

ACIR:
THE YEAR IN REVIEW
33rd Annual Report

January 1992

Advisory
Commission on
Intergovernmental
Relations
Washington, D.C.



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Contents

GENERAL INFORMATION	1
ACIR: Purposes and Composition	2
Operating Procedures	3
The ACIR Work Program	4
Constitutional Balance in the Federal System	6
Intergovernmental Issues in Environmental Protection, Natural Resources, and Infrastructure	13
Governmental Structures and Functions	15
Fiscal Federalism	19
Monitoring Intergovernmental Trends	22
The Continuing Research Program	25
OUTSIDE INCOME	26
Appendices	28
<i>Appendix A: Members of the Advisory Commission on Intergovernmental Relations</i>	29
<i>Appendix B: Commission Meetings: 1991</i>	30
<i>Appendix C: ACIR Staff Organization</i>	31
<i>Appendix D: Publications Issues in 1991</i>	32
<i>Appendix E: Staff Speaking Engagements and External Publications</i>	33
<i>Appendix F: Salaries and Expenses</i>	38
<i>Appendix G: Financial Support</i>	39
<i>Appendix H1: ACIR Revenue History, FY 1960-90</i>	40
<i>Appendix H2: ACIR Revenue History, FY 1960-90 (in constant 1985 dollars)</i>	41
<i>Appendix H3: ACIR Personnel History, FY 1961-90</i>	42
<i>Appendix H4: ACIR Publication and Product Production, FY 1960-90</i>	43
<i>Appendix H5: ACIR Office and Warehouse Space History, FY 1979-90</i>	44

1991 Annual Report

GENERAL INFORMATION

The U.S. Advisory Commission on Intergovernmental Relations (ACIR) celebrated its 32nd birthday in 1991. For the third consecutive year, Congress and the President once again recognized the value of the work of the Commission by approving an appropriations increase for FY 1992. For calendar year 1991, ACIR continued to rely on a diversity of revenue sources--federal appropriations, publications sales, state contributions, research contracts with federal agencies, foundation grants, and honoraria. In addition, in FY 1991, ACIR received substantial financial support from the states--the highest contributions ever, both in terms of the dollar amount and the number of states contributing. 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 third year in a row, funds other than appropriated monies were expended to meet essential operating expenses.

The Commission plays a unique role in analyzing the federal system and American intergovernmental relations as a whole; in spotting problems and highlighting emerging issues; and in regularly 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 has continued this role for over three decades, and the remainder of the 1990s can be expected to pose new fiscal and regulatory challenges to intergovernmental cooperation and comity.

ACIR's work has prompted a growing number of academic and non-academic analysts to undertake 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, established with ACIR encouragement eight years ago, gives state and local governments a stronger voice in U.S. Supreme Court cases involving the principles of federalism. ACIR also has highlighted the growing importance of state-local relations and has worked cooperatively with its state counterparts--the state ACIRs. With support and encouragement from the Commission, the number of state ACIRs has grown from 14 to 26 over the past decade. The Commission also has worked

closely with federal, state, and local government officials to identify ways in which it can improve its own outreach practices. 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 conducted its research, advised on policy, and disseminated information during calendar year 1991, and positioned itself to continue these functions in future years.

ACIR: Purposes and Composition

The Advisory Commission on Intergovernmental Relations (ACIR) is a permanent, independent, bipartisan commission established by the Congress and the President under P.L. 86-380 in September 1959, amended in November 1966 under P.L. 89-733. The purposes of ACIR, as stipulated in the 1959 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 private citizens appointed by the President, 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, and three elected county officials appointed by the President. The elected state and local members are appointed by the President on a bipartisan basis 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 1991 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 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. Occasionally, the Congress, the President, and federal agencies request that ACIR prepare specific studies.

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 critique 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 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 1991, the Commission published two policy reports, five information reports, one survey, and four issues of its quarterly magazine, *Intergovernmental Perspective*. In addition, several reports are well under way and should be published in the early part of 1991. A chronological list of 1991 publications may be found in Appendix D.

Although the Commission's research has focused on numerous intergovernmental issues, the 1991 publications and projects may be grouped into six 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 officials visited Canada, Germany,

and Russia in 1991. In addition, ACIR hosted visitors from the following countries: Australia, French-speaking Africa, Belgium, Canada, Chile, Columbia, Czechoslovakia, Ecuador, England, Germany, India, Israel, Italy, Japan, Kuwait, Malaysia, Mexico, Netherlands, Norway, Peru, Poland, Portugal, Russia, South Africa, Spain, Sweden, Switzerland, Syria, Thailand, Turkey, Venezuela, Zaire, and Zambia. Local self-government and intergovernmental relations are topics of increasing interest in many countries that are looking to the United States for answers.

Environmental issues are high on ACIR's agenda. In 1991, the Commission worked on several projects, including the management of groundwater and surface water, water governance, environmental decisionmaking in public works, drought, and infrastructure.

Questions concerning the evolving structures and functions of government have led ACIR to study state ACIRs, boundary review commissions, regional councils of governments, metropolitan organization, criminal justice, child care, and intergovernmental barriers to educational excellence.

Issues of fiscal federalism in 1991 were driven significantly by interjurisdictional tax and policy competition, health care administration and costs—including Medicaid, property taxes, taxation of telecommunications, tourism taxes, and state taxation of interstate mail order sales.

ACIR's continued monitoring of fiscal and nonfiscal trends encompasses compilations of fiscal data, annual estimates of the fiscal capacity and effort of the states, an annual public opinion poll on governments and taxes, a survey of shifts in governmental spending and employment, a survey of the characteristics of FY 1991 federal grant-in-aid programs to state and local governments, and *Intergovernmental Perspective*. 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 1991, the Commission continued to sponsor conferences and roundtable discussions involving participants with diverse points of view and areas of expertise. The Commission held six thinkers' sessions and seven critics' sessions on a variety of subjects. In addition, as part of a series of workshops being held as part of the project to help develop a federal infrastructure strategy, the Commission sponsored a one-day workshop for representatives of federal agencies and congressional staffs with public works responsibilities. The Commission sponsored a second workshop for state and local policymakers.

Following are descriptions of the 1991 activities and publications of ACIR.

Constitutional Balance in the Federal System

A major intergovernmental concern and a primary focus of ACIR work in recent years has been the maintenance of balance between the roles of the states and the roles of the federal government in the American constitutional system. This system, governed by the U.S. Constitution and the constitutions of the 50 states, has been interpreted so widely in favor of expanding federal roles during the past 50 years that it has come to overshadow the state constitutions. For many citizens, state constitutions are out of sight and out of mind. In fact, the 1991 ACIR public opinion poll showed that only 52 percent of voting-age Americans know that their state has its own constitution. A surprising 37 percent do not know, and 11 percent believe that their state does not have a constitution.

Several events have called attention to the need for restoring the federal-state balance. First is the rapidly accelerating federal regulation of state and local governments coupled with a decline in federal financial support. Second, in its *Garcia* (1985) and *South Carolina* (1988) decisions, the U.S. Supreme Court effectively removed the Tenth Amendment as a potential barrier to federal regulation of state and local governments by requiring states to rely almost exclusively on the Congress rather than on the courts to address their concerns. Third, the national policy agenda has become so overcrowded that the federal government has great difficulty establishing clear, predictable, and workable priorities.

During the last few 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. The Chairman and staff have worked diligently at taking this recommendation forward.

In 1991, the Commission endorsed legislation that would require that bills approved by congressional committees contain an analysis (i.e., a preemption note, similar to a fiscal note) of the bill's impact on state and local government powers. Sen. Carl Levin, a former ACIR member, and Sen. Dave Durenberger, a current ACIR member, have sponsored the bill in the U.S. Senate.

In a related vein, the Commission is building on earlier reports with a number of projects that will contribute to the maintenance of constitutional balance. ACIR currently is conducting studies of federal preemption of state and local authority, preemption in the banking and insurance industries, federally induced costs to state and local governments, the fiscal impacts of immigration and federalism, regulatory federalism, state laws affecting local governments, local autonomy, the role of the national guard, the concept and history of American federalism, and federalism and rights. These reports are discussed in detail below:

Federal Preemption of State and Local Authority. Since the Kestnbaum Commission first offered recommendations in 1955 to moderate the pace of federal preemption of state and local authority, this activity has accelerated dramatically. Despite Commission recommendations for moderation made in 1984 and 1987, this acceleration has continued.

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. As federal aid to state and local governments has declined, however, concerns about federal preemption have intensified. State and local governments are receiving mixed responses from the courts in their requests for relief from some of the most burdensome federal preemptions.

ACIR initiated several projects on federal preemptions, as discussed in the following paragraphs.

