Trends

A major focus of ACIR's work program involves monitoring changes in the federal system. The Commission has a number of regular publications that track changes in both fiscal and nonfiscal aspects of intergovernmental relations. These publications include the two-volume *Significant Features of Fiscal Federalism*, the State-Local Government Finance Data and State Government Tax Revenue Data computer diskettes, the poll on public attitudes toward governments and taxes, and ACIR's quarterly magazine, *Intergovernmental Perspective*. In addition to its regular publications, ACIR has undertaken a large-scale project tracking decade-long changes in intergovernmental relations. These publications are discussed in the following paragraphs:

Significant Features of Fiscal Federalism 1990, Volume I (M-169). This volume contains completely revised and up-to-date information on federal, state, and local tax rates, and national trends in government expenditures and revenues. Volume I includes federal individual income tax rates; state and local individual income tax rates updated through November 1989; detailed information on standard and itemized deductions, exemptions, and exclusions to income for federal and state income taxes; tax rate and base information on social security and unemployment insurance; general sales tax rates and exemptions; federal and state tax rates for cigarettes, alcoholic beverages, and gasoline; average effective property tax rates for each state; estate, inheritance, and gift taxes; state and local property transfer taxes; and automobile fees and taxes. New tables in the 1990 edition include federal and state budget processes, an expanded federal tax section, state severance taxes, property tax relief programs, property classifications, sales tax exemptions on services, and an expanded corporate income tax section.

Significant Features of Fiscal Federalism 1990, Volume II (M-169-II). Devoted largely to fiscal data, this volume is organized to allow the user to start with the "big picture" of the nation's economy and trends in the national income accounts and then to look at total federal, state, and local finances in more detail. Volume II includes state profiles giving snapshots of state-local, state, and local revenues and expenditures; revenue and expenditure tables by source or function, percentage distribution, per capita, and as a percentage of personal income; historical federal, state, and local fiscal trends; aggregate government fiscal

trends; intergovernmental revenues and expenditures; ACIR measures of state fiscal capacity and effort; budget processes and tax and expenditure limitations; and state rankings of state-local revenue and expenditure items.

Finance Data Diskettes. *1988 State-Local Government Finance Data.* ACIR diskettes, designed for easy use in Lotus 1-2-3, provide access to Census finance data in a format not previously available. They include state-by-state data for 129 revenue and 200 expenditure classifications, population, and personal income for state and local governments combined, state government only, or all local governments aggregated by state.

State Government Tax Revenue Data, FY1983-87. This Lotus 1-2-3 diskette includes four years of tax revenue data on state governments only. The revenue fields are basically the same as for the state-local series. It contains no expenditure data.

1988 RTS and RRS Diskette. This newly developed diskette for Lotus 1-2-3 contains the comprehensive set of tax base and tax revenue data used in the 1988 RTS and RRS, along with programs creating RTS and RRS spreadsheets. The user can recreate, view, and manipulate any or all of the 30 tables comprising the 1988 RTS and RRS. The diskette is accompanied by documentation explaining the contents, options, and commands.

ACIR continued its tradition of surveying citizens on what they think about their governments and taxes. The 1990 poll is discussed below.

Public Opinion. *Changing Public Attitudes on Governments and Taxes (S-19).* This publication presents the 19th annual survey of public attitudes toward federal, state, and local governments and taxes. The 1990 survey, conducted for ACIR by the Gallup Organization, asked ten questions and involved a national sample of 1,166 respondents. The local property tax was chosen as the least fair tax, followed closely by the federal income tax. Respondents identified the federal government as giving them the least for their money. They trusted the federal government most to attract foreign investment and trade and to provide services to immigrants, and state government to maintain the nation's highways and bridges. Local governments received high marks for overall performance. The report presents the results and analysis for the questions asked in 1990 and an index of those asked since the surveys were begun.

Intergovernmental Perspective. ACIR has published this quarterly magazine for 16 years. The 1990 issues include such topics as international economic competitiveness, state and local governments in international affairs, developments and practices in state and local finance, federal preemption of state branch banking laws under FIRREA, the creation of ACIR in the Eisenhower years, and federalism aspects of German reunification.

Decade of Change. By all accounts, significant changes have been occurring in the federal system in recent years, particularly since 1978. Part of the Commission's work in 1990 focused on changes in federalism that have occurred since 1978. The "Decade of Change" project will document systematically and evaluate the major changes in the intergovernmental system over the last decade or so. The research will analyze and explain several intergovernmental trends in greater detail and explore their larger consequences and implications for the intergovernmental system. The study will evaluate and react to the overall shifts in authority, responsibilities, regulations, and fiscal flows over the decade, and project the implications of these trends into the next century.

The Continuing Research Program

Following adoption of a new research program in 1989, the Commission has initiated work on a number of projects. In addition to the projects described above, topics include: state courts and local autonomy, federalism impact analyses, public works perspectives, home rule, state assumption of local functions, financing streets and highways, shifting functions in the federal system, state-local relations, state taxation of insurance, benefit financing, local fiscal capacity and fiscal equalization, the interplay of federal and state-local tax reform, intergovernmental personnel policy, presidential management of intergovernmental relations, statewide information and data networks, state-state and state-federal taxation and regulation compacts, and antitrust policy in the federal system.

