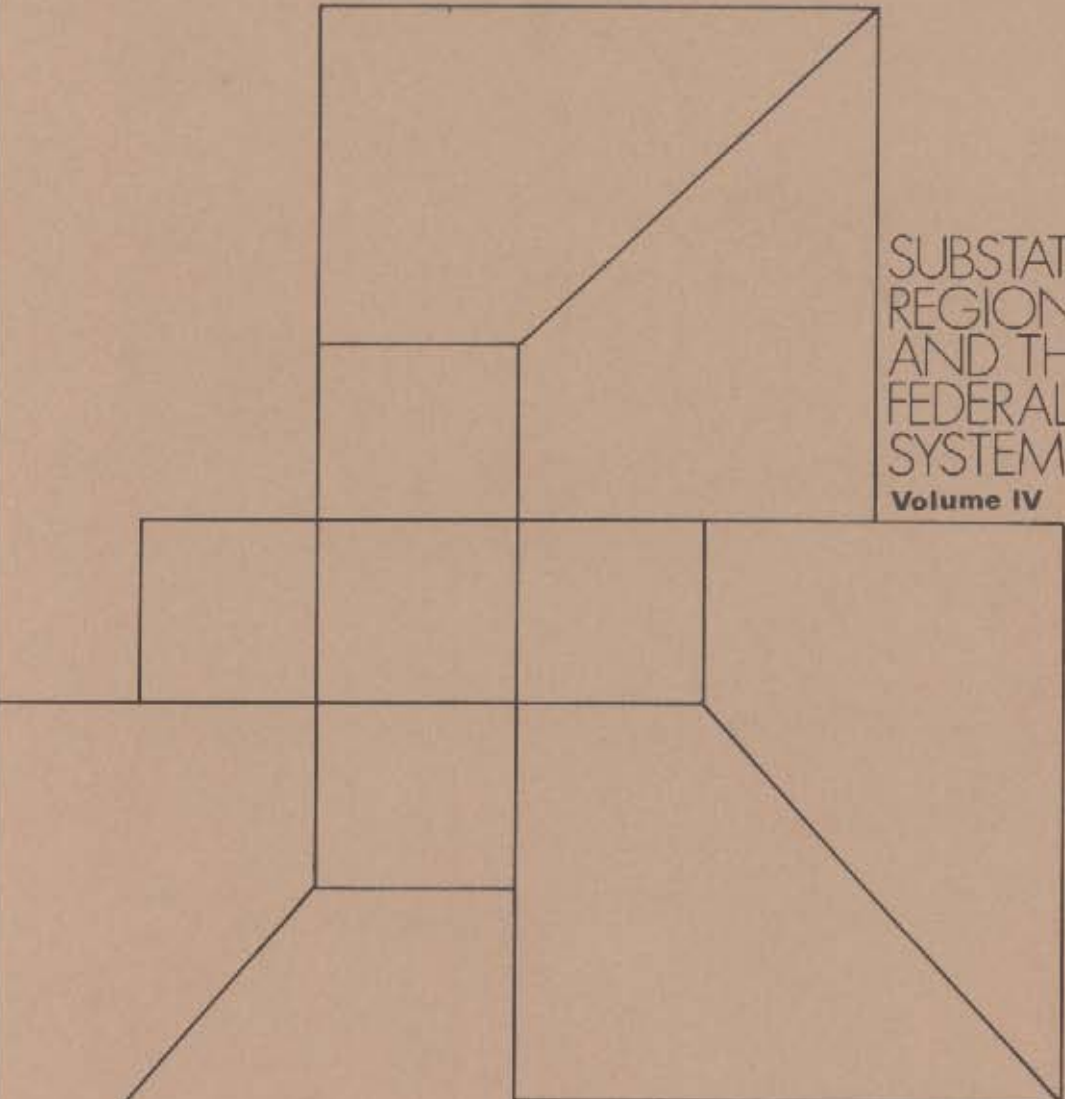


Governmental Functions and Processes: Local and Areawide



SUBSTATE
REGIONALISM
AND THE
FEDERAL
SYSTEM
Volume IV

Advisory Commission on Intergovernmental Relations

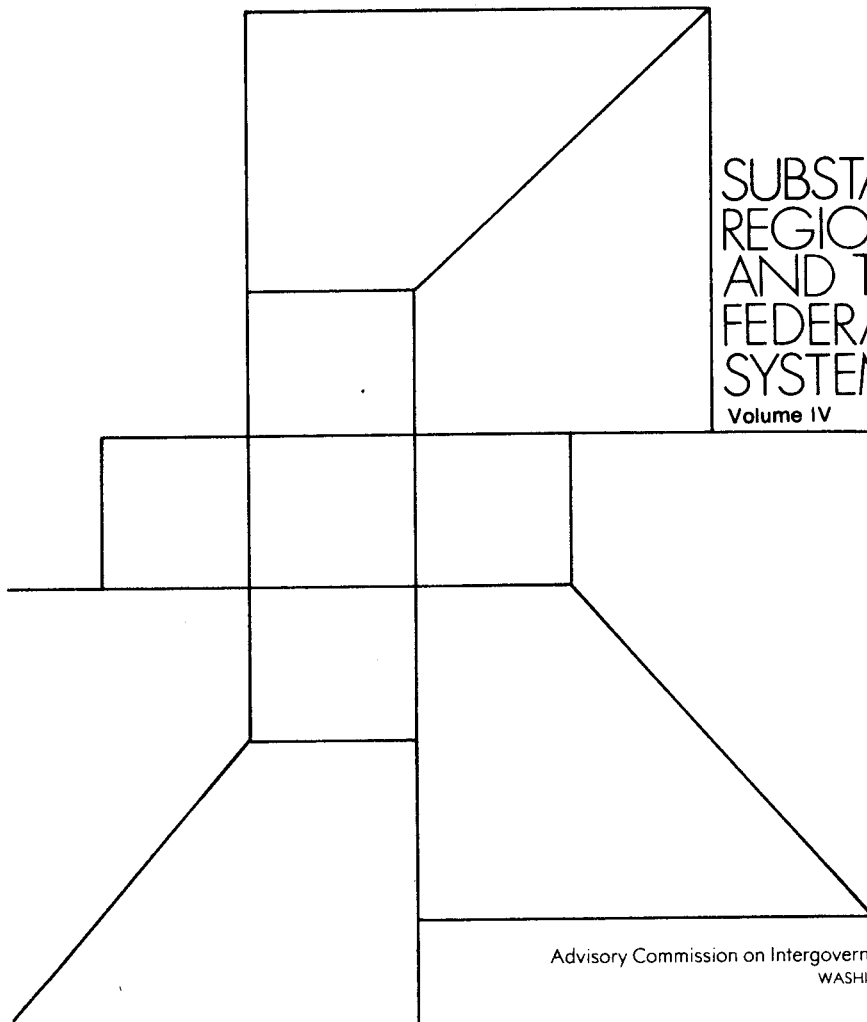
WASHINGTON, D. C. 20575

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A-45



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PREFACE

The Advisory Commission on Intergovernmental Relations was established by Public Law 380, passed by the first session of the 86th Congress and approved by the President September 24, 1959. Section 2 of the act sets forth the following declaration of purpose and specific responsibilities for the commission:

"Sec. 2. Because of the complexity of modern life intensifies the need in a federal form of government for the fullest cooperation and coordination of activities between the levels of government, and because population growth and scientific developments portend an increasingly complex society in future years, it is essential that an appropriate agency be established to give continuing attention to intergovernmental problems.

"It is intended that the commission, in the performance of its duties, will—

"(1) bring together representatives of the Federal, State, and local governments for the consideration of common problems;

"(2) provide a forum for discussing the administration and coordination of Federal grant and other programs requiring intergovernmental cooperation;

"(3) give critical attention to the conditions and controls involved in the administration of Federal grant programs;

"(4) make available technical assistance to the executive and legislative branches of the Federal Government in the review of proposed legislation to determine its overall effect on the Federal system;

"(5) encourage discussion and study at an early stage of emerging public problems that are likely to require intergovernmental cooperation;

"(6) recommend, within the framework of the Constitution, the most desirable allocation of governmental functions, responsibilities, and revenues among the several levels of government; and

"(7) recommend methods of coordinating and

simplifying tax laws and administrative practices to achieve a more orderly and less competitive fiscal relationship between the levels of government and to reduce the burden of compliance for taxpayers."

Pursuant to its statutory responsibilities, the Commission from time to time singles out for study and recommendation particular problems impeding the effectiveness of the federal system. In keeping with this responsibility, in 1971 the Commission identified regionalism as an important intergovernmental development and resolved "to assess the record to date, including the use and accomplishments of regional intergovernmental bodies."

The first phase of the Commission's work dealt with multistate regional instrumentalities, and a report on *Multistate Regionalism* was approved at a meeting of the Commission on December 17, 1971. The second phase involves substate regionalism. This is the fourth of a six-volume report on that subject.

In this volume, the Commission considers the public policy issues affecting the assignment of public service responsibilities to State, areawide, and local units. The report details the structural and procedural obstacles to more effective functional assignment. It probes certain political, economic, and administrative criteria that could serve as the basis for more equitable, accountable, and efficient service allocations. It concludes with recommendations for a State-local assignment of functions policy, supported by appropriate Federal actions, that would result in a more reasoned and systematic assignment of services among State, regional, and local jurisdictions.

This volume was approved at a meeting of the Commission on February 14, 1974.

Robert E. Merriam
Chairman

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K. Thor Swanson, Ruth Bosek, Jean Gansel, Bruce D. McDowell, and Carl Stenberg assisted in the preparation of certain background materials and offered helpful advice and constructive criticism during the preparation of the report. The Commission and its staff benefited by the review and comment on its work by a large number of persons with interest and informed judgement in the assignment of functions question. Particular thanks goes to those testifying at a special hearing held on October 10, 1973 on the Recommendations of this volume, including Dr. Alan K. Campbell, dean of the Maxwell Graduate School, Syracuse University; Dr. James G. Coke, director, Governor's Office of Policy Research, Columbus, Ohio; Mr. Charles Warren, National Academy of Public Administration, Washington, D.C.; Mr. Gene Schneider, State of New Jersey County and Municipal Government Study Commission, Trenton, New Jersey; Mr. James Tait, executive director, Commission on Local Government, Tallahassee, Florida; and Mr. Wayne Anderson, city manager, Alexandria, Virginia. Commission members conducting the hearing included the Honorable Robert E. Merriam, Mayor Jack K. Maltester, County Probate Judge Conrad M. Fowler, County Supervisor Lawrence K. Roos, and State Senator B. Mahlon Brown.

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The completion of this study would not have been possible without the cooperation and assistance of the persons and agency identified above. Full responsibility of the content and accuracy rests, of course, with the Commission and its staff.

William R. MacDougall
Executive Director

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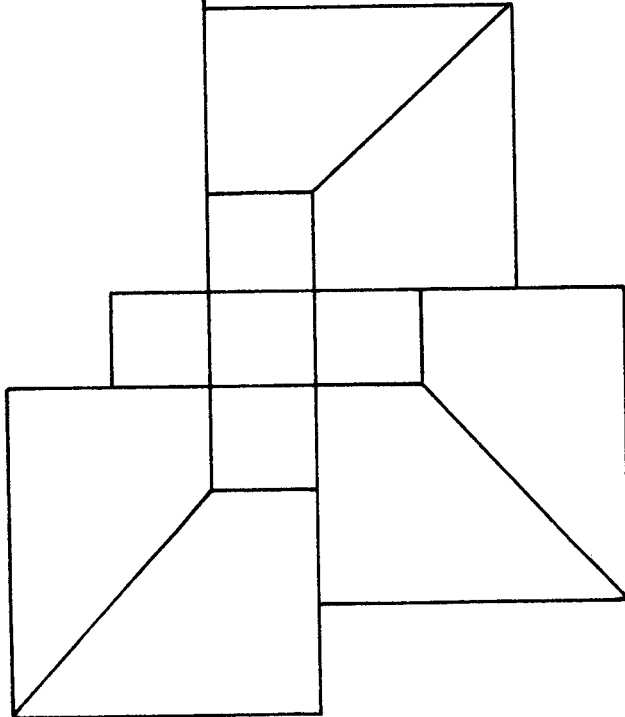
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Chapter 1

SUMMARY FINDINGS



Every level of government in a federal system has exclusive or shared responsibility for providing a wide variety of public services. However, the actual sorting out of functional tasks among different levels and types of government is a perennial source of tension and uncertainty in American federalism. The question continually arises: who should do what?

Since its 1963 report *Performance of Urban Functions: Local and Areawide*, this Commission has recommended various specific functional assignment policies that would result in a more manageable set of service responsibilities for national, State, areawide, and local governments. This report, though broader in scope, continues in that tradition. It discusses deficiencies in the existing apportionment of service responsibilities, suggests the characteristics of an ideal functional assignment policy, and offers recommendations as to how Federal, State, and local governments might reorder their respective functional responsibilities.

PRESENT ASSIGNMENT POLICIES

Endless Variation

Who does what? That is a question with innumerable answers in the American federal system. There is little uniformity among and within States as to what level and type of government has responsibility for a particular function or any of its components.

The 50 State-local governmental systems all differ in their functional assignment policies. Education is provided through county-dependent districts in parts of the South, by municipalities and townships in New England, and by independent non-coterminous school districts elsewhere. Corrections is almost exclusively a State function in Connecticut, Delaware, Rhode Island, and Vermont; it displays significant county dimensions in California, Michigan, and Texas; municipalities have considerable responsibilities in New York, Missouri, and Pennsylvania. Similarly, highways are an exclusive State function in Virginia, but primarily a county-municipal function in Wisconsin. Variations of this sort occur in almost every State-local governmental service (see Table 1-1).

Even within a service there are different allocation patterns. For example, municipal governments are often the primary providers of basic police services, but councils of government may provide communications services while a State government may have responsibility for training and criminal laboratory services. Land-use controls are basically a local function although comprehensive land-use planning occurs at the regional level and States sometimes assume direct control of critical environmental areas or promulgate land-use regulations that affect local actions.

Varying patterns of service allocation reflect State-local reliance on different service providers. Counties are of minimal or no functional significance in New England while they are major service providers in California, Mary-

land, New York, and Virginia. Townships have extensive service responsibilities in 11 Northeast and Midwest States, are limited-purpose governments in another ten States, and do not exist in another 29. Special districts have considerable duties in Florida, Georgia, Illinois, and Washington, but are virtually unused in Alaska, Hawaii, Montana, Rhode Island, and Vermont. Similarly, substate districts have gained increasing prominence in States like Texas, Georgia, and Virginia, but are not used in Wyoming, Hawaii, Delaware, Alaska, and Rhode Island.

The distribution of service responsibilities also varies among jurisdictions within a State. Home-rule counties, for example, assume more urban and regional service responsibilities than their non-home-rule counterparts (see Table 1-2). Large, independent, multi-county special districts have more than doubled in the last ten years, but they are mainly concentrated in metropolitan areas. On the other hand, State governments usually assume more direct and contractual service responsibilities in rural areas. Moreover, regional councils of local governments usually have quite different functional planning duties in urban and rural areas.

Functional assignments, then, differ among and within functions and also among and within the 50 State-local governmental systems. This variation in service allocation patterns makes it almost impossible to ascertain what the general service roles of State, regional, county, special district, and municipal governments are. The proliferation of assignment patterns, in turn, makes it difficult to determine whether functions are being effectively allocated to different levels and units of State and local government.

