



FEDERALISM IN 1973:

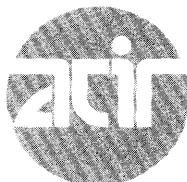
**The
System
Under
Stress**

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
Washington, D.C. • January 1974 • M-81



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a message from...

From many points of view, 1973 was a year of painful and agonizing reappraisal for our federal system. The widespread doubt and cynicism generated by revelations of misdeeds, misconduct, violations of trust, and criminal actions at various levels of government was compounded by the eruption (or re-eruption) of two latent national problems—energy and inflation.

The ACIR concentrated its staff attention in 1973 on two major aspects of the intergovernmental dilemma—financing for state and local governments, and developing a rational approach to the tender problem of organizing metropolitan (or sub-state) regions to cope with sprawling problems (and problems of sprawl). From the monitoring of revenue sharing to a concentrated, renewed attack on property tax abuses, financing problems received major attention. A new word—UMJO—painfully burst over the horizon, symbolizing the groping for an extension of local government which would be larger than municipal (and in many cases, county) boundaries, but lesser than the state. “Umbrella Multi-Jurisdictional Organizations” shrank to “UMJO”; the concept was excellent, the no-

menclature, however, is less than adequate to explain the dimensions of the problem!

The dialogue which ACIR generated, not only at its meetings but in hearings around the country, provided a continuing vital input shaping the continuing evolvement of our federal system. Additionally, ACIR has joined with the American Bicentennial Commission to foster Federalism '76, a systematic look at our federal system two hundred years after birth.


The summary of Federalism in 1973 which follows, as in previous years, is a composite of the diverse views of twenty six members of ACIR representing as they do all levels of government. I suspect none would agree precisely with all of the conclusions and interpretations summarized herein, but probably all would concur in the general thrust of this summary. In this spirit, ACIR carries out its vital mandate as a crucible for new ideas and a forum for discussion and debate on the directions our unique federal system should follow.

Robert E. Merriam
Chairman

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FEDERALISM IN 1973:

The System Under Stress

Nineteen hundred seventy three was a year of troubled questioning for this country and its federal system of shared powers, questioning which underscored the nation's yearning for certainty. It was also a year that forever laid to rest any notion that the fate and fortune of Federal, State and local governments and the private sector are not inextricably tied together. It also testified to the importance of initiative by individual governmental units at every level.


The year began with uncertainty over the budget and inflation; it ended with doubts about the impact of energy shortages. Throughout, there ran the question of the adequacy of governmental leadership at all levels.

Federalism survived this year of testing—as it has weathered previous crises—again demonstrating its adaptability and resilience.

All the dynamics of federalism were evident in 1973. The energy crisis necessitated centralization while State initiative in various topics could lead to decentralization. The legislatures, executives and judiciary at every level of government actively participated in the system of checks and balances. Despite the growing loss of confidence, the people appeared to have faith in our federal system of government. A comprehensive survey of the opinions of the public and of government leadership sponsored by the Senate Subcommittee on Intergovernmental Relations, stated that:

... Americans—and the officials who serve them—concur generally on the following recommendations:

- (1) The power of the Federal establishment should be reduced, while the autonomous authority of State and local government should be augmented;
- (2) A central range of social concerns—guarantees of opportunity and dignity to the least fortunate citizens—remain, within the



context of shared responsibility, a predominantly Federal concern.

Confidence in Government

It was a year of shocking revelations, political bombshells following one another at intervals that left the American public reeling. Former and incumbent, elected and appointed officials at local, State and Federal levels were convicted, tried or indicted for a variety of offenses.

In February, a former U.S. Senator was sentenced to prison for taking an "illegal gratuity" during his incumbency. A Federal judge—a former governor—was convicted of bribery and is awaiting an appeal decision. Throughout the year, other State and local officials were indicted and several brought to trial. Two former U.S. Cabinet officials and several key White House aides were indicted with some guilty pleas resulting.

The Vice President resigned.

The public's confidence in government officials plummeted, according to the opinion polls.

The Senate Intergovernmental Relations Subcommittee commissioned a thorough study by the Louis Harris firm of public opinion and the opinions of State and local leaders.

Generally, 55 percent of the respondents felt that "the people running the country don't really care what happens to you" compared with only 26 percent in a poll taken in 1966. Further, 53 percent of the public thinks "there is something deeply wrong today"—compared with 37 percent in 1968. While 64 percent of those surveyed listed inflation as our major problem, 43 percent listed lack of integrity in government."

The solution—as it reflects on the federal system—was less straightforward in the minds of the people. Forty-two percent, a clear plurality, called for stripping power from the Federal government and large majorities suggested

reallocating it to State and local governments. On the other hand, 67 percent agreed with the statement that "It's about time we had a strong Federal government again to get this country moving."


A blue-ribbon government commission, the National Advisory Commission on Criminal Justice Standards and Goals, in a report released after Thanksgiving, said the public perceives official corruption as widespread at all levels of government—Federal, State and local.

In a section on "Integrity in Government," the report said, "Public corruption makes an especially sinister contribution to criminality by providing an excuse and rationalization for its existence among those who commit crime. . . . Simply put, official corruption breeds disrespect for the law."

It warned that "As long as official corruption exists, the war against crime will be perceived by many as a war of the powerful against the powerless; 'law and order' will be just a hypocritical rally cry, and 'equal justice under law' will be an empty phrase."

Direct response to the crisis of confidence came first from State and local governments, demonstrating that governments closest to the people are more sensitive to the feelings at the grass roots. In the course of the year, nearly half the States passed legislation dealing with campaign funding, ethics or secrecy in government.

At the Federal level, direct reaction to the startling events of the year was cautious and limited—consisting more of rhetoric than action. Most Congressional attempts to fill the leadership gap were in vain—despite the crippling of the policy-initiating sector of the executive branch—although some preliminary Congressional steps taken in 1973 might yield results in 1974. However, on November 15, the House of Representatives funded a Judiciary Committee investigation of the appropriateness



of conducting impeachment proceedings against the President.

Openness of Financing—Freedom of Information. A key factor in many of the year's political scandals was the complex, intertwined issue of how candidates finance their campaigns and the financial interests of office holders once they are elected or appointed. At least one-third of the States took legislative or executive action to open this issue to public scrutiny.

The Texas legislature was the first to act on this subject in 1973. One novel provision that could render violations of the financial disclosure law too expensive to risk makes any candidate, political committee or contributor civilly liable to all other opposing candidates for attorneys' fees and for double the amount of any unlawful contribution or expenditures, and to the State for triple that amount.

The Alabama legislature adopted a comprehensive government ethics and financial disclosure law. It requires not only State, county and municipal officials to file disclosures of their economic interests but also all State employees earning over \$12,000. Persons doing business with the State must also file; and lobbyists must register. Another provision requires news reporters to register with a newly formed Ethics Commission.

