

**ACIR:
THE YEAR IN REVIEW
36TH ANNUAL REPORT
JANUARY 1995**

**ADVISORY
COMMISSION ON
INTERGOVERNMENTAL
RELATIONS**



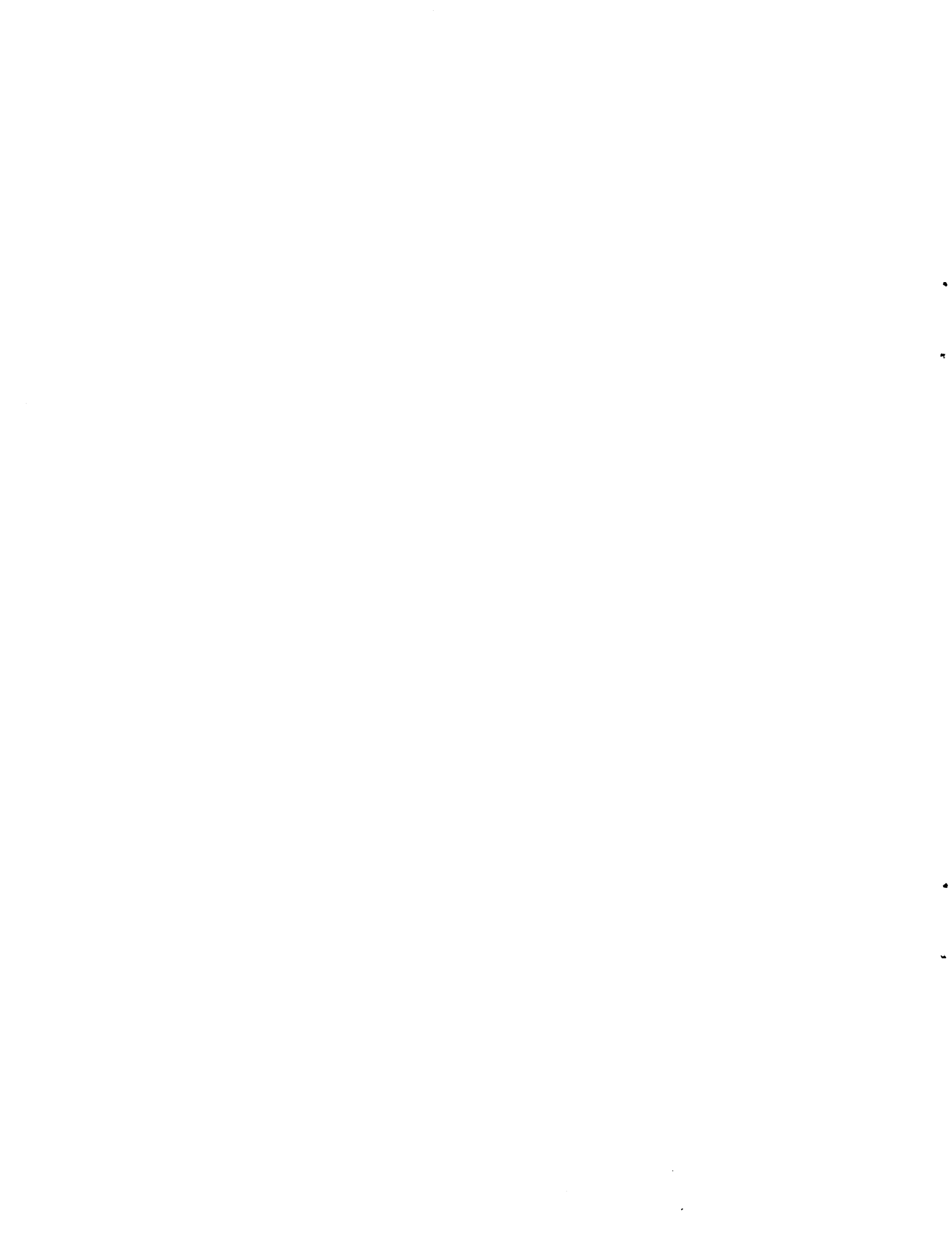
Washington, DC 20575



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**U.S. Advisory Commission on Intergovernmental Relations
Washington, DC 20575**



1994 ACIR HIGHLIGHTS

The U.S. Advisory Commission on Intergovernmental Relations (ACIR) met four times in 1994 to recommend improvements in federal-state-local relationships.

February 14. The Commission:

- Endorsed recommendations to implement a new national infrastructure investment strategy.
- Heard and discussed presentations by: (1) U.S. Department of Veterans Affairs on its role in national health care reform, (2) U.S. Department of Commerce on sustainable development, and (3) National Governors' Association and National League of Cities for the "Big Seven" national associations representing state and local governments on the role of ACIR.
- Approved publication of a report, entitled *State and Local Travel Taxes*.

April 14. The Commission:

- Adopted a new work program, and intergovernmental partnership initiative.
- Received a request by Leon Panetta, Director of the U.S. Office of Management and Budget that ACIR perform an "urgent and in-depth" study of unfunded mandates.
- Discussed evaluations of recent federal mandate cost estimates, mandate relief bills, and state and local principles for mandate relief.
- Approved publication of a report entitled *Planning to Govern*.

June 17. The Commission:

- Discussed with Commission member Carol M. Browner, Administrator of the U.S. Environmental Protection Agency, means of strengthening intergovernmental partnerships for effective and efficient environmental protection.
- Considered presentations by U.S. Senator Byron Dorgan and Kent Markus, Counsel to the Deputy Attorney General, on the development of a National Felon Registry.
- Authorized work on the mandate relief project and metropolitan fiscal disparities.
- Approved publication of two reports: *Federally Induced Costs Affecting State and Local Governments* and *Local Government Responsibilities in Health Care*.

September 26. The Commission:

- Heard a status report by Vice President Al Gore on implementing the National Performance Review (NPR) recommendations, and discussed the Vice President's request that ACIR prepare a study of performance measurement techniques designed to achieve more effective, results-oriented management of public programs.
- Considered presentations on three "trailblazers" in improving intergovernmental performance and service delivery by Utah Lt. Gov. Olene Walker, Oregon State Senator Joyce Cohen, and Acting Assistant Secretary of Education Henry M. Smith.

The Commission also used its quarterly magazine, *Intergovernmental Perspective*, to promote intergovernmental dialogues among an audience of nearly 18,000 readers. Commission members and staff spoke or testified at more than 55 meetings or hearings, and authored five articles in outside publications.

The Commission's other 1994 achievements are highlighted under the following five headings:

Strengthening the Federal System

Repairing the Nation's Social Fabric

Rebuilding the Nation's Infrastructure

Balancing Public Finances

Other Activities

Strengthening the Federal System

Federally Induced Costs. To improve the analysis of federal regulatory relief efforts, ACIR published *Federally Induced Costs Affecting State and Local Governments*, the fourth in a series of reports on regulatory federalism that started in 1984. The report identifies nine types of federal actions that increase state and local costs, tracks the growth and impact of these costs, identifies eight types of federal reimbursement, and examines six federal relief mechanisms for state and local governments.

Implementing Federal Mandate Relief Legislation. At the request of then OMB Director Leon Panetta, ACIR convened two Task Forces to study the implementation of federal mandate relief legislation. Task Force I addressed (1) definitions, (2) principles and processes in seeking mandate relief, and (3) guidelines for evaluating existing mandates and implementing relief legislation. Task Force II addressed the quantification of mandate costs and benefits and how cost analyses could be improved. The Task Forces advocate state, local, and tribal relief from unfunded mandates, and make recommendations for implementing mandate relief legislation to be considered by the 104th Congress. The Task Force reports were submitted to OMB on December 30, 1994, and the findings and recommendations were forwarded to the Commission for consideration at the January 1995 meeting.

Implementing Federal Rulemaking Reform. ACIR participated in two quarterly conferences on federal regulations affecting state, local, and tribal governments convened by OMB's Office of Information and Regulatory Affairs (OIRA) pursuant to Executive Order 12866 on "Regulatory Planning and Review." These conferences help the federal government to be more sensitive to state, local, and tribal needs when it issues regulations.

Repairing the Nation's Social Fabric

National Felon Registry. On December 6, 1994, Executive Director William E. Davis III testified before the Senate Committee on Governmental Affairs in hearings conducted to review the economy, efficiency, and effectiveness of the Interstate Identification Index, a national felon registry. ACIR published two articles on this Index in the Summer/Fall 1994 issue of *Intergovernmental Perspective*. A work plan on the Index was developed for implementation in 1995.

Local Government Roles in Health Care. In the report *Local Government Responsibilities in Health Care*, ACIR found that one of every eight local dollars (\$85 billion annually) is spent on health-related activities. These governments should be involved in the development of implementation plans for any national health care reform programs.

Child Care. The Commission adopted recommendations calling for better coordination of federal and state child care regulations, a concerted effort to reduce the regulatory burden on family day care providers, and incentives to encourage more community-based child care services.