Structural and Procedural Hurdles

Frequently, the variation of service allocation patterns reflects structural and procedural traits of many State-local governmental systems that hinder a reordering of service assignments. The main obstacles to more effective functional assignment include:

- 1) the voluntary but selective character of most inter-governmental service agreements and functional transfers and consolidations;
- 2) the unwillingness to use Federal grant-in-aid management procedures such as the A-95 project notification and review system to sort out eligible areawide and local service providers;
- 3) the lack of authoritative and generalist substate districts and regional councils generally that can provide various areawide services;
- 4) the continued proliferation of independent, uni-functional, areawide and local special districts that do not coordinate their services with established local governments;
- 5) the slow pace of county modernization and the resultant inability or unwillingness of counties

Table I-1

Dominant Direct Service Provider* by Type of Government and Selected Function, the Fifty States: 1967

Function	Type of Dominant Service Provider						Total Number of States
	State	County	Municipality/ Township	School District	Special District	More than One Main Provider	
Education	1	3	4	40	0	2	50
Highways	46	0	0	0	0	4	50
Public Welfare	35	11	3	0	0	1	50
Hospitals	28	10	2	0	4	6	50
Health	29	2	4	0	0	15	50
Police	1	0	47	0	0	2	50
Fire	0	0	50	0	0	0	50
Sewage	0	0	41	0	3	6	50
Refuse Collection	0	0	49	0	0	1	50
Parks & Recreation	0	2	44	0	2	2	50
Natural Resources	48	1	0	0	0	1	50
Housing/Renewal	2	0	22	0	22	4	50
Airports	5	8	29	0	6	2	50
Water Transport**	12	0	21	0	11	1	45
Parking	0	0	48	0	1	1	50
Corrections	46	1	1	0	0	2	50
Libraries	1	14	30	0	3	2	50
General Control	5	28	6	0	0	11	50
General Public Buildings	3	29	16	0	0	12	50
Water Supply	0	0	45	0	2	3	50

*A dominant service provider is one that accounts for more than 55 percent of the direct general expenditure in a particular function.

**Only 45 State-local systems exhibit this function; consequently, dominant producers total only 45 whereas in all other functions they total 50 for the 50 State-local systems under consideration.

Source: Derived from U.S. Bureau of the Census, *Compendium of Government Finances Volume 5, 1967 Census of Governments* (Washington: U.S. Government Printing Office, 1969), Tables 46, 48.

to assume various local and regional service responsibilities;

- 6) the continued defeat of most local government reorganization proposals that would involve a clearer sorting out of local and areawide service responsibilities; and
- 7) the lack of decentralization of State-administered services and the inability of most State-local governmental systems to devolve service responsibilities from county or regional to municipal and neighborhood sub-units of government.

The most prominent obstacle to more effective service assignment involves the lack of authoritative regional service mechanisms. The need for stronger county government highlights this barrier. Only 16 States now grant functional home rule to counties and only 4 percent of eligible jurisdictions now are home-rule entities. Most counties also face stringent restrictions affecting city-county and multi-county consolidation. The various strictures on county organization and powers and State reliance on these bodies to deliver State-mandated services have combined to help prevent them from assuming more urban and regional services. Thus, over 70 percent of 160 surveyed non-home-rule metropolitan counties did

not perform such urban or regional functions as fire protection, refuse collection, urban renewal, mass transit, solid waste disposal, water supply, or air and water pollution control (see Table I-2).

Other regional service mechanisms are even less authoritative. Federally and State-encouraged substate districts and regional councils generally have only planning and grant management responsibilities and rarely deliver areawide services. The weak financial base of these jurisdictions, their often tenuous relationships with established local governments, and their competition with other separate regional planning organizations, in many cases have reduced even their supportive planning capabilities. Combined with this is the reluctance of most local officials to vest these instrumentalities with direct operational responsibilities. All these factors now make many of these mechanisms relatively weak actors on the substate scene.

The paucity of generalist regional bodies in turn has encouraged the proliferation of independent regional special districts with substantial regional service responsibilities. Over half of the countywide or multicounty special districts in the 72 largest metropolitan areas in 1970 were responsible for more than 40 percent of metropolitan expenditures in their respective functions. In 15 cases, they

were responsible for 80 percent or more of their respective functional outlays. Health and hospital, sewerage, and utility districts were most prominent in this regard (see Table I-3). These instrumentalities generally perform only one service, and their organizational and fiscal independence often prompts them to perform their assignments with little or no regard for the interrelated responsibilities of other local or areawide bodies. While a few States have authorized regional multiservice corporations and a few others have brought these special districts under the central control of a regional council, these independent entities still are the main regional service devices in most substate areas.

Another conspicuous structural problem affecting functional assignment has been the failure of most major governmental reorganizations. Most proposals have been defeated in popular referenda; those that have suc-

ceeded continue to face the problem of providing services on both areawide and local bases. Miami-Dade County and Indianapolis-Marion County, for example, have experienced pressures to reinvigorate local administrative or governmental units so that the upper-tier or areawide government can better attend to pressing regional service needs.

Certain procedural problems adversely affect functional assignments as well. Intergovernmental service agreements often occur in relatively noncontroversial functions or in the supportive aspects of a service (see Table I-4). Some governments, especially smaller rural municipalities and some larger central cities, sometimes are not involved in interlocal agreements even though they could benefit by them. On the other hand, functional transfers and consolidations, often a more durable way of changing functional assignments, sometimes result in the

Table I-2

Performance of Selected Urban, Regional, and Traditional Services by Selected Types of Metropolitan Counties: 1971

Function	Type of Metropolitan County			
	Home-Rule (N=28)	Unicounty Percent Performing Function (N=59)	Central County (N=76)	Suburban Fringe (N=31)
URBAN				
Fire	43%	27%	22%	19%
Refuse Collection	39	10	13	23
Libraries	68	34	37	42
Parks & Recreation	75	32	34	45
Hospitals	64	18	22	45
Urban Renewal	25	5	9	6
REGIONAL				
Mass Transit	14	0	3	0
Airports	36	17	17	35
Junior Colleges	39	3	17	13
Solid Waste Disposal	61	22	31	29
Sewage Disposal	61	12	26	19
Air Pollution	57	21	22	13
Water Pollution	57	16	25	6
Water Supply	39	4	17	22
TRADITIONAL				
Police	79	73	63	64
Coroner's Office	82	76	78	71
Jails	86	80	92	64
Probation/Parole	71	75	71	68
General Assistance	61	68	75	64
Medical Assistance	54	61	64	58
Roads & Highways	79	58	72	61
Public Health	86	70	70	68
Mental Health	79	73	70	48
Tax Assessment/Coll.	75	64	77	61
Courts	79	77	66	61
Prosecution	79	61	74	58
Public Defender	54	61	71	42

Source: ACIR tabulation of questionnaires from the 1971 ACIR-ICMA-NACO county survey.

Table I-3

Regional Special District Share of Selected Metropolitan Functional Expenditures in the 72 Largest SMSA's: 1970

Function	Percent of Metropolitan Functional Expenditure					Total # of Cases
	0-20	21-40	41-60	61-80	81-100	
Education	1	0	0	0	0	1
Highways	1	1	0	0	1	3
Health/Hospital	2	1	1	4	0	8
Sewerage	5	1	7	1	1	15
Parks/Recreation	8	1	0	0	0	9
Natural Resources	4	1	2	0	1	8
Housing/Urban Renewal	1	4	0	2	1	8
Water Transport	1	0	1	1	4	7
Library	0	0	0	0	2	2
Utility	5	3	4	4	1	17
TOTAL	28	12	15	12	11	78
% of Distribution	36	15	19	15	15	100

Source: ACIR Tabulation.

unnecessary centralization of local services or the decentralization of areawide ones.

The existing ad hoc approach to functional assignment, then, reflects certain basic structural and procedural features of most State-local governmental systems. In only a few instances have procedures been instituted to handle functional assignments in a systematic and balanced fashion.

Tensions in the Assignment System

The present, piecemeal system of functional assignment tends to produce continuing pressures for the centralization or decentralization of various services.

These strains take four main forms. First, there is concern about service efficiency. Present assignment patterns often result in service inefficiencies when local or areawide governments perform services which could be less expensively provided by another level or unit of government for reasons of economies of scale. Inefficiencies also can result when jurisdictions do not use interlocal contracts or pricing policies to provide services at the lowest possible cost.

A second pressure stems from service inequities. These occur when a functional assignment imposes uncompensated costs or benefits on another jurisdiction. For example, local governments often engage in exclusionary or fiscal zoning practices which create severe fiscal disparities and patterns of racial and economic segregation. Such practices burden some jurisdictions far more than others. Other inequities result when local governments have to perform redistributive services requiring regional or State fiscal equalization.

A third source of servicing stress is ineffective delivery. This occurs when functions are assigned to jurisdictions

that do not have the management expertise, breadth of functional responsibilities, geographic scale, or legal authority to perform the service adequately. Thus, non-home-rule counties assume fewer urban and regional functions than home-rule jurisdictions. Unifunctional special districts generally do not coordinate their services with related local governmental units. Very large or very small governments often do not have a well-defined management expertise for considering different program strategies that might best meet their assigned functional responsibilities.

Finally, present assignments frequently neglect the need for citizen access, control, and participation in the delivery of services. Regional special districts are often State-imposed and have faulty working relationships with general local governments. Some Federally encouraged substate districts have extensive systems of citizen participation while others do not. Regional councils are not governed usually on a one-man, one-vote basis. A-95 agencies generally do not refer their grant notifications to interested non-governmental agencies, and both cities and counties have been pressured by various types of Federally encouraged districts to increase their citizen participation efforts.

What are the ramifications of these imbalances in the present assignment system? Inefficient assignments raise the cost and reduce the quality and scope of a service. Inequitable assignments result in an unfair distribution of service costs and benefits. Ineffective assignments yield illogical and uncoordinated patterns of service delivery; unaccountable assignments produce popular political alienation with all levels of government. All these costs arise, to a greater or lesser degree, from the present, ad hoc approach to distributing service responsibilities. A more ordered and reasoned assignment policy could certainly avoid many of these costs.

Table I-4

Function or Activity Ranked by Prevalence of Interlocal Cooperation: 1972

Percent of Service Agreements	Activities				Functions		
	Data	Legal	Fiscal Supportive	Personnel	Areawide	Shared	Local
301+	Crime Lab			Police Training	Sewage Disposal Solid Waste	Jails Libraries	Street Lighting Refuse Collection Animal Control
201-300	Police Comm. Planning Engineering Service Crime Identification	Legal Services	Assessing		Water Supply Electric Supply Civil Defense	Ambulance Public Health	Schools Fire Services
101-200	Fire Comm.		Tax Collection Utility Billing Payroll	Fire Training	Air Pollution Abatement Hospitals Mosquito Control Flood Control Water Pollution Abatement Nursing Services Soil Conservation	Police Mental Health Housing Juvenile Delinq. Welfare Probation	Street Construction Water Dist. Parks Mapping Plumbing Sewer Lines Alcohol Rehab. Traffic Control
0-100	Civil Defense Comm. Microfilm Services Public Relations Record Maintenance	Licensing	Treasury	Civil Defense Training Personnel Services Transportation Management Services	Service Trans. Museums Irrigation	Zoning Urban Renewal Noise Pollution General Develop. Work Release	Cemeteries School Guards Police Patrol Building Inspection Snow Removal

Source: ACIR Tabulation from 1972 ACIR/ICMA survey on intergovernmental service agreements (2,248 municipalities over 5,000 population were surveyed).

Summary

The present functional assignment system produces little consistency as to the servicing roles of State, area-wide, or local governments. The structural and procedural deficiencies of most State-local governmental systems prevent a wholesale sorting out of functional responsibilities among different levels and units of government. This, in turn, has created an assignment system that is continuously and precipitously centralizing or decentralizing functions without any real thought being given to the appropriate servicing roles of various governmental levels and units. Consequently, most services are not delivered in as efficient, effective, equitable, and accountable fashion as they might be if there were a systematic functional assignment policy.

A NORMATIVE APPROACH TO FUNCTIONAL ASSIGNMENT

Four Assignment Factors

This report probes four basic characteristics that an ideal assignment system should reflect: economic efficiency, fiscal equity, political accountability, and administrative effectiveness. Taken together these characteristics suggest that functional assignments should be made to jurisdictions that can (1) supply a service at the lowest possible cost; (2) finance a function with the greatest possible fiscal equalization; (3) provide a service with adequate popular political control; and (4) administer a function in an authoritative, technically proficient, and cooperative fashion. In more specific terms, these factors include:

1. *Economic Efficiency*: Functions should be assigned to jurisdictions
 - (a) that are large enough to realize economies of scale and small enough not to incur diseconomies of scale; [economies of scale]
 - (b) that are willing to provide alternative service offerings to their citizens and specific services within a price range and level of effectiveness acceptable to local citizenry; [service competition] and
 - (c) that adopt pricing policies for their functions whenever possible. [public pricing]
2. *Fiscal Equity*: Appropriate functions should be assigned to jurisdictions
 - (a) that are large enough to encompass the cost and benefits of a function or that are willing to compensate other jurisdictions for the service costs imposed or for benefits received by them; [economic externalities] and
 - (b) that have adequate fiscal capacity to finance their public service responsibilities and that are willing to implement measures that insure inter-personal and inter-jurisdictional fiscal equity in

the performance of a function. [fiscal equalization]

3. *Political Accountability*: Functions should be assigned to jurisdictions
 - (a) that are controllable by, accessible to, and accountable to their residents in the performance of their public service responsibilities; [access and control] and
 - (b) that maximize the conditions and opportunities for active and productive citizen participation in the performance of a function. [citizen participation]
4. *Administrative Effectiveness*: Functions should be assigned to jurisdictions
 - (a) that are responsible for a wide variety of functions and that can balance competing functional interests; [general-purpose character]
 - (b) that encompass a geographic area adequate for effective performance of a function; [geographic adequacy]
 - (c) that explicitly determine the goals of and means of discharging public service responsibilities and that periodically reassess program goals in light of performance standards; [management capability]
 - (d) that are willing to pursue intergovernmental policies for promoting inter-local functional cooperation and reducing inter-local functional conflict; [intergovernmental flexibility] and
 - (e) that have adequate legal authority to perform a function and rely on it in administering the function. [legal adequacy]

Criteria and Service Assignment

How do these four criteria and their sub-components actually relate to service assignment? In general, they focus on either the level or type of government to which a function is to be assigned. Thus, some of the criteria argue for regional or State provision of a function and others for local provision of a service. Still other criteria argue for certain types of governmental units to perform the service at a regional or local level. Figure I-1 indicates the relationship of the various criteria sub-components to the assignment question.

Criteria sub-components that generally call for regional or State assumption of a function include economies of scale, fiscal equalization, economic externalities, and geographic adequacy. These suggest that a jurisdiction should be large enough to provide services at a relatively low unit cost, have enough resources to provide redistributive services, or have enough area to administer services which should be uniformly delivered over a wide area (*i.e.*, transportation and water resources management) to avoid imposing costs on neighboring jurisdictions.

Criteria sub-components that favor local provision of a function are service competition, citizen access and con-

Figure I-1

Assignment Criteria and Their Relationship to the Level and Form of Government to Which A Function Should Be Assigned

Criteria Subcomponent	Level of Government To Which Function is Assigned	Type of Government To Which Function is Assigned
ECONOMIC EFFICIENCY—Economies of Scale	Areawide or State	
FISCAL EQUITY—Economic Externalities	Areawide or State	
FISCAL EQUITY—Fiscal Equalization	Areawide or State	
ADMINISTRATIVE EFFECTIVENESS—Geographic Adequacy	Areawide or State	
POLITICAL ACCOUNTABILITY—Access and Control	Local	
POLITICAL ACCOUNTABILITY—Citizen Participation	Local	
ECONOMIC EFFICIENCY—Service Competition	Local	
ECONOMIC EFFICIENCY—Public Pricing		
ADMINISTRATIVE EFFECTIVENESS—Management Capability		Technically Proficient
ADMINISTRATIVE EFFECTIVENESS—Legal Adequacy		Technically Proficient
ADMINISTRATIVE EFFECTIVENESS—General Purpose Character		Authoritative
ADMINISTRATIVE EFFECTIVENESS—Intergovernmental Flexibility		Authoritative
		Cooperative

trol, and citizen participation. These factors suggest that services which depend on continuous political control or popular participation for satisfactory performance should be assigned locally. Moreover, where public choice about service quantity or quality is especially significant, local administration can lead to wider service choices and better evaluation of service delivery.

Other criteria subcomponents underscore the type of governmental unit that should be assigned a function. Public pricing and management capability argue for a technically proficient jurisdiction. Legal adequacy and general purpose character suggest that an authoritative jurisdiction (both in its powers and the number of functions that it has responsibility for) should administer a regional or local service. Finally, intergovernmental flexibility means that cooperative units of government are best suited to administer areawide or local functions, especially those having inter-level or inter-local ramifications.