Florida, Hawaii, Maryland and Ohio also adopted stringent financial disclosure laws; the governors of Illinois, Michigan and Missouri promulgated executive orders for executive branch personnel. Several States, including New Jersey, placed rigid limits on the amount any candidate can spend on election. Iowa and Maine took initial steps toward public financing of campaigns to avoid heavy reliance on private contributions. They permit taxpayers to earmark \$1 of State tax payments for contributions to a political party.

At the Federal level, throughout the year Congress was considering a comprehensive

campaign finance measure to set limits on expenditures by candidates for Federal office. The Senate passed the bill in July, but hearings were still in progress in the House by mid-November. In December, an attempt in the Senate to attach a public financing amendment to "must" debt limit legislation lost because of a filibuster.


Existing Federal legislation permits taxpayers to "check off" a \$1 donation for campaign financing on their income tax returns. However, for 1972 returns, a separate form was required. A place on the main form will be provided for 1973 returns.

The people's desire to open up government also was manifested in a series of "sun shine laws" so termed because they were aimed at "letting the sun shine in" by opening government meetings to the public and increasing access to public documents.

Vermont, Oregon, Florida, Missouri and Tennessee adopted explicit sun shine laws, forbidding State or local bodies from holding secret meetings except for certain highly circumscribed purposes—and then requiring that minutes be kept to be made public at a later date. Several of the campaign financing and ethics laws contained open meeting provisions. The Texas ethics package extended the State's 1967 open meetings law to cover legislative committees, for example. The New Hampshire legislature made officials who refuse access to public documents liable for the attorneys' fees and court costs spent to obtain them.

At the Federal level, the strain for access to government information was perhaps greatest, with the most meager results. Here the problem was not only the public's right to know but Congressional access to information held by the executive branch. During the summer, three Congressional committees held joint hearings on a bill to assure Congressional and public access to information, but nothing came of it.

The Federal government operates under a



Freedom of Information Act, which has come under substantial criticism. About the only result of the summer hearings was an Inter-agency Symposium on Improved Administration of the Freedom of Information Act, held by the Justice Department in late November.

Mention should also be made of the televised Ervin Committee hearings which gave the public a first hand look at the proceedings of a Congressional investigation.

Accountability. At the heart of the openness-in-government issue was a feeling that had been growing and spreading over the years that "government" had taken on a life of its own with the basic purpose of self-perpetuation rather than service to the people. The events of 1973 brought this vague feeling to a head—and a clear call for greater accountability of all branches of government at all levels could be heard from every quarter, both inside and outside of government.

The judiciary provides one example. A long-standing dilemma of government has been how to raise judges above the direct political process but still make them accountable to the people. The best selection system does not assure the continuation of high performance on the bench when the long period of tenure of most judges is considered. Impeachment and address—the traditional methods of censure and removal—have not worked well. But a solution that has been gathering momentum is the judicial qualifications commission—a body composed of members of the bench, lawyers as well as laymen—and courts of the judiciary, specially instituted judicial tribunals. These bodies investigate complaints of judicial misbehavior or incompetence and clear the judge or recommend censure or even removal. In 1973, five States created a review body, bringing to 41 the States with some form of judicial review unit.

Significant legislative and executive efforts to strengthen government accountability are

discussed in the section on government capability.

Political Participation. A positive indication of the will of the people to make government accountable to all the governed is the increased activity in traditional political avenues of minority groups.


Black officials across the nation, in fall 1973, voted to form a National Conference of Black Mayors to fight for civil rights "based on an organization and a concept and not on an individual," as one of the mayors articulated the feeling.

Success at the polls for black candidates has accelerated in the last few years. In 1973, three large cities—Los Angeles, Detroit and Atlanta—elected black mayors. Blacks won election or re-election in smaller cities such as Raleigh, North Carolina and in towns from Maryland to Georgia to Michigan. Of course, blacks and other minority members lost elections across the country as well.

These developments would indicate a faith in the flexibility and adaptability of the system and the firm resolve to work for change through it.

Seven additional States ratified the Equal Rights Amendment to the U.S. Constitution, bringing the number to 29 or 30, depending on whether a Nebraska move to rescind ratification is permitted. At least 15 States took independent action to ban sex discrimination in employment, credit transactions and other areas.

Citizen Participation. Citizen participation in most governmental activities has been more myth and rhetoric than reality and practice. Decisions on Federal grant projects frequently were handled by bureaucrats in Washington. Decisions on State-aided programs often were made in legislative committees in the State capitol. And city decisions often were taken out of the hands of municipal leaders by finan-



cial emergencies. Frequently the local governments lacked the authority to make the decision themselves in the first place.

A direct answer to this situation is home rule. And a trend toward home rule charters for cities and counties has been noted over the past half dozen years. This continued in 1973, with, for example, home rule legislation in Florida, Minnesota and Wisconsin. At the local level, Detroit adopted a new city charter.

Just as important, however, may be some indirect movements at the Federal level to increase citizen participation in and foreknowledge of governmental decisions.

Federal general revenue sharing is designed to make the use of Federal aid funds more accountable to the people.

Trying to follow the spirit of this law, large cities such as Detroit as well as smaller localities have held public hearings on general revenue sharing. The State of West Virginia held public symposia throughout the State on the best uses for revenue sharing allocations. Local governments are required to inform the citizenry of how the money is to be used by publishing plans for intended use and then reports of actual use in the local newspapers.

However, officials of many smaller cities say the documents required to be published in newspapers are complex and confusing, sometimes presenting a distorted view of how the money actually is to be used. Other officials complain that the average person-on-the-street does not attend the public hearings, but only the already highly-organized lobbies. At least one mayor has noted that his city is in such desperate financial straits that it cannot afford the luxury of citizen participation in allocating revenue sharing money—but must use the funds just to keep the city running.

On balance, however, Federal general revenue sharing can increase the direct influence of the people by involving them in planning for the use of revenue sharing money. A spate of

revenue sharing monitors have sprung up to guard the interests of various sectors that hope to share in this new power.

A National Clearing House on Revenue Sharing was established in the fall of 1973 as a combined effort of the National Urban Coalition, the Center for Community Change, the League of Women Voters and the Center for National Policy Review. The Clearing House is to focus on the way revenue sharing responds to the needs of individuals rather than governments.

Some revenue sharing monitors will focus on particular impacts—e.g., the United Way will be concerned with health and welfare activities—while others such as the Brookings Institution and several university-based scholars will exercise more general surveillance.


The Advisory Commission on Intergovernmental Relations is concerned with the impact of revenue sharing on intergovernmental relations in general and on fiscal federalism in particular. To that end, the Commission held two public hearings on the subject during 1973, surveyed public officials and sponsored a public opinion poll. (*More details in the section on "Inflation and Fiscal Federalism".*)

Energy Versus the Environment

Several themes of federalism came into play as the country tried to grapple with the issues of the environment and the energy crisis in 1973.