Rebuilding the Nation's Infrastructure

Federal Infrastructure Strategy. The Commission endorsed the action agenda for infrastructure investment in *High Performance Public Works: A New Federal Infrastructure Investment Strategy for America*. ACIR task forces called for (1) Presidential and Congressional leadership; (2) cooperatively developed administrative guidance to help improve infrastructure investments; and (3) support for improving federal, state, and local infrastructure practices. ACIR also published a *Sourcebook of Documents* to support this new strategy. Some of ACIR's recommendations pioneered principles that were incorporated into Executive Orders 12893 and 12906 on infrastructure investment principles and enhancing federal, state, and local geographic data systems.

Capitol Hill Summit on Federal Capital Budgeting. At the request of two members of Congress, ACIR sponsored a Capitol Hill summit on the pros and cons of federal capital budgeting and the potential for legislative action. The summit was attended by more than 100 representatives of federal agencies, the Congress, state and local governments, and the private sector.

Metropolitan Planning Organization Capacity Study. ACIR conducted a field study of the capacity of Metropolitan Planning Organizations to improve their transportation planning as required by the *Intermodal Surface Transportation Efficiency Act* of 1991 (ISTEA). The final report will be issued in 1995.

Interstate Study Commission. ACIR facilitated the funding and staffing of the Interstate Study Commission, which was created by ISTEA to recommend new mechanisms for implementing and managing interstate transportation facilities in the National Capital Region (Washington, DC, metropolitan area).

Drought Planning. ACIR published *Planning to Govern*, which describes how planning processes that involve all the stakeholders from the beginning can improve governmental decisions and enhance results.

ACF-ACT River Basins Agreement. To help settle a dispute that involved Alabama, Florida, Georgia, and the federal government in a lawsuit, the Commission is facilitating a negotiation process to resolve water allocation issues in six river basins.

Interchange 1994 Summit. ACIR was a co-sponsor of the Interchange '94 Intergovernmental Summit, which promoted collaboration among federal, state, and local governments and information technology policymakers.

Balancing Public Finances

Public Opinion Poll. ACIR's 23rd annual poll on *Changing Public Attitudes on Governments and Taxes* asked two long-term trend questions. The federal income tax and the local property tax virtually tied for the worst, or least fair, tax. Most Americans said the federal government gives them the least for their money.

Significant Features of Fiscal Federalism. The Commission published its best selling annual *Significant Features of Fiscal Federalism*. This two-volume compendium provides information about federal and state budget processes and tax rates; federal, state, and local revenues and expenditures; and federal and state aid.

Mail Order Sales Tax. ACIR estimated that states and local governments potentially could have collected \$3.3 billion in revenue in 1994 from taxing interstate mail order sales. This is the fourth update since 1984.

State and Local Travel Taxes. In *State and Local Travel Taxes*, ACIR examines the growth of state and local revenues from travel and tourism taxes—from \$4.8 billion to nearly \$21 billion between 1975 and 1991. This is the fifth in a series of reports on revenue diversification.

Ohio Tax Study. A report, *Metropolitan Revenues*, was prepared for the Commission to Study the Ohio Economy and Tax Structure, examining how city-suburban disparities affect local revenues, and how state tax and revenue policies relate to those disparities.

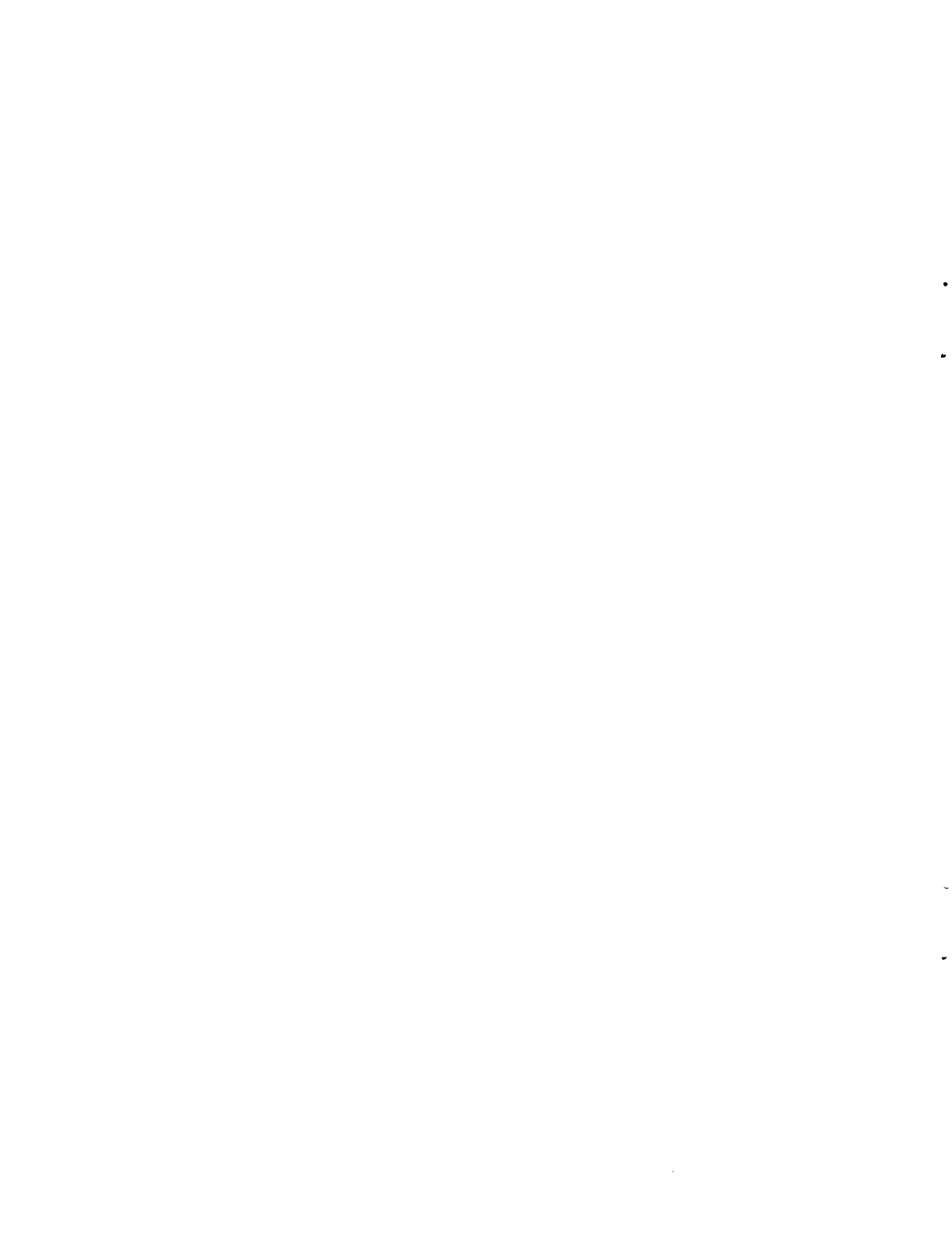
Other Activities

Characteristics of Federal Grants. Since 1975, ACIR has regularly tracked the characteristics of the federal grant system. This is the only convenient source of such information, and is used by the federal, state, and local governments. For FY 1993, ACIR found that the number of categorical grants increased by 36 and grant outlays rose 36 percent from 1991 to 1993. Medicaid accounted for 39 percent of all grant outlays in FY 1993. There are 15 block grants, which represent about 11 percent of total grant outlays.

Supporting State ACIRs. Continuing its strong support for state ACIRs, the Commission (1) testified before the Indiana Senate on a bill to give the state ACIR statutory status and broaden its membership, (2) updated its *Directory of Intergovernmental Contacts*, and (3) co-sponsored the annual conference of state ACIRs in Chicago.