The Commission is seeking outside funding for a number of other projects. They include: coordinating governments in the federal system for effective drug abuse law enforcement; solid and hazardous waste management; housing assistance; welfare reform in the intergovernmental system; child care; metropolitan area case studies on interjurisdictional tax and policy competition and cooperation; intergovernmental approaches to work force preparation; federal grant formulas; enterprise zones; and tribal governments in the American federal system.

Outside Income

Under congressional direction, ACIR is making every effort to increase its revenue from three sources in addition to federal appropriations: state contributions, contract research, and publications sales. The contract research has been discussed throughout this report. State contributions and marketing activities are discussed in the following paragraphs.

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. Annual requests are based on state population and range from \$5,000 to \$13,000. During FY 1990, \$178,050 was received from 32 states, an increase of 2 states over FY 1989. A monitoring system tracks the inclusion of ACIR's contribution requests in state executive budgets and legislative appropriation bills, identifies key state contact points during the budget and appropriation processes, and synchronizes the issuance of ACIR invoices with state payment cycles.

Marketing of Publications

Pursuant to a congressional directive, ACIR continued to increase its income substantially from publications sales in FY 1990. The proceeds—like those from state contributions—are used to supplement ACIR's budget. Several techniques are used to promote sales of ACIR publications and diskettes.

Omnibus catalogs, issued every four or five months, list all ACIR publications and microcomputer diskettes. These catalogs are used both for displays at meetings and for mailings.

Special brochures developed for ACIR publications and microcomputer diskette series are mailed to targeted lists.

Special "personalized" mailings are sent periodically

to selected groups of individuals (e.g., political science professors, bond houses and financial institutions) where there is a potential market.

Constituent mailings announce publications to media outlets and periodicals of specialized organizations. In addition, these go to state ACIRs, municipal leagues, state legislative reference libraries, media representatives, contributors, and others interested in the work of ACIR.

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

ACIR displays its publications and diskettes at 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.

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

Complimentary copies of selected ACIR publications are sent to periodicals with the request that they review it or otherwise notify readers of its availability. ACIR also offers a \$100 annual publication subscription package.

The Chairman and the staff have continued to be active with a variety of groups across the country through speaking engagements that promote ACIR publications and diskettes, and occasionally bring in honoraria to supplement the ACIR budget. A list of speeches is provided in Appendix E.

Appendices

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Appendix A
**Members of the
Advisory Commission on Intergovernmental Relations
December 31, 1990**

Private Citizens

Daniel J. Elazar, Philadelphia, Pennsylvania
Robert B. Hawkins, Jr., *Chairman*, San Francisco, California
Mary Ellen Joyce, Arlington, Virginia

Members of the U.S. Senate

Dave Durenberger, Minnesota
Carl Levin, Michigan
Charles S. Robb, Virginia

Members of the U.S. House of Representatives

Richard K. Arney, Texas
Sander M. Levin, Michigan
Ted Weiss, New York

Officers of the Executive Branch, U.S. Government

Debra Rae Anderson, Deputy Assistant to the President,
Director of Intergovernmental Affairs
Samuel K. Skinner, Secretary of Transportation
Richard L. Thornburgh, Attorney General

Governors

John Ashcroft, Missouri
Booth Gardner, Washington
George A. Sinner, North Dakota
Stan Stephens, Montana

Mayors

Victor H. Ashe, Knoxville, Tennessee
Donald M. Fraser, Minneapolis, Minnesota
Robert M. Isaac, Colorado Springs, Colorado
Joseph A. Leafe, Norfolk, Virginia

Members of State Legislatures

David E. Nething, North Dakota Senate
Samuel B. Nunez, Jr., President, Louisiana Senate
Ted L. Strickland, Colorado Senate

Elected County Officials

Harvey Ruvlin, Dade County, Florida, County Commission
Sandra R. Smoley, Sacramento County, California, Board of Supervisors
James J. Snyder, Cattaraugus County, New York, County Legislature

Appendix B
Commission Meetings: 1990

| Date | Place |
|---------------------|----------------|
| Friday, January 26 | Washington, DC |
| Friday, June 22 | Washington, DC |
| Friday, December 14 | Washington, DC |

Appendix C
ACIR Staff Organization Chart

Executive Director's Office

John Kincaid, Executive Director
Ruthamae J. Phillips, Administrative Assistant
to the Executive Director

Research

Government Finance

Robert D. Ebel, Director,
Government Finance Research
Carol Cohen, Senior Analyst
Elliott J. Dubin, Analyst
Clay Dursthoff, Analyst
Robert W. Rafuse, Senior Fellow
John Behrens, Visiting Fellow
Laurence Marks, Research Associate
Anita McPaul, Administrative Secretary

Government Policy

Bruce D. McDowell, Director,
Government Policy Research
Ron Allen, Analyst
Andrée E. Reeves, Analyst
Vivian Watts, Criminal Justice Project Director
Phillip E. Riggins, Intern
Lori A. Coffel, Administrative Secretary

Publications & Marketing

Joan A. Casey, Information Officer
Betty Smith, Marketing Assistant
MacArthur C. Jones, Publications Assistant

Administration

Franklin A. Steinko, Budget & Management Officer
Pamela L. Reynolds, Personnel Officer
Thomas D. Hahn, Accountant
Ronald L. Ross, Mail Room Supervisor

Appendix D
Publications Issued in 1990

Reports Containing Commission Recommendations

- A-115 *Intergovernmental Regulation of Telecommunications*
- A-114 *State and Local Initiatives on Productivity, Technology, and Innovation:
Enhancing a National Resource for International Competitiveness*