In the years since 1970, the quest for environmental quality had passed the stage of an idealistic crusade and entered the practical world both at Federal and State levels. Stiff Federal measures—many with preemptive powers—were promulgated to enhance air and water quality. States adopted comprehensive measures within their own boundaries.

Hovering overhead, seemingly beyond eye-



shot and earshot despite the warnings of experts for some time, however, was an impending energy crisis. The President had mentioned it in energy messages in the past few years and individual Congressmen had called for action. In early 1973, as winter was expected to deliver its worst blows, realization of imminent fuel shortages fell upon the States. Half the State governments took action in the early months of the year to confront an energy crisis. But a mild winter calmed public and private fears. Fall came, the Mideast war broke out and a global energy crisis became reality. It was still the States that acted first, both singly and in regional conferences of officials. But the States—even those seeking multistate regional actions—were too narrow in scope to deal with a situation literally of international proportions.

6

On November 7, in a televised message the President asked for emergency powers to deal with the immediate crisis, legislation to deal with the shortages on a long-range basis, and announced immediate steps that he could take without Congressional approval. Included in the legislation he sought were a return to daylight savings time, lower mandatory speed limits, and relaxation of some of the environmental quality standards, particularly for water and air pollution.

The following day, the Senate held hearings on S 2589, the National Energy Emergency Act—previously introduced by Senator Jackson, Interior Committee Chairman—which included most of the provisions the President sought. The Senate passed the bill on November 19 and the House adopted a stronger version December 15. A compromise was approved by House-Senate conferees, but in the final hours of the session, the legislation failed. Separate acts were adopted to provide for mandatory fuel allocation, year-round daylight savings time and lower speed limits on Federally-aided highways.

The energy-environment issues raise some hard questions for federalism:


—It is obvious that the Federal government must handle an international crisis. But is this also true for the domestic aspects of the energy issues? If effective action must await Federal measures, what can be done to trigger national action before a problem hits crisis proportions? What is to be done to assure equity in dealing with the situation?

—The energy crisis will undoubtedly impact severely on the economy of the nation as a whole. The increasing interdependency among the levels of government and between the public and private sectors of the economy heightens the problem. What steps can be taken to bring about a coordinated solution?

—Is the environment inevitably at odds with the need for energy sources? Federal handling of the current crisis would make it appear so, although the Western Governors' Conference—comprising chief executives of some of the hardest-hit States—declared that solutions to the energy crisis must be environmentally acceptable and called for an “energy conservation ethic.”

Air and Water Quality. By 1973, nationwide efforts to improve air and water quality had moved out of the legislative domain and into the executive and judicial areas. The dynamics of centralization and decentralization played point and counter-point: Federal regulations gave the States considerable powers but retained a big stick to preempt this authority; the courts decided that in some cases States must have cleaner air than the Federal minimums might call for; but numerous States and localities unsuccessfully sought judicial aid against big industry.

Air. The focus of the air quality developments was issuance by the Environmental Protection Agency (EPA) of regulations to implement the 1970 Clean Air Act. Under that act,



22 States and the District of Columbia were to submit plans in April to meet a 1975 deadline for bringing 38 urban areas into compliance with national air quality standards. In June, EPA announced that plans in only five areas in two States met its approval, and proceeded to propose its own plan for the areas that had not fully complied. The States would still be given the flexibility to work out their own ways of meeting Federal standards—but the EPA plan would be standing in the wings should the State fail.

Among other things, the States were responsible for reviewing proposed “new stationary sources of air pollution”—facilities whose emissions cause air pollution—to determine whether they would hinder attainment of air quality standards. The regulations require the States to acquire the authority to modify, relocate or halt construction of any facilities providing “new stationary sources of air pollution.”

In June, EPA strengthened these regulations, requiring States also to review stationary facilities that would indirectly cause pollution such as airports, highways and even shopping centers that would generate auto pollution. The regulations recognized local control in States that delegate authority to their political subdivisions, but the State bears the legal responsibility for carrying out the act, with ultimate authority lodged in the Federal government.

At the same time, the air quality of some States is better than Federal minimum standards require. In a suit brought by the Sierra Club against EPA, the U.S. Supreme Court ruled that State air quality plans may not permit deterioration of existing air quality, regardless of the Federal minimums. EPA had interpreted the 1970 act to require State clean air plans to meet only the Federal standards. About 18 States supported the Sierra Club’s position; only three sided with EPA.

In another court action, 27 States and numerous cities and counties brought an anti-

trust suit against the Automobile Manufacturers Association to force automakers to place smog-control devices on cars and to provide free emission tests. They claimed that foot-dragging on this front was a result of a conspiracy or combination in the restraint of trade.

Late in the year, however, the U.S. District Court in Los Angeles ruled against the States, dismissing most of the cases. U.S. District Judge Manuel Real said, “Certainly, in the battle against smog, the hour is late,” but the request of the plaintiffs “goes beyond the power of this court to grant.”

Water. EPA action on water quality focused on Section 208 of the 1972 Federal Water Pollution Control Amendments, which dealt with areawide waste treatment facility planning. These regulations lodge considerable authority in the States. The governor is to approve each water quality area, adopt the boundaries of problem areas and certify regional agencies to do the planning. Once a plan is adopted by a regional agency, the Federal government will not fund any facility that is not part of the plan. The regulations state succinctly: “The States have overall program control for such planning to assure conformance with the State management plans . . .”

Land Use—Federal Beginnings. Throughout the year, optimistic predictions asserted that congressional approval of a State land-use planning assistance grant program was imminent. But when the session ended without enactment, the predictions were calling for an act by Spring 1974.

The Land Use Policy and Planning Assistance Act had passed the Senate in 1972. S. 268, a similar bill, overwhelmingly passed the Senate again in June 1973. But the session ended with the bill still undergoing “markup” in the House Interior Committee.

The bill is designed to provide funds and

technical help to States to develop their own land-use planning capabilities—not to hold out Federal standards or plans for the States to implement. As it passed the Senate, the bill would provide \$100 million a year for eight years for the States to set up comprehensive land-use programs including provisions for adequate control measures at either the State or local levels.

Federal Level Coordination. An interagency problem of coordination has been growing with the new environmental programs. The Environmental Protection Agency administers the air and water programs. Land use, when it is adopted, will be housed in the Interior Department. Coastal zone legislation, adopted in 1972, is administered by the Commerce Department. And some of the planning programs are lodged within the Department of Housing and Urban Development. Interagency coordination and consultation is written into the legislation, but whether it can be accomplished remains to be seen.

State Activities. At the State level, 1973 was another year bristling with environmental activity. Hardly a State legislature adjourned without adopting some new environmental measure.