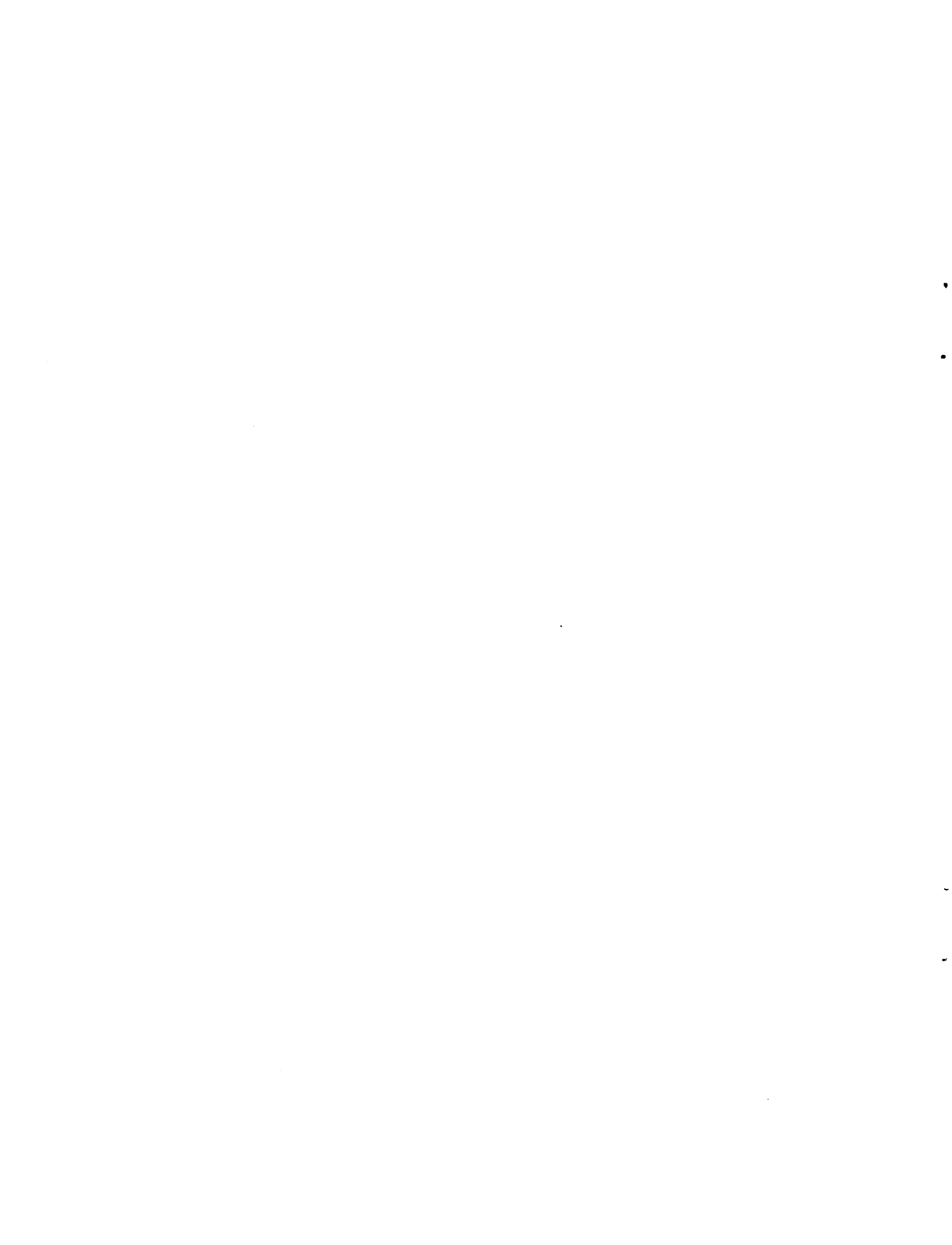
Promoting Democracy Abroad. ACIR continued to provide selective briefings for foreign visitors seeking to learn about American federalism. ACIR also hosted two unpaid Japanese interns for a period of one month each.

Executive Director. In April, the Commission named William E. Davis III as its new Executive Director, effective June 1, 1994.



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1994 ANNUAL REPORT

GENERAL INFORMATION

The U.S. Advisory Commission on Intergovernmental Relations (ACIR) plays a unique role in:

- Monitoring the federal system;
- Identifying problems and highlighting emerging issues; and
- Regularly convening federal, state, and local government officials to consider means of making the system work better.

ACIR has continued this role for more than three decades, working closely with federal, state, and local government officials to identify ways in which it can help the President and the Congress improve the effectiveness of the federal system, develop solutions to intergovernmental problems, and bring about a better balance between the states and the federal government.

ACIR continues also to highlight the growing importance of state-local relations and works cooperatively with its 23 state-ACIR counterparts. More states are considering the establishment of such intergovernmental bodies.

This annual report describes how the Commission is constituted and conducts its research, how it advises on policy matters, and how it disseminated information during 1994.

Budget

For FY 1995, ACIR's appropriation is \$1 million, the same as in FY 1994.

ACIR continued to rely on outside revenue sources during calendar year 1994. These included state contributions, research contracts with federal agencies, publication sales, and honoraria.

ACIR: Purpose and Composition

Purpose. ACIR is a permanent, independent, bipartisan Commission, established by P.L. 86-380, September 24, 1959, amended P.L. 89-733, November 2, 1966. The statutory purposes of the Commission 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 grants 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 review of proposed legislation to determine its overall effects on the federal system;
- 5) Encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental attention;
- 6) Recommend, within the framework of the Constitution, the most desirable allocation of government functions, responsibilities and revenues among the several levels of government;
- 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 on compliance for taxpayers.

Composition. The Commission is composed of 26 members:

- 1) *Three private citizens*, appointed by the President without regard to political affiliation;
- 2) *Three members of the Federal Executive Branch*, appointed by the President without regard to political affiliation;
- 3) *Three members of the United States Senate*, appointed by the presiding officer of the Senate on a bipartisan basis;
- 4) *Three members of the House of Representatives*, appointed by the Speaker of the House on a bipartisan basis;
- 5) *Four Governors of states*, appointed by the President on a bipartisan basis from nominations by the National Governors' Association;
- 6) *Three state legislators*, appointed by the President on a bipartisan basis from nominations by the National Conference of State Legislatures and the Council of State Governments;

- 7) *Four city mayors*, appointed by the President on a bipartisan basis from nominations by the National League of Cities and the U.S. Conference of Mayors; and
- 8) *Three elected county officials*, appointed by the President on a bipartisan basis from nominations by the National Association of Counties.

The members of the Commission serve two-year terms and may be reappointed. The Chairman and the Vice Chairman of the Commission are designated by the President from among the membership. The Commission usually meets quarterly, but may meet more or less frequently as necessary. See Appendix A for a list of members, and Appendix B for a list of the Commission's 1994 meetings.

ACIR: Operating Procedures

Because of its broad representation, the Commission is able to develop consistent, long-term analyses and recommendations that reflect the diversity of the federal system as well as points of similarity and consensus. The principal work of the Commission flows through three stages:

- 1) Research undertaken at the direction of the Commission;
- 2) Policy recommendations made by the Commission; and
- 3) Communication of these policy recommendations to the relevant federal, state, and local officials, as well as to the public.

The Commission determines its own agenda, basing its choices on:

- The members' wide-ranging experiences, observations, and contacts within the federal system;
- Suggestions from public officials, citizen groups, and others; and
- Staff evaluations of current and latent issues in intergovernmental relations.
- Occasionally, the Congress, the President, federal agencies, and state and local governments request that ACIR prepare specific studies.

In 1994, the Clinton Administration made two requests:

- (1) April 14—then OMB Director Leon Panetta requested a study of unfunded federal mandates.

- (2) September 26–Vice President Al Gore requested a study of intergovernmental performance measurement techniques for more effective, results-oriented management of public programs.

Once a topic is selected for research, the staff and consultants, if any, gather information by a variety of methods. These include literature reviews; consultations with relevant public officials and other experts; holding hearings, if necessary; and carrying out field studies. The purpose of this research is to provide a solid foundation for Commission policy recommendations.

The staff conducts a "thinkers' session" at the beginning of each research project to help define the scope and approach, and to identify other relevant research on the topic. Near the completion of a project, a "critics' session" is convened to critique the draft report and policy recommendations 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; subject specialists; and representatives of civic, labor, research, and business organizations.

In 1994, the Commission held two thinker's sessions and two critics' sessions.

Background information and findings are presented to the Commission, along with an appropriate range of policy alternatives. The Commission debates reports in public sessions and votes on policy recommendations. Subsequently, the reports and recommendations are published and disseminated.

The Commission also issues many information reports that do not contain policy recommendations, an annual public opinion survey, and occasional staff reports that do not require Commission approval.

In addition to preparing and publishing reports, the Commission holds public hearings, organizes conferences on key intergovernmental issues, provides speakers for public and academic meetings, and supplies direct assistance and information to individual agencies, public officials, and citizens.

Staff and Commission members spoke at 55 meetings and had articles appearing in 5 journals in 1994.

THE ACIR WORK PROGRAM

ACIR continues to generate timely policy and information reports and recommendations that address the major intergovernmental challenges facing our nation.

During calendar year 1994, the Commission met four times to pursue federal-state-local dialogues and make recommendations on:

Strengthening the Federal System

Repairing the Nation's Social Fabric

Rebuilding the Nation's Infrastructure

Balancing Public Finances

Other Activities

The Commission also published 1 policy report, 7 information reports, 3 staff reports, 1 public opinion survey, and 3 issues of its magazine, *Intergovernmental Perspective*. A chronological list of 1994 publications may be found in Appendix D. As the year ended, several studies remained under way. A summary of the 1994 program results follows.

Strengthening the Federal System

ACIR's efforts this year to strengthen the federal system concentrated on regulatory reform. ACIR work that goes back 20 years caught fire in 1993 on the agendas of the state and local government associations, the Congress, and the Administration, and continued to burn brightly this year. ACIR's contribution in 1994 was:

Federally Induced Costs. To improve the analysis of federal regulatory relief efforts, ACIR offered the new concept of federally induced costs. The fourth in a series of reports on regulatory federalism that started in 1984, *Federally Induced Costs Affecting State and Local Governments* assesses proposed federal mandate relief legislation in light of the need to:

- Define intergovernmental responsibilities,
- Inform the process,
- Discipline the system, and
- Fund federally induced costs.