In practice, these criteria argue for the assignment of certain activities regionally and others locally (see Table I-5). But since many functions have subcomponents that are of an areawide or local nature, they frequently argue for local or areawide assignment of these subcomponents (see Table I-6). In short, functions and parts of functions can be assigned to local, areawide, and State units of government on the basis of these ideal assignment criteria.

At the same time, however, application of these assignment criteria is not an easy task. These standards are not always mutually compatible or easily ordered. Many functions (*i.e.*, social services and land-use control) have differing elements of political accountability and fiscal equity, for example. The first criterion would argue for local assignment of the service; the latter for regional or State assignment. It is not always completely clear, then, which level of government should be accorded the responsibility for the service. Much depends, then, on how important each criteria is in a particular service.

Alternative Assignment Systems

While the different assignment criteria indicate, in general terms, what level and type of government should perform a particular function, what governmental systems can accommodate these assignment criteria? Chapters V and VI of this report indicate three alternative governmental systems that theoretically can balance these criteria and apportion service responsibilities among State, areawide, and local jurisdictions.

The first governmental system for assigning services is a polycentric one. This has both local and regional jurisdictions, but the regional units have no formally delegated functional responsibilities. Rather they assume functions that are transferred to them by underlying local governments or that they perform for constituent units by contract. Consequently, the polycentric method for assigning services involves the market method of allocating functions to different levels of government. Functions—local, areawide, and State—are provided only by the governments that choose or are sought out to perform them.

A second method of distributing service responsibilities involves essentially a two-tier governmental set-up. This system apportions legal responsibilities between the general purpose governments at the two levels. The upper or areawide tier performs generally those functions that involve regulation or redistribution or economies of scale, mediates interlocal functional conflict, and coordinates local decisions having an areawide impact. Local governments and counties in a multi-county setting perform all those functions not specifically delegated to the higher level of government. The State provides services that neither the areawide or local levels can administer effectively. Moreover, local units of government are sometimes but not always represented in the upper-tier units.

A third approach places all regional and local functions under a single consolidated unit of government. In this fashion, a unified government directly performs area-

Table I-5

Activities Which Can and Cannot be Handled Locally

Functions	Local Activities which can be handled by a Locality of		Areawide Activities which cannot be handled Locally
	10,000 population	25,000 or more	
Police	Patrol Routine investigation Traffic control	Same	Crime laboratory Special investigation Training Communications
Fire	Fire company (minimal)	Fire companies (better)	Training Communications Special investigation
Streets and Highways	Local streets, sidewalks, alleys: Repairs, cleaning, snow removal, lighting, trees	Same	Expressways Major arteries
Transportation			Mass transit Airport Port Terminals
Refuse	Collection	Same	Disposal
Water and Sewer	Local mains	Same	Treatment plants Trunk lines
Parks and Recreation	Local parks Playgrounds Recreation centers Tot-lots Swimming pool (25 m.)	Same plus Community center Skating rink Swimming pool (50 m.)	Large parks, zoo Museum Concert hall Stadium Golf courses
Libraries	Branch (small)	Branch (larger)	Central reference
Education	Elementary	Elementary Secondary	Community colleges Vocational schools
Welfare	Social services	Same	Assistance payments
Health		Public health services Health center	Hospital
Environmental Protection		Environmental sanitation	Air pollution control
Land Use and Development	Local planning Zoning Urban renewal	Same plus Housing and building code enforcement	Broad planning Building and housing standards
Housing	Public housing management	Public housing management & construction	Housing subsidy allocation

Source: Adopted from Howard Hallman, *Government by Neighborhoods* (Washington, D.C.: Center for Governmental Studies, 1973), p. 24.

Table I-6

Hypothetical Assignment for Components of Functional Activities

Activity/Component	Areawide	Shared	Local
PLANNING			
Intelligence	x		
Forecasting	x		
Plan Formulation		x	
Operations Review		x	
Liaison/Coordination	x		
FINANCING			
Revenue Raising		x	
Revenue Distribution	x		
Fiscal Control		x	
Budgeting			x
STAFFING			
Selection			x
Recruitment		x	
Training	x		
Appointment/Removal			x
ADMINISTRATION			
Supervision	x		
Management Analysis		x	
Productivity Analysis		x	
Technical Assistance	x		
STANDARD SETTING			
Formulation of Rules		x	
Rule Interpretation	x		
Rule Adjudication	x		
Rule Evaluation		x	
Rule Amendment		x	
Rule Enforcement			x
ENFORCEMENT			
Investigation	x		
Inspection	x		
Licensing	x		
Certification	x		
SERVICE DELIVERY			
Operations			x
Construction			x
INFORMATION			
Record-Keeping		x	
Communication		x	
Data Collection		x	
Reporting			x
Public Relations			x
EVALUATION			
Fact-Finding	x		
Public Hearings		x	
Testing/Analysis	x		
Consultation		x	

Source: ACIR Tabulation.

wide services throughout its jurisdiction and administers local services through decentralized local service districts. The State, again, performs those functions that the consolidated unit cannot manageably administer.

Each of these three governmental arrangements for administering local and areawide services exists in one form or the other in one or more metropolitan areas, with the first being the most prevalent. All three obviously reflect different political preference for the assignment of local and areawide services. And all three models, to a greater or lesser degree, meet some of the ideal assignment criteria already enumerated.

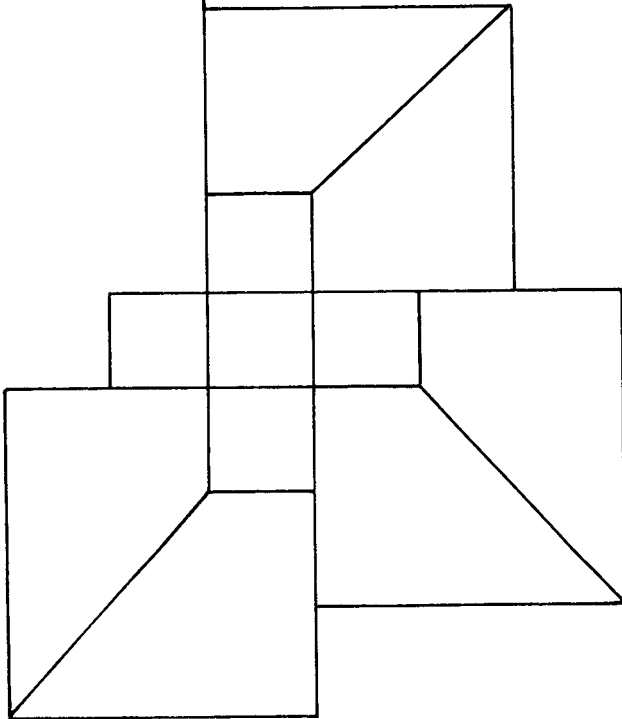
Summary

Functional assignment criteria offer a normative guide to more effective allocation of service responsibilities among State, areawide, and local jurisdictions. More-

over, they are reflected partially in the polycentric, two-tier, and consolidated governmental arrangements that exist in substate areas. Considerations of economic efficiency, fiscal equity, political accountability, and administrative effectiveness continue also to be prominent issues in various functional assignment debates. Simultaneously, the urgency of the service allocation issue is highlighted by numerous pressures: local fiscal disparities; nationally sponsored areawide programs in environmental control, transportation, and economic development; the emergence of stronger State bureaucracies; and continued emphasis on human resource service decentralization, especially in larger cities. A systematic assignment policy and process involving Federal, State, and local government is clearly needed. Such a policy would permit a more reasoned and manageable apportionment of service responsibilities among State, areawide, and local governments.

Chapter II

**ISSUES AND
RECOMMENDATIONS**



THE NEED FOR IMPROVED ASSIGNMENT POLICIES

Issues of functional assignment are at the heart of American federalism. Whether a service will be performed locally, regionally, or at a State or national level is a subject of protracted political debate. In earlier times these disputes took the form of States' rights or local home rule movements; more recent controversy has centered on the shifting service responsibilities of Federal, State, regional, county, and local governments in substate areas. Both new and old assignment struggles have focused on determining the relative powers and responsibilities of the various levels of government in the federal system. Viable federalism, then, hinges in large measure on its functional assignment policies.

Conflict and uncertainty about new service responsibilities often result in a haphazard pattern of functional assignment. Regional special districts frequently assume functions to ease local fiscal pressures. Counties are often unwilling or unable to assume certain urban or regional responsibilities which are then inadequately performed by local governments. Regional councils and substate districts are established due to different Federal and State mandates though they generally lack the authority to become effective regional service mechanisms. Intergovernmental service agreements often occur only in certain functions or are not always used by local governments that might benefit from them. Functional transfers and consolidations sometimes result in illogical or inappropriate changes in service assignment. In short, functions are constantly being assigned or reassigned on an ad hoc rather than planned basis.

Some defend this piecemeal approach to service allocation as a reflection of American political pragmatism, assigning a responsibility to the level or unit of government that most wishes to perform it. Others see it as indicative of the incredible geographic, cultural, social, political, and economic diversity that exists in the country. Still others argue that the many competing considerations affecting functional assignment make it impossible to arrive at a general political consensus about service allocations. These observers, see little need or little possibility for a systematic service assignment of functional responsibilities.

On the other hand, some contend that the lack of a comprehensive assignment policy within States produces unnecessary intergovernmental conflict, popular alienation with various levels of government, and an inefficient and inequitable distribution of responsibilities among different types of local government. Some functions, as they view it, now provided at the local level might be better administered on a regional basis, while others should be handled in the reverse fashion and still other responsibilities that have been fully transferred to the State might be better performed on a regional or joint (local-regional) basis. Since there is little guidance as to the costs and benefits of alternative patterns of service allocation, functions continue to be assigned or reassigned to what many consider to be inappropriate or illogical levels or units of government.

Critics find at least four main defects in the present distribution of service responsibilities. For them, many functional assignments are inappropriate since they are inefficient, inequitable, ineffective, or undercut the doctrine of public accountability.

Service inefficiencies occur when governments perform assigned functions at an excessively high price, offer only a limited range of services, or do not seek alternative means of delivering services at a lower cost. Inefficient service is caused by local governments not taking advantage of economies of scale; by jurisdictions providing a service without adequate resources or staff; or by local or regional units not taking the opportunity to contract with other units of government for provision of a service. Other inefficiencies arise when a local or area-wide institution is unable or unwilling to adopt service pricing policies in order to provide services at the lowest possible cost.

A second defect in the present pattern of assignment involves service inequities. These occur when the performance of a function imposes uncompensated costs or benefits on another jurisdiction. For example, local governments often engage in exclusionary or fiscal zoning practices which create severe fiscal disparities and patterns of racial and economic segregation. Such practices burden some jurisdictions far more than others. Other inequities result when local governments have to perform redistributive services requiring regional or State fiscal equalization.

Ineffective service delivery occurs when functions are assigned to jurisdictions that do not have the management expertise, scope of functional responsibilities, geographic scale, or legal authority to perform a function adequately. Thus, non-home-rule counties assume fewer urban and regional functions than home-rule jurisdictions. Unifunctional special districts generally do not coordinate their services with affected local governmental units. Very large or very small governments often do not have a well-defined management program for considering alternative strategies to meet their assigned functional responsibilities.

Finally, present assignments frequently neglect the need for citizen access and control and participation in the delivery of services. Regional special districts are often State-imposed and have faulty working relationships with general local governments. Some Federally encouraged substate districts have extensive systems of citizen participation while others do not. Regional councils are not governed usually on a one-man, one-vote basis. A-95 agencies generally do not refer their grant notifications to interested non-governmental agencies, and both cities and counties have been pressured by various types of Federally encouraged districts to increase their citizen participation efforts in various services.

What are the ramifications of these defects in the present assignment system? Inefficient assignments raise the cost and reduce the quality and scope of a service. Inequitable assignments result in an unfair distribution of service costs and benefits. Ineffective assignments yield illogical and uncoordinated patterns of service delivery, and unaccountable assignments can produce popular alienation with all levels of government. These costs arise, to a greater or lesser degree, from the present, ad hoc distribution of service responsibilities. A more ordered and reasoned assignment policy could avoid many of them.

Functional assignment policies, then, are an integral element of substate regional administration. But most decision makers seem content to allocate functions on a case-by-case basis with little thought given to defining the overall service and governance roles of local, county, regional, State, and national governments. Whether a systematic functional assignment policy can and should be pursued by Federal, State, and local decision makers is the subject of the remainder of this chapter.

ISSUES AFFECTING FUNCTIONAL ASSIGNMENT

A variety of issues confront a decision maker who wishes to change present patterns of functional assignment. Answers to the following basic questions, however, encompass most of the arguments for and against policies that would systematically define the service responsibilities of State, areawide, and local governments.

1. Is a systematic distribution of service responsibilities feasible?
2. What are the elements of a reasoned and effective apportionment of functions?
3. How can a systematic service assignment policy be implemented?

The Feasibility of a Functional Assignment Policy

Many agree that the costs of a haphazard distribution of service responsibilities warrant the development of a reasoned and systematic functional assignment policy. Yet even more observers question whether it is feasible.

Some skeptics contend that it is impossible to define adequately and control all the factors that affect service allocations, while others argue that changing conditions preclude any definitive method of designating local and areawide service responsibilities. Still others point to the wholesale failure of most major local governmental reorganizations as evidence of little popular demand for radical changes in local and regional service assignments. They also point out that there is little practical consensus to what are State, local, or areawide service responsibilities, academic theorists notwithstanding.

Even if an assignment policy were feasible, some would

caution against its implementation. Definition of a complete set of service assignments might exacerbate inter-jurisdictional conflict over functional allocations, something that has already occurred in the reorganized governments of Miami-Dade and Metro Toronto. Local units would fear the loss of functions to an upper-tier body with greater fiscal and regulatory powers. They also would resist being left with mere "housekeeping" and implementing duties while regional units were endowed with broader, policy-making responsibilities. At the same time, State governments would still be faced with the problem of finding organizations suitable for delivering services of an extra-regional dimension as well as deciding what services should be of statewide rather than regional dimension. In short, some doubt that a systematic functional assignment policy is administratively and politically feasible even if it is conceptually sound. Its implementation would so radically change the existing local governmental landscape and so exacerbate interlocal relations that it would be of little value to pursue.

Proponents of such a service allocation policy, on the other hand, argue that it is both feasible and desirable. They agree that no single assignment policy will achieve political consensus in all substate areas. Yet they point out that various studies have yielded some consistent findings as to what functions are local or areawide in nature;¹ thus, there is at least a rough understanding of the difference between a local and a regional responsibility. Additionally, reorganized governments in Nashville, Jacksonville, Indianapolis, Miami-Dade, and Minneapolis-St. Paul, they stress, have devoted considerable attention to determining what services are best performed on a local or areawide basis. States also continue to face the problem of decentralizing and/or delegating to local governments responsibility for services that they have previously centralized. In short, evidence exists that some governments at all three levels—State, areawide, and local—are concerned with reordering their service assignments on a systematic basis if possible.

Some proponents claim that the failure of most governmental reorganization and functional assignment plans stems from the fact that the service roles of upper-tier and lower-tier governmental or administrative units were only vaguely spelled out at best. Consequently, most local reorganizations appeared to involve the imposition of an overlapping areawide government. A better understanding and description of State, areawide, local, and joint (areawide-local) services, along with their respective patterns of funding, they argue, would reduce popular resistance to local governmental reorganization and subsequent functional reassignment.

Advocates of a more systematic assignment policy contend that it would bring order to the growing demands for centralization or decentralization of different service responsibilities and that officials at all levels want a lessening of confusion on this issue. As various surveys in this report have noted, many local officials have shown a considerable willingness both to centralize services at a

county, regional, or even State level and to establish more authoritative regional councils. At the same time, continued pressures exist for the decentralized administration of various human resource and public safety services. A comprehensive service allocation policy, then, would provide a sound institutional framework for the various unifunctional assignment proposals now being considered by Federal, State, and local governments.

A policy for systematic distribution of service assignments, some maintain, would highlight the need for both a generalist regional body and a better organized State government to perform regional and statewide functions. At the same time, however, proponents discount the idea that local concerns would be ignored. They note that a variety of functions and activities are most logically performed at the local level and that others would be the joint concern of local and regional units. Consequently, local and areawide instrumentalities would end up sharing powers over many functions rather than being allocated exclusive responsibility for a few separate ones. Thus, no matter what local governmental reorganization policies an area pursued, a comprehensive service allocation policy would help spell out the service and governance roles of upper- and lower-tier governments or administrative bodies.