Oregon and Vermont, among others, made strides in land-use planning. The Oregon enactment enables the State to issue permits for land-use activities of Statewide significance and requires the State to issue guidelines for local governments to use in preparing land-use plans. If localities fail to regulate subdivisions, the State may step in. A 1973 Land Capability and Development Plan in Vermont set the stage for specific land-use planning in 1974. And several States used the device of giving a tax break to farmland as a means of preserving open space.

Energy Crisis—Fiscal Ramifications. By the end of the year, the energy crisis was just

beginning to hit home, but its ramifications for government and the economy were still far from clear.

Under emergency powers, the President cut back fuel oil allocations, reduced auto speed limits, banned Sunday sales of gasoline and took other immediate steps to conserve oil. Economists of every political hue made predictions of the eventual impact of these measures—and stronger ones that appeared to be waiting in the wings. Agreements were few, but one general consensus was for a major downturn in the economy.


What would this mean for governments at every level? Declining production and loss of jobs would reduce income tax revenues. This would hit the Federal government especially hard because of its heavy reliance on the income tax. However, with 40 States now using a broad-based State income tax, the impact on State government could also be severe.

States and localities might feel the crunch more directly because they rely on gas tax and sales tax receipts for much of their revenues. Decreased use of the automobile will reduce revenues from their own citizens as well as cut down on tourism, another major source of State and local funds. More indirectly, States and localities are unable to engage in deficit spending so they would not have the Federal cushion of “printing up more money.”

Inflation and Fiscal Federalism

Nowhere did more of the contradictory threads of federalism intertwine and interweave during 1973 than in the complex arrangements to manage the budget and the economy.

The tendencies toward centralization and decentralization both were present; conflict between the executive and legislative branches was rampant, with settlement often sought in the judiciary; and interaction between private and public sectors grew. Throughout ran a dominant thread—the desire for certainty in



a time of doubt, in a year that opened with uncertainty about the Federal budget and closed with uncertainty about the effect of the energy crisis.

Holding the Budget Line. The year began on the crest of inflation. To stabilize the economy, the President announced he would hold Federal spending to \$250 billion for the remainder of the fiscal year that ended June 30, 1973, and would set a \$268.7 billion ceiling for fiscal 1974. To make good his intention, the Office of Management and Budget announced in January that \$8.7 billion in Federal funds had been impounded. And through the year, the President vetoed authorization measures that would exceed the limits he set.

Congress rankled at the executive's assumption of what it considered legislative budgetary authority but throughout the year proved incapable on its own of doing anything about it. The issue turned not on absolute levels of funding—the Senate agreed to an absolute ceiling of \$1.6 billion less than the President's—but on how cutbacks were to be allocated among government programs. The President had severely cut back several programs on ideological grounds—such as the Office of Economic Opportunity and certain Housing and Urban Development projects—asserting that they hadn't worked and new approaches must be tried. Congress wanted across-the-board cuts.

The efforts of Congress to counteract the strong executive measures came to nothing in 1973. Every veto relating to money was sustained. Both houses considered measures to limit the President's ability to impound; by year's end they were still in Conference Committee. Factionalism accounted for part of the problem, but also the novelty of Congress having to establish the legal validity of its own enactments.


One Congressional initiative was expected to bear fruit in 1974: reform of the Congress-

sional approach to budgeting. During 1973, bills were actively pending in both houses to set schedules for Congressional consideration of the budget, change the fiscal year, reform the appropriations committee structure and provide for early policy-setting on budget ceilings. In December, the House passed 386 to 23 its bill to give Congress the capability to set overall spending ceilings and sub-ceiling targets in program areas. It would set April 1 as the Congressional deadline for authorizations and August 1 for appropriations. The fiscal year would be moved to begin October 1 and end September 30. An impoundment section of the bill would stop any impoundment if either house of Congress passed a resolution disapproving the action within 60 days of notification by the President.

State and local government officials anxiously observed the pulling and hauling over the budget, their frustrations growing over the impact of this uncertainty in Federal aid which accounts for 24 percent of their budgets. Many States sought relief in the courts. At least 61 suits were brought in Federal court demanding the release of impounded funds. Many were decided in favor of the States. One District Court decision, which ruled on a class action brought by Texas, held that allotment of water pollution control funds was unlawful and ordered allotment of the full congressional authorization for all States of \$11 billion for fiscal 1973 and 1974.

The publicity attending this year's impoundment quarrel might have increased the immediacy of the subject, but uncertainty in Federal-State-local fiscal relations is a very old problem. It was expressed succinctly by a mayor of a very large city—Detroit—and a small one—Valdosta, Georgia—at a hearing held by the Advisory Commission on Intergovernmental Relations:

“We are accustomed to living under the knife of cuts in funding. We are extremely



dependent on grants any one of which can be cut at any time. So we have become accustomed to planning our future on an annual basis, doing all that we can," said Mayor Roman Gribbs of Detroit.

"A great deal of our problem in local government is that we don't know from day to day or year to year what's going to be available to us the following year," echoed Mayor James M. Beck of Valdosta.

General Revenue Sharing. In 1972, the Federal government had taken a giant step toward increasing certainty in intergovernmental fiscal relations by adopting the *State and Local Fiscal Assistance Act*, which provided assured money for the 50 States and 38,000 general purpose localities for five years. General revenue sharing was implemented in 1973. By the end of the year, nearly \$10 billion had been dispersed to States and localities. ACIR had been asked to monitor the intergovernmental impact of revenue sharing—and this was the occasion for the hearings at which the certainty theme arose again and again.

Governors, mayors, county officials, State legislators and State fiscal officers all supported the concept of revenue sharing. Almost all of them also strongly protested the lack of certainty in other kinds of Federal funding, categorical aids in particular. And they sought early renewal of revenue sharing—in the third or fourth year of the act, for example—to maintain its fiscal certainty.

One of the officials who all along had been critical of revenue sharing was Governor Jimmy Carter of Georgia. He told the hearing, "Although the concept of revenue sharing was very good, I had great concern that there was no additional revenue to share. Despite the fact that the President and then Secretary of the Treasury Connally assured the Congress and the public that existing funds would not be used to finance revenue sharing, I was fearful that

this would be the case, and indeed it has turned out to be the case."

A side issue, relating to certainty, which kept cropping up throughout the year and during the hearing, was Title III of the revenue sharing act which placed a \$2.5 billion ceiling on funds distributed to States for social service programs through Title IVA of the Social Security Act.