In 1990, the Commission adopted a policy report *Federal Preemption of State and Local Authority*, which will be published in 1992. The purpose of this report is to help educate the public and federal policymakers on this important issue. It will carry forward the Commission's previous work 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, reasserted principles for limiting federal preemption, and called 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.

Preemption Clarification Bill Introduced. In response to the Commission's preemption recommendation, Senator Carl Levin, an immediate past member of ACIR, and Senator David Durenberger, a current member, have introduced in the Senate the "Preemption Clarification and Information Act of 1991," S. 2080.

Based on a draft bill developed by ACIR, S. 2080 would require a statute to state explicitly Congress' intent to preempt state and local government powers before the courts and federal agencies could invalidate or prohibit any state or local government law, ordinance, or regulation. Final federal regulations also would have to contain an express statement of preemption before courts could construe them to preempt state and local government powers.

In addition, S. 2080 would direct the Congressional Research Service to prepare an annual report on the extent of federal statutory preemption of state and local government powers. That report, due within 90 days of Congress' adjournment, would cover laws enacted during the past session as well as court cases interpreting federal statutes. It also would contain a cumulative list of federal statutes preempting state and local powers, in whole or in part.

Preemption of Banking and Insurance. Recently, there have been numerous proposals to preempt aspects of certain service industries, including banking and insurance. ACIR has entered the debate with reports on the taxation and regulation of banking and currently is studying regulation of the insurance industry.

Banking. In recent years, ACIR has issued three reports examining key intergovernmental regulatory and taxation issues arising from the changing economic and institutional structure of the banking and financial services industry. In 1988, the Commission published a report on state regulation of banks (A-110) and a roundtable discussion on federal regulation of banking (M-162). It recommended against the proposed federal preemption of certain aspects of state authority over banking. The preemption was not enacted. In 1989, the Commission issued its report on state taxation of banks (M-168).

Following in that tradition, the Commission watched with interest the recent federal legislative bank reform proposals. Those proposals contained several preemptions. The Commission discussed the subject at three of its four 1991 meetings. Pursuant to the Commission's interest in the safety and vitality of banks and the dual federal-state banking system, issue papers were prepared on the intergovernmental implications of the Administration's proposals and related legislation. The Commission also secured an analysis of the likely impact of the proposals on the dual system of banking and a reaction to the proposals by the Conference of State Bank Supervisors (CSBS). Staff kept the Commission apprised of the status of the congressional bills, which failed to pass.

Insurance. For many years, federal legislation has reserved regulatory authority over the insurance industry to the states. Now there are proposals to reverse this practice and bring it under federal regulation, thereby preempting the states. ACIR's study, *State Regulation of Insurance in an Era of Federal Preemption*, under way, will assess the need for and potential consequences of this proposed shift. It will examine the condition of state regulation of insurance, identify areas where states have not or cannot regulate insurance companies effectively, analyze the major areas of state-federal conflict, and describe the effects of likely scenarios for federal involvement in the regulation of insurance.

Federally Induced Costs. Intergovernmental mandates continue to be one of the greatest sources of friction in relationships between the federal, state, and local governments. In its continuing study of this issue, ACIR is preparing a report on *Federally Induced State and Local Government Costs*. In addition to federal preemptions of state and local authority, federal mandates recently have attracted public attention, particularly given today's tight economic conditions.

This report focuses on a little studied aspect of the intergovernmental relationship, federal reimbursement programs. It will describe the types of reimbursement programs that have been employed by the federal government, present an inventory of past and present reimbursement programs, and examine criteria for deciding which costs should be reimbursed. Furthermore, the report also will examine the strengths and weaknesses of each approach and will contain recommendations to federal policymakers.

Immigration and Federalism: Fiscal Impacts. Under the U.S. Constitution, the federal government has principal responsibility for foreign affairs, including immigration. Yet, once immigrants have entered the country, they place undeniable demands on the services of state and local governments. The federal government recognizes responsibility for only certain classes of immigrants, although state and local governments--under Supreme Court order--must serve most of the social service demands of all immigrants. In this respect, immigration causes federally induced costs, increasingly unfunded by the federal government. Federal support for recognized immigrants is decreasing at a time when the case loads for state and local governments are increasing for that group, as well as for groups of immigrants not recognized by the federal government. The project will investigate this phenomenon, evaluate the relevant existing intergovernmental programs and relationships, and propose improvements. A policy report with recommendations is expected.

Regulatory Federalism. ACIR is preparing an update of its 1984 report, *Regulatory Federalism: Policy, Process, Impact, and Reform*. The current report provides a close look at regulatory developments in all three branches of the federal government during the 1980s. Among other features, the report examines the Reagan Administration's regulatory relief effort and Executive Order 12612. Using data from various congressional sources, the report also attempts to assess the cumulative costs of additional regulatory burdens. Publication is expected in 1992.

State Laws Affecting Local Governments. In 1991, the Commission approved publication of a comprehensive study of state laws affecting local government structure and administration. The report, which will be published in 1992, updates a study initially prepared by the Carl Vinson Institute of Government at the University of Georgia in 1978. It covers constitutional and statutory provisions in the 50 states regarding local government annexation and consolidation, structure and administration, fiscal policies, election laws, financial management, and personnel management.

Local Autonomy. Since its inception, ACIR has devoted substantial attention to the study of local government autonomy. Building on the foundation laid by its reports, *State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Government* (1962) and *Measuring Local Discretionary Authority* (1981), the Commission has an additional report on this topic under way, entitled, *State Law Foundations of Local Self-Government: Constitutional, Statutory, and Judicial Issues*.

This new report recounts the legal and philosophical foundations of local government autonomy in the Western World and, in particular, the United States. It also examines the present legal status of home rule as reflected in the leading state court cases of recent years.

A critics' session was held on the draft report in August 1991. Publication is anticipated in late 1992.

National Guard. Work continued during 1991 on the Commission's study of intergovernmental issues involved in the operation and supervision of the National Guard, tentatively titled *The Role of the National Guard in Protecting the Nation and the States: Maintaining Constitutional Balance*. This report takes a close look at federal-state relationships in control of the Guard, particularly regarding the deployment of Guard units on training exercises outside the United States. In addition, the report examines the role of the Guard in national defense, drug interdiction activities, civil disorders, and disaster relief-

emergency assistance. It also probes state defense forces and Guard compliance with federal and state environmental protection laws.

American Federalism: Concept and History. Under contract from the Center for Civic Education, ACIR prepared a chapter on the history and concept of federalism that was included in *Civitas: A Framework for Civic Education* (1991). This book is designed as a reference guide on American government for textbook writers, high school teachers, 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.

An expanded version of the Civitas chapter is being prepared for publication as a separate ACIR report. 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.

Federalism and Rights. In conjunction with the Center for the Study of Federalism at Temple University, ACIR has requested funding to convene a conference to explore the relationship between federalism and rights in the United States and in other federal systems. Underlying all the conference's deliberations will be a fundamental question: Does federalism, the division of power among general and constituent governments, promote or undermine the security of rights?

To answer this question, the conference will undertake a major systematic investigation that will serve five objectives: (1) clarify the theoretical relationship between federalism, diversity, and rights; (2) elucidate the tension between group rights and individual rights in a federal system; (3) trace the historical interplay between federalism and rights in the United States; (4) survey the ways that various federal systems have understood the sometimes competing claims for diversity and for the protection of rights and have sought to reconcile those claims; and (5) explore current issues involving federalism and rights.

Intergovernmental Relations in the International Arena

ACIR continued to be involved in various international activities. Several projects are detailed below.

Federalism and Higher Education. ACIR was represented at a conference on "The Governance of Higher Education in Federal Systems" sponsored by the Institute of

Intergovernmental Relations at Queen's University, Kingston, Ontario, Canada. The conference dealt, in particular, with issues of federal and state cooperation in funding and governing institutions of higher education in several federal countries.

New Federal Arrangements. ACIR also was represented at a conference on "The Federal State: Lessons from North American and European Experience" sponsored by the Ditchley Foundations and held at Langdon Hall, Canada on September 27-29, 1991. The conference brought together representatives from Australia, Belgium, Canada, France, Germany, Great Britain, Japan, Spain, Switzerland, and the U.S. to examine issues of federalism developing in the European Community, especially the idea of a "Europe of the Regions, " as well as questions of federation and secession in Eastern Europe and the former Soviet Union.

Fiscal Federalism in Germany. ACIR participated in a colloquium on "Intergovernmental Financial Relations in Selected Federal States and in the EC" sponsored by the EC and held in Saarbrücken, Germany. Particular attention was given to issues arising from fiscal transfers to states within federal countries and to poorer countries within the European Community. Reunification has placed considerable strain on the German system of fiscal equalization, especially horizontal equalization.