Advocates of this policy believe that it can be used to prevent service allocation decisions from becoming the byproduct simply of fiscal pressures, legal inadequacies, or structural deficiencies that have produced the present, unplanned pattern of service assignment. The growing awareness of these benefits, they feel, settles the feasibility question.

Elements of the Functional Assignment Process

If a systematic service allocation process is both feasible and desirable, what are its components? As Chapters III and IV note, it has three main elements: the development of criteria as general guides to assignment decisions, the selection of institutions and procedures for delivering a service, and the actual choice of functions or components to be allocated to one or another level of government. In short, the effort is to match function and structure according to general, well defined rules of assignment.

Criteria. Chapter IV details several criteria that might be used to apportion service responsibilities to different levels of government. These general criteria suggest that all functional assignments should consider four major factors: economic efficiency, fiscal equity, political accountability, and administrative effectiveness.

While many might agree with these ideal assignment characteristics, one can raise the following questions:

Can these criteria be achieved simultaneously?

Does achievement of any one of these goals necessarily require functional assignment to one or another level of government?

How can one judge the overall value of these assignment criteria?

The most important issue about these criteria is what place they can or should occupy in any assignment policy. Discussion in Chapter IV reveals that they are not always mutually compatible and not easily ordered. Hence, to some they offer no clear-cut guide to allocating various service responsibilities.

To illustrate, the family social services function has elements of both equity and political accountability. The first criterion would argue for regional or State performance of the function; the second for local assignment. Which level of government, then, should perform the function? To take another example, considerations of economies of scale and geographic scale have prompted the creation of regional special districts to perform various physical development services. These same districts, however, frequently do not show the management expertise of lower-level units. Should the function be re-assigned to a local government? In the land-use area, local administration of this regulatory function is justified by the need for continuous political access and control, yet local administration has produced externality problems that could be ameliorated by regional administration. These are but a few examples of the difficulties encountered in using criteria as theoretical guides to service assignment. Such difficulties have led some to believe that no distribution of functional responsibilities can satisfactorily meet the demands of competing criteria.

Other critics argue that present patterns of assignment implicitly reflect a community's weighting of the various criteria. Areas choosing to perform functions locally favor considerations of political accountability and certain aspects of economic efficiency. Areas that assign numerous responsibilities to higher levels of government probably are more concerned with issues of service equity and administrative effectiveness. This group would argue that there is no need to be explicit about what is already implicit in the existing assignment pattern.

Critics of these criteria also point out that they do not unequivocally point to local, areawide, or State performance of a function. Cities, for example, may finance services on a more equalizing basis than counties or special districts, or even some States. At the same time, Federally encouraged substate districts and some regional councils have promoted greater citizen participation in the delivery of a service than local jurisdictions. Municipalities may display more management expertise than larger units of government, while some counties often promote more service competition by the contracting process than many cities and towns. In short, preconceived notions that one or another level of government best meets a particular assignment criterion may be faulty.

In contrast to these views, proponents argue that various governmental arrangements can reconcile competing criteria, that assignment decisions are not now made

with any clear-cut rationale, and that these standards offer a general, but not definitive, guide as to which levels of government can best perform differing types of functions.

Criteria advocates agree that most functions, to various degrees, involve considerations of efficiency, equity, accountability, and effectiveness. Consequently, exclusive assignment of a function to an areawide level of government would occur only when significant fiscal redistribution, control of externalities, or economies of scale is a prime feature of a particular service, or when a high degree of technical proficiency or large geographic area is required for its satisfactory performance. Hospital construction and water pollution control might be two such services. Exclusively State-assigned services would be those that required direct Statewide uniform administration (courts, prosecution, and defender services, for example) or those which had to be delivered in areas larger than a substate region (river basin natural resource administration, for example). On the other hand, services that require continuous political access and control, citizen participation, or service competition might be exclusively performed at a local level, such as basic police services and refuse collection.

Many services, on the other hand, have both local and regional or State dimensions. Land-use controls might be locally administered but regulatory policies might be formulated at the regional or State level. Similarly, educational fiscal equalization could be a metropolitan or State concern while the daily delivery of education services could take place locally. To take another example, police training and personnel recruitment could be responsibilities of a regional council, while the actual selection, appointment, and removal of such personnel could be a local responsibility. Thus, various components of a single function could be, and sometimes are, assigned to one or another level of government. Aspects of a service that involve fiscal equity or administrative effectiveness might be areawide or State responsibilities, while local concerns might center on servicing components of a political accountability or economic efficiency nature. In this fashion, the competing criteria could be balanced by parcelling out different components of a function to different levels of government.

Some proponents note that different models of local governmental organization provide a means of balancing these criteria in their service agreements. A consolidated government with decentralized administrative units (Indianapolis), a formally or informally powerful second-tier system (Miami-Dade or Minneapolis-St. Paul), or a polycentric form of government with a regional multi-service unit (Los Angeles, Denver, Portland, and Seattle) are all governance schemes that could divide service responsibilities on a local and areawide basis. Assignment criteria, then, could offer decision makers in these areas guidance as to the service roles of upper- and lower-tier governmental or administrative units.

Proponents recognize that State, regional, and local

governments do not always assume appropriate service roles. Sometimes regional governments do not perform redistributive duties nor do local jurisdictions always show concern about matters of political accountability. But basic assignment criteria, they argue, can justify higher- or lower-level assignments. Economies of scale in certain functions can only be achieved in governments of a certain size. Human resource services requiring citizen participation or continuous political control are best administered locally while matters of service redistribution are best handled by an areawide or State jurisdiction. The criteria, then, set forth general, not unimpeachable, guides to functional assignments.

Finally, proponents contend that operational measures for some, if not all, of these criteria can be fashioned. They note that service quality is a central concern to most political decision makers. The adequacy of any functional assignment, then, will depend on the quality of resulting service delivery. Any number of specific out-put measures can be developed to assess functional performance. Such measures, once developed, can be subsequently matched with general assignment criteria.

Structures and Procedures. Another key element of a functional assignment policy concerns the selection of suitable structures and procedures for delivering regional and local services.

Critics of this aspect of a service allocation policy contend that there are a variety of State, regional, and local institutions and procedures for delivering State, local, and areawide services in the fifty States. Uniform selection of local, regional, or State service providers or recommendations for standardized procedures for changing functional assignments would be both unnecessary and unwise.

Regional service mechanisms in some States, they note, take the form of multifunctional special districts or strengthened regional councils. In others, modernized counties are the logical institution for areawide service assignment. Similarly, there is no single set of desirable local service providers. Some States rely on a multiplicity of local service providers—cities, villages, special districts, and townships; others rely solely on municipalities for local service administration. In many States, counties act as a local government for unincorporated areas rather than as a regional service mechanism. Finally, States themselves follow markedly different assignment policies. Some States directly administer a number of services while others delegate considerable functional responsibility to local governments. For example, in 1970–71, New York State accounted for only 18 percent of all State-local expenditures; at the other extreme, the State of Hawaii accounted for 77 percent of all such expenditures.

These skeptics underscore the fact that considerable variation also exists in the use of service assignment procedures in the various States. Data from Chapter III indicates that service agreements in most metropolitan areas occur between municipalities and other municipali-

ties, counties, or private firms. In rural areas, however, the State is more frequently engaged in the contracting process. Functional transfers and consolidations are far less common than service agreements, though they may be more effective procedures for the governments involved. Home-rule counties and larger metropolitan municipalities tend to be more involved in contracts, transfers, and consolidations of functions than non-home-rule counties or smaller, rural, local jurisdictions. Thus, there is little uniformity concerning the use of different institutions or procedures for delivering various local and regional services.

Critics also note that structural or procedural means of service assignment can often be used interchangeably. Thus, a county could be assigned an areawide service through State legislation or could perform it on the basis of an intergovernmental service agreement with a constituent municipality. In either case, the function is performed on an areawide basis and there may be no valid reason to choose one method of assignment over the other. In short, for these observers, the institutional and procedural dimensions of functional assignment take so many different forms that there is little utility in arbitrarily selecting one over another for service allocation.

Advocates of a systematic and balanced functional assignment process contend that various types of procedures and institutions are not always available or utilized to produce a consistent and logical distribution of service responsibilities. They argue also that present deficiencies in various structures and procedures must be reformed before an effective functional assignment policy can be implemented.

Data presented in the latter part of this report indicate that service agreements generally take place only in non-controversial functions and do not always occur among certain types of government. Transfers and consolidations of functions sometimes result in inappropriate reassignment of local and areawide functions, with essentially local functions being assigned to the areawide level and areawide ones being devolved to the local level. Multiple assignment procedures, then, frequently do not bring about an appropriate redistribution of service responsibilities. Also the selective, voluntaristic character of most contracts, functional transfers, and consolidations means that they will not be adequate alternatives to other means of assignment in all servicing areas.

This report also has documented the lack of effective regional governance mechanisms. It has found that most regional councils lack the authority to deliver regional services, that program competition often dilutes the planning efforts of different types of Federally and State encouraged substate districts, that county modernization has proceeded at a slow pace, and that many regional special districts continue to be functionally independent of other areawide and local governments. Consequently, areawide functions often are performed inadequately by local governments or ineffectively by limited regional in-

strumentalities. This has sometimes led to State assumption of regional services.

Put quite simply, these proponents find that a number of improvements could be made in existing structures and procedures to permit more appropriate State, local, and areawide functional assignments. All local governments could be authorized to enter into service agreements. Incentives for the upward transfer of areawide responsibilities or the downward transfer of local ones could be enacted. Regional special district controls, county modernization, and strengthened regional councils, specifically along the lines suggested by Volume I of this report, would be institutional reforms that would produce authoritative regional service mechanisms. Without these reforms, these proponents stress, a range of meaningful alternative assignment strategies cannot be followed by State and local governments.

In short, proponents contend that an effective assignment of functions policy must consider the strengths and weaknesses of available means of delivering State, regional, and local services. It must also undertake reforms that will broaden the range of institutions and methods of State, regional, and local service delivery. These observers stoutly maintain that the requisite structures and procedures by which to carry out a full-scale assignment of functions policy do not now exist.

Functional Analysis. Another element of a functional assignment policy is the actual classification of which services or components lend themselves to State, areawide, or local administration.

Critics of this classification procedure argue that it is too cumbersome and judgmental to offer adequate guidance for assignment decisions. They contend that any precise division of service responsibilities would not necessarily improve program administration and that local political traditions rather than administrative determinations should be the basis for apportioning responsibilities among State, local, and areawide institutions.

These critics note also that any given service has an extremely complex character. Every function has a complicated set of internal components—financing, standard-setting, budgeting, planning, construction, communications, personnel selection, and training, to name just a few. Functions and their components frequently require intricate interrelationships with other services for successful administration. In the opinion of this group, these complexities preclude any hard and fast classification of State, regional, and local service responsibilities.

Critics stress that any attempted classification would be exceedingly judgmental since there is a paucity of empirical data on whether particular functions are best performed at the State, regional, or local level. This lack of actual knowledge about effective assignments, in turn, might result in an apportionment of service responsibilities that might be no more or even less effective than present patterns. Furthermore, critics maintain that at least the present service allocations reflect existing politi-

cal traditions and values, thereby insuring a rough measure of political accountability in these policies.

Proponents of this type of detailed classification analysis point out that it is already being used to sort out appropriate State, local, and regional service responsibilities in different functions. Moreover, they point out, this type of analysis has served to guide rather than supplant assignment decisions by politically accountable decision-makers.

Detailed functional analysis, these observers argue, has long been regarded as a pivotal part of local governmental reorganization plans. It has been used extensively in Canadian and English reorganization efforts and has accompanied both successful and unsuccessful local governmental reform efforts in this country. Moreover, major American studies in such diverse functions as land-use and police have been conducted to determine which level of government should be responsible for different components of a service.² Analysis of this type is not easy, these proponents concede, but it has been and will continue to be used to gauge the service roles of different levels of government.

Classification studies are not, they emphasize, a substitute for assignment decisions by elected decision makers. Rather they are used to inform accountable officials. Moreover, these studies apparently have had some practical effect. State and Federal governments, after all, have become increasingly concerned with fiscal equalization matters and some regional units of government now perform functions that benefit from economies of scale or that require uniform regulation for satisfactory performance. Moreover, some counties have begun to assume more areawide responsibilities and local jurisdictions have experienced renewed demands to perform new social service responsibilities. The pace and form of assignment decisions, then, is a political matter, but these proponents believe strongly that good functional analysis can provide at least one necessary guide to the range of manageable and logical service assignments a State, regional, or local government should undertake.

FUNCTIONAL ASSIGNMENT RECOMMENDATIONS

Diverse political forces at all levels of government contribute to the ad hoc nature of service allocations at the State-local level. Local fiscal crises, historical State controls over local government, political traditions affecting the structure and powers of State government, and national program initiatives are but a few of the political influences that now produce an unduly divergent pattern of State-regional-local functional assignments. A more systematic and ordered distribution of functional responsibilities between and among these levels and units of government would produce more manageable and effective service delivery systems in almost any substate region.

Federal, State and local governments all must bear

some share of the responsibility for reordering service responsibilities. Consequently, the Commission makes the following recommendations:

Recommendation 1: State Development and Implementation of an Assignment of Functions Policy and Process

The Commission finds that certain governmental functions and component activities are most appropriately performed on a statewide basis, others as areawide responsibilities, still others as local duties and some as shared tasks of both levels of government. Yet present functional assignment patterns are often haphazardly determined on the basis of fiscal pressures on State or local government, the historical and legal status of different types of local governments, and numerous Federal and State program initiatives, all of which often result in inappropriate and conflicting patterns of functional assignment among State, regional, and local governments. The Commission therefore recognizes the need for more consistent and logical assignment of responsibilities. The Commission is convinced that a State Advisory Commission on Intergovernmental Relations or some other suitable State-local instrumentality should be charged with the responsibility of reassessing continually the allocation of functional assignments in the State-local service delivery system. The Commission, however, realizes that there is no single appropriate formula for the allocation of functions among all State, areawide, and local units given the diverse geographic, cultural, social, economic, and political conditions that exist in the country. In light of these findings . . .

The Commission recommends that States enact legislation which establishes an on-going assignment of functions policy and process which will result in a more reasoned and systematic assignment of functions between and among State, local, and areawide units of government. Such legislation should, at a minimum, authorize the State Advisory Commission on Intergovernmental Relations or a similar agency, when no such commission exists, to:

A. formulate general criteria for assigning new public services and reassigning established or expanded ones, taking into account the desirability of reconciling economic efficiency, fiscal equity, political accountability, and administrative effectiveness in the provision of a public service.

B. develop on a case-by-case basis specific functional classification standards based on the above criteria for determining the State, areawide or local nature of a function or components thereof, with emphasis on (1) local assignment of functions and activities that have a minimal impact on neighboring jurisdictions or would benefit from service competition, or do not require uniform levels of service, or do require a high degree of political accountability for satisfactory performance, (2) areawide assign-

ment of functions and activities that are primarily redistributive or require a high degree of technical efficiency, or would benefit from regional economies of scale, or would necessitate a large geographic area for uniform or satisfactory implementation, (3) joint or shared regional-local assignment of functions having both areawide and local dimensions and requiring substantial interlevel cooperation for satisfactory performance, and (4) State assignment of functions and activities that require direct Statewide administration or that are beyond the capacity of local or areawide units to perform.

C. seek the assistance of affected local government representatives, associations of local officials, and relevant line agencies of State government in developing functional classification standards pursuant to (B) above.

D. prepare an intergovernmental impact statement concerning any State or locally developed assignment or reassignment proposal or Federal action or proposal affecting State-local service delivery systems. Such statement should evaluate these assignment or reassignment proposals or actions according to the general criteria and functional classifications developed in (A) and (B) above.

E. recommend State constitutional, legislative, or, where appropriate, local referendum action for the assignment of new and the reassignment of established or expanded functions according to the classification standards developed in (B) above. All such functional assignments or reassignments should protect the pertinent employment and pension rights of affected governmental employees and the relevant financial obligations of affected jurisdictions.