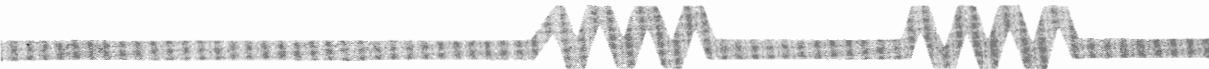
The 1970 Social Security amendments had provided for open-ended grants for State social service programs. At first, few States were aware of this practically unrestricted source of money and only a few took advantage of it. But, by mid-1972, the word had gotten out. So many States were applying for Title IVA money that estimated total requests reached upwards of \$7.5 billion. At this point, Congress established the ceiling, tying it to the revenue sharing act for obvious political reasons.

Nonetheless, the loss of the new-found money was disputed bitterly by the States and their interest groups.

Categorical Grants. Over the past five years, ACIR has recommended a three-pronged approach to Federal aid: revenue sharing to provide general support for States and general purpose units of local government; block grants for broad subject areas to provide flexibility for States and localities; and categorical grants for specific issues of national concern for demonstration purposes.

The general government interest groups also see the need for a variety of fiscal options in granting aid. The National League of Cities-U.S. Conference of Mayors stated this case in clear terms in a formal submission to the ACIR hearing record:

As a key element of our intergovernmental fiscal system, the Federal government must strive to develop an adequately funded and properly balanced assistance program to municipal governments. General revenue sharing, block grants and categorical are the essential



parts of that system—they must not be viewed in conflict with one another. Although each represents a markedly different approach to Federal assistance they are integrally tied together at the local level. Working together, these forms of assistance can maximize the impact of Federal resources at the local level on our urban problems.

Grant Consolidation. A point of contention between the President and Congress for several years has been grant consolidation. The President has recommended “special revenue sharing,” a step beyond grant consolidation which would allocate funds to States and localities to use for broad subject areas without application or matching requirements and with minimum or pro forma review.

Congress, with an interest in supervising the administration of individual grants for which it must appropriate the money, has steadfastly opposed special revenue sharing. Initially, Congress also was cool to any sort of block grant movement. However, in 1973, the Congressional attitude on this point appeared to be softening, with a compromise in sight on several issues.

At the beginning of the year, the President proposed three special revenue sharing bills—on education, law enforcement and community development—and a fourth measure, on manpower, he intended to implement administratively. None of the bills passed, however:

- Congress approved and the President signed a three-year extension of the Law Enforcement Assistance Administration, one of the few existing block grants. This action demonstrated faith in the block grant system, especially for a program that has proved controversial.
- A bipartisan, Senate-inspired manpower revenue sharing bill was passed and signed by the President.
- A measure to consolidate seven categorical

education programs into two block grants was under serious consideration in the House.

- Senate and House Banking Committees were working on grant consolidation measures for community development and housing, largely on their own initiative. The Senate bill was similar to a block grant bill that passed that body in 1972.

Related to the grant consolidation issue is the need to make existing categorical grants more flexible. A victory on this front occurred in 1973, when Congress opened up the previously locked doors of the Highway Trust Fund and made some of the money available for mass transit facilities.

The reformation of the whole categorical grant system can never be accomplished by a stroke of a pen, but will remain a long-range, unglamorous pick-and-shovel task of slow program-by-program progress.

Some forward motion was recorded at the administrative level in 1973 with the Integrated Grant Administration (IGA) experiment. Begun on a formal basis in 1972, IGA was a pilot program for joint-funding simplification, the packaging of grants from different sources to meet the specific needs of a State or local project. It has been applied to simplifying the application and accounting procedures for 26 grant projects.

Widespread application of IGA, however, will have to await Congressional passage of joint funding simplification provisions. The Senate—which has done so before—passed the Joint Funding Simplification Act at the end of the 1973 session; the House has yet to act on it.

A more comprehensive measure, the proposed Intergovernmental Cooperation Act of 1973, would simplify and make uniform additional administrative procedures, and increase Congressional oversight. In the hopper since passage of the landmark 1968 Intergovern-

mental Cooperation Act, it got very little attention on Capitol Hill in 1973.

Another administrative effort to simplify and standardize grant requirements was Circular A-102, part of which went into effect in mid-1972 and the remainder in January 1973. It is still too early to evaluate its effectiveness, however.

State Fiscal Health. Despite complaints over Federal aid cutbacks, State fiscal health was good during 1973, although the 1972 surplus had declined somewhat by the third quarter of 1973. According to the *Survey of Current Business*, States and local governments had an "operating fund" surplus of \$3.9 billion in the first quarter, \$1.4 billion in the second quarter and a small deficit in the third. The *Survey* predicted, however, the States would end the year with a surplus, although smaller than the \$9.9 billion of 1972. The "operating fund" statistics exclude social insurance funds which distort the picture. Even so, these figures fail to reflect the widespread State and local practice of fund accounting which prevents offsetting deficits in some funds with surpluses in others. Moreover, these aggregate statistics mask the fact that some jurisdictions continue to experience fiscal stringencies.

Looking toward 1974, however, another element brightens the fiscal picture. On January 1, the National government assumes program and administrative costs of aid to the elderly, blind and disabled, thereby freeing up State and local funds previously spent for this purpose.

Several reasons account for the comfortable fiscal situation. First of all, revenue sharing, while amounting to less than 5 percent of most State operating budgets, and less than 10 percent of local budgets, still presents a sizable sum of money and a definite revenue boost.

A second reason is less apparent. During the sixties and early seventies, the States had strengthened their tax systems, enacting in-

come and other more progressive taxes, and raising the rates. The payoff has come with the economic boom of the middle seventies. Further, because of a history of fiscal stringency and because they may not engage in deficit spending, State budgeting has tended to be fiscally conservative.


As a result, very few States raised taxes in 1973, and many were able to provide some form of tax relief. Federal aid cutbacks consumed some of the surplus, but much of the surplus went for capital outlays, according to the *Survey*.

One interesting side effect of revenue sharing was that while the rest of the economy suffered under high interest rates and tight money for mortgages, States and localities were able to expend large sums for capital construction. The *Survey* suggested that perhaps \$2 billion of revenue sharing replaced long-term borrowing that otherwise would have been scheduled in 1973. In previous years, when interest rates went up, the municipal bond market—with limits frequently set by State constitutions—would feel the pinch most sorely.

In addition to capital outlays, the States used their favorable fiscal position to provide property tax relief and for equalizing educational support, demonstrating a centralizing tendency between States and their localities, but a decentralizing move between States and the Federal government.

Property Tax Relief. While the States were strengthening their tax systems over the past decade, local government continued to rely primarily on one revenue source, the local property tax, with severe State restrictions on most other forms of taxation other than user charges or service fees.

This situation was decried by most of the local officials testifying at ACIR's revenue sharing hearing. One mayor of an urban center—Albert Del Bello of Yonkers, New York—stated the universal case: "Our already over-



burdened property tax is effectively exhausted, and while we have done much to control our rising operating costs and create new sources of revenue from special user charges and available State and Federal sources, we still must face the major burden of financing over 75 percent of all the educational costs in the city and the single largest portion of the city's operating expenses from a limited and diminishing set of local alternatives."