Demise of the USSR. The collapse of the Soviet Union has created a great demand for many forms of assistance from the United States and other Western democracies. As a result, ACIR participated in several technical assistance efforts in the Fall of 1991.

An ACIR staff member traveled to Moscow as part of an exchange delegation on "Perestroika and Federalism: Criminal Justice," sponsored jointly by the Brookings Institution and the Atlantic Council.

ACIR helped to organize and participated in a delegation of federal, state, and local officials who held a series of consultations with officials of the Union government, several republics, the Moscow city government, the Moscow *oblast*, several autonomous regions, and a collective farm. The American delegation was led by former long-time ACIR member, Sen. Edmund S. Muskie. The project was sponsored by the American Committee on U.S.-Soviet Relations, Washington, DC.

Commissioners and staff also participated with other federal, state, and local officials in a conference on "Federalism and Power-Sharing" held at the Foundation for Social and Political Studies, headed by Mikhail Gorbachev, in Moscow. The project was organized by the International Center, Washington, DC.

Foreign Visitors. ACIR staff held briefings for a large number of foreign officials and scholars who visited the Commission's offices in 1991.

Local Self-Government in Poland. As members of a technical assistance team organized by the Johns Hopkins University, in 1990 two Commission staff members drafted technical assistance guides for use by local government officials in Poland as that country reestablishes elected local governments throughout the nation 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 were revised in 1991 to reflect comments received from Polish counterparts on the team established by the Johns Hopkins University. These papers are being translated published in Poland.

Intergovernmental Issues in Environmental Protection, Natural Resources, and Infrastructure

In 1990, ACIR undertook several studies on environmental issues. The Commission completed research on the intergovernmental management of groundwater resources, established the Senior Advisory Group on Federal-State-Local Cooperation in Water Governance, 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, began a project on intergovernmental decisionmaking processes for environmental protection, and began work on developing a federal infrastructure strategy. These projects are detailed below.

Coordinating Water Resources in the Federal System: The Groundwater-Surface Water Connection (A-118). 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 turned toward improved management of groundwater supplies. In the past decade, a consensus has arisen favoring coordinated use of groundwater and surface water.

This policy report contains contrasting perspectives on groundwater use and management and an analysis of institutional arrangements and intergovernmental relations. The report identifies barriers to better coordination and suggests changes that the federal, state, and local

governments can make to eliminate those barriers. For example, roles for improving water resource coordination should include *federal* development of basic and applied research and dissemination of information; *state* improvements of laws governing water rights and transfers, technical and financial assistance to management institutions, water quality regulation, and conflict resolution; *local* pricing of water supply, control of overdraft, and regulation of underground storage.

Water Governance. Many different federal, state and local entities with diverse goals are involved in governing the nation's water resources. This multiplicity frequently fragments decisionmaking and frustrates desired action. To develop ideas for improving intergovernmental cooperation in water governance, the Commission convened a Senior Advisory Group on Federal-State-Local Cooperation in Water Governance. This nonpartisan group of experienced experts from around the country has been working to build a consensus around recommendations that can be implemented by relevant agencies. The Western Governors' Association is cooperating and contributing to this effort.

ACIR adopted a resolution developed by the Senior Advisory Group to create a National Water Resources Governance Review Commission. The proposal, which is under consideration in the Congress, is to conduct a comprehensive review of all of the nation's water governance structures and to make recommendations concerning needed state and federal reforms. The commission would be broadly representative of governments, providers, and users of water resources. The objective is to examine structure rather than substance so as to maintain a focus on the governance arrangements needed to implement policy efficiently and effectively and to propose reforms in a timely manner. The recommended commission would report to the President, the Congress and the states within 15 months.

Environmental Decisionmaking. The nation is committed to achieving increasingly effective protection of the environment. At the same time, the United States needs new highways, airports, drinking water supplies, sewage treatment plants, and solid waste facilities to meet growing population and economic needs. Federal government review processes have reduced the adverse environmental effects of public works projects during the past two decades, yet concerns about the complexity, cost, and adversarial nature of federal government decisionmaking processes have been identified in congressional testimony and recent reports. There also is a concern that our current lifestyle choices--how we live, consume, farm, transport people, and produce products--threaten the health of the environment.

This project reviews federal environmental decisionmaking processes and improvements designed to enhance environmental protection with timely and fair intergovernmental decisions. It is expected that a policy report will be published setting forth recommendations to make the decisionmaking process clear, cooperative, efficient, flexible, definitive, responsive and fair to all concerns.

National Drought Study. ACIR is assisting the U.S. Corps of Engineers in fulfilling a congressional mandate to conduct a three-year national drought study. Building on an earlier report that ACIR completed, "Intergovernmental Coordination for Drought-Related Water Resource Management," the Commission is working with the Corps to provide guidance on coordinating the institutional, intergovernmental, and political processes required to compliment the technical aspects of water management. The work also includes integration of advocacy groups into policymaking processes and the use of risk assessment techniques.

Federal Infrastructure Strategy. In a continuing effort with the U.S. Army Corps of Engineers begun in 1991, Commission staff is coordinating a project to explore the potential for developing a federal infrastructure strategy and defining the nature of such a strategy. ACIR's role is to convene meetings with federal agency and congressional staff, state and local policymakers, public works research and user groups, and public works providers to identify key federal infrastructure roles, practices, and opportunities. The initial objective is to identify central issues that would be appropriate to develop into a federal interagency infrastructure strategy. Strategies will be developed around those issues in 1992.

Public Works Perspectives. Also relating to infrastructure, ACIR continues to distribute more than 50 working papers prepared for the National Council on Public Works Improvement. Although many of them are quite good, their current photocopy format and imposing length make them less attractive and accessible than they should be. ACIR is in the process of identifying the best of these papers to edit and publish them as an ACIR information report to enhance their accessibility.

Governmental Structures and Functions

The Commission continued its well established program of examining the structures and functions of governments. The 1991 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. It published a new report on the structures and functions of state ACIRs, including a directory of these counterpart organizations of the U.S. ACIR. The Commission also continued its update and reevaluation of its earlier work on boundary review commissions.

State ACIRs. Interest in state ACIRs and similar agencies continued during 1991 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 1991, the Commission participated in the annual State ACIR Conference, hosted by the Louisiana ACIR, in conjunction with the U.S. ACIR's meeting. Representatives of the U.S. ACIR and 13 of its state counterpart agencies, as well as representatives of the national state and local government associations, met in New Orleans. Topics of discussion included image and organization of state ACIRs, joint projects, the role of commission members, regionalism, and roles and relations between ACIRs and state and local government associations.

State-Local Relations Organizations: The ACIR Counterparts (A-117). This policy report presents the results of ACIR's latest survey of the 26 operating state-local relations organizations. The Commission renews its call for each state to create and sustain an ACIR and recommends that the national associations representing state and local governments encourage their constituents to support the ACIR concept. The report contains suggested state legislation that can be used as the basis for establishing an ACIR. It also reprints a directory, which was published as a separate volume in 1990 (A-117D), that includes information about the organization, functions, staff, budgets, and work programs of the state ACIRs, as well as about the U.S. ACIR and the federal departmental intergovernmental affairs offices and intergovernmental contacts in five other states.

Boundary Review Commissions. Local government boundaries are set in many different ways under the 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. The results of this survey will be published as an information report in early 1992.

Regional Councils of Governments. ACIR is updating its chapter on areawide organizations published by ACIR in 1982 in *State and Local Roles in the Federal System* (A-88). Since 1982, there has been a great deal of change in the responsibilities, funding, activities, and staffing of these organizations. This project, under way, will examine general trends. Twelve states have carved out significant roles for areawide organizations in their new statewide growth management processes.

This report will examine the status and activities of areawide organizations at the beginning and end of the 1980s and chronicle changes in federal and state support for and uses of these organizations. The purpose is to document the decade of change in areawide organizations as part of a larger project to chronicle the decade of change for the whole federal system.

The report will evaluate variations with respect to geographic location, urban vs. rural development, the pace of development, the regional and local units that interact with regional councils, prevailing political philosophies, and critical policy issues of crisis or subcrisis proportions.

Functions of Governments

With its continued emphasis on studies of government functions, the Commission focused on metropolitan organization, criminal justice, child care, and removing barriers to excellence in education.

Metropolitan Organization: The Allegheny Case. This report, adopted by the Commission in 1989, is in the final stages of preparation for publication in early 1992. It is part of a series of case studies exploring how complex metropolitan areas function. It builds on research presented in two earlier ACIR publications: *The Organization of Local Public Economies* (1987) and *Metropolitan Organization: The St. Louis Case* (1988). Those reports furnish working hypotheses for this study of Allegheny County (Pittsburgh), Pennsylvania, which has been characterized as "the premier 'fragmented' metropolitan county in America."