This recommendation calls for a jointly developed State-local assignment of functions policy and process. The Commission urges a three stage process for this policy. In the first step, an appropriate State-local instrumentality such as the State ACIR proposed in Recommendation 1G of Volume III would develop general assignment criteria pursuant to legislative authorization. Such criteria would focus on the need to consider and reconcile economic efficiency, fiscal equity, administrative effectiveness, and political accountability in any specific apportionment of State, areawide, and local functional responsibilities. After developing these basic criteria, the State ACIR or other similar State-local instrumentality, with the assistance of State line agencies, local government representatives, and associations of local officials, would proceed to formulate detailed functional classifications that would be the basis for specific service allocation proposals.

After developing these guidelines, the joint State-local agency would implement its assignment policies in two ways. First, it would be authorized to develop an intergovernmental impact statement detailing the functional assignment ramifications of any Federally, State, or locally developed policy that affected markedly the State-local service delivery system. Secondly the agency would

be empowered to recommend specific assignment proposals and submit them to the appropriate decision-making body. Some proposals might require State legislative action; others, a constitutional amendment; while still others might be handled via local referenda. State legislation or constitutional action would occur when the assignment proposal involved State assumption, State mandating, or transfer involving local and/or areawide units on a Statewide basis, or the assignment of a new function to such units. Local referenda might be used where the emphasis is on revising functional assignments only within a particular substate region.

* * *

This first component (A) seeks to broaden and clarify the State's preeminent legal position as the source of all local government functional responsibilities. Thus, it calls for a State ACIR or other appropriate State-local instrumentality to develop general criteria for the assignment and ultimate performance of various State, regional and local governmental services.

The Commission notes that States already mandate a wide variety of specific service requirements and make general grants of functional authority by different types of local home rule and interlocal cooperation statutes. They also regularly legislate on the specific functional responsibilities of such areawide institutions as special districts, counties, and regional councils. Additionally, most State constitutions set forth various legal mandates for equity and accountability that are supposed to be reflected in its various assignment actions. Yet no State has in conjunction with its localities developed an explicit rationale for its apportionment of service responsibilities. These general criteria, examples of which are noted at the end of Chapter IV, would commit a State and its localities to pursue a functional allocation policy that would result in services being delivered in an efficient, effective, equitable, and accountable manner.

These four norms—economic efficiency, fiscal equity, administrative effectiveness, and political accountability—would be general benchmarks for a statewide assignment policy. In practice, they actually reflect a variety of general popular concerns about service performance. Economic efficiency suggests that a service be assigned to a jurisdiction that can perform it at the lowest possible cost. Fiscal equity calls for functions being performed in a manner that will fairly distribute the costs and benefits of a particular service. Administrative effectiveness requires that functions be allocated to instrumentalities that can perform them in a technically proficient and innovative manner, while political accountability means that jurisdictions should deliver assigned services in a legitimate and politically responsive fashion. These criteria, given their popular as well as professional support, are reasonable goals for a State-local developed assignment policy.

A chief criticism of such standards is that assignment criteria would be too broad to offer real guidance about specific service allocation policies. Consequently, they

would be regarded only as general legislative or administrative exhortations but would be ignored in most practical situations. Moreover, State and local legislators, due to their functionally based committee structures and administrative concerns, would continue to make assignment decisions on a case-by-case basis, and would hardly tolerate being bound by predetermined assignment standards. Additionally, the conflict between some of these assignment criteria would mean that they could be used to rationalize almost any given assignment decision. Without any clear priorities among the criteria or full agreement among them, it would be meaningless to develop specific policies to implement them.

Another negative argument is that these criteria might result in innumerable legal suits about subsequent assignment decisions. The recent spate of court suits about school financing and the representational base of regional councils is cited as evidence of the legal complexities involved in various assignment decisions. Administrative criteria of the sort recommended here might result in almost continuous litigation whenever a particular group thought that an apportionment of service responsibilities did not reflect its own conceptions of efficiency, effectiveness, equity, or accountability.

Finally, the status quo position contends that present methods for allocating service responsibilities preclude the need for these criteria. Home rule grants offer sufficient authority to cities and counties to undertake various local and regional service responsibilities; most States have periodically reorganized their Executive branches so that they can better assume direct service responsibilities; and States have increasingly adopted legislation authorizing multipurpose regional special districts and regional councils to undertake selected regional services. These legal authorizations offer sufficient latitude for the gradual development of a sensible assignment policy.

The Commission notes these objections, but believes that the time has come to clarify the rationale behind the 50 local-State service allocation patterns. These criteria, though general, would commit a State and its localities to follow a consistent and balanced assignment policy that would result in a more ordered servicing system. We recognize that the specific form that these criteria would take would differ from State to State, reflecting each one's own particular assignment concerns. These standards after all are subject to differing interpretations and definitions.

The Commission feels that these standards would enhance rather than diminish existing local home rule powers and reduce the litigation and confusion that presently affects many assignment decisions. Development of these criteria would be the first step in assigning a manageable and appropriate set of service responsibilities to State, regional and local institutions. It would prevent essentially local responsibilities from being transferred to the regional level, strengthen generalist-dominated regional institutions, bolster generalist-oriented State agencies (State Departments of Planning or Com-

munity Affairs), and help reduce the proliferation of unifunctional, regional special districts, many of which are created in response to local fiscal crises. It also would provide a State with a justification for reassigning functions from regional or local institutions that do not now perform them in an efficient, equitable, accountable, and effective manner.

The explicit nature of these criteria would insure that the assignment process would be neither arbitrary nor capricious. Hence, they also would be in keeping with legal standards of equal protection and due process.

* * *

The second component (B) of this recommendation would authorize development—in light of the basic criteria—of functional classification standards that would provide a specific guide as to which functions or components of functions should be performed at the State, regional, and local levels.

With this component, the Commission seeks to encourage the development on an on-going basis of specific assignment proposals. Pursuant to their general criteria, the designated instrumentality in consultation with other appropriate State agencies and concerned regional and local groups would develop proposals for the assignment or reassignment of specific functions or components thereof to one or another level of government. By this process, it could test public and jurisdictional opinion regarding such proposals and gain a clearer indication of the generally desired allocation of specific functional responsibilities.

At the same time, the Commission does not intend that these classification standards should be totally unstructured or merely reflect the status quo. Hence, it suggests that they emphasize local assignment of functions or activities that would benefit from service competition or require a high degree of political accountability for satisfactory performance, and areawide assignment of functions that are primarily redistributive or that require a high degree of technical efficiency, economies of scale, or large geographic area for satisfactory performance. Other functions which have both areawide and local dimensions would be jointly administered by regional and local institutions. State assigned services would be those that require direct statewide administration or that are beyond the capacity of local and areawide units to perform. These suggestions regarding functional classification provide a broad and general, but not wholly ambiguous, guide as to the appropriate service roles of State, local and areawide bodies.

Critics of these standards regard them as too cumbersome and theoretical to have much effect on assignment policy. Some also contend that they could delay the reassignment of functions among State, area-wide, and local units and that they constitute a back-door approach to metropolitan governmental reorganization, a subject that has not evoked widespread local support.

A prime criticism concerns their unworkability. Skep-

tics argue that the instrumentalities called upon to develop the classification standards would not have the capacity or sensitivity to categorize functions by jurisdiction in a sensible or comprehensive fashion. The functional classification schemes they would develop might either be too panoramic to warrant serious consideration or too limited and non-controversial to evoke much public interest. Some critics also note that past efforts of this type have not always yielded consistent results as to which level of government is best suited to perform a particular function.

Another serious criticism is that these classification schemes could result in the deterioration of service delivery systems. Regional or State units might not be slated to assume various local responsibilities even when the latter were unwilling to take on the assignment. Local governments might be barred from assuming regional service duties even if they could perform them productively. At the same time, dividing service responsibilities among State, local, and areawide instrumentalities could produce interlevel struggles over which aspect of a service was more important; such conflict could reduce the quality of many substate services.

Finally, critics maintain that these standards are but another oblique attempt to encourage local governmental reorganization, particularly at the regional level, over the wishes of a reluctant citizenry. They note that most major reorganization proposals have met with defeat and many citizens do not favor the creation of authoritative, multi-purpose regional mechanisms.

The Commission, on the other hand, finds that these functional classification analyses have their foundation in a variety of real world efforts. For example, prominent national studies in the fields of criminal justice, land-use controls, and water resource management, have sought to detail the appropriate service roles of Federal, State, regional and local governments in these respective functions. Moreover, and on a more practical level, regional bodies clearly are better suited than local ones to perform services requiring fiscal redistribution, economies of scale, a high degree of technical efficiency, or a large area for satisfactory performance. The resolution of metropolitan fiscal disparities have been pursued at the regional level in Minneapolis-St. Paul; a regional council has been given prime responsibility for monitoring and encouraging the dispersal of low-income housing in the Boston metropolitan area; regional land-use control commissions have been created in several parts of the country. Economies of scale studies indicate that larger jurisdictions can more efficiently perform such functions as sewage disposal, hospital construction, and power supply. Moreover, it is abundantly clear that certain services such as mass transportation and flood control require large geographic areas for adequate performance. Similarly, experience has shown that larger regional and State jurisdictions are more able to provide various supportive aspects of a function, such as its training, communications, and record-keeping components.

At the same time, survey data reveal that citizens desire a variety of services—especially public safety, health, and education—to be administered locally since they can retain close control over the manner in which the service is delivered. Evidence also indicates that citizen participation efforts are most productive when carried on at the local rather than regional level. The functional classification standards called for here, then, express reasonable but specific guides as to some of the basic service roles of State, regional, and local governments.

The Commission recognizes, however, that these functional classification standards are not immutable. Certainly, the apportionment of specific functional responsibilities among State, local, and areawide instrumentalities should differ among and within various States. What is an appropriate division of responsibilities in New York probably would not be feasible in Wyoming. What is a logical apportionment of responsibilities for the Dallas metropolitan area may not be suitable for the rural areas of west Texas. Any assignment policy will naturally be tailored to the particular circumstances of a given area. However, any preordained division of service responsibilities not found to be productive could be modified by any necessary state or substate regional functional reassignments.

The Commission believes that State governments have the continuing legal obligation to promote local government reorganization and functional assignment proposals that improve the quality of State and local services. Resistance to most reorganization proposals stems from local fears about the imposition of regional government. These classification schemes would protect local governments from having their responsibilities indiscriminately transferred to regional units and at the same time encourage State creation of generalist regional mechanisms to handle those functions and activities that many local governments now believe are beyond their capabilities but that should not be transferred outright to the State level. Moreover, these standards might also prompt States to assume functions now felt to be beyond the capacity of existing local and regional units to perform. In short, the Commission regards these functional classification standards as a specific vehicle for proposals to reorder State, regional, and local responsibilities according to the dictates of State and local constituencies.

* * *

In the third component (C) of this recommendation, the Commission urges that the State ACIR's seek the assistance of representatives of affected local governments, associations of local officials, and State line agencies in developing specific functional classification proposals. This would insure that resultant standards would be cognizant of recognized State and local expertise in different functional areas and reflect the general political concerns of local and State officials affected by any proposed assignment or reassignment policy. A broad-based mix of State-local functional and political interests,

then, would help shape the form and content of various assignment policies.

* * *

The fourth component (D) of this policy would authorize the State ACIR or other appropriate State-local instrumentality to develop intergovernmental impact statements evaluating Federal, State, or local assignment proposals that would affect the allocation of functional responsibilities in the State-local service delivery system. This process of communication, similar to that already practiced pursuant to OMB A-85 and A-95 circulars, would alert Federal, State, and local decision-makers to the institutional ramifications of various assignment policies. It would permit debate about alternative assignment policies that might be implemented in lieu of those initially proposed by different Federal, State, or local agencies. It would indicate when functional allocations in a particular service are becoming excessively decentralized or centralized. These intergovernmental impact statements would supplement the A-95 process by indicating to federal agencies the State, regional, and local service providers which could most effectively carry out a particular Federally-supported program.

Critics of these procedures contend that they would be administratively unmanageable, politically unworkable, and essentially duplicative of other already established communication procedures such as OMB circulars A-85 and A-95. Some doubt whether these State-local instrumentalities could dispassionately analyze various functional allocation proposals emanating from the three levels of government. State, county, and municipal officials would naturally advance their particular functional interests rather than being concerned with the operation of the overall service delivery system. Additionally, the fashioning of these formal impact statements could produce considerable intergovernmental conflict and alternately hinder political compromise over the allocation of service responsibilities. Finally, critics doubt the usefulness of these statements as a communication device. They point out that A-85 and A-95 circulars already identify a considerable number of functional allocation conflicts that affect the various levels of government. Moreover, affected State and local agencies would be naturally self-interested enough to contest any ill-advised allocation proposals coming from any given level of government. Consequently, an intergovernmental impact statement would be a rather superfluous mechanism for identifying and resolving functional assignment conflicts.

Notwithstanding these criticisms, the Commission believes that these procedures could be useful instruments for evaluating alternative service allocation proposals, for developing broad-based consensus about the desirability of centralizing or decentralizing various services or parts of services, and for strengthening and supplementing other similar administrative procedures. The Commission does not expect that these impact statements will fully resolve intergovernmental conflict over service allocation

proposals. Yet, they could generate a process whereby contending State, county, and municipal interests would have to explain their support or opposition to various assignment policies. However, they would provide a clear public record of jurisdictional and public sentiment concerning assignment policies. This, in turn, would give pertinent decision makers a wider and more interpretive information base on which to make assignment decisions. The Commission also believes that these statements could provide a much-needed historical chronical of the centralization and decentralization efforts in different functions and even in different States. Finally, the Commission emphasizes that present A-85 and A-95 procedures focus on grant-in-aid administration and implementation of federal agency regulations rather than major Federal legislative programs affecting service delivery systems. In contrast, these impact statements would provide a highly visible mechanism for State-local reaction to major Federal legislative proposals affecting service allocations. These statements, then, would be more broad-gauged than existing A-85 and A-95 procedures. Equally significant, they would apply the process to State and local proposals affecting the patterns of service delivery.

* * *

The last component (E) of this functional assignment policy stipulates that the designated State-local agency, preferably a State ACIR, be authorized to recommend specific assignment or reassignment proposals to appropriate decision-making bodies. Specifically, it could seek to have its proposals implemented through constitutional amendment, State legislative action, or local referenda. Under any of these alternatives, a proposal would be thoroughly scrutinized and debated before final enactment. Moreover, this procedure would insure that assignments would not be imposed arbitrarily by State administrative action.

Critics of this last component point out that any or all of these implementation procedures have their drawbacks. Constitutional amendments are time-consuming and often do not stimulate widespread political interest. Direct State action may ultimately result in a sophisticated form of "ripper" legislation which produces undue State interference in local affairs. Local referenda, on the basis of numerous past defeats of major local government reorganization proposals, are likely to produce few changes in the status quo. Other critics argue that one implementation approach should be adopted, not three. Some contend that the gravity of these proposals requires that they all be subjected to Statewide or local referenda while others maintain that the designated State agency should be authorized to implement these proposed policies through suitable administrative action. Most critics agree that any or all of these procedures offers little latitude for duly elected local officials to fashion their own assignment programs and pursue them through established State and local political processes.

In general, the Commission regards this skepticism and these criticisms as premature and unfounded, since no final assignment action would occur without extensive local political inputs and considerable involvement of the electorate itself—either directly via referenda or the amending process or indirectly via interaction with the legislature.

The Commission believes that these enactment procedures would highlight the gravity of functional assignment proposals and give full legitimacy to whatever decisions result. Adoption of these assignment proposals in any other fashion would reduce political accountability in these most controversial matters. The Commission hastens to add that, notwithstanding this procedure, established local and regional institutions could still voluntarily assign or reassign functions to one or another level of government through the use of existing or expanded inter-local contracting or transfer and consolidation procedures.

The Commission, of course, expects that all such enactments would be made with due regard for the employment and pension rights of affected government employees and the relevant financial obligations of pertinent jurisdictions. Assignment or reassignment actions are meant to improve service delivery and a reordering of the functional roles of different levels and units of government. They are not supposed to create serious legal questions about guaranteed personnel rights or repayment of legitimately contracted financial obligations.