Key findings in the report:

- Identify nine types of federal actions that increase state and local costs;
- Track the growth of these costs and their displacement of state and local priorities;
- Identify eight types of federal reimbursement that have been used; and
- Examine six mechanisms for providing relief to state and local governments.

Implementing Federal Mandate Relief Legislation. At the request of then OMB director Leon Panetta, ACIR convened two Task Forces to study the implementation of federal mandate relief legislation. *Task Force I* addressed:

- (1) The definitions of mandates;
- (2) The principles and processes involved in seeking relief for state, local and tribal governments; and
- (3) Guidelines for evaluating existing mandates and implementing mandate relief legislation.

Task Force II addressed the quantification of mandate costs and benefits and how cost analyses could be improved.

The Task Forces advocate state, local, and tribal relief from the burdens of unfunded mandates, and make recommendations for the implementation of mandate relief legislation to be considered by the 104th Congress. The Task Force reports were submitted to OMB on December 30, 1994, and the findings and recommendations were forwarded to the Commission for consideration at the January 1995 meeting.

Implementing Federal Rulemaking Reforms. ACIR participated in the second and third quarterly conferences on regulations affecting state, local, and tribal governments convened by OMB's Office of Information and Regulatory Affairs (OIRA), pursuant to Executive Order 12866 on "Regulatory Planning and Review." ACIR also participated in the first conference in 1993. The second 1994 conference reviewed the *Federal Advisory Committee Act*, and the third conference covered a variety of specific regulatory topics, such as child care and the *Fair Labor Standards Act*. The advice given in these conferences helps OIRA to coordinate and oversee the issuance of regulations by federal agencies.

Repairing the Nation's Social Fabric

ACIR has been studying and recommending methods of repairing the nation's social fabric since the early 1960s. This year, ACIR's contributions to this important effort were in the areas of criminal justice, health care reform, and child care.

National Felon Registry. On December 6, 1994, Executive Director William E. Davis III testified before the Senate Committee on Governmental Affairs in hearings conducted to review the economy, efficiency, and effectiveness of the Interstate Identification Index, a national felon registry.

ACIR also published two articles in the Fall 1994 issue of *Intergovernmental Perspective* that focused on the need for a national felon registry. Approximately two-thirds of violent crimes in the United States are committed by about 7 percent of repeat offenders. The current criminal history records system contains little information about case dispositions, and only 27 states are participating. Unless the current system for tracking felons is improved, the success of the *Brady Law* and many other efforts to reduce crime will be in jeopardy. Both articles advocate universal availability of accurate and complete records for all felons. Many criminal justice units in state and local governments need to take urgent action in unison to achieve this result. ACIR developed a work plan on the Index for implementation in 1995.

Local Government Roles in Health Care. ACIR focused attention on the local government perspective in the national debate on health care reform by publishing *Local Government Health Care Responsibilities*. One of every eight dollars spent by local governments is for health-related activities, an estimated \$85 billion annually. To avoid serious consequences for people who rely on local governments for health care, local governments should be involved early in planning health care reforms.

Child Care. ACIR recommended increased effectiveness of child care in the policy report *Child Care: The Need for Federal-State-Local Cooperation*. The report found that many regulations and demands placed on providers and users of child care by different governments create inconsistencies and conflicts. The Commission recommends:

- Better coordination of the requirements of federal and state programs;
- A concerted effort to reduce the regulatory burden on family day care providers; and
- Incentives to encourage the provision of more community-based child care services.

Rebuilding the Nation's Infrastructure

ACIR's long-standing commitment to improving the nation's infrastructure continued in 1994 with several activities.

Federal Infrastructure Strategy. The Commission endorsed the action agenda for infrastructure investment in *High Performance Works: A New Federal Infrastructure Investment Strategy for America*. That report, developed by six ACIR task forces, calls for:

- Presidential and congressional leadership;
- Cooperatively developed administrative guidance to help improve the effectiveness and efficiency of infrastructure investments; and
- Support for improving the practices of federal, state, and local infrastructure agencies.

ACIR recommendations in the 1993 *High Performance Public Works* report pioneered principles that were incorporated into Executive Order 12893 on "Principles for Federal Infrastructure Investment," and Executive Order 12906 on "Coordinating Geographic Data Acquisition and Access: The National Spatial Data Infrastructure." Some of these principles and recommendations were:

- Infrastructure investment analysis should utilize performance measurement, benefit-cost analysis, cost-effectiveness analysis, and analysis of alternative means of program delivery.
- The Federal Geographic Data Committee should place priority on completing environmental databases to support accelerated environmental integration and analysis.

To assist the implementation of the federal investment strategy for infrastructure, in 1994, ACIR published a *Sourcebook of Documents to Accompany High Performance Public Works*. The material is organized under six issues: improving the quality of infrastructure investments; applying benefit-cost analysis more consistently to investment options; improving infrastructure maintenance; making federal regulation of infrastructure more effective, efficient, and equitable; improving environmental decisionmaking for public works; and improving the financing of infrastructure.

Capitol Hill Summit on Federal Capital Budgeting. To serve Congressional interests in capital budgeting and infrastructure investment issues, ACIR sponsored a Capitol Hill summit. The summit was attended by more than 100 representatives of federal executive branch agencies, the Congress, state and local governments, and the private sector. The summit covered the pros

and cons of federal capital budgeting and the potential for legislative action on the issue.

Metropolitan Planning Organization Capacity Study. ACIR conducted a field study of the capacity of Metropolitan Planning Organizations (MPOs) to improve their transportation planning as required by the *Intermodal Surface Transportation Efficiency Act of 1991* (ISTEA). ISTEA decentralizes a great deal of decisionmaking to the MPOs, links state and metropolitan planning more closely together, gives greater weight to environmental concerns, coordinates the planning for many previously separate modes of transportation, and requires much greater stakeholder involvement in the planning process. These new tasks are stretching the capabilities of the MPOs. The final report on this research will be issued in 1995.

Interstate Study Commission. ACIR facilitated the funding and staffing of the Interstate Study Commission (ISC) created by ISTEA to recommend new mechanisms for implementing and managing interstate transportation facilities in the National Capital Region (Washington, DC metropolitan area). The ISC members included three members of Congress, representatives of the state and local governments of the region, and the private sector. The ISC report recommends a new interstate mechanism to replace and manage the three-state Woodrow Wilson Bridge crossing of the Potomac River. The report was submitted to the Congress, the Secretary of Transportation, the Governors of Maryland and Virginia, the Mayor of the District of Columbia, and the Chairperson of the National Capital Transportation Planning Board.

Drought Planning. ACIR's information report on drought planning, *Planning to Govern*, helps bring the planning and governing processes together to pave the way for improving the quality and results of governmental decisionmaking. The report synthesizes the complex subject of planning within the democratic process, examining:

- The types of groups that need to be involved;
- The necessary steps for participation by those groups;
- The interagency and intergovernmental coordination process;
- Barriers to be overcome; and
- Political elements that should be incorporated into the plans. Elected officials, planners, and other stakeholders must become allies—through this process—if a plan is to result in action that benefits the public.

ACF-ACT River Basins Agreement. To help settle a serious interstate dispute that had involved Alabama, Florida, Georgia, and the federal government in a lawsuit, the Commission

is facilitating a negotiation process to resolve water allocation issues in six southeastern river basins. Four stakeholder workshops were held to sample and document the opinions of stakeholders regarding existing arrangements and possible future coordinating mechanisms for the ACF-ACT River Basins. Additional meetings will be held in 1995 to develop agreements designed to avoid a return to the courts.

Interchange 1994 Summit. ACIR was a co-sponsor of the Interchange '94 Intergovernmental Summit. The summit promoted critical collaboration among federal, state, and local government and information technology policymakers. Such collaboration is central to providing enhanced services to citizens, improving government effectiveness, and furthering the goals of Vice President Al Gore's National Performance Review. The summit featured the following nine successful intergovernmental computer applications:

- 1) Merced County, California's Automated Global Information Control, which integrates AFDC, Foodstamps, Medicaid, Foster Care, and Refugee Assistance to allow one caseworker to serve an entire family;
- 2) The IRS Integrated Customer Service Desk, which provides one-stop administrative support to IRS staff;
- 3) The U.S. Global Positioning System Industry Council's Intergovernmental Emergency Management System, which is helping governments use portable, mobile, wireless technologies, and geographic information systems (GIS) to manage emergency assets effectively;
- 4) The Adirondack Park Agency's rapid document and map retrieval system for tying together information on zoning, wetlands, special district boundaries, and permits;
- 5) The Florida Department of Labor and Employment Security's Electronic Data Interchange system, which processes workers compensation claims in record time;
- 6) The National Capital Area Public Access Network, which provides a free, interactive public information service via modem for the metropolitan Washington area;
- 7) The U.S. Dept. of Agriculture and the Kansas Dept. of Revenue Geographic Information System, which uses advanced technology to develop a uniform system of real property identification and classification for local, state, and federal governments, as recommended by ACIR and the Federal Geographic Data Committee;

- 8) A federal information kiosk—being developed by the U.S. Postal Service, the Department of Veterans Affairs, and the Social Security Administration using interactive, multifunction, multimedia technologies—to increase citizen access to vital information; and
- 9) The GSA Clearinghouse on Computer Accommodation, which has served as a model demonstration center since 1984 for advancing accessible information environments, services, and management practices.