Information Reports

- M-175 *The Structure of State Aid to Elementary and Secondary Education*
- M-174 *Representative Expenditures: Addressing the Neglected Dimension of Fiscal Capacity*
- M-173 *Mandates: Cases in State-Local Relations*
- M-172 *State Constitutional Law: Cases and Materials, 1990-91 Supplement
(M-159S *State Constitutional Law: Cases and Materials, with 1990-91 Supplement*)*
- M-171 *The Volume Cap for Tax-Exempt Private-Activity Bonds: State and Local Experience in 1989*
- M-170 *1988 State Fiscal Capacity and Effort*
- M-169-II *Significant Features of Fiscal Federalism, 1990 Edition, Volume II*
- M-169 *Significant Features of Fiscal Federalism, 1990 Edition, Volume I*
- M-168 *State Taxation of Banks: Issues and Options*
- M-167 *A Catalog of Federal Grant-in Aid Programs to State and Local Governments: Grants Funded FY
1989*

Staff Reports

- SR-13 *Local Revenue Diversification: Rural Economies*

Survey Reports

- S-19 *Changing Public Attitudes on Governments and Taxes: 1990*

Intergovernmental Perspective

- International Economic Competitiveness (Winter 1990)*
- State and Local Governments in International Affairs (Spring 1990)*
- Federal Preemption of State Branch Banking Laws under FIRREA (Summer 1990)*
- Developments and Practices in State and Local Finance (Fall 1990)*

Diskettes

- State-Local Government Finance Data, FY 1983-88*
- State Government Tax Revenue Data, FY 1983-89*

Directories

- Directory of State-Local Relations Organizations: The ACIR Counterparts*
- State and Local Initiatives on Productivity, Technology, and Innovation:
Enhancing a National Resource for International Competitiveness*
- A Guide to Directories*
- A Guide to National Clearinghouses*
- A Guide to Professional Program Developers and Administrators*

Appendix E
1990 Staff Speaking Engagements

John Kincaid, Executive Director

"Mandates in the Federal System," Economic Outlook Seminar, Council of State Governments, Washington, DC, February 9.

"Changing Roles: The Federal-State-Local Dynamic," National Capital Area Chapter of ASPA, Washington, DC, March 13.

"ACIR: Current Agenda," Board of Directors, National Association of Counties, Washington, DC, March 18.

"Trends in Intergovernmental Management," Annual Meeting of the National Assistance Management Association, Rockville, MD, March 26.

"Metropolitan Governance without Metropolitan Government," The Citizens League, Cleveland, OH, March 28.

"Federalism: Competition, Regulation, and Changing Priorities," Annual Meeting of Southwest Political Science Association, Fort Worth, TX, March 29.

"State-Local Roles in the International Economy," Annual Meeting of the American Society for Public Administration, Los Angeles, CA, April 11.

"Implications of Constituent Diplomacy for the Future of Federalism and the Nation-State," paper presented at the Fourth Berkeley Seminar on Federalism, University of California School of Law, Berkeley, April 19.

"The Future of Political Parties and Federal Democracy," presentation at Second Annual Roth Symposium, University of North Texas Denton, April 19.

"Federalism and Intergovernmental Relations in the 1990s," Keynote Address, Annual Meeting of the American Planning Association, Denver, CO, April 22.

"ACIR's Views on Constitutional Change," Intergovernmental Affairs Committee, Council of State Governments National Committees Meeting, Lexington, KY, April 30.

"The Federal-State Balance in the 1990s," Meeting of Virginia State Trade Associations, Fredericksburg, VA, May 16.

"Preemption and the Federal-State Balance," Committee on Law and Justice, National Conference of State Legislatures, Washington, DC, May 17.

"Trends in the Regulatory Process Today: The Federal-State Relationship," *Congressional Quarterly* Seminar on the Federal Regulatory Process, Washington, DC, June 21.

"Preemption and Mandates in the Federal System," Intergovernmental Affairs Committee, National Association of Counties, Miami, FL, July 14.

"Perspectives on Missouri v. Jenkins," Southern Legislative Conference, Asheville, NC, July 24.

"Mandates and Reimbursement Issues," Utah Advisory Council on Intergovernmental Relations, Salt Lake City, UT, August 16.

"ACIR in the American Federal System," Institut d'Estudis Autonomics, Barcelona, Spain, October 8.

"Federalism and Democratic Government," Administrative Staff College, Badagry, Nigeria, October 18.

"State and Local Governments in the International Arena," NICE Conference, University of California, Berkeley, November 9.

(Discussant), Colloquium on Decision-Making in Queensland Government, The Federalism Research Centre at Australian National University and the Public Sector Management Commission of Queensland, Brisbane, Australia, November 26-27.

"Intergovernmental Tensions between State and Local Economic Development Goals and National Environmental Protection," Conference on "The Constitution and the Environment," Centre for Natural Resources Law and Centre for Comparative Constitutional Studies, Faculty of Law, University of Melbourne, November 29-30.

**Bruce D. McDowell, Director,
Government Policy Research**

"Shifting Intergovernmental Roles in Transportation," Transportation Research Board (National Academy of Sciences) Annual Conference, Washington, DC, January 8.

"Regional Planning Yesterday, Today, and Tomorrow," American Planning Association, National Capital Area Chapter, Washington, DC, January 25.

"Planning for Historic Preservation," National Meeting of the State Historic Preservation Officers, U.S. National Park Service, Washington, DC, March 1.