Recommendation 2: Complementary Federal Actions

The Commission finds that the planning and districting requirements, administrative regulations, and grant-in-aid policies of various Federal programs have not helped States develop a flexible yet balanced functional assignment policy. Some Federally encouraged substate districts can serve as implementation mechanisms while others are confined to being planning and grant management instrumentalities. Some districts have been encouraged to combine with generalist, locally controlled regional councils while others have remained separate, adding a confusing element to substate functional assignments. Federal aid programs often rigidify functional assignments by their funding eligibility requirements. Witness the independent institutional strength that various regional water pollution control districts have gained from receiving substantial Federal aid. Moreover, Federal legislation and regulations often promote functional assignments—through eligibility and pass-through provisions—that neither reflect existing State and local governments' responsibilities nor a well developed assignment of functions rationale. Only through selected provisions of the Intergovernmental Cooperation Act and OMB Circular A-95 has the national government sought to pursue a uniform policy of disbursing technical and financial assistance to governments designated as service

providers by State and general purpose local governments. The Commission believes, therefore, that the Federal government should respect the systematic functional assignment policies developed by State and local governments. In light of these findings,

The Commission recommends that State, areawide, joint (regional-local) or local providers of governmental services designated pursuant to recommendation 1, component E should be recognized as the preferred recipients of all pertinent Federal technical, planning and financial assistance by appropriate amendment of the Intergovernmental Cooperation Act of 1968. The Commission further recommends that OMB modify the A-95 circular to require Federal agencies to take into account intergovernmental impact statements rendered pursuant to recommendation 1, component D in the disbursements of pertinent Federal assistance programs.

This recommendation calls for amendment of the Intergovernmental Cooperation Act of 1968 and OMB Circular A-95 to allow channeling of all pertinent Federal technical, planning, and financial assistance to duly designated State, regional, joint (regional-local), or local providers of governmental services. This policy is analogous to the Federal aid preference given general-purpose local governments by Section 402 of that Act. This policy would help insure that Federal assistance programs would not conflict or confound functional assignment decisions that have been made systematically at the State-local level.

The Commission makes this recommendation because it believes that the Federal government through its assistance programs should really assist State and local jurisdictions in carrying out their various assignment policies. The Commission notes that numerous features of these programs—eligibility, Federally encouraged substate districts, and regulations requiring areawide administration of different services to mention the more obvious—have exerted a pronounced impact on existing State, regional and local service assignments. While the national government plays a rightful role in seeking to raise the level and quality of various State and substate services by these policies, it should leave to State and local governments decisions about the actual apportionment of service responsibilities. These questions, after all, are basically jurisdictional ones that fall well within the purview of State and local discretion.

Critics of this proposal argue that it unwisely binds the Federal government to support whatever functional assignment or reassignment decisions are produced by State and local action. This could mean that national decision-makers would be barred from pursuing alternative assignment strategies for improving the scope or quality of different services. The Federal role would be essentially a reactive and conforming, rather than an arbitrating and umpiring one. These critics feel the latter is essential if effective reassignment patterns are to emerge.

The Commission recognizes that this proposed policy seemingly places the Federal government in a subordinate role in functional assignment matters. Yet, in general, it believes that State and local governments are in the best position to develop assignment policies that meet their particular service requirements. Federal experience with various substate districting programs, for example, underscores this. Most such programs, while they did advance citizen and program specialist participation and did result in more coordinated regional planning, still depended largely on the implementation efforts of general purpose local governments. When districts did not work closely with established local or areawide bodies, they were often unsuccessful in meeting their mandated responsibilities. Federal policies, then, are best administered when there is State or local designation of appropriate State, local or regional service mechanisms.

Not to be overlooked here is the fact that this proposal is geared to conforming Federal assistance programs to assignment decisions resulting from a highly systematic State-local procedure. To ignore decisions arising out of this process would be politically naive and functionally foolish.

The Commission notes also that the Federal government is committed by Section 401(b) of the Intergovernmental Cooperation Act of 1968 to duly consider regional, State, and local viewpoints in the execution of its substate development policies. That legal provision, along with Part IV of OMB Circular A-95, various proposed special revenue sharing bills, and recently enacted provisions of the Coastal Zone Management Act of 1972, all reflect a growing Federal willingness to permit service assignment decisions to be made at the State and local level. This recommendation would continue that national commitment.

This pair of recommendations completes the Commission's deliberations on Substate Regionalism and the Federal System. They complement the districting strategy enunciated in the first volume of this series and build upon the local governmental reorganization recommendations adopted in volume three. Institutional forms and reforms after all can not stand apart from the functions they subsume. Such is the rationale for this volume and such is underlying assumption supporting its recommendations.

With these recommendations, numerous balances have been struck. Process and procedural efforts are stressed, but substantive goals are not overlooked. The prime role of the State is underscored, but Federal and local interests are not ignored. General functional assignment criteria and specific servicing classification standards are called for, but the process stipulated provides ample room for practical concerns to be expressed. A systematic policy and process is urged for all States and their political subdivisions, but full recognition is given to the diversity of their respective servicing situations and no fixed assignment formula is advanced to cover any or all circumstances.

What is sought here, then, is a commonsense effort to procure a more systematic approach to public services delivery. Considerations of cost, fairness, and management effectiveness suggest the need for this. But, voter accountability in the servicing area stands out as the prime consideration that must be stressed when skeptics and critics enunciate their standpat or ad-hocracy arguments.

In a period of cost-consciousness, conservation, popular discontent—if not cynicism, and confusing pressures for shifts in servicing responsibilities, the policy and process recommended here is especially appropriate. Hence, they now become a basic plank in the Commission's agenda for the seventies.

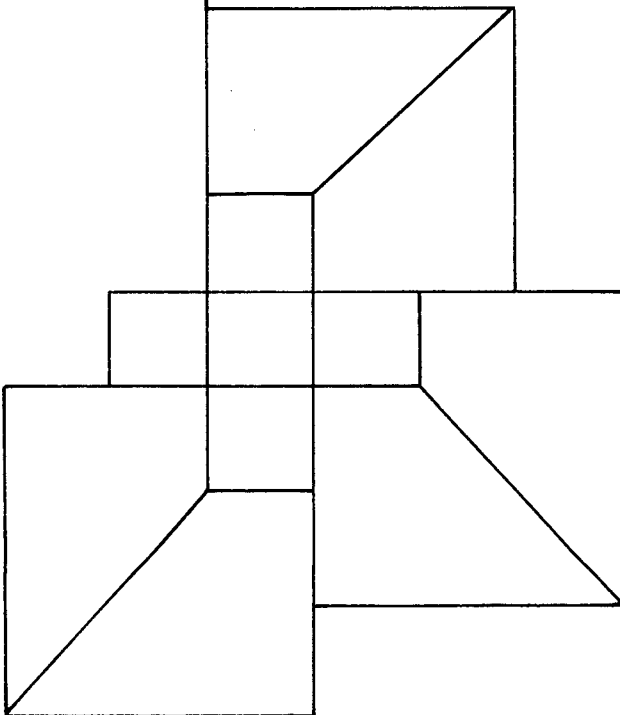
Footnotes

¹Thomas P. Murphy and Patricia S. Florestano, *The Allocation of Local and Areawide Functions in Metropolitan Areas* (Washington, D.C.: National Academy of Public Administration, 1973), p. 3.

²See The American Law Institute, *A Model Land Development Code: Tentative Draft No. 1* (Philadelphia: The American Law Institute, 1968); National Advisory Commission on Criminal Justice Standards and Goals, *A National Strategy to Reduce Crime* (Washington, D.C.: Department of Justice, Law Enforcement Assistance Administration, 1973).

Chapter III

**PRESENT PATTERNS OF
FUNCTIONAL ASSIGNMENT**



The assignment of governmental responsibility for substate functions is presently an unsystematic process. Beginning with a rough division of public service responsibility among national, State, and local levels of government and ending with diverse functional allocations among different levels and kinds of local government, myriad patterns of functional assignment are present in modern-day federalism.

These patterns of service assignment have resulted from national program initiatives; State decisions about whether to perform a service directly or indirectly by mandating it to a lower governmental tier or through its intergovernmental aid system; fiscal pressures on State and local governments to assume or transfer services; and the historical and legal status of different types of local governments within a particular State. Since these factors have had different impacts in different States, the American federal system is composed of 50 patterns of State-local functional assignment and at least as many systems of interlocal allocation of service responsibility.

STUDY BACKGROUND AND SCOPE

The following analysis suggests in national terms a fairly clear functional assignment among the Federal, State, local, and interlocal levels. At the same time, this pattern is flexible and dynamic, since it is subject to a variety of intergovernmental forces: fiscal transfers, fiscal pressures, structural modifications, procedural adaptations, and program developments. Any attempt to clarify and to rationalize these diverse and frequently conflicting conditions of the substate regional governance system must come to grips with the basic components of a conscious assignment of functions policy. Such is the aim of this report.

This chapter reviews the present patterns of functional assignment. Chapter IV describes several criteria by which substate functions can be assigned. Chapter V and VI analyze in more detail political, administrative, and economic policy conflicts regarding alternative means of functional assignment. Chapter II delineates the main intergovernmental issues involved and concludes with recommendations for intergovernmental action in this field.

Present Patterns of Functional Assignment

An Overview. Two distinct dimensions of functional assignment operate in the system: a rough division of responsibility among national, State, and local levels of government; and diverse servicing assignments among different kinds of local governments—counties, municipalities, townships, special districts, and school districts.

With respect to levels of government, the national government is the foremost direct provider of natural resource development and air and water transportation services. State governments are the major providers of

higher education, highway, welfare, and correctional services. Local governments remain the dominant actors in providing education, police, fire, sewerage, refuse collection, parks and recreation, and library services. The hospital function is evenly shared between State and local levels of government. (See Table III-1.)

Yet these expenditure data do not adequately reflect the full assignment pattern, since they do not take into account the impact of intergovernmental aid on these functions. When this factor is considered, the Federal government replaces the States as the major financier of welfare services and local governments as the chief source of funds for housing and urban renewal. At the same time, State government becomes a more prominent financier of educational services. (See Table III-2.)

At the local level, the functional assignment pattern is even more complex. As Table III-3 indicates, counties are the predominant local providers of welfare, natural resources, and correctional services; school districts predominate in the education function; and special districts are most significant in the water transport function. Municipalities and townships play the major role in providing basic police, fire, sewerage, refuse collection, parks and recreation, housing and renewal, parking, libraries, water supply, and electric power services. The health, hospitals, and general public buildings functions are apportioned fairly evenly between counties and municipalities, while the mass transit function usually is divided between municipalities and citywide or regional special districts.

These generalizations from national expenditure data do not reflect regional variations in the assignment of functions. In general terms, counties are unimportant in the New England States, in contrast to their major roles in California, Maryland, North Carolina, New York, Nevada, and Virginia. Similarly, townships have major functional responsibilities in 11 strong township States,¹ but only minor ones in another 10,² and they are nonexistent in another 29 States. Special districts assume major functional responsibilities in Florida, Georgia, Illinois, and Washington, while being of minor significance in Alaska, Hawaii, Iowa, Montana, Oklahoma, Rhode Island, Vermont, and Virginia.

Despite these variations, and as Table III-4 suggests, certain distinct patterns of service assignment can be found in the State-local systems. The State, as has been noted, generally takes direct functional responsibility for highways, natural resources, and corrections. Public welfare, hospitals, and health exhibit a State or State-county division of responsibility. At the local level, general control and general public buildings are usually shared between county and municipal governments, with the county being the more dominant service provider. Airports and libraries are similarly divided, with municipal governments assuming the greater role. Funding for the water transport function is shared between municipalities and regional special districts. Education, housing and urban renewal, police, fire, sewerage, refuse collection,

parks and recreation, parking, and water supply are performed predominantly by municipal units of government.

Intergovernmental aid programs play a major part in fixing patterns of assignment. Nineteen States channel all their welfare aid solely to county governments, as do seven States in the hospital function, 12 in the health field, and five in highway programs.³ Other exclusive State aid policies also occur. New Hampshire, North Carolina, and Rhode Island disburse all their highway aid to municipalities or townships. State welfare aid is disbursed solely to townships in Vermont; hospital aid goes solely to special districts in Georgia and exclusively to municipalities in Nebraska and West Virginia, while State health aid is confined to municipalities in Kansas and New Hampshire. Clearly, these differing intergovernmental aid policies condition the specific patterns of functional assignment among different types of local government.

The following generalizations emerge from this initial overview of the broad functional assignment pattern:

... Federal, State, and different types of local governments have both direct and indirect roles in the performance of functions. Natural resources, public welfare, correctional, health and hospital and highway services in a large number of cases are directly provided by State and Federal governments.

Table III-1

Direct General Expenditure Responsibility by Level of Government and Specific Function: 1970-1971

Function	Percent of Direct General Expenditure at:		
	Federal Level	State Level	Local Level
Local Education	0%	1%	99%
Higher Education	0	84	16
Other Education	62	38	0
Highways	2	67	31
Welfare	11	51	38
Hospitals	18	40	42
Health	43	25	32
Police	9	14	77
Fire	0	0	100
Sewerage	0	0	100
Refuse Collection	0	0	100
Parks and Recreation	0	0	100
Housing/Urban Renewal	43	1	56
Air Transportation	67	5	28
Water Transport	77	7	16
Parking	0	0	100
Corrections	5	60	35
Natural Resources	78	18	4
Libraries	0	8	92
Other & Nonallocable	59	15	26
Total Direct	28	27	45

Source: U.S. Bureau of the Census, *Governmental Finances in 1970-1971* (Washington, D.C.: Government Printing Office, 1972), Table 7.

... Municipal governments are the dominant service providers in a variety of physical services—police, fire protection, sewerage, parks and recreation, and water supply. Larger local governments such as counties tend to be more predominant in the provision of human resource services—welfare, health, and hospital functions. Physical development functions, then, have tended to resist centralization while human resource ones generally have been more centralized.

... The allocation of functions among different levels and types of government occurs in at least two distinct fashions. In one case, the government assumes direct functional responsibility. In another it delegates functional responsibility but maintains some measure of policy control, indirectly through regulations and/or its intergovernmental aid system. It may even use its aid systems to solidify a pattern of functional assignment. Thus, the Federal government promotes State performance of welfare function, local performance of the housing and urban renewal function, and, to some degree, special district performance of the sewerage function by its aid policies. In the same manner, most States encourage county performance of the hospital function.

Recent and Continuing Developments. This brief outline does not, of course, fully portray the fluidity of substate public service assignment. As Chapters II, III, VI, and VII of Volume I note, a number of new and traditional governmental institutions now exercise new or expanded substate functional responsibilities which affect the overall pattern.

Regional districts encouraged by the State and Federal governments play a secondary though significant role in performing certain substate functions. All have planning responsibilities, some have project and grant review powers, and still others perform auxiliary technical assistance that aids the planning and fund-raising activities of established units of government. Only a few regional districts deliver services directly or exercise regulatory controls over the programs of established substate jurisdictions. However, the success that various regional councils and State and Federal substate districts have had in their planning and grant-management activities has led some States to consider the eventual transformation of these instrumentalities into full-scale regional governmental units.

Another recent development in functional assignment is the continued popularity of regional special districts. In the 72 largest metropolitan areas, such bodies increased from 39 in 1957 to over 94 by 1970. Moreover, they frequently account for more than 40 percent of total outlays for certain functions in their metropolitan areas. They are most important in the health and hospitals, sewerage, and utility functions.

The popularity of these various specialized regional

mechanisms attests to the functional limitations of more established local units. Most of the newer substate bodies have been established by Federal and State governments to promote regional comprehensive planning and to assist in the management of the Federal grant process. Their coordinative, planning, and technical assistance activities are designed to supplement the functional activities of traditional local governments and to insure that aided local programs do not conflict at the regional level. Use of the more traditional regional special district, on the other hand, underscores the limited geographic reach of traditional counties and municipalities and the need to have certain physical development and human resource services provided on a uniform basis throughout major portions of a metropolitan area. Finally, the few substate bodies that exercise regulatory-style responsibilities provide a system of regulation in which special districts and local governments do not act as their own judges.

Intergovernmental service agreements and transfers and consolidations of functions constitute other forms of

substate regional activity that condition the assignment pattern among local governments in metropolitan areas. As other chapters in this volume note, almost 60 percent of all local governments surveyed have been involved in formal or informal intergovernmental service agreements, especially in the areas of public health services, planning, aspects of the police function, jails and detention homes, refuse collection, sewage disposal, solid waste disposal, water supply, and libraries. Moreover, survey data show that more local governments than are actually involved in intergovernmental service agreements favor shifting of selected functions to other, larger units of government. Intergovernmental service agreements, then, are a primary mechanism for reallocating functions in the absence of more basic and permanent structural change.