Over the years, the property tax burden had increased to confiscatory proportions for the poor and those on fixed incomes, particularly the elderly. In 1970, ACIR research found the average property tax bill was 3.4 percent of family income, more than 6 million elderly homeowners paid an average of 8.1 percent of their income in property taxes. And for the elderly homeowner with less than \$2,000 income, property tax bite averaged 16.6 percent of a typical family income. In the high-tax northeast region, elderly householders paid more than 30 percent of their meager income.

To relieve the heavy burden on these families, and to avoid placing additional burdens on the exhausted economies of the cities, ACIR has urged State-financed property tax relief programs. One flexible approach is the "circuit breaker" which acts like the device on an electrical circuit and "cuts in" when the proportion of property tax is about to overload the family's income.


During 1973, 29 States acted to provide some form of property tax relief. By mid-year, every State had some kind of relief program. Nine States adopted circuit-breaker legislation. Three States adopted "super-circuit-breakers:" Vermont and Oregon, which had pioneered the circuit-breaker idea, and Michigan, which had another form of property tax relief prior to 1973. These States finance relief programs for needy owners and renters (based on a portion of rent attributed to property tax payments) of all ages. Wisconsin has comprehensive cir-

cuit breaker legislation covering all ages of homeowners and renters, but has a lower income ceiling—about \$7500—than the three other States.

On the other hand, despite the widely touted "taxpayers' revolt" on property tax rates, the electorates of three States, given the chance to reduce property taxes, declined. In a State referendum, the voters of Oregon rejected a proposal to trade off a reduction in local property taxes for increased state taxes. Similarly, the people of the State of Washington rejected a ballot proposition to substitute a progressive State income tax for the regressive local property tax. And in California, Proposition One failed at the November election. Fraught with political overtones, which could have contributed to its fate, the referendum would have provided for a phased automatic reduction in all State and local financing, with increases permitted only through public referendum.

Property Tax Reform. The property tax has always occupied a low place on the public's list of favorite taxes, although in 1973 its unpopularity declined in a nationwide public opinion poll conducted by ACIR. When asked "Which do you think is the worst tax—that is, the least fair?", 31 percent of the sample cited the local property tax; 30 percent, the Federal income tax; 20 percent, State sales tax; and 10 percent, State income tax. A similar question asked last year had these results: 45 percent, local property tax; 19 percent, Federal income tax; and 13 percent each, State income and sales tax.

One of the things that makes it the most hated tax is that the local property tax is viewed as inequitably administered. But property tax reform is very hard to achieve politically and therefore has lagged behind the popular relief efforts. In 1973, Maryland and Montana moved toward statewide assessment, and Maine and Wisconsin (to varying degrees)



took major steps toward uniformity and equity in property tax administration.

School Support Equalization. Local governments with their restricted revenue sources traditionally have had the primary responsibility for financing elementary and secondary schools. The cost has gone up since World War II, taking an even bigger bite out of property tax revenues. In 1970, about 52 percent of local property tax went to support public education. Of the State-local total monies for public schools, local governments put up 57 percent of the costs and the States, 43 percent, although support varied completely across the board, from 97 percent local financing in New Hampshire to 100 percent State financing in Hawaii.

The heavy reliance on the individual jurisdiction's property tax base to support the schools causes great disparities in the level of support. Most States have had some form of equalization program, but it rarely has truly equalized educational resources and opportunity statewide.

In 1971, the California Supreme Court ruled that State's school financing system unconstitutional. Suits were brought in many of the States. One appeal, *Rodriguez v. the San Antonio (Texas) School District*, came before the U.S. Supreme Court in 1973, which ruled 5-4 in favor of the current tax systems. However, the majority noted, "We hardly need add that this Court's action today is not to be viewed as placing its judicial imprimatur on the status quo. The need is apparent for reform in tax systems which may well have relied too long and too heavily on the local property tax."

A few days after the U.S. Supreme Court issued the *Rodriguez* opinion, the New Jersey Supreme Court ruled the opposite way on *Robinson v. Cahill*, a similar case brought on State constitutional grounds.

The court declared, "A system of instruc-

tion in any district of the State which is not thorough and efficient falls short of the constitutional command. Whatever the reason for the violation, the obligation is the State's to rectify it. If local government fails, the State government must compel it to act, and if the local government cannot carry the burden, the State must itself meet its continuing obligation."

Thus, the focus of court action has shifted to the States. By the end of the year, 25 Federal suits had been dismissed, while seven were pending on other grounds. Fifteen State suits were still pending, but others had been dropped because the plaintiffs felt the State had rectified the major defects.

ACIR, in 1969, had called on the States to take on as an eventual goal, substantial responsibility for financing education as a means of equalizing school support. The Commission saw the judicial decision as an imperative for State legislative action.

Although relieved of the threat of a U.S. Supreme Court ruling in 1973, the States responded legislatively. Nine State legislatures adopted major school finance equalization measures involving increased State funding—the greatest educational resource equalization activity in recent years. Among these actions was the adoption of a measure in Wisconsin to phase in property tax power equalization for school districts.

For More Capable Government

The intergovernmental issues of 1973 focus directly on the need for more capable government at every level. The public's loss of confidence in its officials speaks volumes on the need for effective government. The sudden grip of the energy crisis, catapulting the nation into economic uncertainty, cries out for efficient government structures. The new availability of State funds to meet more than basic govern-



mental necessities, shines a spotlight on the need for better planning, more effective decision making and improved administrative capabilities.

During 1973, Federal, State and local governments each took a few steps forward and several steps backward in the quest for government capability. In between the levels, in the multistate and substate regions, the chaotic status quo reigned.

Federal Administrative Efforts. The most dramatic Federal-level executive reorganization move was the appointment of a "super cabinet" in January. However, by mid-May the plan appeared to have been scrapped in the growing White House confusion. The President announced the plan as an interim step until Congress acted on the sweeping executive branch reorganization which he had proposed in 1971. That plan, which got nowhere in Congress, would have combined the seven domestic executive departments—Agriculture, Labor, Interior, Housing and Urban Development, Health, Education and Welfare, Commerce and Transportation—into four comprehensive departments—Human Resources, Natural Resources, Economic Development and Community Development.

In January, the President gave dual appointments to three cabinet Secretaries. The Secretary of HEW would also be Counsellor to the President for Human Resources; the Secretary of Agriculture would be Counsellor for Natural Resources; and the Secretary of HUD also Counsellor for Community Development. These three Counsellors were to coordinate the work of all the other cabinet Secretaries in these three broad areas. The Secretaries were to report to the President through these Counsellors.

This plan would streamline the mechanics of government and coordinate the efforts of many officials that often work at "cross purposes," the President said.