"Briefing on ACIR's Criminal Justice Project," NACo Justice and Public Safety Steering Committee, Washington, DC, March 17.

"The Potential for a Regional Charter," Conference on Model Charters and the Future of Local Government, National Civic League, Raleigh, NC, March 22-23.

"Regionalism: Piecing It Together," Virginia Commonwealth University, March 30.

"Remarks Offering Support," Virginia Local Government Advisory Council, Richmond, VA, April 9.

"State Roles in Improving the Nation's Public Works," National Conference of State Legislatures Assembly on the Legislatures, Boise, ID, April 20.

"The ACIR Criminal Justice Study," National Conference of State Legislatures Assembly on the Legislatures, Boise, ID, April 21.

"Special District Relationships with Local Governments," Urban Land Institute, Special Conference on Special Districts, Orlando, FL, May 21.

"The Privatization of Metropolitan America," Annual Meeting of the National Association of Regional Councils, San Francisco, CA June 10.

"The Public Works Profession in Historical Perspective," Annual Congress of the American Public Works Association, St. Louis, MO, September 10.

"Linking the Environment and Transportation," Annual Congress of the American Public Works Association, St. Louis, MO, September 12.

"Metropolitan Transportation Planning in the 1990s," Annual Conference of Metropolitan Planning Organizations of New York State, Syracuse, October 18.

"Intergovernmental Coordination Mechanisms," meetings with national and local government officials, Poland, October 22-25.

"The Future of Local Government in Virginia," Virginia Assembly, Leesburg, November 1.

"Infrastructure Issues for Federal Interagency Consideration," meeting of the U.S. Corps of Engineers Infrastructure Task Force, Fort Belvoir, VA, November 28.

"The Emerging International Roles of America's State and Local Governments," Second Annual Meeting, State International Policy Network, Southern Growth Policies Board, Covington, KY, November 30.

"A Research Agenda for the Federal Highway Administration in the 1990s," Conference on Transportation, Urban Form, and the Environment, Transportation Research Board, Irvine, CA, December 12.

**Robert D. Ebel, Director,
Government Finance Research**

"State Fiscal Issues: Mandates, Tax Limits, Infrastructure Financing," State Municipal League staff conference, National League of Cities, January 18.

"Economics of Site-Value Taxation," District of Columbia City Council, January 29.

"A Study Approach for Understanding County Budget Issues," Before the Citizens Advisory Commission, Fairfax, VA, April 17.

"Current Issues in Intergovernmental Relations: From Boutique Taxation to Solid Waste," Center for Business and Economic Research, University of Tennessee at Knoxville, March 13.

"State Value Added Taxation," Joint Meeting of the Tennessee ACIR and the Legislative Business Tax Committee, Nashville, March 14.

"The Illegal Tax on Controlled Substances," Keynote to the National Workshop on the State Taxation of Illegal Drugs, Federation of Tax Administrators, Atlanta, GA, March 15.

"Criteria for Judging the South Carolina Revenue System," South Carolina ACIR, Columbia, SC, March 22.

"Issues in State Taxation of Banking," Bank Tax Institute Seminar, Bank Tax Regulation Forum, Washington, DC, April 23-24.

"New Hampshire Business Taxes," Greater Nashua Chamber of Commerce, Nashua, NH, May 3.

"Formulating State Tax Policy and the Tax Study Process," remarks before the Joint Legislative Revenue Structure Study Committee and the House Committee on Ways and Means, New Hampshire Legislature, Concord, May 8.

"Fiscal Federalism in the United States: Trends and Outlook," Institut d'Estudis Autonomics, Barcelona, Spain, October 10.

"Oklahoma's Future: Chance of Choice?" Annual Conference of the Oklahoma Academy on State Goals, Oklahoma City, November 8.

**Carol Cohen, Senior Analyst,
Government Finance**

"Outline of ACIR's Project on Medicaid," Health Care Committee of American Public Welfare Association, Washington, DC, July 18.

"Principles for Allocating Responsibilities among Governments," meetings with national and local government officials, Poland, October 22-25.

"Reforming Health Care Finance: National, State, and International Approaches," Annual Meeting of the National Tax Association, San Francisco, CA, November 13.

**Robert W. Rafuse, Jr., Senior Fellow,
Government Finance**

"The Measurement of Local Fiscal Capacity," Center for Governmental Research, Rochester, NY, January 16.

"TRA86: Deductibility and State-Local Finance," Annual Meeting of American Society for Public Administration, Los Angeles, CA, April 10.

"A Study Approach for Understanding County Budget Issues," Before the Citizens Advisory Commission, Fairfax, VA, April 17.

"The District of Columbia: Public Needs and Expenditure Policy," Commission on Budget and Financial Priorities of the District of Columbia, April 19.

"Local Government Spending in Maryland: Needs and Performance," Commission on State Taxes and Tax Structures, April 24.

"Measuring Local Fiscal Capacity," Annual Con-

ference of the Government Finance Officers Association, Cincinnati, OH, May 2.

"Recent Developments in U.S. Fiscal Federalism," staff seminar, Department of Finance, Government of Canada, Ottawa, July 13.

Member of panel on "New Sources of State and Local Revenue," Annual Conference of the Governmental Research Association, Milwaukee, WI, August 6.

"Understanding the Budget of a Large Urban Government," Citizens Budget Overview Commission, Fairfax County, VA, September 13.

Member of panel on "Producing, Disseminating, and Using Fiscal Data," Annual Meeting of the National Tax Association, San Francisco, CA, November 13.