Major institutional change has occurred in a few metropolitan areas, chiefly Metropolitan Dade County (Miami), Jacksonville, Indianapolis, Minneapolis-St. Paul, and Nashville-Davidson County. In these areas, newly strengthened governments have been created at the county or areawide levels, with a resultant reassignment of functional responsibilities.

These structural and procedural developments are clear evidence that functions are continually being assigned and reassigned in the system. Frequently, however, these developments indicate only partial allocations or reallocations. Wholesale functional reassignment is the exception rather than the rule on the substate regional scene. How the various institutional actors interact in the performance of a function thus becomes important. A predominant concern of substate intergovernmental relations now appears to revolve around efforts to promote more consistency and logic in functional assignments and to reduce the service conflicts that frequently are generated by widely varying and divided patterns of program allocation.

Chapter Organization

This Commission's study of substate regionalism has focused attention on a variety of procedural and structural means of reorganizing local government. In some measure, all these adaptations attempt to resolve age-old tensions between area, function, and power. They have resulted in the allocation and reallocation of governmental responsibilities for various functions and their components. The present and evolving assignments of substate functions will be the main focus of this chapter.

The chapter begins by detailing the functional impacts of the procedural and structural measures—detailed in Volumes I and III of this overall study: service agreements, transfers of functions, the A-95 process, Federal and State substate districts, regional special districts, reorganized county government, and full-scale metropolitan reorganizations. Then it analyzes four selected services—community schools, family social services, police protection, and land-use controls—and indicates how the responsibilities for these functions are now or might be allocated among substate governmental units.

Table III-2

Direct and Intergovernmental Expenditure Responsibility by Level of Government and Type of Function: 1970-1971

Function	Percent of Direct (D) or Direct & Intergovernmental (D,I) Expenditure Disbursed At		
	Federal Level	State Level	Local Level
Education (D)	7%	25%	68%
Education (D,I)	8	44	48
Highways (D)	2	67	31
Highways (D,I)	29	53	18
Welfare (D)	11	51	38
Welfare (D,I)	59	32	9
Health/Hospitals (D)	24	36	40
Health/Hospitals (D,I)	30	35	35
Housing/Renewal (D)	43	1	56
Housing/Renewal (D,I)	79	0	21
Air Transportation (D)	67	5	28
Air Transportation (D,I)	69	4	27
Natural Resources (D)	78	18	4
Natural Resources (D,I)	82	14	4
Other & Combined (D)	32	16	52
Other & Combined (D,I)	36	20	44
Total Expenditure (D)	28	27	45
Total Expenditure (D,I)	41	30	29

Source: Computed from U.S. Bureau of the Census, *Governmental Finances in 1970-1971* (Washington, D.C.: Government Printing Office, 1972), Table 6.

As Volume I of the Commission's substate regionalism report notes, numerous recent structural and procedural developments have occurred to change the governance patterns and functional assignments of substate areas. Some functions have been centralized, others decentralized, and still others have components performed at both the areawide and local levels. The following questions provide a rough guide to the empirical analysis contained in this chapter.

1. Which functions, subfunctions, and activities have been most affected by substate procedural and structural change? Which have been centralized at the areawide level or decentralized to the local level?
2. How have different units of general- and special-purpose local government been affected by changes in functional assignment?
3. How has the delivery of a service been affected by various procedural and structural developments? Is it provided with more or less flexibility? Political conflict? Citizen accessibility, governmental accountability?
4. How have services themselves been affected by substate changes? Have service levels been raised

or lowered? Made more or less redistributive? More or less coordinated? More or less efficient? More or less effective?

PROCEDURAL APPROACHES IN THE ASSIGNMENT OF FUNCTIONS

Procedural responses—assigning functions without changing governmental structures—to service allocation problems are more popular than structural ones since they are more cooperative and are voluntaristic in nature. Their virtues, however, are considered drawbacks by some. Because they are voluntaristic, they are not utilized in controversial functional areas.⁴ Because they may be advisory, they cannot usually effectively modify the actions of local governments; and since they are selective, they are not usually made among jurisdictions that would most benefit by their existence.⁵ For these reasons, many have come to regard these adaptations as desirable but only partial alternatives to changing substate functional assignments.

The following analysis focuses on three types of procedural assignment measures: intergovernmental service agreements, transfer and consolidation of functions, and the A-95 Federal-aid review process.

Table III-3

Distribution of Direct General Expenditure in Metropolitan Areas, by Type of Local Government: 1967

Percent of Direct General Expenditure Made by:

Function	Counties	Municipalities/ Townships	School Districts	Special District
Local Schools	5%	17%	78%	1%
Higher Education	8	26	66	0
Highways	32	65	0	3
Welfare	60	40	0	0
Hospitals	39	47	0	14
Health	45	53	0	2
Police	15	85	0	0
Fire	4	92	0	4
Sewerage	8	69	0	23
Refuse Collection	4	95	0	1
Parks & Recreation	16	73	0	10
Housing/Renewal	0	61	0	39
Air Transportation	23	51	0	27
Water Transport	0	34	0	66
Parking	0	93	0	7
Corrections	65	35	0	0
Natural Resources	56	0	0	44
Libraries	18	74	0	8
Public Buildings	45	55	0	0
Water Supply	5	75	0	20
Power	0	82	0	18
Transit	1	59	0	40
Total Direct	17	41	36	5
Total Direct	28	61	2	9
Noneducational				

Source: U.S. Bureau of the Census, *Local Government in Metropolitan Areas V, 1967 Census of Governments*. (Washington, D.C.: U.S. Government Printing Office, 1969), Table 9.

Intergovernmental Service Agreements

Intergovernmental service agreements are a common phenomenon. About 60 percent of all local governments surveyed in a 1972 ACIR-ICMA poll were involved in at least one formal or informal intergovernmental service agreement. The 1,343 respondents were party to a total 11,550 service agreements, or an average of 8.6 agreements per participating locality. While it is clear that many possibilities for cooperation were not utilized by local governments,⁶ service agreements still are the most widely practiced procedural means of changing functional assignments.

Tables III-5 and III-6 indicate that data and personnel services, as well as several physical development functions, are the most frequent subjects of intergovernmental service agreements. Generally, governments tend to cooperate in functions where there may be no practical alternative (sewage and solid waste disposal), where there are traditional providers of services (jails by the county or refuse collection and street lighting by private parties), or where jurisdictional control over delivery of the service is not affected (note the high incidence of cooperation in the auxiliary aspects of the police function, but the relatively lower levels of cooperation in all police services or in basic patrol activity).

The survey data indicate that cooperation is more apt to occur in areawide rather than local aspects of a function. Thus, there are over twice as many agreements in the sewage disposal function as in the construction of sewage lines and 80 percent more agreements in the water supply than in the water distribution function.

Table III-7 shows a diverse pattern of service providers entering into intergovernmental service agreements. Cities joined with one another in providing local services, areawide functions, and selected supportive activities. Counties played a predominant role in providing cities with fiscal-supportive services and shared functions with both areawide and local dimensions. Regional special districts or councils of governments were never the predominant supplier of a service. State governments were a major source of personnel supportive services, chiefly the training of police and fire personnel. Private suppliers were prominent in data, legal, and fiscal supportive services.

The diversity of interjurisdictional cooperation may well present a problem for coordinated delivery of services. For example, in the health function, the hospital component usually is handled by a private producer whereas the mental health component is largely handled by local and State agencies. In a similar fashion, a municipality frequently cooperates with another local gov-

Table III-4

Dominant Direct Service Provider* by Type of Government and Selected Function, the 50 States: 1967

Function	Type of Dominant Service Provider						Total States
	State	County	Municipality/ Township	School District	Special District	More than One Main Provider	
Education	1	3	4	40	0	2	50
Highways	46	0	0	0	0	4	50
Public Welfare	35	11	3	0	0	1	50
Hospitals	28	10	2	0	4	6	50
Health	29	2	4	0	0	15	50
Police	1	0	47	0	0	2	50
Fire	0	0	50	0	0	0	50
Sewage	0	0	41	0	3	6	50
Refuse Collection	0	0	49	0	0	1	50
Parks & Recreation	0	2	44	0	2	2	50
Natural Resources	48	1	0	0	0	1	50
Housing/Renewal	2	0	22	0	22	4	50
Airports	5	8	29	0	6	2	50
Water Transport**	12	0	21	0	11	1	45
Parking	0	0	48	0	1	1	50
Corrections	46	1	1	0	0	2	50
Libraries	1	14	30	0	3	2	50
General Control	5	28	6	0	0	11	50
General Public Buildings	3	29	16	0	0	12	50
Water Supply	0	0	45	0	2	3	50

*A dominant service provider is one that accounts for more than 55 percent of the direct general expenditure in a particular function.

**Only 45 State-local systems exhibit this function; consequently dominant producers only total 45 whereas in all other functions they total 50 for the 50 State-local systems under consideration.

Source: Derived from U.S. Bureau of the Census, *Compendium of Government Finances V*, 1967 Census of Government (Washington, D.C.: U.S. Government Printing Office, 1969), Tables 46 and 48.

ernment or a special district in the water supply area. But in water distribution, cooperation frequently involves a private supplier. In some cases, then, the local government must act as a broker between two suppliers of an interrelated service. This variety and the relative unwillingness of local governments to use one provider for a package of services means that no single unit of government is wholly dominant in service contracting.

Generally, more populous, metropolitan, and suburban jurisdictions are most frequently involved in service agreements. Data from the 1972 ACIR-ICMA survey indicates that small-sized and non-metropolitan cities exhibit lower levels of cooperation, possibly reflecting either minimal service needs or an inability to find large service providers for cooperative endeavors.⁷ In addition, there are different patterns of non-metropolitan and metropolitan service contracting. Rural municipalities in at least 16 of the 71 functions surveyed made heavier use of State

agency providers than did metropolitan jurisdictions. In 19 of the 71 services, central cities used private service providers more frequently than did suburban or rural units.

Jurisdictions above the 25,000-population range more frequently engage in service contracting. Below that point, cooperation tends to fall off rather sharply, especially in areawide functions. Cities of over 100,000 population, on the other hand, tend to have somewhat lower levels of cooperation than those of between 25,000 and 100,000 population or suburban jurisdictions, probably reflecting their ability to provide many more services themselves. This relative lack of larger city cooperation, however, also means that they have not acted as large-scale service providers to other jurisdictions.

The relative isolation of some large central cities from the service agreements process is borne out by the inter-local fiscal data noted in Table III-8. Some cities, like

Table III-5

Function or Activity Ranked by Prevalence of Cooperation: 1972

Number of Service Agreements	Activities				Functions		
	Data	Legal	Fiscal	Personnel	Areawide	Shared	Local
			Supportive				
300+	Crime Lab			Police Training	Sewage Disposal Solid Waste	Jails Libraries	Street Lighting Refuse Collection Animal Control
200+	Police Comm. Planning Engineering Service Crime Identification	Legal Services	Assessing		Water Supply Electric Supply Civil Defense	Ambulance Public Health	Schools Fire Services
100+	Fire Comm.		Tax Collection Utility Billing Payroll	Fire Training	Air Pollution Abatement Hospitals Mosquito Control Flood Control Water Pollution Abatement Nursing Services Soil Conservation	Police Mental Health Housing Juvenile Delinq. Welfare Probation	Street Construction Water Dist. Parks Mapping Plumbing Sewer Lines Alcohol Rehab. Traffic Control
100 or less	Civil Defense Comm. Microfilm Services Public Relation Record Mainten.	Licensing	Treasury	Civil Defense Training Personnel Services Transportation Management Services	Service Trans. Museums Irrigation	Zoning Urban Renewal Noise Pollution General Develop. Work Release	Cemeteries School Guards Police Patrol Building Inspection Snow Removal

Source: ACIR tabulation from 1972 ACIR-ICMA survey on intergovernmental service agreements.

Table III-6

Interlocal Cooperation Ratios¹ by Function, Size of Place, Region, and Community Type: 1972

Size of Place		All Functions and Activities		Activities ²				
		(N=71)	(N=22)	Total	Data	Fiscal Supportive	Legal	Personnel
100,000 +	(N=60)	9.9% (4,260) ³	8.7% (1,320)	9.0% (600)	6.6% (300)	7.5% (120)	10.6% (300)	
50-99,999	(N=110)	10.4 (7,810)	9.9 (2,420)	10.7 (1,110)	8.7 (550)	7.7 (220)	10.4 (550)	
25-49,999	(N=216)	9.2 (15,336)	8.6 (4,752)	8.5 (2,160)	8.7 (1,080)	6.9 (432)	9.5 (1,080)	
10-24,999	(N=496)	7.3 (35,216)	7.4 (10,912)	7.5 (4,960)	8.1 (2,490)	4.5 (992)	7.6 (2,490)	
5-9,999	(N=583)	6.9 (41,393)	6.8 (12,826)	7.7 (5,830)	5.7 (2,915)	5.2 (1,166)	6.7 (2,915)	
-5,000	(N=787)	6.4 (55,877)	6.5 (17,314)	7.6 (7,870)	5.3 (3,935)	6.0 (1,574)	5.7 (3,935)	
Region								
Northeast	(N=465)	5.8 (33,015)	5.7 (10,320)	6.3 (4,650)	4.8 (2,325)	4.9 (930)	5.5 (2,325)	
North Central	(N=742)	7.5 (52,682)	7.7 (11,324)	8.9 (7,480)	6.8 (3,710)	5.6 (1,482)	7.0 (3,710)	
South	(N=671)	6.3 (47,641)	5.8 (14,762)	5.6 (6,710)	6.6 (3,355)	4.6 (1,342)	6.0 (3,355)	
West	(N=330)	12.5 (23,430)	10.7 (7,260)	11.8 (3,330)	8.3 (1,665)	9.2 (660)	11.4 (1,665)	
Community Type								
Central City	(N=142)	8.7 (10,082)	9.0 (3,124)	9.5 (1,420)	9.0 (710)	8.1 (242)	8.3 (710)	
Suburban	(N=1,004)	9.7 (71,284)	9.5 (22,808)	10.5 (10,040)	8.2 (5,020)	7.7 (2,008)	9.4 (5,020)	
Independent	(N=1,102)	4.8 (78,242)	4.9 (24,244)	5.3 (11,020)	4.8 (5,510)	2.9 (22,004)	4.8 (5,510)	
Total Places	(N=2,248)	7.3 (159,608)	7.2 (49,456)	7.9 (22,480)	6.6 (11,240)	5.4 (4,496)	7.1 (11,240)	

Size of Place		Functions ²			
		Total	Areawide	Shared	Local
		(N=49)	(N=15)	(N=15)	(N=19)
100,000 +	(N=60)	10.4% (2,940)	12.3% (900)	9.3% (900)	9.6% (1,140)
50-99,999	(N=110)	10.7 (5,390)	11.3 (1,650)	10.5 (1,650)	10.3 (2,090)
25-49,999	(N=216)	9.4 (10,584)	10.2 (3,240)	9.3 (3,240)	8.8 (4,104)
10-24,999	(N=496)	7.3 (24,304)	7.7 (7,440)	6.7 (7,440)	7.3 (9,424)
5-9,999	(N=583)	6.9 (28,567)	7.0 (8,745)	7.0 (8,745)	6.9 (11,077)
-5,000	(N=787)	6.3 (38,563)	3.9 (11,805)	5.9 (11,805)	6.8 (14,953)
Region					
Northeast	(N=465)	5.8 (22,785)	6.2 (6,975)	4.9 (6,957)	6.3 (8,835)
North Central	(N=742)	7.4 (36,358)	7.6 (11,130)	7.0 (11,130)	7.6 (14,098)
South	(N=671)	6.5 (32,879)	6.8 (10,065)	8.2 (10,065)	5.1 (12,749)
West	(N=330)	10.3 (16,170)	9.9 (4,950)	7.7 (4,950)	12.6 (6,270)
Community Type					
Central City	(N=142)	8.6 (6,958)	9.9 (2,130)	8.2 (2,130)	8.0 (2,698)
Suburban	(N=1,004)	9.8 (49,196)	10.2 (15,060)	8.7 (15,060)	10.3 (19,076)
Independent	(N=1,102)	4.8 (53,998)	4.5 (16,530)	5.3 (16,530)	4.7 (20,938)
Total Places	(N=2,248)	7.3 (110,152)	7.4 (33,720)	7.0 (33,720)	7.4 (42,712)

¹Total actual service agreements/total possible service agreements.