The report documents the local government structures and processes in Allegheny County and describes how the municipalities, townships, boroughs, and special units of government work within the county and with the county government to provide the street, police, fire,

and public education services. The report finds that the complex local government structure brings forth sufficient public entrepreneurship, community-based organization, voluntarism, and intergovernmental problem solving to sustain a productive local public economy.

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. A report on the roles of state and local elected officials in the administration of criminal justice--particularly the roles of legislators and chief executives--is projected for release during the summer of 1992.

This comprehensive report covers many aspects of the influence and responsibility that these officials have in providing for public safety and effectively dealing with criminals, and in the extraordinary growth in criminal justice budgets.

Issues discussed in the report include the role of legislators in sentencing, of local officials in community treatment and alternative sentences, of governors and county officials in prison and jail construction, of the federal government in court orders, or municipal governments in effective policing, and of all officials in ensuring responsible budgeting and coordination. Intergovernmental responsibility for funding and service delivery, interagency cooperation, the constitutional role of the federal government, and separation of powers have emerged as significant themes in this study.

This project also will produce a guidebook 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.

Child Care. Child care has become an important policy issue with significant intergovernmental implications. In response to growing demands for child care outside the home, the federal government, the states, and local governments have established a wide variety of programs. Despite this responsiveness, problems persist, sometimes because of poor intergovernmental coordination. Conflicting eligibility standards, erratic enforcement of regulatory requirements, and poor information limit the effectiveness of child care programs. As diverse governments reconsider their child care roles, they need to be more attentive to these related intergovernmental problems and opportunities.

The ACIR study on child care will discuss dilemmas, identify governmental responsibilities, and investigate the allocation of governmental responsibilities, financial support, business regulation, information provision, and intergovernmental problems. The report is expected to produce recommendations for policymakers.

Intergovernmental Barriers to Educational Excellence. ACIR has received funding for a conference on removing intergovernmental barriers to educational excellence. The conference will 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. ACIR is seeking additional funding for research to enhance this conference.

Fiscal Federalism

Fiscal issues in federalism are a continuing focus of ACIR research. In 1991, the Commission continued to direct its attention to interjurisdictional tax and policy competition, Medicaid, and taxation of property, telecommunications, and tourism. ACIR also updated previous research on potential revenues lost by not taxing interstate mail-order sales and, in an article in *Intergovernmental Perspective*, on the volume cap on private-activity bonds.

Interjurisdictional Tax and Policy Competition. The subject of interjurisdictional tax and policy competition has captured public attention in recent years, largely because of highly publicized "bidding wars" for job-producing facilities, such as automobile plants. ACIR undertook and completed two projects on this topic because of the implications for intergovernmental relations. The first is a report intended to provide a conceptual overview of major issues related to interjurisdictional tax and policy competition. The second, a joint venture with The Urban Institute, resulted in an edited volume of conference papers. These projects are discussed below.

Interjurisdictional Tax and Policy Competition: Good or Bad for the Federal System? (M-177). This information report provides a conceptual overview of major issues related to interjurisdictional tax and policy competition. It focuses on interstate and interlocal competition to synthesize the research that has been done during the last decade, examining various measures of competition, the federal role in setting the framework, types of tax and service competition, regulatory competition and competition for economic development, and how the negative view of competition has changed since 1981.

The report finds that interjurisdictional competition denotes more than competition for business through the use of negotiated tax packages. State and local governments also engage in service and regulatory competition, which does not necessarily depress their service or revenue levels. It does, however, tend to reduce reliance on ability-to-pay taxes.

Competition among States and Local Governments: Efficiency and Equity in American Federalism, edited by Daphne A. Kenyon and John Kincaid, resulted from a joint conference sponsored by ACIR and The Urban Institute. In this book, the authors examine the effects of such competition and the moderating or aggravating effects of certain federal policies on the consequences of such rivalry.

Intergovernmental Health Care Issues. With the ever-increasing attention paid to rising health care costs and to the state and local roles in health care provision, ACIR has undertaken two related projects. One is a study of Medicaid, the other is a comprehensive analysis of intergovernmental aspects of the U.S. health care delivery system. Spiraling caseloads and increasing fiscal constraints resulting from the recession, combined with federal mandates, make the problems of Medicaid and health care delivery in general increasingly urgent.

Medicaid. ACIR continued work on a policy report that is examining the changing roles and intergovernmental structure of Medicaid. Research will identify policy options and make recommendations to address major short-term issues of the program, including the problem of federally mandated costs and flexibility for states.

Aspects of the U.S. Health Care Delivery System. Recognizing that Medicaid is only one part of national health policy, ACIR is undertaking an analysis of intergovernmental issues in the health care delivery system, including providing access to health service to over 30 million uninsured Americans; third-party insurance in health care; cost containment and care management issues; and the role of state, local, and federal fiscal policy in health-care decisions.

This project is providing a context for long-term reform of the health-care delivery system. It describes the major components and issues in the system, evaluates the impacts on state and local governments of major reform proposals, provides an inventory of innovative state programs, and includes case studies of health care systems in five states.

Strengthening State and Local Revenue Systems. ACIR continued to pursue its long-standing-goal of strengthening the fiscal dimension of state and local revenue systems. Research focused on issues of taxation and regulation, as well as on the fiscal impacts of immigration. Staff, with the assistance of consultants in some cases, continued work on its

projects on property taxes and tourism taxes, and updated previous work on the taxation of mail-order sales. These projects are discussed in the following paragraphs.

Property Tax. As a result of a number of recent taxpayer revolts and limitations, 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.

As a consequence, the Commission has a study under way that investigates how technological and other changes are affecting the property tax. The property tax study will include the impact of recent technological innovations, such as computer-assisted mass appraisals (CAMA) and geographical information systems (GIS); the implications of recent court challenges to the constitutionality of California's Proposition 13 and court rulings on the use of property taxes to finance primary and secondary education; the impact of the current economic cycle on local property values and the resulting tax burdens; and the policy impacts of voter/taxpayer attitudes toward property taxes. The study is expected to be published in 1993.

Taxation of Telecommunications. This study, currently being revised, is the companion to ACIR's 1990 report, *Intergovernmental Regulation of Telecommunications (A-115)*. The taxation report examines recent changes in the structure and technology of the telecommunications industry and what these changes portend for state taxation of the industry. The study identifies the various types of state taxes levied on telecommunications (e.g., gross receipts, general sales, corporate income, and property taxes) and analyzes the key issues raised by the changing structure and technology.

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 interindustry competitiveness pertaining to voice transmission. The report also treats the distinction, if any, that must be made between the new set of long-distance carriers and the local operating company. It discusses the arguments for and against various forms of taxation applied to telecommunications firms and the special issues of access charge taxation and the apportionment of interstate revenues. The report concludes with a set of key findings and policy recommendations relating to these arguments. In recommendations adopted in 1989, the Commission recommended 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.

Local Revenue Diversification: Tourism Taxation. This report on the taxation of revenues generated by tourism is a continuation of ACIR's series on local revenue diversification intended to provide information to state and local governments looking for effective and equitable ways to strengthen their revenue systems. The report is expected to be published in 1992.

State Taxation of Interstate Mail Order Sales (M-179). Since the U.S. Supreme Court's 1967 *National Bellas Hess* decision, state and local governments have been unable to require collection of their sales taxes by out-of-state mail order firms. In that ruling, the Court held that out-of-state mail order houses could not be required to collect state and local sales and use taxes for states in which their only business presence consists of distributing catalogs and other advertising materials. In 1985, the Commission recommended that Congress enact legislation to negate *National Bellas Hess* by requiring mail order vendors to collect state use taxes on interstate sales delivered in any state in which the vendor engaged in regular or systematic sales solicitation.

Since interest in this area has continued to grow, and since many state revenue officials have launched aggressive campaigns to collect use taxes owed on out-of-state mail order purchases through various means, this report updates ACIR's 1988 estimates of the revenue loss stemming from this ruling. This new report estimates revenue losses of \$2.91 billion for 1990, \$3.08 billion for 1991, and \$3.27 billion for 1992 as a result of failure to tax out-of-state mail order sales. The average revenue potential is an estimated \$63.2 million for the 45 states (and the District of Columbia) that levy general sales taxes. These new estimates are particularly important in light of the U.S. Supreme Court's agreement to hear *Quill Corporation v. North Dakota* and review its 1967 ruling.