Elliott J. Dubin, Analyst, Government Finance

"Distribution of Federal Taxes and Expenditures: Urban v. Rural States," Southern Regional Science Association, March 22.

"State and Local Tax Trends in the 1980s," Tax Foundation Seminar, Washington, DC, May 22.

"Fiscal Federalism," Virginia Institute for Law and Government, Charlottesville, VA, June 29.

"The Structure of K-12 School Finance in the U.S.: Constraints and Implications for Reform" (Discussant), Conference on the Economic Consequences of American Education, Lehigh University, Bethlehem, PA, October 20.

"Federalism in Transition (Discussant), Annual Meeting of National Tax Association, San Francisco, CA, November 12.

Conference participant, "Joint School District Level Finance: The 1992 Pilot Survey," Washington

Finance Group of the U.S. Department of Education, December 5-6.

Staff External Publications

Elliott Dubin, *Financing Rural Elementary and Secondary Education (RC017725)*, The ERIC Clearinghouse on Rural Education and Small Schools, Appalachian Education Laboratory, Charleston, WV, October 1990.

John Kincaid, ed., "American Federalism: The Third Century," *Annals of the American Academy of Political and Social Science* 509 (May 1990).

John Kincaid, "From Cooperative to Coercive Federalism," *Annals of the American Academy of Political and Social Science* 509 (May 1990): 139-152.

John Kincaid, "The Bookshelf: The Bork Issue," *The Bureaucrat* 19 (Spring 1990): 58-62.

John Kincaid, "Commentary: State Antitrust Law in the Context of a New Intergovernmental Environment," *Washburn Law Journal* 29 (1990): 188-199.

John Kincaid, "Federalism and Community in the American Context," *Publius: The Journal of Federalism* 20 (Spring 1990): 68-87.

Bruce D. McDowell, "Charting the Next Generation of Public Works," *Forum for Applied Research and Public Policy* 5 (Spring 1990): 54-63.

Bruce D. McDowell, "Privatization and the MPOs," *Regional Reporter*, National Association of Regional Councils (November 1990).

Bruce D. McDowell, book review of David M. Welborn and Jesse Burkhead, *Intergovernmental Relations in the American Administrative State: The Johnson Presidency*, in *Journal of Policy Analysis and Management*, Vol. 10, No. 1.

Appendix F

Salaries and Expenses

(in thousands, from appropriated funds and offsetting collections)

| Object Classification | | FY 1990 Actual |
|---|----|---------------------------|
| Personnel compensation | | \$ 659 |
| Civilian personnel benefits | | 122 |
| Unemployment benefits | | 14 |
| Travel and transportation of persons: | | 32 |
| Staff travel | 11 | |
| Commission travel | 6 | |
| Invitational travel | 15 | |
| Transportation of things | | 6 |
| Rental payments to GSA | | 173 |
| Communications, utilities, and miscellaneous charges | | ... |
| Printing and reproduction | | ... |
| Other services | | 26 |
| Supplies and materials | | 3 |
| Equipment | | 5 |
| Total direct obligations | | \$1,040 |
| Personnel compensation | | 713 |
| Civilian personnel benefits | | 148 |
| Travel and transportation of persons: | | 44 |
| Staff travel | 12 | |
| Commission travel | 19 | |
| Invitational travel | 13 | |
| Transportation of things | | 5 |
| Rental payments to GSA | | 201 |
| Communications, utilities, and miscellaneous charges | | 36 |
| Other services | | 150 |
| Supplies and materials | | 35 |
| Equipment | | 21 |
| Total, direct obligations | | 1,353 |

Appendix G
Financial Support

ACIR's Productivity

Our FY 1990 goal was to maintain or increase the level of productivity that characterized FY 1989. ACIR achieved this goal. For the fourth year in a row, ACIR had one of the highest levels of productivity per employee in its 31-year history.

With the close of FY 1990, ACIR finally was able to concentrate more effectively on its mission. The FY 1990 appropriation was \$1,285,000, just below the minimum base the Commission has sought from the Congress. The FY 1991 appropriation of \$1,300,000 is what ACIR feels is a justifiable base appropriation. Productivity increases should inure with the stabilization of appropriated funding and can accelerate with the receipt of additional outside funds from contracts, sales, and contributions.

ACIR's FY 1992 Budget Request

ACIR's budget request for FY 1992 is \$1,330,000. This level of appropriation falls within OMB guidelines and is essential if ACIR is to be a viable federal agency. The requested \$30,000 increase is to cover an anticipated rent increase associated with a forced move from our present location.

Product Sales and State Contributions

ACIR has made a major effort to increase revenues from product sales and state contributions. Combined revenues increased in FY 1990. A record amount of contributions was received from states in FY 1989, and additional increases in revenue from this source will continue to be sought by the Commission, although soliciting such contributions is a difficult and time-consuming process.