In mid-May, the White House announced

that this plan had been deferred until Congress acted on reorganization—although no active bill was pending on the subject.


More successful efforts to strengthen Federal government management were less dramatic, and little-noticed, but potentially far-reaching.

In the spring, the President reorganized the Office of Management and Budget to strengthen its management capacity and use budget and legislative review more effectively as coordinative mechanisms. The OMB structure had been a bifurcated set up with a deputy director for budget operations on one side of the organization chart and an associate director for management on the other. The overhaul integrated the two functions, with one deputy director monitoring the work of six functional assistant directors and four assistant directors for broad program areas. New Intergovernmental Relations and Field Activities Divisions were to focus on decentralization.

As part of the reorganization, the President established in the General Services Administration a new program to develop government-wide policies in fiscal management and he transferred to GSA the administration of about 20 OMB circulars that deal with fiscal management.

The President attempted to strengthen the Federal Regional Councils (FRCs), the bodies in ten Federal regions designed to coordinate Federal activities by assigning coordination of their policy group to the deputy director of OMB and adding the Interior Department to the FRC system. This step potentially could further decentralize Federal decision making to the field and thus improve communications with the States and localities. However, the uneven pattern of agency decentralization and the continuing difficulty in coordinating inter-agency efforts meant that the potential of the FRCs is still largely untapped.

Another attempt to improve management of the Federal grant system came in the amend-



ments to the A-95 grant application review procedures. The amendments required Federal funding agencies to explain in writing the approval of grants that had received a negative comment from the A-95 review agencies. In addition, A-95 coverage was extended to additional social programs administered by HEW.

Congressional Boot-Straps. Aware of its shortcomings, Congress was attempting a boot-strap operation of reforming itself during 1973. Positive results—during the year—were minimal, however.

One approach, detailed in the previous section, would try to retrieve budget-making authority through a Congressional Budget, including a stricter schedule for deliberations on appropriations and a staff organization parallel to the Office of Management and Budget. Final action on this initiative was expected in 1974.

An obscure accomplishment with far-reaching potential was the establishment of the Congressional Office of Technology Assessment (OTA), which had been authorized in 1972. OTA is directed to review proposed legislation and evaluate its technological impact on society. The agencies take their proposals directly to the OTA at the same time as they go the normal route through the Office of Management and Budget. While seemingly obscure, this operation has the potential for a great fundamental impact of its own; the Senate Rules committee estimated that as much as 40 to 60 percent of all legislation considered by Congress contains a technological component crucial to a bill's intent and execution.

The committee structure is a fundamental aspect of Congress in need of reform if Congress is to equip itself to deal with fast-breaking problems. Throughout the year, a House Select Committee on Committees was studying the committee structure—which had not been changed since 1946—and gathering recommendations for improvement. The Committee


was expected to take its recommendations to the floor of the House in spring of 1974.

One of the major concerns of the Committee on Committees—in addition to restructuring the system to avoid duplications, rationalize assignments, and pool resources—was the problem of Congressional oversight. Committee deliberations have brought out the current sore lack and critical need for this function.

Rep. John Culver (Iowa) a Select Committee member, said at one hearing, "I am a member of the Government Operations Committee. I am also a member of the House Foreign Affairs Committee. I can assure you that to my knowledge and satisfaction, we are completely devoid of any plans in the Government Operations Committee for a systematic, organized, rational review of the Federal government on anything approximating a regularized basis."

The year-long debate over the leadership capability, authoritativeness and constitutional position of Congress tended to obscure some facts: the shortcomings that were being decried can also be viewed as assets, over the long run. Congress is designed to represent the people, to serve as a sounding board of public opinion and to reflect the complete range of political viewpoints. This it did during 1973, illustrating the clash of viewpoints across the country in a year of divided opinion. The deliberative aspects of Congress should not be overlooked in a drive for efficiency, which anyway, might be impossible to achieve.

At the State Level. Movement toward more capable government at the State level also went both forward and backward. A controversial new Montana constitution went into effect in 1973 and an Alabama constitutional revision commission reported to the legislature. No States voted on new constitutions during the year, but constitutional conventions and revision commissions were meeting in several States to begin the process of organized constitutional change.



Legislative. All but one State legislature met in 1973—a positive sign of increasing legislative responsibility. In May, the Ohio voters approved regular annual sessions, but at the polls in November, the voters of Kentucky and Texas turned down constitutional amendments for annual sessions.

At least six States raised legislative pay and another eight increased legislators' expense allowances. However, voters of Texas and Rhode Island rejected proposed legislative pay increases and the people of Washington State, in an initiative at the November election, voided a 1973 pay raise, limiting raises to a 5.5 percent hike.

At the State level, several legislatures assumed greater fiscal control.

Maine went to "zero-based budgeting" wherein every program comes equally before the legislature, at "ground zero." Previously, established programs would be funded automatically. Under the new system, every department head must list each budget item with its priority and budget justification.

The Oklahoma legislature created a Subcommittee on Fiscal Operations to work year-round in examining budgets, expenditures and State programs, and set up a system of performance post auditing. The legislature strengthened its oversight function and its ability to insure that agency programs are carried out according to legislative intent.


The Mississippi legislature created a Joint Legislative Committee on Performance Evaluation and Expenditure Review to investigate the expenditures of State agencies to determine how well the agencies are administering their programs. The Virginia legislature created a Joint Legislative Audit and Review Commission and Rhode Island established the post of Auditor General to report to the legislature and have the power to audit the accounts of all agencies of government outside the legislative branch.

Executive. The continuing campaign over the past half decade to organize the State executive into a smoothly running operation, accountable to elected State officials, moved ahead in a few States in 1973. The South Dakota legislature approved a massive reorganization of the State executive, consolidating 160 agencies into 16 departments. The 1974 legislature must approve the move. The North Carolina legislature moved ahead on executive branch restructuring. Other States reorganized individual departments—the number of States with Departments of Transportation reached 22. On the other hand, the voters of Rhode Island rejected an amendment for four-year terms for State officials.

Local Action. Local governments also were taking steps to revitalize their structures. A new city charter was adopted in Detroit—after failing at the polls earlier in the year. In Rochester, New York, however, the voters turned down a new charter. And the electorate of Dallas approved 34 charter amendments at a mid-June election.

Intergovernmental Actions. Crucial to more capable government is better qualified personnel. One intergovernmental attempt to improve the quality of government workers is the Intergovernmental Personnel Act of 1970 (IPA), which among other provisions, operates a program of mobility assignments—temporary intergovernmental transfers to get qualified personnel to the level of government that needs them. In October, the number of mobility assignments passed the 1,000 mark. Sixty percent of those assigned came from Federal agencies and 40 percent, from States, local government and academic institutions.