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 annual and quarterly publications that track changes in fiscal and nonfiscal aspects of intergovernmental relations. These publications include the annual 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, shifts in governmental spending and employment, and ACIR's quarterly magazine, *Intergovernmental Perspective*. In addition to its regular publications, ACIR updates its information on federal grant

programs and detailed governmental expenditure patterns less frequently. These publications are discussed in the following paragraphs:

Significant Features of Fiscal Federalism 1991 (M-176 and M-176-II). *Volume I* includes federal, state, and local individual income tax rates; state and local individual income tax rates; standard and itemized deductions, exemptions, and exclusions 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; estate, inheritance, and gift taxes; state and local property transfer taxes; and automobile fees and taxes. The 1991 edition also includes tables on federal and state budget processes, a federal tax section, state severance taxes, property tax relief programs, property classifications, sales tax exemptions on services, and a corporate income tax section.

Volume II presents data on revenues and expenditures for the federal, state, and local governments. New in this edition are tables on state and local debt and state volume caps on private activity bonds, state and local public employee retirement systems, federal Medicaid matching ratios and state Medicaid expenditures, and education aid, and sources of school district revenue.

Significant Features contains a broad picture of changes in the government's role in the economy from 1929 through 1989. Also presented are changes in the composition of expenditures and revenues from 1952 through 1989 and in the level and relative importance of federal grants to state and local governments from 1952 through 1993.

Finance Data Diskettes. The *1989 State-Local Government Finance Data* diskettes include state-by-state Census finance data for 113 revenue and 217 expenditure classifications, population, and personal income for state and local governments combined, state government only, or all local governments aggregated by state. The format has not been available previously. The diskettes are accompanied by documentation explaining the contents, options, and commands.

Public Opinion Poll. ACIR continued its tradition of surveying citizens on what they think about their governments and taxes. *Changing Public Attitudes on Governments and Taxes: 1991 (S-20)* presents the 20th annual survey, conducted by the Gallup Organization. In 1991, ACIR asked 16 questions. For the third year in a row, the local property tax was chosen as the least fair tax, followed closely by the federal income tax. Respondents identified the local

government as giving them the most for their money and as spending their tax dollars most wisely. In 1991, ACIR also included a question about federal mandates to state and local governments. Results were mixed, with 60 percent of the respondents saying that each local governments should make decisions concerning better pay and benefits for local employees, 61 percent agreeing that the federal government was right to mandate that state governments provide more health care for the poor, and 71 percent believing that the federal government was right to require local governments to improve wastewater treatment rather than allowing local governments to set treatment standards. Whether or not they agreed with the federal mandates in the poll, most Americans think the costs should be shared. The report presents the results and analysis for the questions asked in 1991 and an index of those asked since the surveys were begun.

The Changing Public Sector: Shifts in Governmental Spending and Employment (M-178). This report updates part of its 1982 report *State and Local Roles in the Federal System*, which included a chapter analyzing expenditure and public employment data from the Census of Governments for the period 1967 to 1977. The earlier report emphasized primarily the allocation between the states and local governments. The new report updates data with the 1982 and 1987 Census of Governments. It also broadens the scope of the 1982 volume by directing attention to the place of total government expenditures and public employment in the economy and by focusing more on the general purposes of public expenditures and employment. The analysis includes more information on federal government expenditures than was presented in 1982.

Characteristics of Federal Grant-in-Aid Programs to State and Local Governments: Grants Funded FY 1991. This volume is the sixth ACIR report on the characteristics of federal grant-in-aid programs since the first report was published in 1975. This update covers congressional action from January 1, 1989, through December 31, 1990. It provides a snapshot of the scope and principal features of all federal grant programs available to state and local governments as of FY 1991, identifies major changes in the basic features of the grants and the grant system, and comments on major trends in categorical and block grants during the past two years, the ten years of the Reagan-Bush Administrations, and the quarter century 1966-1991.

The 543 categorical programs as of January 1991 is the largest number since ACIR started counting in FY 1975. Block grant programs have risen from 4 to 14 since 1975, bringing the total number of grant programs to 557 in 1991. Although grant outlays rose

uninterruptedly from 1975 through 1981 in current dollars, in deflated dollars they peaked in 1978, declined through 1984, and, when measured in two- or three-year intervals, did not exceed the 1978 total until 1991.

Intergovernmental Perspective. ACIR has published this quarterly magazine for 17 years. The 1991 issues included such topics as counties, welfare reform, management of underground water resources, grant reform, state ACIRs, fiscal disparities in Chicago, the single audit program, metropolitan organization, taxing foreign investments in the United States, private activity bonds and the volume cap, and federalism and constitutional rights.

The Continuing Research Program

Following adoption of a new research program in 1989, the Commission initiated work on a number of projects. In addition to the projects described above, topics include home rule, state assumption of local functions, financing streets and highways, the interplay of federal and state-local tax reform as it relates to low-income families, local fiscal capacity and fiscal equalization, estimating the impact of federal mandates on state and local finances, alternative approaches to providing local public services, intergovernmental decentralization, and siting locally unwanted land uses.

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; developing a high school curriculum unit on federalism; solid and hazardous waste management; housing assistance; welfare reform in the intergovernmental system; metropolitan area case studies on interjurisdictional tax and competition and cooperation; intergovernmental approaches to workforce preparation; federal grant formulas; enterprise zones; and tribal governments in the American 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 1991, \$203,000 was received from 31 states. 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 1991. 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 are mailed to targeted lists.

Special "personalized" mailings are sent periodically to selected groups of individuals (e.g., political science professors 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, state 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 and conferences. 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 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 selected periodicals for review or other notice. 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

<i>Appendix A</i>	Members of the Advisory Commission on Intergovernmental Relations
<i>Appendix B</i>	Commission Meetings: 1991
<i>Appendix C</i>	ACIR Staff Organization
<i>Appendix D</i>	ACIR Publications Issued in 1991
<i>Appendix E</i>	1991 Staff Speaking Engagements
<i>Appendix F</i>	Salaries and Expenses
<i>Appendix G</i>	Financial Support
<i>Appendix H</i>	Historical Tables
H1:	ACIR Revenue History, FY 1960-91
H2:	ACIR Revenue History, FY 1960-91 (in constant 1985 dollars)
H3:	ACIR Personnel History, FY 1961-91
H4:	ACIR Publication and Product Production, FY 1960-91
H5:	ACIR Office and Warehouse Space History, FY 1979-91

Appendix A
**Members of the
Advisory Commission on Intergovernmental Relations
December 31, 1991**

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

Daniel K. Akaka, Hawaii
Dave Durenberger, Minnesota
Charles S. Robb, Virginia

Members of the U.S. House of Representatives

Donald M. Payne, New Jersey
Craig Thomas, Wyoming
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, White House Chief of Staff
Vacancy

Governors

John Ashcroft, Missouri
George A. Sinner, North Dakota
Stan Stephens, Montana
Vacancy

Mayors

Victor H. Ashe, Knoxville, Tennessee
Robert M. Isaac, Colorado Springs, Colorado
Joseph A. Leafe, Norfolk, Virginia
Vacancy

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

Ann Klinger, Merced County, California, Board of Supervisors
D. Michael Stewart, Salt Lake County, Utah, County Commission
Vacancy

Appendix B
Commission Meetings: 1991

Date	Place
Friday, March 22	Washington, DC
Friday, June 28	Washington, DC
Friday, September 13	New Orleans, LA
Friday, December 6	Washington, DC

Appendix C
ACIR Staff Organization Chart
12/31/91

Executive Director's Office

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

Research

Government Finance

*Henry A. Coleman, Director,
Government Finance Research*
John O. Behrens, Visiting Fellow
William D. Graham, Senior Analyst
Elliott J. Dubin, Analyst
Brenda S. Kemper, Analyst
Dan Stevens, Intern
Anita Reynolds, Administrative Secretary

Government Policy

*Bruce D. McDowell, Director,
Government Policy Research*
Sharon Lawrence, Senior Analyst
Patricia P. Pride, Senior Analyst
Jeffrey S. Fitzpatrick, Analyst
Erica J. Price, Analyst
Andree E. Reeves, Analyst
Vivian Watts, Criminal Justice Project Director
Suzanne T. Spence, 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 1991

Reports Containing Commission Recommendations

- A-118 *Coordinating Water Resources in the Federal System: The Groundwater-Surface Water Connection*
A-117 *State-Local Relations Organizations: The ACIR Counterparts*

Information Reports

- M-179 *State Taxation of Interstate Mail Order Sales: Estimates of Revenue Potential, 1990-1992*
M-178 *The Changing Public Sector: Shifts in Governmental Spending and Employment*
M-177 *Interjurisdictional Tax and Policy Competition: Good or Bad for the Federal System?*
M-176-II *Significant Features of Fiscal Federalism, 1991 Edition, Volume II*
M-176 *Significant Features of Fiscal Federalism, 1991 Edition, Volume I*

Survey Reports

- S-20 *Changing Public Attitudes on Governments and Taxes: 1991*

Diskettes

State-Local Government Finance Data, FY 1983-89

Intergovernmental Perspective

- Counties* (Winter 1991)
Welfare Reform (Spring 1991)
Taking Federalism Underground (Summer 1991)
Federalism and Constitutional Rights (Fall 1991)

Appendix E

Staff Speaking Engagements and External Publications

STAFF SPEAKING ENGAGEMENTS

John Kincaid, "Update on ACIR," Federal System Executive Panel, National Academy for Public Administration, Washington, DC, January 7, 1991.