Space Cost-Reduction Measures

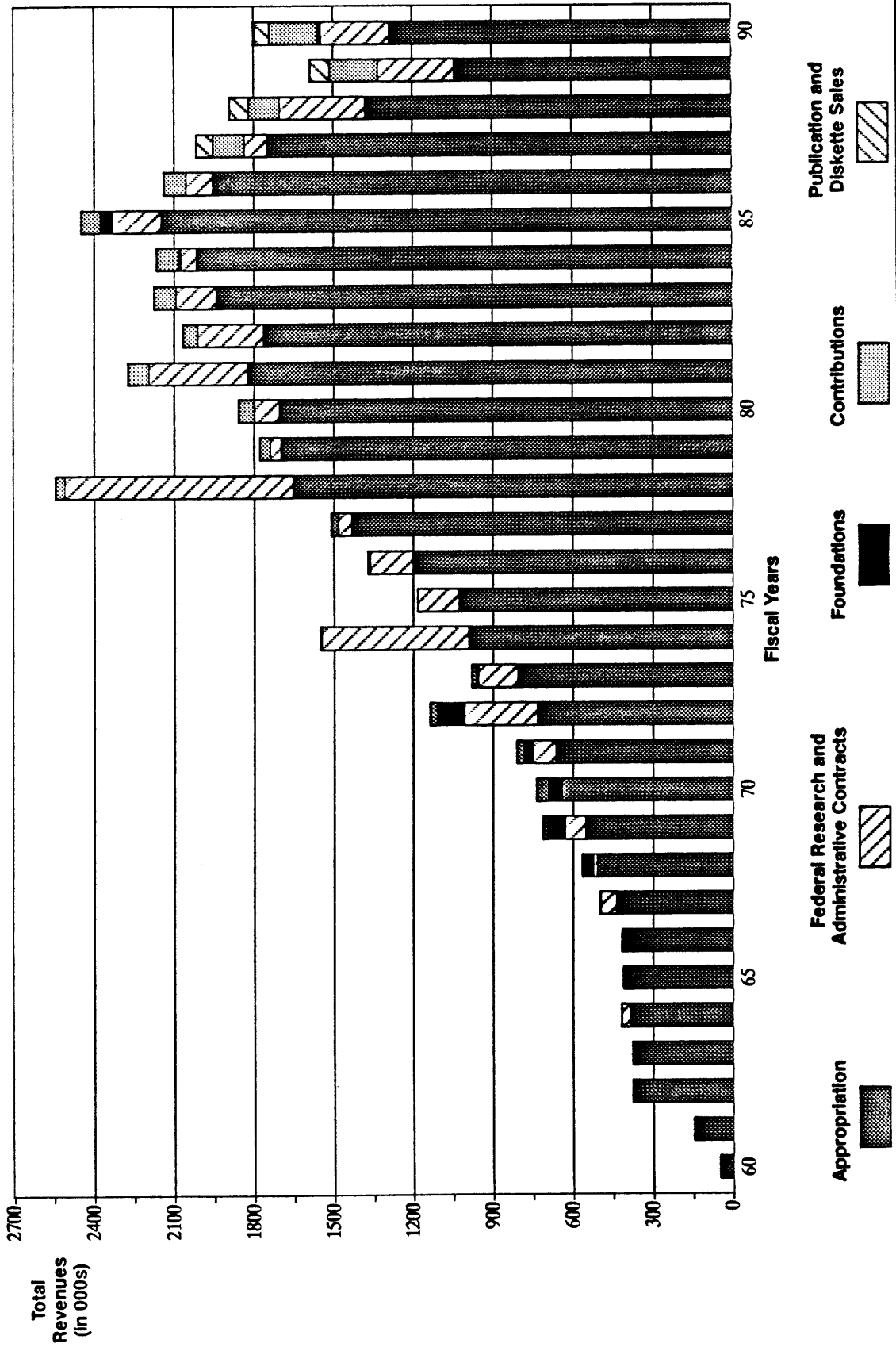
During the past five years, ACIR has regularly reduced its office space and associated rental charges:

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 and warehouse space in FY 1990, this time by 300 square feet—the fifth straight year either office or warehouse space has been reduced. This resulted in a savings of approximately \$6,000 in FY 1990.