In addition, the IPA Advisory Council recommended the abolition of all administratively established Federal personnel requirements imposed on State and local governments accepting Federal grants. Instead, a single Federal requirement would be applied.



The National Commission on Productivity in 1973 investigated ways to increase the productivity of State and local government. Evaluation of the effectiveness of government was a high priority item in New Jersey and Wisconsin during the year.

Regionalism—Multistate. No clear Federal intention regarding multistate regional bodies could be determined because of conflicting actions during the year. The Appalachian Regional Commission—the most powerful of the multistate development bodies—continued its separate existence. But the regional commissions created under Title V of the *Public Works and Economic Development Act* of 1965, led a storm-tossed life. In 1973, two more commissions had been created by the Administration pursuant to the act—an apparent vote of confidence in the procedure. But, in early 1973, the President proposed letting them die and folding their functions into special revenue sharing. In the end, Congress extended the life of these commissions for one year only.

Regionalism—Substate. The picture was similarly foggy at the substate level.

Despite Federal expressions of reliance on State-drawn substate districts, one law was passed and another proposed that could create new district boundaries. Passed was the Older Americans Act, which requires statewide districting under a complex set of new guidelines. The Allied Services Act—itsself an HEW proposal to approach service delivery on a people-oriented rather than program-oriented basis—takes care to conform its districting arrangements with existing substate districts.

At the State level, some movement toward strengthening regional arrangements could be discerned, but basic nagging questions remained: how do you devolve government responsibility to the substate level, if no effective organization exists to do the job? And the most

fundamental political dilemma of the subject remained: how do you match local boundaries with area needs and make areawide organizations adequately representative of local government constituents?

Official action to establish statewide systems of substate districts has now been taken by 44 States. This has created 517 districts, but about one-third of them are not yet served by active regional organizations.

At the local level, no city-county mergers were approved in 1973, but four proposals went down to defeat at the polls.


Opening Communications. Another inter-governmental aspect of improving the capability of government is the need to open up communications among the levels and between the branches within each level.

Governor Daniel Evans, Chairman of the National Governors' Conference, opened an initiative on this front, forming a New Coalition of the leadership of the general government interest groups: the governors, legislators, mayors and county officials. By year's end, the coalition had met with the President on State-local input into the Federal budget and on the energy crisis.

Another step toward opening up communications is a series of Forums on Federalism, scheduled around the country as part of the American Revolutionary Bicentennial celebration. These symposiums are aimed at opening up a dialogue on the issues of federalism between the people and elected and appointed government officials at every level. These steps are barely toe-wriggling on the long road to open communications.

THE LESSONS OF 1973

Federalism survived the turmoil of 1973, as it has come through previous difficult periods and as it inevitably will endure other years of chaos and conflict.



That does not mean, however, that the system performs at its best under the kind of stresses and strains heaped upon it in 1973; despite the baling-wire and chewing-gum approach to mending its breaks; or because of the "muddle through" method of initiating change.

The lessons of 1973 are several: Federal, State and local government and private enterprise are so tightly interwoven that the end of one thread frequently is indistinguishable from the beginning of another. But each strand must carry its own weight, or the fabric will fall.

The people of this country demand efficiency and compassion in government, certainty in the economy, and integrity of the

leadership.

The achievement of these goals will require openness of communications and the willingness to compromise in order to restore the confidence of the people and reestablish a feeling of cooperation and coordination.

Thomas Jefferson, writing in 1816, articulated what could be the lessons of 1973:

If a nation expects to be ignorant and free in a state of civilization, it expects what never was and never will be. The functionaries of every government have propensities to command at will the liberty and property of their constituents. There is no safe deposit for these but with the people themselves, nor can they be safe with them without information.

commission members 1973

PRIVATE CITIZENS

Robert E. Merriam, Chairman, Chicago, Illinois

Robert H. Finch, Los Angeles, California¹

Vacancy²

MEMBERS OF THE UNITED STATES SENATE

Ernest F. Hollings, South Carolina³

Edmund S. Muskie, Maine

Charles H. Percy, Illinois

MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES

L. H. Fountain, North Carolina

Al Ullman, Oregon

Clarence J. Brown, Jr., Ohio⁴

OFFICERS OF THE EXECUTIVE BRANCH, FEDERAL GOVERNMENT

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George P. Shultz, Secretary of the Treasury

Caspar W. Weinberger, Secretary of Health, Education and Welfare⁵

GOVERNORS

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Richard F. Kneip, South Dakota

Daniel J. Evans, Washington⁶

Robert D. Ray, Iowa⁷

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C. Beverly Briley, Nashville, Tennessee

Richard G. Lugar, Vice Chairman, Indianapolis, Indiana

Jack D. Maltester, San Leandro, California

John D. Driggs, Phoenix, Arizona

STATE LEGISLATIVE LEADERS

B. Mahlon Brown, Senator, Nevada

Robert P. Knowles, Senator, Wisconsin

Charles F. Kurfess, Minority Leader, Ohio House of Representatives⁸

ELECTED COUNTY OFFICIALS

Conrad M. Fowler, Shelby County, Alabama

Edwin G. Michaelian, Westchester County, New York

Lawrence K. Roos, St. Louis County, Missouri

¹ Appointed 5/29/73 to replace Edward C. Banfield, U. of Pennsylvania.

² Vacancy created by resignation of Howard H. Callaway, Pine Mountain, Georgia.

³ Appointed 2/20/73 to replace Senator Sam J. Ervin, North Carolina.

⁴ Replaced Congresswoman Florence P. Dwyer, New Jersey.

⁵ Replaced George H. Romney, former Secretary of HUD.

⁶ Replaced Ronald Reagan, Governor of California.

⁷ Replaced Richard B. Ogilvie, former Governor of Illinois.

⁸ Replaced Russell W. Arrington, former State Senator, Illinois.

what is. acir?

The Advisory Commission on Intergovernmental Relations (ACIR) was created by Congress in 1959 to monitor the operation of the American federal system and to recommend improvements. ACIR is a permanent national bipartisan body representing the executive and legislative branches of Federal, State and local government and the public.

Of the 26 Commission members, nine represent the Federal government, 14 represent State and local governments and three represent the general public. Twenty members are appointed by the President. He names three private citizens and three Federal executive officials directly and selects four governors, three State legislators, four mayors and three elected county officials from slates nominated, respectively, by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The other six are Members of Congress—three Senators appointed by the President of the Senate and three Representatives appointed by the Speaker of the House. Commission members serve two-year terms and may be reappointed. The Commission names an Executive Director who heads the small professional staff.

After selecting specific intergovernmental issues for investigation, ACIR follows a multi-step procedure that assures review and comment by representatives of all points of view, all affected levels of government, technical experts and interested groups. The Commission then debates each issue and formulates its policy positions. Commission findings and recommendations are published and draft bills and executive orders are developed to assist in implementing ACIR policies.