Carol E. Cohen, "A National Perspective on State Tax Structures," Vanderbilt Institute for Public Policy Studies, briefing for freshman state legislators and the media, Nashville, TN, January 9, 1991.

Vivian E. Watts, "Bridging the Gaps--Promoting System Collaboration," American Correctional Association, Louisville, KY, January 14, 1991.

Carol E. Cohen, "Fiscal Capacity Indicators: The Representative Tax System," Washington Intergovernmental Roundtable, Washington, DC, January 23, 1991.

Robert W. Rafuse, Jr., "Fiscal Capacity Indicators: Representative Expenditures," Washington Intergovernmental Roundtable, Washington, DC, January 23, 1991.

John Kincaid, "Are Burdens Shifting from the Federal to State Governments?" Washington Journalism Center, Conference on "Fiscal Crises in the Statehouse," Washington, DC, February 14, 1991.

Vivian E. Watts, National Academy of Public Administration Advisory Panel on Phase II U.S. Department of Transportation National Transportation Policy, Washington, DC, February 21, 1991.

Robert W. Rafuse, Jr., "Presentation of Draft Report on Representative Revenues and Expenditures for Local Jurisdictions in the Chicago Metropolitan Area," Chicago Regional Partnership Revenue and Spending Project, Chicago, IL, February 26, 1991.

Bruce D. McDowell, "The ACIR Research Program," Washington Intergovernmental Roundtable, Washington, DC, March 6, 1991.

John Kincaid, "The Competitive Challenge to Cooperative Federalism," National Conference of American Society for Public Administration, Washington, DC, March 25, 1991.

John Kincaid, Participant in Roundtable on Intergovernmental Cooperation, National Conference of American Society for Public Administration, Washington, DC, March 26, 1991.

Bruce D. McDowell, "Some Thoughts on Federalism in Transition," National Conference of American Society for Public Administration, Washington, DC, March 27, 1991.

John Kincaid, Discussant on Panel on Intergovernmental Relations in the American Polity, Annual Meeting of Southwestern Political Science Association, San Antonio, TX, March 29, 1991.

Robert W. Rafuse, Jr., "Fiscal Federalism in European Economies in Transition," OECD Conference, Paris, France, March 29-April 4, 1991.

Bruce D. McDowell, "Infrastructure Financing Techniques: A Non-Traditional Approach," National Symposium on Infrastructure, Infrastructure Partnership, Washington, DC, April 9, 1991.

Bruce D. McDowell, "Risk Analysis in Building Design and Operations," Building Research Board, Washington, DC, April 9, 1991.

John Kincaid, "ACIR's Proposed Preemption Legislation," Law and Justice Committee, National Conference of State Legislatures, Washington, DC, May 3, 1991.

Robert W. Rafuse, Jr., "Fiscal Disparities in Maryland," Maryland Tax Commission, College Park, MD, May 6, 1991.

Bruce D. McDowell, "Origins and Current Opportunities in the Federal Review-and-Comment Process," Annual Meeting of the National Network of State Single Points of Contact, Washington, DC, May 14, 1991.

Henry A. Coleman, "Revenue Options and Implications for NJ," New Jersey Council of Churches, Trenton, NJ, May 22, 1991.

John Kincaid, "The Intergovernmental Context of Philadelphia's Fiscal Crisis," Public Forum on Bush's Federalism: Is Philadelphia Being Bushwhacked? Center for the Study of Federalism, Temple University, Philadelphia, PA, May 29, 1991.

Bruce D. McDowell, "Doing More with Less: Regional Contributions to Sound County Finances," New Jersey Association of Counties, Atlantic City, NJ, June 13, 1991.

John Kincaid, "Federalism and Territorial Devolution," International Conference on Ethnic Conflict Resolution under Rule of Law, United States Institute of Peace, Washington, DC, June 14, 1991.

Henry A. Coleman, "The Impact of the National Financial Crunch on State and Local Governments," National Association of Regional Councils Annual Conference, Atlantic City, NJ, June 17, 1991.

Vivian E. Watts, Panelist, "Can You Be for Prison Reform and Survive Politically?" CURE, Washington, DC, June 24, 1991.

Bruce D. McDowell, "Roles and Functions of Government," Seminar on Historic Preservation Planning for the 1990s for National Park Service Managers and Staff, U.S. National Park Service, Washington, DC, June 26, 1991.

Bruce D. McDowell, "Environmental Decisionmaking," National Association of Counties, Salt Lake City, UT, July 13, 1991.

Henry A. Coleman, "State Responses to Fiscal Problems," Annual Conference of the Government Research Association, Indianapolis, IN, July 16, 1991.

Vivian E. Watts, Presentation on "Criminal Justice in the USA," Soviet Exchange Program: "Perestroika and Federalism," The Brookings Institution and the Atlantic Council, Airlie House, USA, VA, July 17, 1991.

Bruce D. McDowell, "Drought Planning in the American Political System," National Drought Planning Seminar, U.S. Army Corps of Engineers, Park City, UT, July 18-19, 1991.

Bruce D. McDowell, "Planning Provisions for the Surface Transportation Act," Briefing for Congressional Staff sponsored by the Environmental and Energy Study Institute, Washington, DC, July 25, 1991.

Bruce D. McDowell, "Roles and Functions of Government," Seminar on Historic Preservation Planning for the 1990s for State Historic Preservation Officers, U.S. National Park Service, Nashville, TN, July 29, 1991.

John O. Behrens, "Recent Court Decisions Affecting Property Taxation," American Bar Association, Atlanta, GA, August 9, 1991.

John O. Behrens, "Geographical Information System Standards," Urban and Regional Information Systems Association, San Francisco, CA, August 13, 1991.

John Kincaid, "Political Culture and the American States: State of the Art and Agenda for Research," Annual Meeting of the American Political Science Association, Washington, DC, August 30, 1991.

John Kincaid, "ACIR's Proposed Preemption Legislation," Intergovernmental Affairs Committee, Council of State Governments, Minneapolis, MN, September 7, 1991.

John Kincaid, "The Status of Local Governments in the Federal System," Michigan Commission on Intergovernmental Relations, Lansing, MI, September 11, 1991.

Bruce D. McDowell, "An Update on Areawide Organizations," Annual Conference of State ACIRs, New Orleans, LA, September 12, 1991.

Henry A. Coleman, "Issues in Fiscal Federalism and the ACIR Fiscal Research Agenda," Peat Marwick Colloquium Series, Washington, DC, September 17, 1991.

Bruce D. McDowell, "Regionalism in America: Renewal and Redefinition," Annual Conference of Texas Regional Councils, Odessa, TX, September 27, 1991.

John O. Behrens, "Land Information Needs and Services," Land Ownership and Taxation Seminar, Economic Research Service, U.S. Department of Agriculture, Washington, DC, October 3-4, 1991.

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Bruce D. McDowell, "Trends in Federal Grants and Grant Reform Reconsidered," Annual Conference of Section on Budget and Financial Management, American Society of Public Administration, Arlington, VA, October 12, 1991.

Andrée E. Reeves, "Fostering Communication and Cooperation: State Advisory Commissions on Intergovernmental Relations," 1991 Special Committee on Assessment and Taxation, Kansas Legislature, Topeka, KS, October 16, 1991.

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Bruce D. McDowell, "Federal Preemption: Policy and Practicality," Consumer Protection Seminar, National Association of Attorneys General, Washington, DC, October 21, 1991.

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Elliott J. Dubin, "Assessed Property Wealth Per Pupil: A Poor Indicator of Local School District Fiscal Capacity," Washington Finance Group, National Center for Education Statistics, Washington, DC, November 4, 1991.

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Daphne A. Kenyon and John Kincaid, eds., *Competition among States and Local Governments: Efficiency and Equity in American Federalism*. Washington, DC: The Urban Institute Press, 1991.

Andrée Reeves, "State Advisory Commission on Intergovernmental Relations: Contribution to Intergovernmental Cooperation," *Wisconsin Counties*, September 1991, p. 21.