Balancing Public Finances

ACIR has played a significant role in recommending ways to promote intergovernmental fiscal fairness over the past 35 years. As the economic and political restrictions on budgets at all levels of government mount, it becomes more important to search for new methods for balancing public finances. In 1994, the Commission made the following five contributions:

Significant Features of Fiscal Federalism. The Commission published its annual two-volume *Significant Features of Fiscal Federalism*. This compendium of public finance data is ACIR's best seller. It provides information about federal and state budget processes and tax rates; current and historical data on federal, state, and local revenues and expenditures; state rankings for state-local revenues and expenditures; federal and state aid; and fiscal profiles of the states.

Mail Order Sales Tax. Since 1984, ACIR has been estimating the potential sales tax revenues for state and local governments from taxation of interstate mail order sales. In its fourth update for 1994, ACIR estimated \$3.30 billion in potential state-local revenue from this source. Although most states have had use taxes as long as they have had sales taxes, the tax is difficult to collect unless the out-of-state seller has some physical presence in the state that permits the state to require collection. ACIR estimates that nine states would receive more than \$100 million each in additional revenue if their collection of these taxes were facilitated by a change in federal law.

State and Local Travel Taxes. The fifth in a series of reports on revenue diversification, *State and Local Travel Taxes* examines the growth of state and local revenues from travel and tourism taxes. ACIR found that between 1975 and 1991, travel-generated state and local tax revenues increased from \$4.8 billion to nearly \$21 billion. Although taxes on travelers are still a modest source of state-local tax revenue (about 4 percent of total revenues), more and more jurisdictions are levying new travel taxes or raising rates. Taking such a step towards revenue diversification can aid local governments by decreasing their dependence on property taxes.

Public Opinion Poll. ACIR's 23rd annual poll, *Changing Public Attitudes on Governments and Taxes*, asked two long-term trend questions. For 1994:

- The federal income tax and the local property tax are in a virtual tie for the worst (or least fair) tax.
- By a large margin, Americans said the federal government gives them the least for their money.

Ohio Tax Study. ACIR prepared a report, *Metropolitan Revenues*, for the Commission to Study the Ohio Economy and Tax Structure. The report examines how city-suburban disparities affect local revenues, and how state tax and revenue policies relate to those disparities. ACIR found that revenue structures in Ohio urban areas have been working reasonably well overall in recent years. However, the weaknesses of central-city school district tax bases, coupled with their heavy dependence on tangible personal property taxes and state aid, make them particularly vulnerable to changes in state tax or aid policies.

Other Activities

Characteristics of Federal Grants. Since 1975, ACIR has regularly tracked the changing characteristics of the federal grant system. This is the only conveniently published source of such information. This report is used by the federal, state, and local governments in developing grant reform proposals.

The seventh edition reports on FY 1993 grant information. The Commission found that the total number of categorical grants to state and local government increased from 557 to 593 between 1991 and 1993. Grant outlays rose 36 percent to \$206.4 billion in 1993 from \$152 billion in 1991. Medicaid, the largest formula program, accounted for about 39 percent of all grant outlays in FY 1993. Block grants, which currently represent about 11 percent of total grant outlays, have increased from 1 to 15 since the first block grant was enacted in 1965. The largest numbers of new categorical grants were in health; education, training, employment and social services; and natural resources and environment.

Supporting State ACIRs. ACIR continued its strong support for state ACIRs by:

- Testifying before the Indiana State Senate on a bill to give statutory status to the state ACIR and broaden membership.
- Updating its *Directory of Intergovernmental Contacts*. The directory provides information about the structures and programs of the state ACIRs,

intergovernmental contacts in the federal executive and legislative branches, and contacts for many national associations representing state and local governments.

- Co-sponsoring the annual conference of state ACIRs in Chicago. Hosted by the Illinois Commission on Intergovernmental Cooperation, the conference agenda focused on federal and state mandates, state action strengthening local government, regional cooperation, and new state initiatives in revenue diversification.

Promoting Democracy Abroad. ACIR continued to provide selective briefings for foreign visitors seeking to learn about American federalism. Briefings were held for visitors from Argentina, Australia, Bangladesh, Brazil, China, Colombia, Cyprus, Emirate of Abu Dhabi, Germany, Holland, Japan, Krygyzstan, Poland, and Russia. ACIR also hosted two unpaid Japanese interns for a period of one month each.

OUTSIDE INCOME

In addition to its Congressional appropriation, ACIR is making every effort to increase its revenue from state contributions, publication sales, and contract research.

State Contributions

During FY 1994, ACIR received \$219,177 from 24 states.

ACIR has requested contributions from the states since the early 1970s and is permitted to keep the revenue in a special account. Annual requests are based on state population and range from \$5,000 to \$13,000.

A monitoring system tracks the inclusion of ACIR's contribution requests in state executive budgets and legislative appropriation bills, identifies key state contacts during the state budget and appropriation processes, and coordinates the issuance of ACIR invoices with state payment cycles.

Publication Sales

ACIR continues to generate income from publication sales. In FY 1994, income was \$61,756. Several methods are used to promote sales of ACIR publications:

- Catalogues, issued twice a year, list all available ACIR publications and disks. These catalogues are used both for displays at meetings and for general mailings.
- Brochures on individual products are mailed to those with an active interest in the product.
- Special mailings are sent periodically to selected groups of individuals who may be a potential market for some of the publications.
- Constituent mailings announce publications to groups with continuing interest in the work of ACIR. These groups include: media outlets and periodicals of special organizations, state ACIRs, state municipal leagues and associations of counties, state legislative reference libraries, and contributors.
- ACIR's quarterly magazine, *Intergovernmental Perspective*, is sent free to

approximately 18,000 individuals to promote ACIR publications, both in advertisements and feature articles.

- ACIR displays its products at meetings and conferences. Often, this takes the form of full displays of targeted publications.
- Press releases announce ACIR recommendations and the publication of selected reports. Press briefings are held for selected policy reports.
- Complimentary copies of ACIR publications are sent to periodicals for review.
- ACIR offers a subscription package, currently at \$100 per year, that includes all publications.
- The Commission is active with a variety of groups across the country through speaking engagements that promote ACIR and its publications. Occasionally, these bring in honoraria to supplement the ACIR budget (see Appendix E).

Contract Research

Contract Research is discussed throughout this report and, therefore, will be summarized briefly.

- \$16,000 from the U.S. Army Corps of Engineers to publish a *Sourcebook of Documents* to support agency implementation of the federal infrastructure strategy.
- \$45,000 for the U.S. Army Corps of Engineers for development of coordinating mechanisms for the Alabama-Coosa-Tallapoosa and Apalachicola-Chattahoochee-Flint River Basins.
- \$200,000 from the Department of Housing and Urban Development for a report on federal mandates.
- \$30,000 from the U.S. Army Corps of Engineers for support of a Capitol Hill Summit on financing public works infrastructure investments.
- \$150,000 from the Federal Highway Administration for a 12-month study of the capacity of federally required Metropolitan Planning Organizations (MPOs) to perform the functions required by the *Intermodal Surface Transportation Efficiency Act* of 1991 (ISTEA).
- \$31,500 from the Federal Highway Administration for support of the Interstate Study Commission

- \$25,000 from the State of Ohio to prepare a report for the Commission to Study the Ohio Economy and Tax Structure
- \$20,000 from the Truman Foundation for administrative services.
- \$3,000 from Eisenhower Exchange Fellowship, Inc. for administrative services.