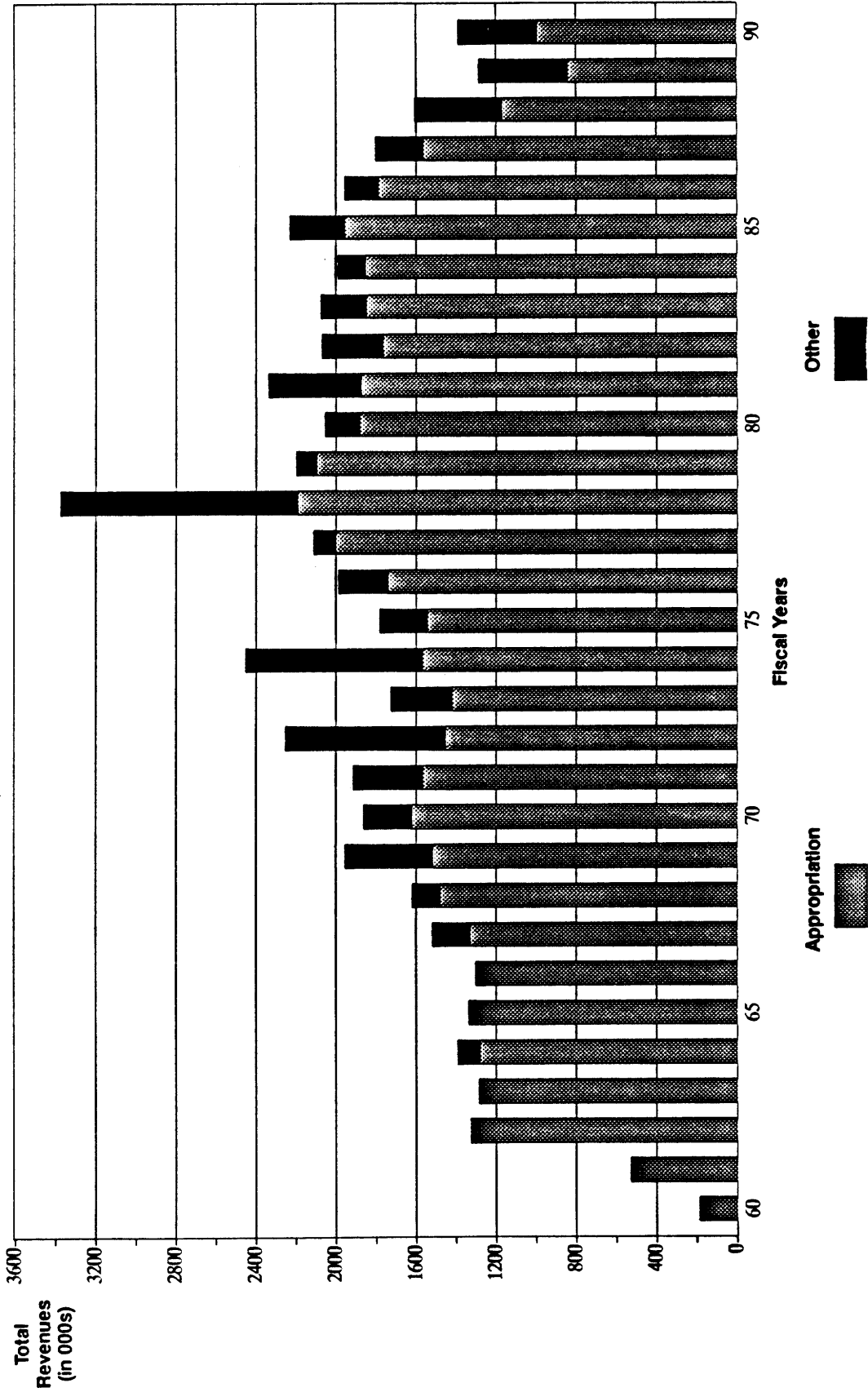
It is anticipated that these and other savings and ACIR's ability to retain revenues from the sale of goods and services will allow the Commission to continue living within the Office of Management and Budget's Long-Range Guidelines through FY 1993. However, the Commission is no longer in a position to reduce staff, space, or other aspects of its operation without also reducing productivity significantly. The Commission's 31-year record of remaining small and frugal while maintaining its vitality and high productivity will be sorely tested over the next several years.

It should be noted that a "fly in the ointment" is the GSA-forced move that ACIR is currently facing. Although ACIR will further reduce occupiable space, the move is projected to increase our rental costs substantially.