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Appendix F
Salaries and Expenses

(in thousands, from appropriated funds and offsetting collections)

Object Classification	FY 1991 Actual
Personnel compensation	829
Civilian personnel benefits	178
Travel and Transportation of persons:	55
Staff Travel	14
Commission Travel	27
Invitational Travel	14
Transportation of things	6
Rental payments to GSA	238
Communications, utilities, and miscellaneous charges	...
Other services	120
Supplies and materials	33
Equipment	52
Subtotal, direct obligations	1,511
Full-time permanent	32
Civilian personnel benefits	10
Travel	4
Other services	106
Subtotal, reimbursable obligations	152
Total obligations	1,663

Appendix G **Financial Support**

ACIR's Productivity

Our FY 1991 goal was to maintain the level of productivity that characterized FY 1990. ACIR achieved this goal. For the fifth year in a row, ACIR had one of the highest levels of productivity per employee in its 32-year history.

With the close of FY 1991, ACIR finally was able to concentrate more effectively on its mission. The FY 1991 appropriation was \$1,300,000, just below the minimum base the Commission has sought from the Congress. The FY 1992 appropriation of \$1,330,000 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 1993 Budget Request

ACIR's budget request for FY 1992 is \$1,400,000. This level of appropriation falls within OMB guidelines and is essential if ACIR is to be a viable federal agency. The requested \$70,000 increase is to cover the costs associated with the executive pay increase and various governmentwide increases absorbed by ACIR over the last several years.

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 1991. A record

amount of contributions was received from states in FY 1991, 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.

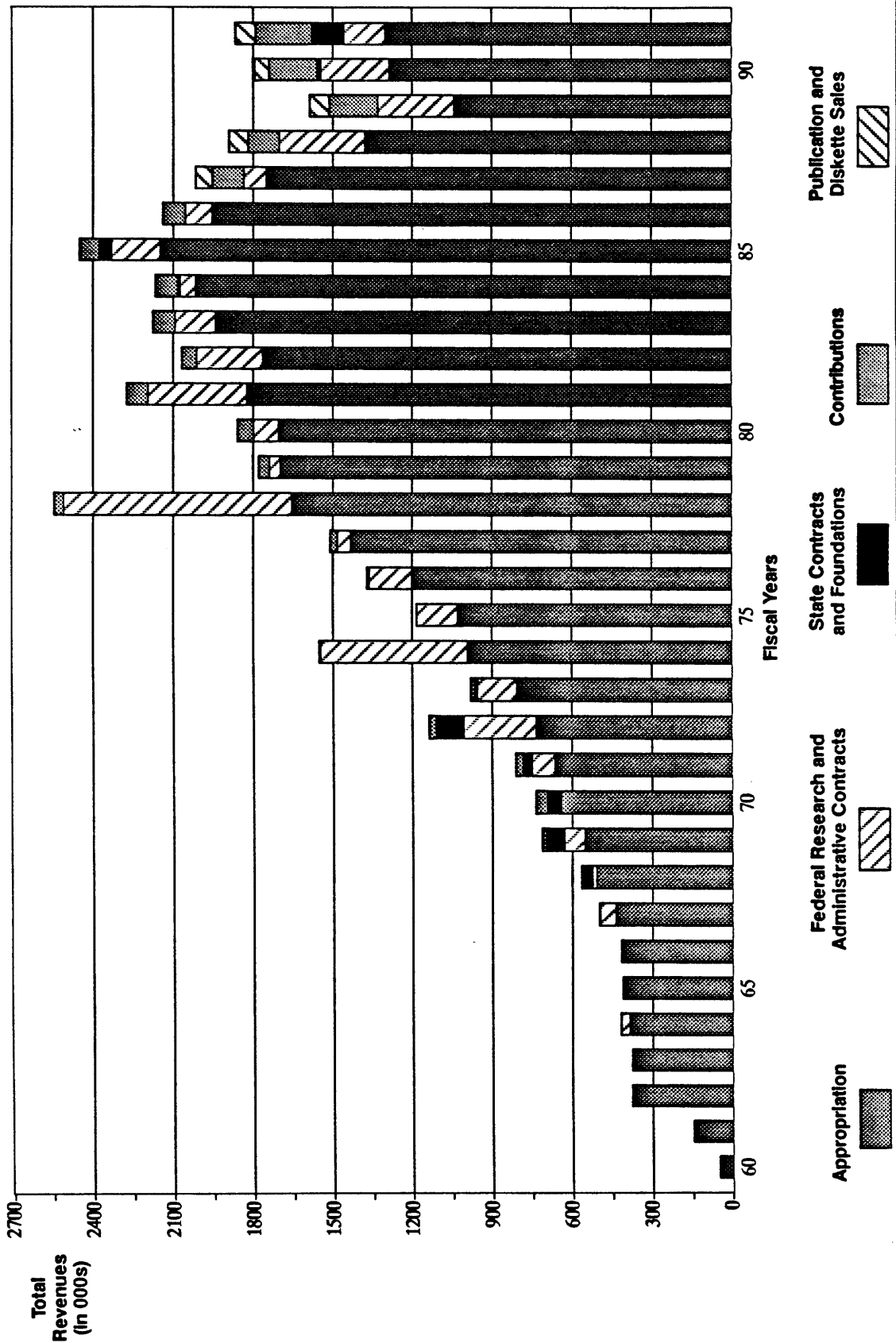
Space Cost-Reduction Measures

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

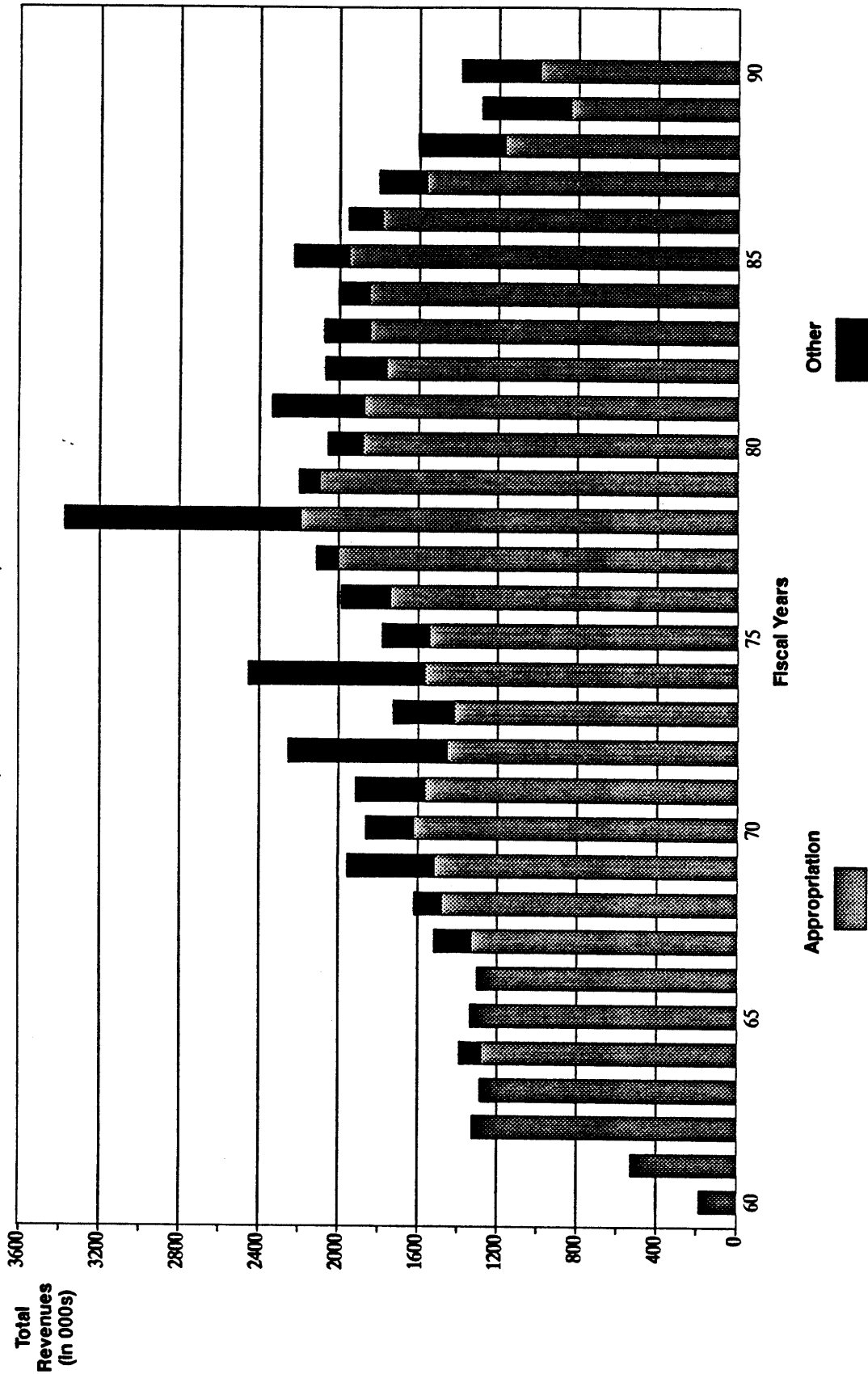
In compliance with Reform 88 initiatives (to reduce overall federal office space utilization) and coincident with the reduction in permanent staff and funding, ACIR again reduced its office and warehouse space in FY 1991, this time by 700 square feet—the sixth straight year either office or warehouse space has been reduced.