Appendix A

ACIR MEMBERS, DECEMBER 31, 1994

Private Citizens

Mary Ellen Joyce, Arlington, Virginia
Richard Nathan, Albany, New York
William F. Winter, Chairman, Jackson, Mississippi

Members of the United States Senate

Byron L. Dorgan, North Dakota
Bob Graham, Florida
David Durenberger, Minnesota

Members of the United State House of Representatives

James P. Moran, Virginia
Donald M. Payne, New Jersey
Steven H. Schiff, New Mexico

Officers of the Executive Branch, Federal Government

Carol Browner, EPA Administrator
Marcia L. Hale, Assistant to the President
and Director of Intergovernmental Affairs
Richard Riley, Secretary of Education

Governors

Arne H. Carlson, Minnesota
Howard Dean, Vermont
Michael Leavitt, Utah
Bob Miller, Nevada

Mayors

Victor H. Ashe, Knoxville, Tennessee
Robert M. Isaac, Colorado Springs, Colorado
Edward G. Rendell, Philadelphia, Pennsylvania
Bruce M. Todd, Austin, Texas

State Legislators

Paul Bud Burke, Pres., Kansas State Senate
Art Hamilton, Arizona House of Representatives
Samuel B. Nunez, Jr., Louisiana State Senate

Elected County Officials

Gloria Molina, Los Angeles County Board of Supervisors
John H. Stroger, Jr., Cook County, Illinois
Vacancy

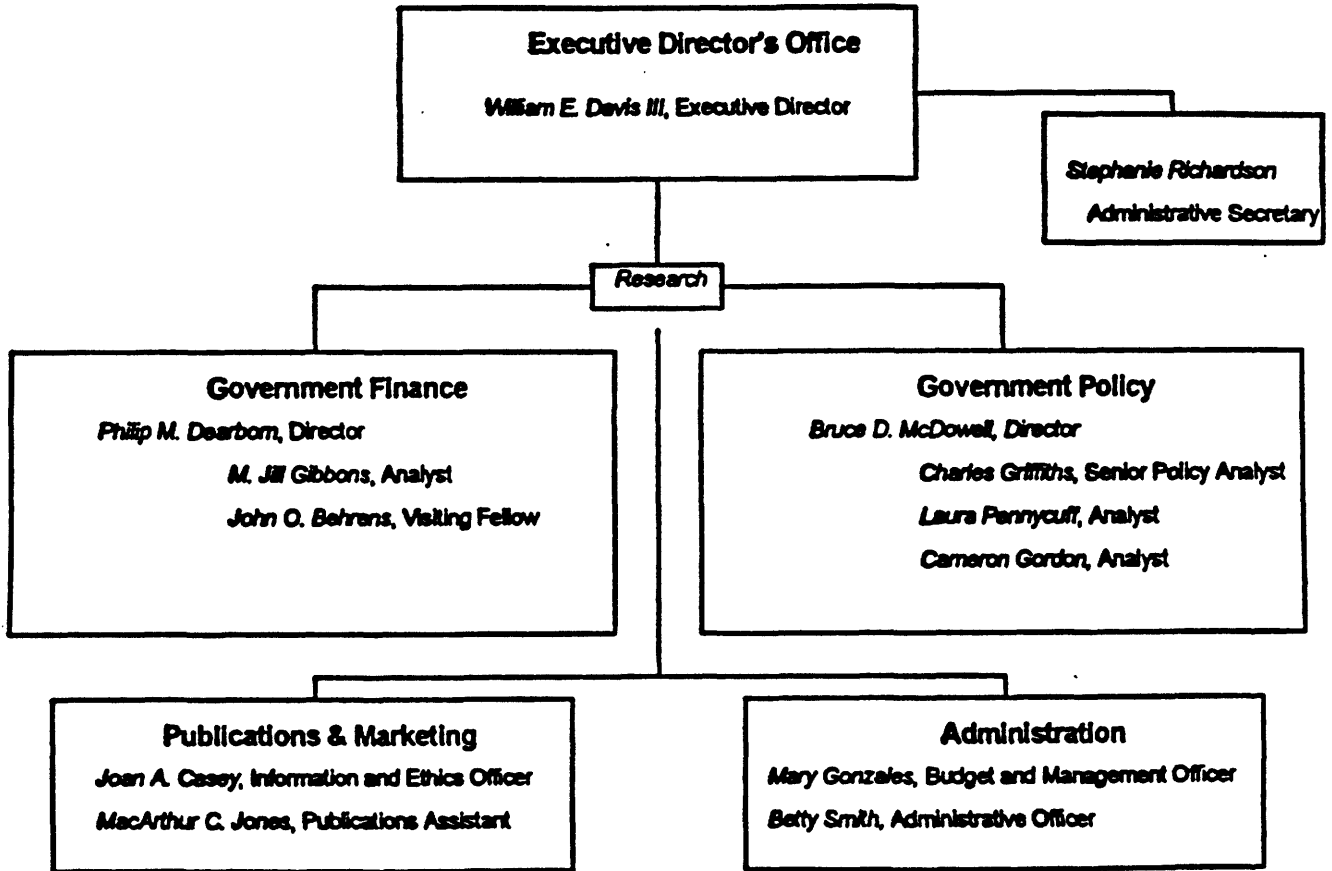
Appendix B
COMMISSION MEETINGS: 1994

Date:	Place:
February 14	Washington, DC
April 14	Washington, DC
June 17	Washington, DC
September 26	Washington, DC

Appendix C

ACIR STAFF ORGANIZATION CHART

12/30/94



Appendix E
**TESTIMONY, SPEAKING ENGAGEMENTS, AND EXTERNAL
PUBLICATIONS**

TESTIMONY

January 28, 1994, Charles Griffiths testified on a bill to legislatively establish a state ACIR before an Indiana Senate committee.

March 9, 1994, Chairman William Winter testified on ACIR's FY 1995 appropriation before the House Appropriations Subcommittee on Treasury, Postal Service, and General Government.

April 28, 1994, John Kincaid testified on unfunded mandates before the Senate Committee on Governmental Affairs.

November 18, 1994, Philip Dearborn testified on ACIR before the Arkansas Joint Legislative Council.

December 6, 1994, William Davis testified on the Interstate Identification Index before the Senate Committee on Governmental Affairs.

SPEAKING ENGAGEMENTS

John O. Behrens, "The Information Reporting Program Advisory Committee Meeting," Internal Revenue Service, Washington, DC, May 17 and 18, 1994.

Seth B. Benjamin, "ACIR and the Intergovernmental Agenda - 1994," Lecture to Graduate Seminar at Bowie State University, Bowie, MD, April 20, 1994.

William E. Davis III, Workshop on Local Autonomy for Korean City Council Members, October 18, 1994.

_____, State League Directors Steering Committee Meeting, National League of Cities, Savannah, GA, October, 29, 1994.

_____, National Civic League, Philadelphia, PA, November 10-13, 1994.

- _____, State ACIR Conference, Chicago, IL, November 17-19, 1994.
- _____, "The Future of Federalism and the New ACIR Agenda," National Association of County Intergovernmental Relations Officials, Washington, DC, November 28, 1994.
- _____, "The Emerging Reform of the Intergovernmental System," Intergovernmental Affairs Luncheon Address, Council of State Governments, Pinehurst, NC, December 3, 1994.
- Philip M. Dearborn, USIA Worldnet to South Africa on "Fiscal Federalism," January 19, 1994.
- _____, "Bankruptcies, Defaults, and Other Local Government Financial Emergencies," Greater Washington Board of Trade Executive Committee, Washington, DC, March 21, 1994.
- _____, "The Washington Outlook for State and Local Governments," National Federation of Municipal Analysts, Amelia Island, FL, April 6, 1994.
- _____, "Financing State Governments in the 1990's, Where Do We Go From Here?" National Conference of State Legislatures Spring Meeting, Washington, DC, May 7, 1994.
- _____, "The Shifting of Intergovernmental Relations," Advanced Government Finance Institute, Madison, WI, July 18, 1994.
- _____, "Tourist Taxes," National Conference of State Legislatures, New Orleans, LA, July 27, 1994.
- _____, "Federal User Fees; Siphoning from the States," National Conference of State Legislatures, New Orleans, LA, July 27, 1994.
- _____, "Ohio Metropolitan Area Revenues," Commission to Study the Ohio Economy and Tax Structure, Columbus, OH, September 9, 1994.
- _____, "Evaluating the Work of Municipal Bond Rating Agencies," Association for Budgeting and Financial Management, October 14, 1994.
- _____, "The Intergovernmental Fiscal Outlook," National Tax Association, November 14, 1994.
- _____, "How Much Property Tax Reform is Desirable?" CPEC, Hartford, CT, December 6, 1994.

John Kincaid, "The New Coercive Federalism," Workshop on American Federalism, Johann Wolfgang Goethe University, Frankfurt, Germany, January, 7, 1994.

_____, "Trends in American Intergovernmental Relations," Staatskanzlei Rheinland-Pfalz, Mainz, Germany, January 10, 1994.

_____, "Intergovernmental Dimensions of Urban Economic Development," Free University of Berlin, Germany, January 11, 1994.

_____, "Trends in American State and Local Government," Dresden University, Dresden, Germany, January 13, 1994.

_____, "Reinventing Intergovernmental Relations," Annual Conference of Students in Public Administration, George Mason University, Arlington, VA, February 26, 1994.

_____, Panelist, "Regulatory Planning and Review," Conference of the Office of Information and Regulatory Affairs, The White House, March 23, 1994.

_____, "Federal Mandates and Finances," Annual Meeting of the Southwestern Political Science Association, San Antonio, TX, March 31, 1994.

_____, "The New Federalism: For Better or For Worse?" Center for State and Local Government, Robert M. LaFollette Institute, University of Wisconsin, Madison, WI, April 30, 1994.