Appendix H1
ACIR Revenue History, FY 1960-90

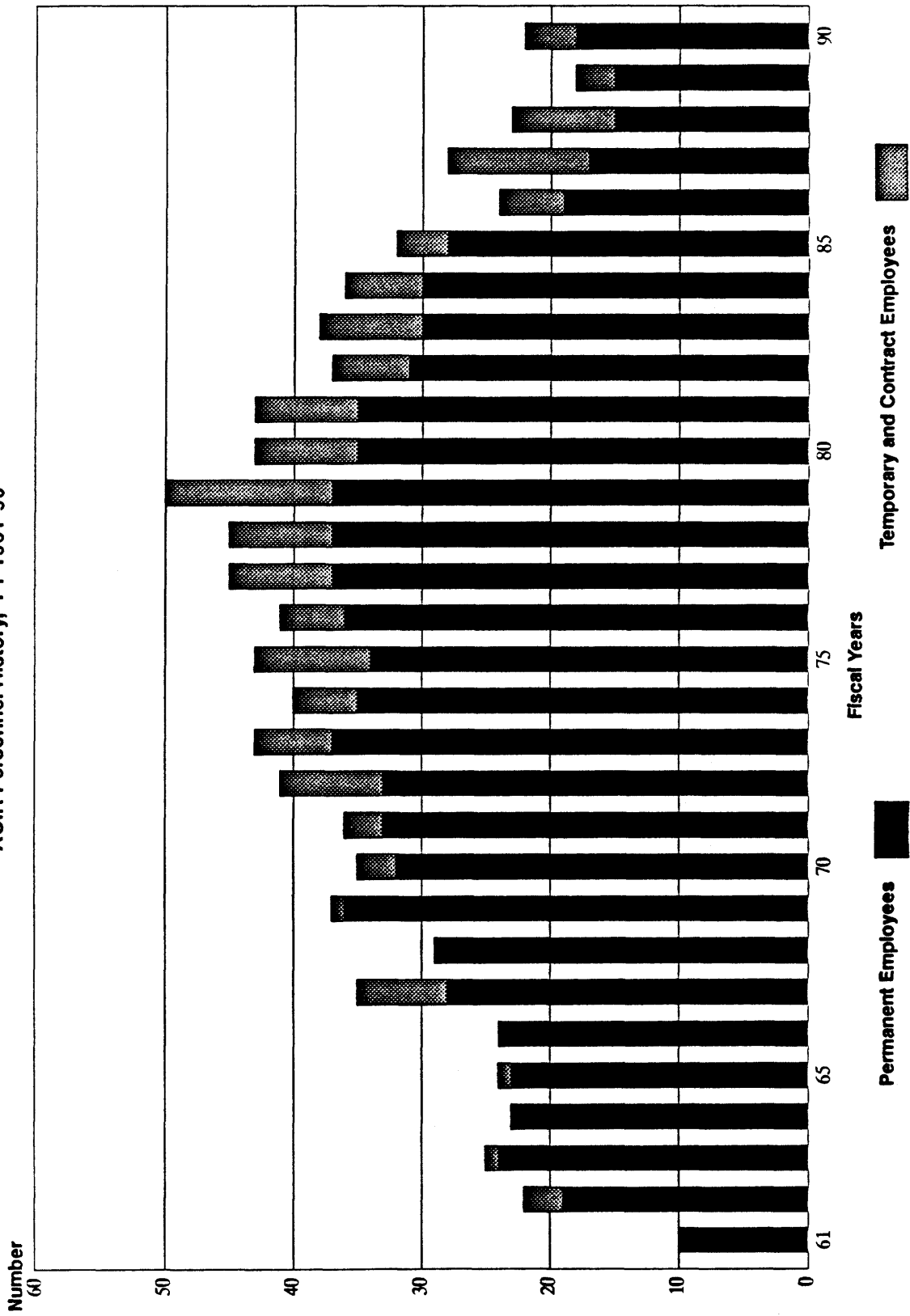


Appendix H2
ACIR Revenue History, FY 1960-90*
(in constant 1985 dollars)

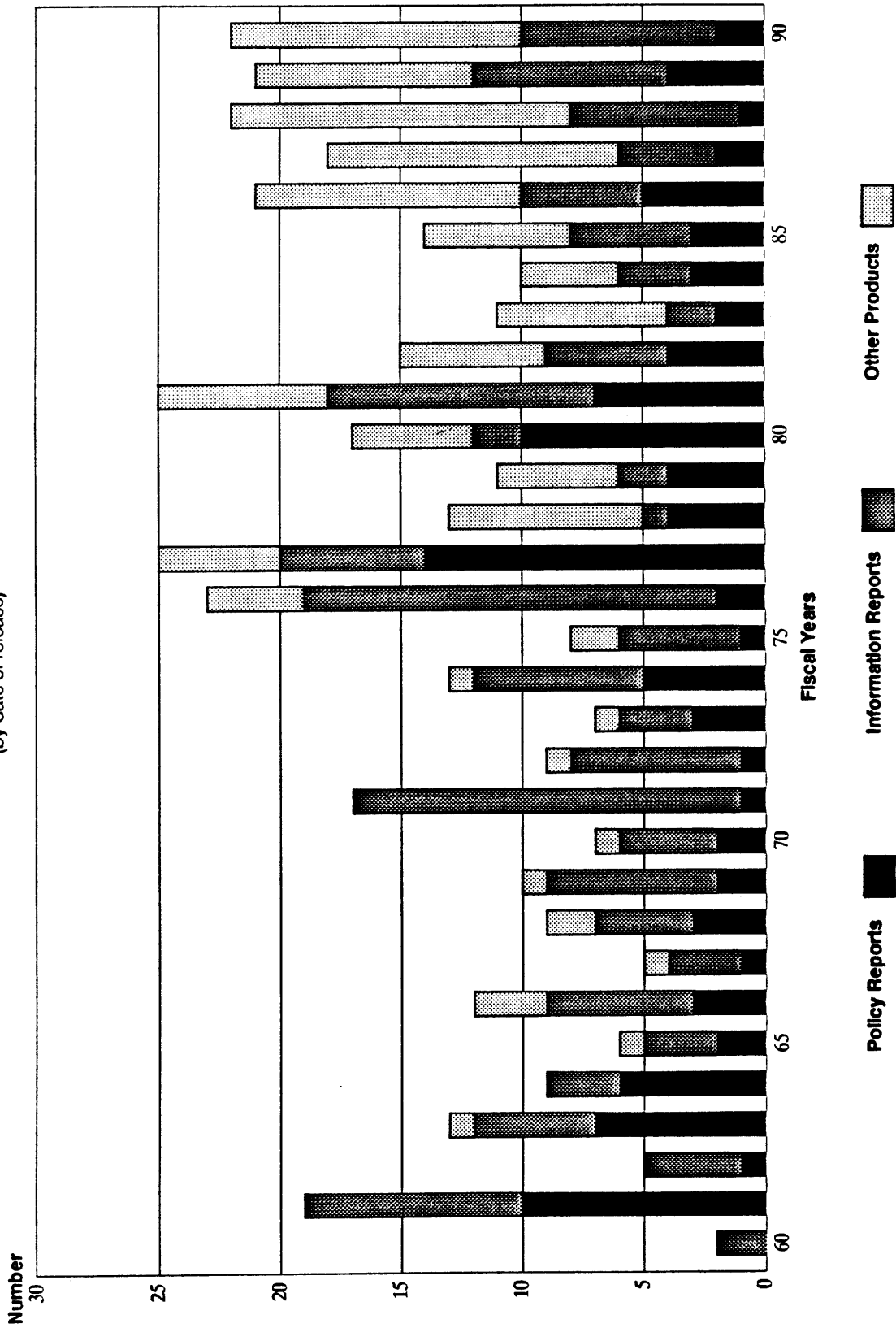


*Total government purchases deflator used for 1959-71, and nondefense purchases deflator used for 1972-90

Appendix H3
ACIR Personnel History, FY 1961-90



Appendix H4
ACIR Publication and Product Production, FY 1960-90
(by date of release)



Appendix H5
ACIR Office and Warehouse Space History, FY 1979-90