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 32-year record of remaining small and frugal while maintaining its vitality and high productivity will be sorely tested over the next several years.

Appendix H1
 ACIR Revenue History, FY 1960-90

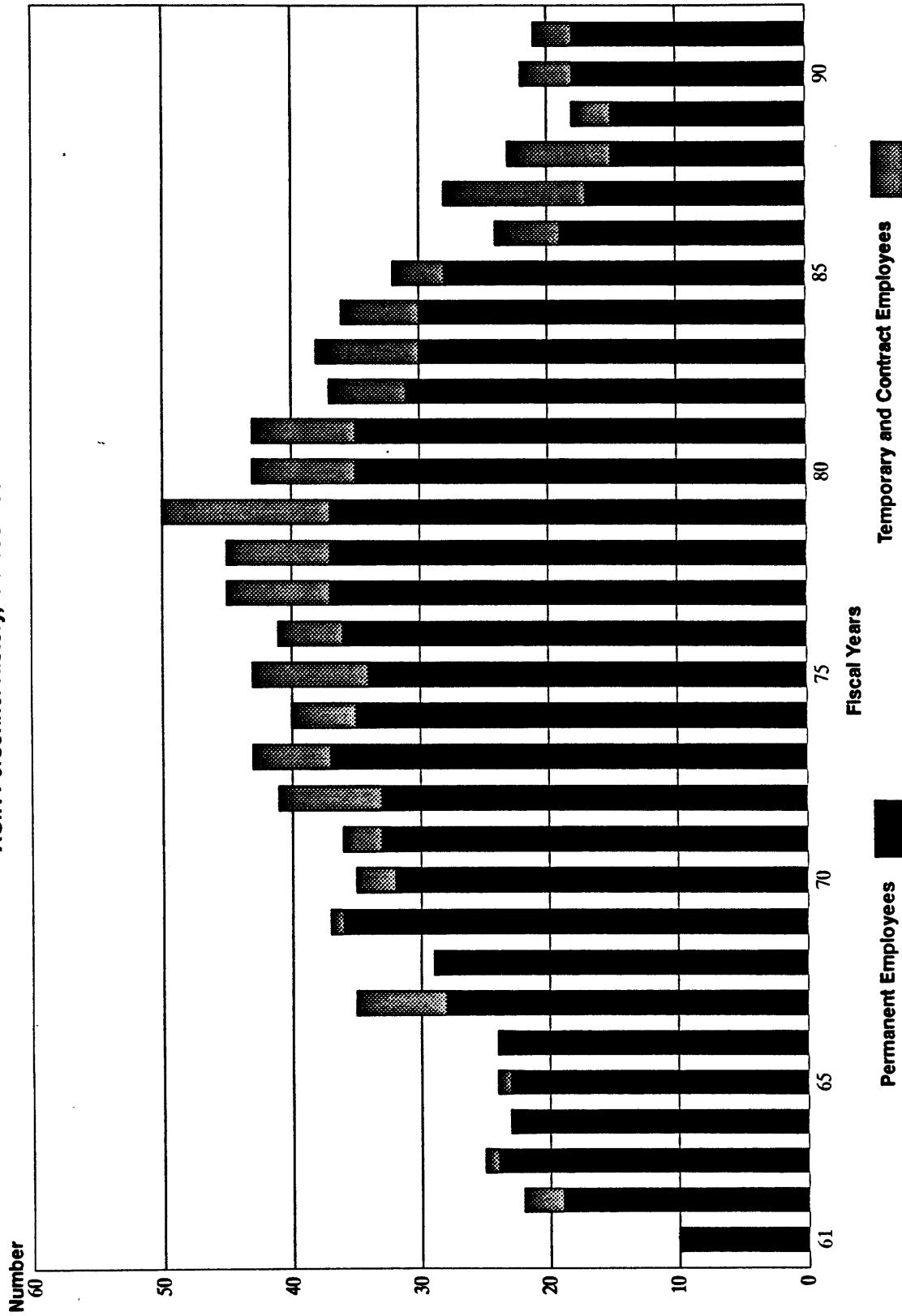


Appendix H2
ACIR Revenue History, FY 1960-90*
 (in constant 1985 dollars)

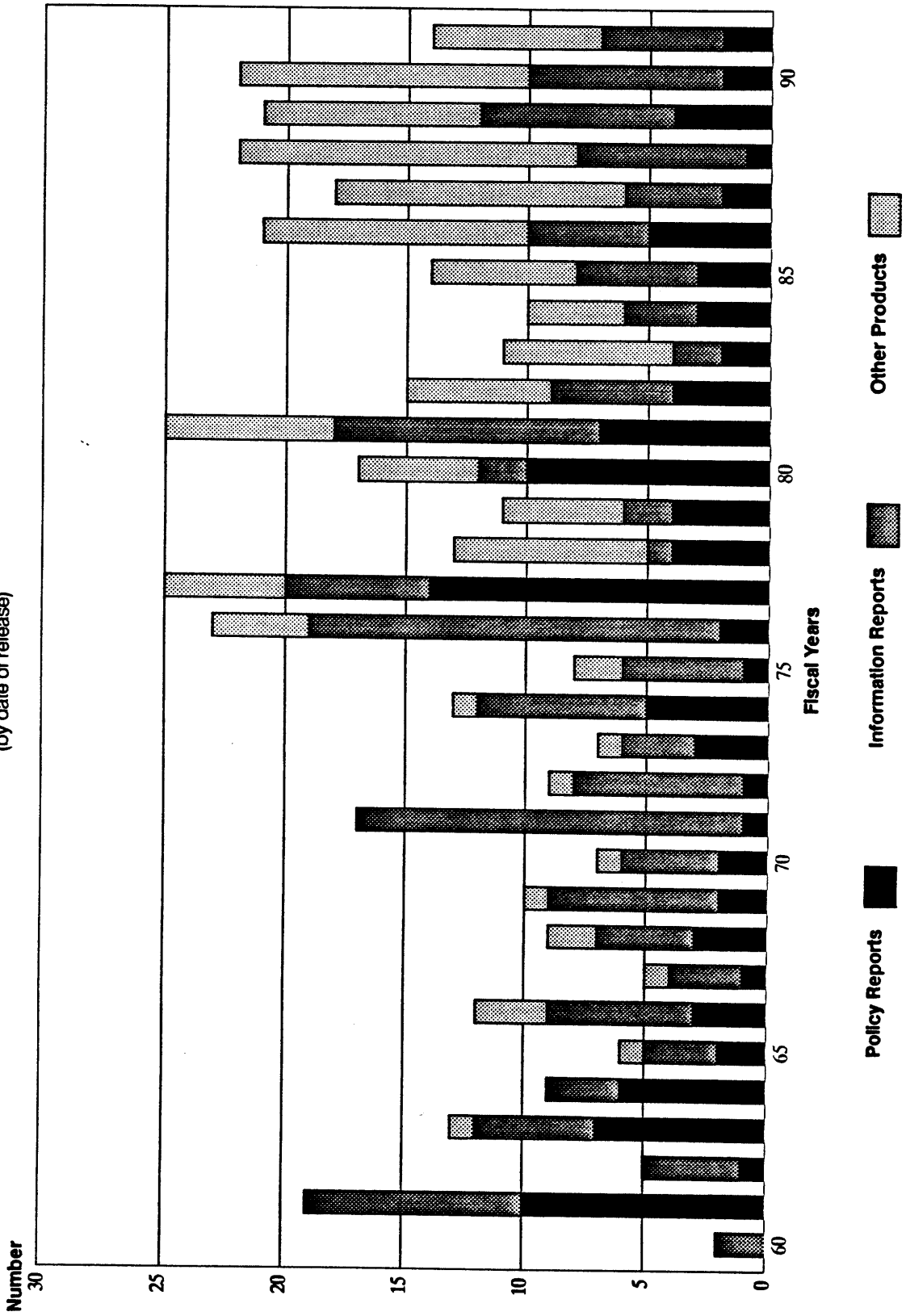


*Total government purchases deflator used for 1959-71, and nondefense purchases deflator used for 1972-91

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 1979-91