Bruce D. McDowell, "High Performance Public Works," Annual Meeting of the Transportation Research Board, Washington, DC, January 10, 1994.

_____, "The Mounting Mandate Menace," Annual Meeting of the Federal Executive Institute Alumni Association, Reston, VA, February 4, 1994.

_____, "Unfunded Federal Mandates," Annual Legislative Conference of the National Association of Counties, Intergovernmental Relations Steering Committee, Washington, DC, March 5, 1994.

_____, Moderator of Panel Two, "Means for Tailoring Capital Budgeting to the Federal Government," Capitol Hill Summit on Federal Capital Budgeting, Washington, DC, March, 11, 1994.

_____, "Federal Preemption of Tax Policy," National Conference of State Legislatures, Spring Meeting, Washington, DC, May 17, 1994.

- _____, "Federal Impediments and Opportunities for Collaborative Financing of Water and Wastewater Projects," COSCDA Annual Infrastructure Workshop, Washington, DC, May 20, 1994.
- _____, "Planning to Govern," TRB Intermodal Task Force, Washington, DC, June 7, 1994.
- _____, "High Performance Public Works," Building Futures Council, Washington, DC, June 9, 1994.
- _____, "Public Infrastructure, Capital Investment, and Economic Development," NIRA-NAPA Conference on Centralization and Decentralization in Japan and the United States: Reinventing Intergovernmental Relations in an Era of Increased Internationalization, August 14 and 15, 1994.
- _____, "NPR Goals for Infrastructure: The Prospects for Implementation," Federal Facilities Council, September 22, 1994.
- _____, "Public Works and the Environment," American Public Works Association, Chicago, IL, September 25, 1994.
- _____, "Federal Infrastructure Strategies," American Public Works Association, Chicago, IL, September 25, 1994.
- _____, "The Future of Regionalism," CFED Symposium on Regional Governance, October 19, 1994.
- _____, Transit Research Panel, Transportation Research Board, November 2, 1994.
- _____, Federal Systems Panel, National Academy of Public Administration, November 3, 1994.
- _____, "Demographic, Economic, and Other Factors in Transportation Performance: A Critique of Data Proposed to the Federal Highway Administration," Tucson, AZ, November 28-29, 1994.
- _____, "Implementing the Federal Facilities Compliance Act," U.S. Department of Energy Conference, December 6-7, 1994.
- John H. Stroger, Jr., "Presentation on behalf of ACIR to the Annual Conference of State ACIRs," Chicago, IL, November 17, 1994.
- William F. Winter, "Presentation on behalf of ACIR to Lt. Governor's Office and Sangamon State University," Springfield, IL, March 21, 1994.

- _____, "Presentation on behalf of ACIR to LaFollette Institute of Government, University of Wisconsin," Madison, WI, April 29, 1994.
- _____, "Presentation on behalf of ACIR to the School of Government Legislative Group, University of Montevallo," Montgomery AL, September 30, 1994.
- _____, "Presentation on behalf of ACIR to the Carl Vinson Institute of Government, University of Georgia," Athens, GA, April 26, 1994.
- _____, "Presentation on behalf of ACIR to North Carolina Governor Hunt, Cabinet Members, and State Legislators," Charlotte, NC, May 18, 1994.
- _____, "Presentation on behalf of ACIR to the European Community Meeting," Florence, Italy, June 22-23, 1994.
- _____, "Presentation on behalf of ACIR to the Newly Elected Members of the Texas Legislature," Austin, TX, December 2, 1994.

EXTERNAL PUBLICATIONS

- John O. Behrens, Book Review of *Urban Finance Under Siege*, Thomas Swartz, and Frank Bonello, eds., M.E. Sharpe, Inc., 1993, Armonk, New York, 208 pp. in *URISA Journal*, Vol. 6, No. 1, Spring 1994, pp. 97-99.
- John Kincaid, "Regulatory Regionalism in Metropolitan Areas: Voter Persistence," *Pace Law Review* 13 (Fall 1993): 449-480.
- _____, "Government Financing of Higher Education in the 1990s: Austerity, Affordability, and Accountability," *Metropolitan Universities* 4 (Winter 1993): 33-47.
- _____, "Peoples, Persons, and Places in Flux: International Integration versus National Fragmentation," *Integration and Fragmentation: The Paradox of the Late Twentieth Century*, eds., Guy LaForest and Douglas Brown. Kingston, Ontario: Institute of Intergovernmental Relations, Queens University, 1994, pp. 53-84.
- Bruce D. McDowell, "Planning Perspectives," *Metropolitan America in Transition: Implications for Land Use and Transportation Planning*, Volume 10, Federal Highway Administration Policy Discussion Series, Searching for Solutions, June 1994, pp. 21-22.

Appendix F
SALARIES AND EXPENSES

(in thousands, from appropriated funds and offsetting collections)

	FY 1994 Actual
Personnel Compensation	551
Civilian Personnel Benefits	153
Rental Payments to GSA	207
Other Services	7
Supplies and Materials	58
Printing and Reproduction	44
Sub-Total, Direct Obligations	1,020
Sub-Total, Reimbursable Obligations	335
Total Obligations	1,355

Appendix G
FINANCIAL SUPPORT

ACIR's FY 1995 Budget

ACIR's appropriation for FY 1995 is \$1 million. This is the same as in FY 1994.

Product Sales and State Contributions

ACIR has made a major effort to increase revenues from product sales and state contributions. State contributions are up slightly from FY 1993. Increases in revenue from this source will continue to be sought by the Commission, although soliciting state contributions is a difficult and time-consuming process.

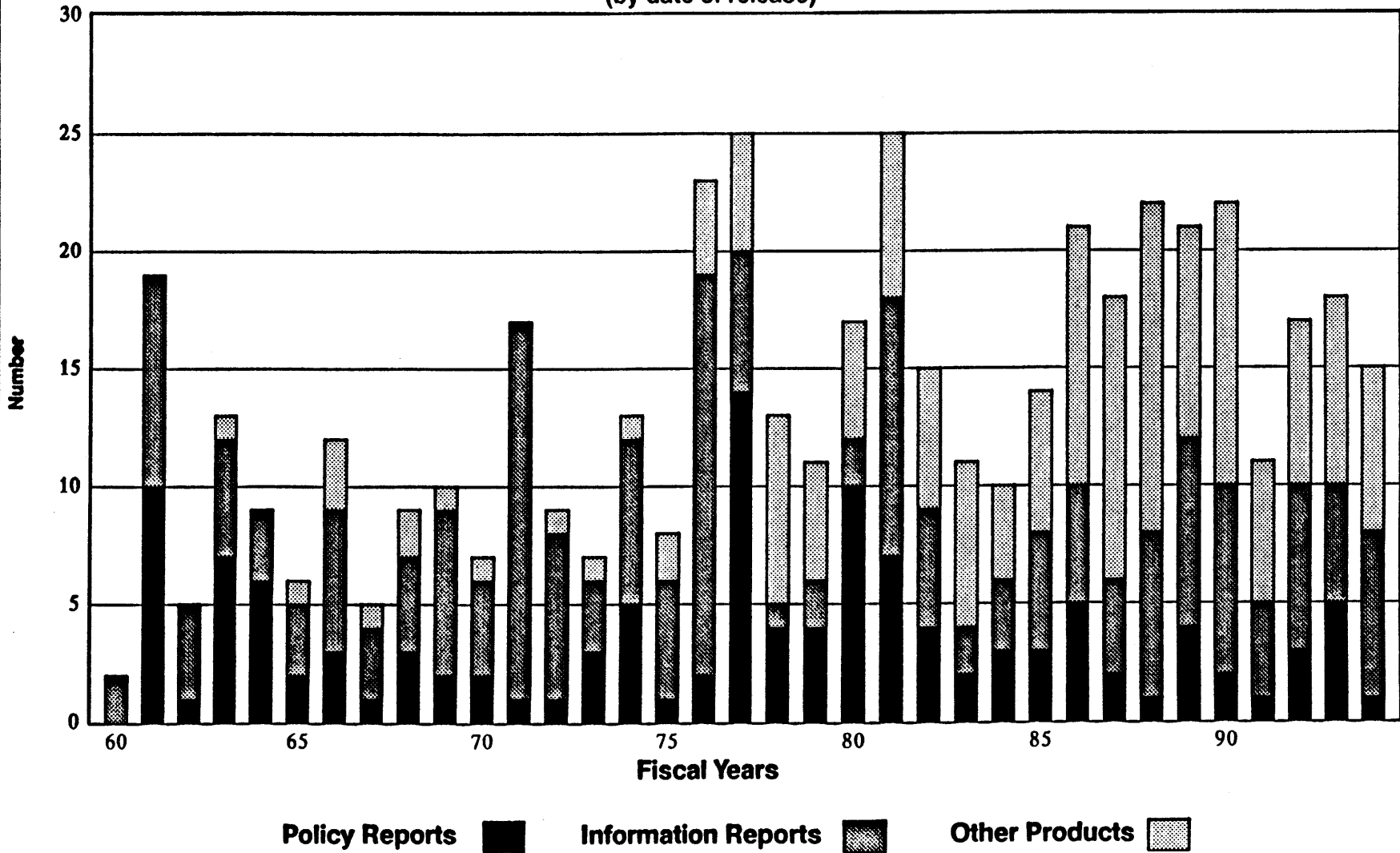
Space Cost Reduction Measures

During the past eight years, ACIR has regularly reduced its rental space and associated charges. However, there are no space reductions planned in FY 1995.

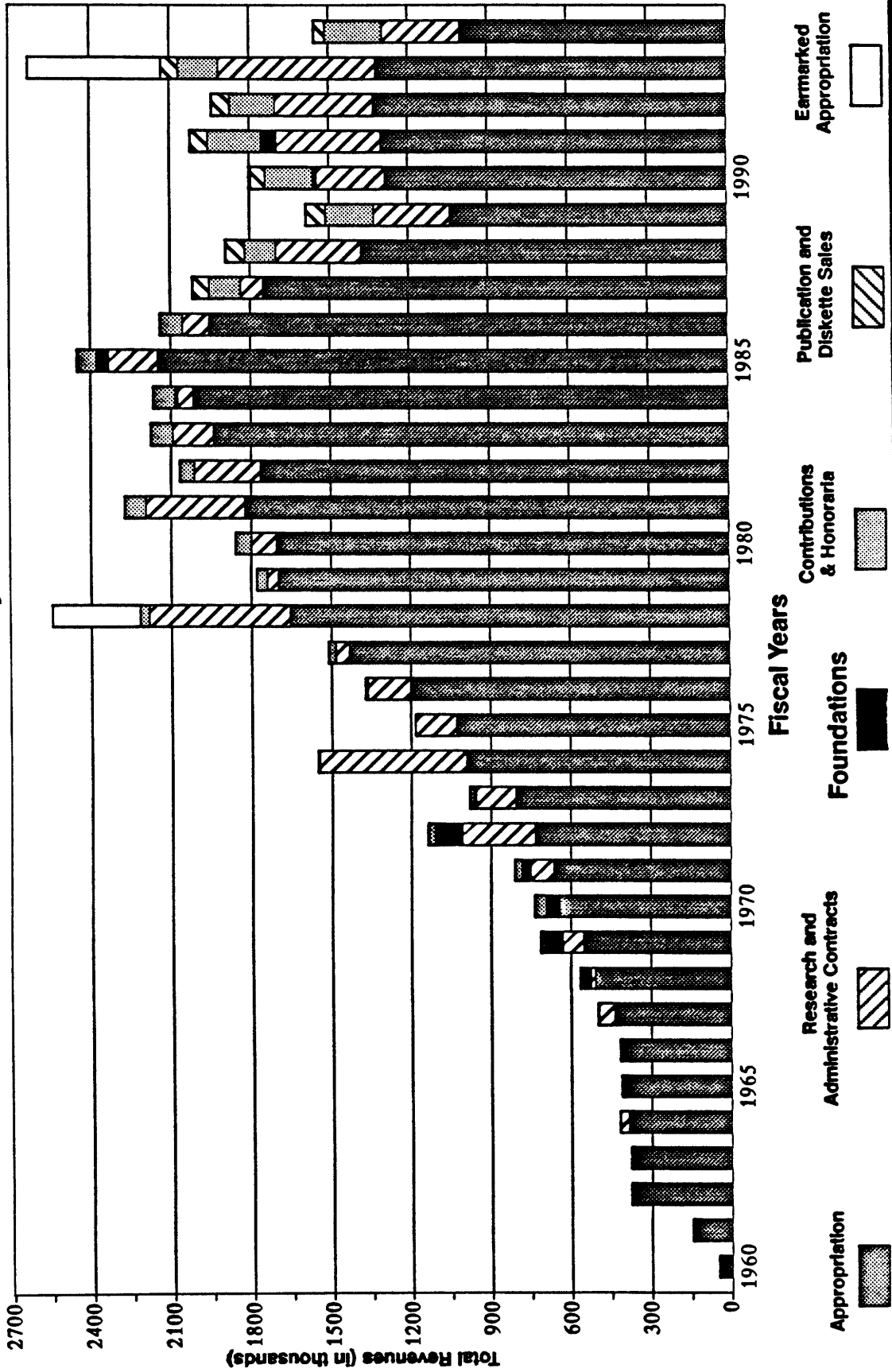
General

It is anticipated ACIR's ability to retain revenues from the sale of goods and services will allow the Commission to continue operating within OMB's long-range guidelines through FY 1995. The Commission, however, is no longer in a position to reduce staff, space, or other aspects of its operations without also reducing productivity significantly. The Commission's 35-year record of remaining small and frugal while maintaining its vitality and high productivity continues.

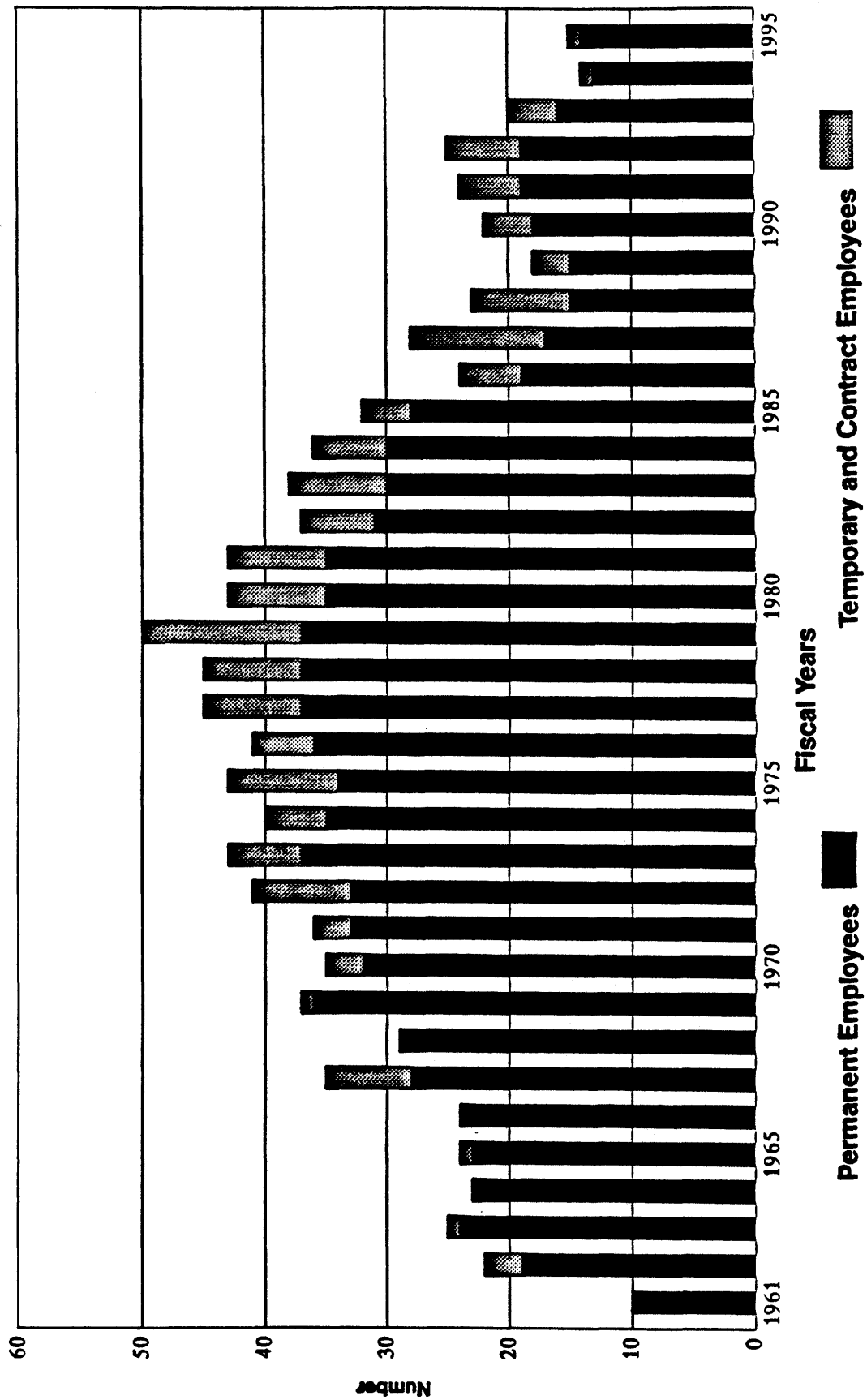
Graph 1
ACIR Publication and Product Production, FY 1960-94
 (by date of release)



Graph 2
ACIR Revenue History, FY 1960-94



Graph 3
ACIR Personnel History, FY 1961-95



Graph 4

ACIR Office and Warehouse Space History, FY 1979-94