²See Table III-5 for list of services composing activities and functions.

³() = total possible service agreements in that cell, percent data gives actual agreements.

Source: Tabulation from 1972 ACIR-ICMA survey on intergovernmental service agreements.

Table III-7

Services Agreements Classified by Provider: 1972

Function and/or Activity ¹	Total	Local Gov't Other than County	County	COG, Regional Unit or Special District	State/Fed. Gov't	Private Firm	Other
Data Supportive	1,939 (100.0%)	481 (24.8)	334 (17.2)	182 (9.4)	378 (19.5)	453 (23.3)	111 (5.7)
Legal Supportive	238 (100.0%)	53 (19.9)	14 (5.0)	1 (-)	16 (5.7)	191 (68.0)	6 (2.1)
Fiscal Supportive	813 (100%)	259 (31.8)	229 (28.2)	50 (6.2)	25 (3.1)	238 (29.2)	12 (1.5)
Personnel Supportive	855 (100.0%)	190 (22.2)	90 (10.5)	116 (13.6)	382 (44.7)	29 (3.4)	48 (5.6)
All Activities	3,888 (100.0%)	983 (25.3)	667 (17.2)	349 (9.0)	801 (20.6)	911 (23.4)	117 (4.6)
Areawide Functions	2,741 (100.0%)	726 (26.5)	459 (16.7)	460 (16.8)	337 (12.3)	687 (25.0)	72 (2.6)
Shared Functions	2,580 (100.0%)	754 (29.2)	866 (33.5)	257 (10.0)	362 (14.0)	261 (10.1)	80 (3.1)
Local Functions	3,425 (100.0%)	1,201 (35.1)	458 (13.3)	353 (10.3)	259 (7.6)	1,111 (32.4)	43 (1.3)
All Functions	8,746 (100.0%)	2,681 (30.7)	1,783 (20.4)	1,070 (12.2)	958 (11.0)	2,059 (23.5)	195 (.02)
Total	12,634 (100.0%)	3,664 (29.0)	2,450 (19.4)	1,419 (11.2)	1,759 (13.9)	2,970 (23.5)	372 (2.9)

¹See Table III-5 for listing of actual functions and activities.

Source: ACIR Compilation from 1972 ACIR-ICMA survey on intergovernmental service agreements.

Newark, New Orleans, Portland, Denver, and San Francisco-Oakland, exhibit low levels of interlocal fiscal activity in interlocal matters, but they do so at a time when such activity is extensive among their suburban counterparts. Moreover, data in at least 21 of the 37 surveyed metropolitan areas where interlocal revenues are greater than interlocal expenditures may indicate that fringe jurisdictions are supplying services to local areas that are now outside of the metropolitan area. Interlocal service cooperation, then, often tends to be more of an intersuburban and urban-rural rather than central city-suburban character. This may confirm the findings of Oliver Williams and others that the increasing differentiation of central city and suburb is reducing the extent of their interlocal cooperation.⁸

Transfer and Consolidation of Functions

A more durable way of changing functional assignments occurs in the transfer and consolidation of a function. A functional transfer reflects a decision that a particular local government is not the appropriate unit to perform a particular function. Consequently, a higher or lower unit of government assumes exclusive responsibility for the service. By contrast, a consolidation or joint agreement occurs when a local government performs a function in conjunction with another government and both units retain control over delivery of the service.

Supporting rationales for transfers include the desire to achieve economies of scale, to eliminate duplicative services,⁹ to expand or redefine subcomponents of a function,¹⁰ and, in some cases, to lower or redistribute the costs of particular services.¹¹ Transfers frequently involve only a certain subcomponent of a function, generally resulting in a centralizing of its technical, supportive, or financing aspects. Downward transfers involve functions that are particularly local in their impact or activities and that can be administered better at the neighborhood or community level.¹²

Functional consolidation is frequently proposed when a service is shared and has both local and areawide dimensions, affects community lifestyle and requires continued local policy control, or is so costly that neither participating government could independently or contractually supply it. Functional consolidation has sometimes produced uniform service levels,¹³ more efficient supportive services,¹⁴ more coordinated management of a function,¹⁵ and more efficient use of capital facilities.¹⁶ Some even view it as an important "halfway" house to more complete metropolitan reorganization.¹⁷ On the other hand, some observers note a host of practical and legal difficulties to joint performance of functions¹⁸ and have claimed in some cases that these consolidations complicated the task of metropolitan reorganization.¹⁹

In contrast to intergovernmental service agreements, transfers and consolidations occur more in areawide and shared functions than in supportive activities and local

functions (see Table III-9). The overwhelming preference for service agreements, however, indicates that local governments have found them more flexible than service consolidation. In addition, joint agreements are more apt to involve cities and towns than special districts, States, or other regional units of government.

Survey data suggest no significantly greater preference for transfers over consolidations. Of the 362 transfer and consolidation actions involving over 200 metropolitan counties in the ACIR-ICMA-NACO county survey,²⁰ 53 percent involved transfers of a function to or from a county government while the remainder involved either county-municipal or intercounty joint service agreements. Upward shifts to a county or counties occurred more frequently than functional transfers to municipalities. (See Table III-10).

Functional transfers and consolidations sometimes result in an inconsistency between the procedural arrangement for service delivery and the functions involved (see Table III-II). For example, essentially local functions are sometimes transferred from a municipality to a county or made the subject of areawide intercounty service consolidation agreements. Other times, shared services are devolved to municipalities or wholly transferred to county governments. Areawide functions sometimes are the subject of joint county-municipal service agreements, rather than being transferred to the county or a multicounty body.

Service coordination problems can result when functions are transferred or consolidated incompletely. Witness the difficulties in environmental control and criminal justice. Using 1969-70 U.S. Bureau of the Census expenditure data,²¹ only 15 of the 48 largest cities in the United States performed two of the three main subfunctions associated with air quality control; only 15 had responsibility for three or more of the four main subfunctional components of water quality control; only 19 of the 48 had responsibility for three or more of the five subcomponents of the solid waste management function; more than half had responsibility for less than three of the five main subfunctions in the criminal justice system. In all these cases, other units or levels of governments—special districts, counties, or States—have important functional responsibilities that must be coordinated with those of municipal governments to insure integrated service administration.²²

A-95 Review

A more recently developed procedure that conditions functional assignments is the A-95 review process.²³ This procedure is geared to increasing interlocal communication and cooperation on project development activities improving the quality of local applications for Federal grants, raising the level of interlocal negotiation on controversial projects, upgrading the management capabilities of local governments, and indicating regional project priorities to grantor governments. These grant management improvements, in turn, are expected to

Table III-8

Interlocal Fiscal Activity, 37 Largest SMSA's: 1972

	Per Capita SMSA Interlocal Revenue	Percent of Interlocal Fiscal Activity Occurring in			CC/OCC Ratio of Taxes as Percent of Income
		SMSA	CC	OCC	
NORTHEAST					
Washington, D.C.	\$24.37	100.0%	32.4%	68.6%	231
Baltimore, Md.	1.84	100.0	56.8	43.2	157
Boston, Mass.	2.45	100.0	2.4	97.6	180
Newark, N.J.	9.62	100.0	64.0	36.0	167
Patterson-Clif-Pass., N.J.	8.96	100.0	17.9	82.1	100
Buffalo, N.Y.	26.83	100.0	34.2	65.8	81
New York City, N.Y.	2.52	100.0	37.4	62.6	123
Rochester, N.Y.	24.61	100.0	58.5	41.5	124
Philadelphia, Pa.	16.49	100.0	13.3	86.7	168
Pittsburgh, Pa.	19.52	100.0	11.5	88.5	178
Providence, R.I.	1.03	100.0	0.0	100.0	116
MIDWEST					
Chicago, Ill.	4.05	100.0	70.4	29.6	114
Indianapolis, Ind.	9.94	100.0	.6	99.4	132
Detroit, Mich.	13.73	100.0	40.5	59.5	130
Minn., St. Paul, Minn.	23.30	100.0	64.6	35.4	148
Kansas City, Mo.	6.88	100.0	13.3	86.7	188
St. Louis, Mo.	2.90	100.0	4.8	95.2	190
Cincinnati, Ohio	5.72	100.0	90.0	10.0	182
Cleveland, Ohio	5.74	100.0	7.6	92.4	185
Columbus, Ohio	3.17	100.0	80.0	20.0	127
Dayton, Ohio	1.11	100.0	27.6	72.4	228
Milwaukee, Wis.	6.57	100.0	49.4	50.6	202
SOUTH					
Miami, Fla.	4.36	100.0	37.3	62.7	169
Tampa-St. Pete, Fla.	2.97	100.0	27.2	72.8	172
Atlanta, Ga.	18.75	100.0	85.5	14.5	215
Louisville, Ky.	8.22	100.0	86.0	14.0	167
New Orleans, La.	17.16	100.0	2.7	98.3	160
Dallas, Texas	1.18	100.0	98.4	1.6	172
Houston, Tex.	.64	100.0	70.0	30.0	160
San Antonio, Tex.	1.02	100.0	35.4	65.6	91
WEST					
Los Angeles-L.B., Cal.	8.22	100.0	28.1	71.9	116
San Bernardino, R., O., Cal.	5.74	100.0	13.9	86.1	89
San Diego, Cal.	6.18	100.0	.6	99.4	97
San Francisco-Oak., Cal.	8.53	100.0	29.7	70.3	140
Denver, Colo.	6.06	100.0	10.3	89.7	137
Portland, Ore.	8.92	100.0	20.6	79.4	156
Seattle-Ev., Wash.	16.50	100.0	67.5	32.5	118

Source: ACIR tabulation.

Table III-9

Intergovernmental Service Agreements and Joint Services Operations: 1972

Service	Supportive Activities ¹			Functions ¹			Local	Total
	Data	Fiscal	Legal	Personnel	Areawide	Shared		
Service Agreements	1,678	704	242	796	2,227	2,120	3,868	10,635
Joint Services	97	35	1	3	274	253	287	950
Total	1,775	739	243	799	2,501	2,373	3,155	11,585
Joint Services as % of Total	5.5	4.7	.4	.4	11.0	10.7	9.1	8.2

¹See Table III-5 for a list of services composing activities and functions.

Source: 1972 ACIR-ICMA survey on intergovernmental service agreements.

Table III-10

County Involvement in Transfer and Consolidation of Functions: 1971

Function	Functional Transfers		Functional Consolidations		Total
	To County	To Municipality	With Local Government	With Other County	
Local	(30)	(4)	(31)	(5)	(70)
Police	10	1	10	3	24
Fire	6	1	3	0	10
Education	5	1	4	0	10
Refuse Collection	6	0	7	2	15
Parks	3	1	7	0	11
Shared	(89)	(10)	(58)	(31)	(188)
Welfare	7	0	4	0	11
Libraries	19	3	19	3	44
Health	22	0	6	9	37
Housing	4	0	2	1	7
Correction	16	1	10	5	32
Roads	6	4	5	2	17
Planning	15	2	12	11	40
Areawide	(27)	(2)	(24)	(20)	(73)
Sewers	12	2	10	2	26
Hospitals	8	0	6	3	17
Natural Resources	0	0	0	1	1
Transportation	3	0	1	3	7
Power Supply	0	0	2	0	0
Water Supply	4	0	5	1	10
Other	29	1	7	2	31
Total	175 (48.3%)	17 (4.7%)	122 (33.7%)	48 (13.3%)	362 (100.0%)

Source: ACIR compilation from data derived from the 1971 ACIR-NACO-ICMA survey on county government.

produce an improved process of metropolitan communication, intelligence, planning, and financing. The A-95 process then, has both an advisory and a supportive impact on substate functional assignments.²⁴

Data from earlier ACIR questionnaires and related studies indicate the nature of A-95 functional impacts—for example, expansion of the level of regional grant information flows. Data in Table III-12 indicate that over 90 percent of all clearinghouses regularly refer A-95 notifications to affected jurisdictions; 46 percent transmit local A-95 comments to affected jurisdictions, and 76 percent incorporate local comments in their referrals to Federal agencies. Still another 54 percent of the 163 surveyed clearinghouses refer human resource grants to human resources agencies; 42 percent refer project notifications to interested nongovernmental organizations; and 61 percent refer environmental impact statements to appropriate environmental agencies.

The referral activities of A-95 have had a measurable, but not major, impact on grant application activity. Table III-13 indicates that virtually all clearinghouses reported that their A-95 reviews had identified conflicts and weaknesses in grant applications, although less than half stated that their reviews caused substantive changes, consolidations, or withdrawals of grant applications. However, Table III-14 shows that less than 10 percent of grant applications were actually modified as a result of clearinghouse comments. Also, most clearinghouses hardly ever attach a negative comment to grant applications. These findings confirm data from earlier surveys of Section 204 clearinghouses.²⁵ They suggest one or more of three possibilities: (1) increased proficiency in preparing Federal grant applications, (2) reluctance to use A-95 comments as even a semi-authoritative device in the grant

management process, or (3) that A-95 conferences result in informal settlement of interlocal grant application conflicts.

The thesis that A-95 grant review is frequently of marginal value may be borne out by comparison of local official and internal clearinghouse evaluations. Table III-13 indicates that local officials found the procedure to have far less constructive impact on the grant management process than did clearinghouse officials.²⁶ This dovetails with other analyses which show that A-95 has essentially a State-regional rather than local benefit.²⁷ Although local officials have voiced some concern about the complexity of A-95 activities, local as well as regional officials agree that higher levels of government could increase A-95 effectiveness. But they disagree on whether the scope of A-95 review should be expanded beyond the 100 Federal programs presently included. Seventy percent of clearinghouse officials, but only 30 percent of some 280 city and county officials, felt the procedure should be extended to more grant programs.

Notwithstanding the problems associated with the advisory nature of the A-95 review, only one-third of surveyed clearinghouse executives and locally elected officials would make it a more authoritative process. Most A-95 officials still regard the review as an advisory procedure that will produce voluntary cooperation in the grant application process.

To summarize the functional impact of A-95 on the positive side, it is credited with a higher level of interlocal communication and negotiation about Federal grant matters. It has encouraged the development of local comprehensive management and areawide planning capability, as well as provided higher levels of government with the opportunity to use the procedure as a guide to

Table III-11

County-Related Functional Transfers and Consolidations Classified by Functional Type and Level of Government at Which Function Was Transferred or Consolidated: 1971

Scope of Function Involved ¹	Type of Transfer or Consolidation			Total
	Local ²	Shared ³	Areawide ⁴	
Local	4 (5.7%)	31 (44.3%)	35 (50.0%)	70 (100.0%)
Shared	10 (5.3%)	58 (30.8%)	120 (63.9%)	188 (100.0%)
Areawide	2 (2.8%)	24 (32.9%)	47 (64.4%)	73 (100.0%)
Total	16	113	202	331

¹See Table III-10 for classification involved.

²These are functional transfers from county to municipal governments.

³These are functional consolidations between county and municipal governments.

⁴These are functional transfers from municipal to county governments or intercounty functional consolidations.

Source: ACIR compilation.

Table III-12

A-95 Referral Activities: 1972

A-95 Activity	All Clearinghouses (N=163)	High Coordinated Clearinghouses (N=24)*	Low Coordinated Clearinghouses (N=13)**
Distribute A-95 Notifications to Affected Jurisdictions	90%	95%	92%
Distribute A-95 Notifications to Nongovernmental Agencies	42%	54%	23%
Transmit A-95 Comments to Grant Applicants	46%	34%	54%
Incorporate Outside A-95 Comments into Clearinghouse Review	76%	92%	91%
Refer Environmental Impact Statements to State and Local Environmental Agencies	61%	65%	57%
Distribute Environmental Impact Statements for Review	53%	48%	38%
Refer Human Resource A-95 Reviews to Human Resource Agencies	53%	57%	31%

*Clearinghouses with responsibility for A-95 review and administration of six or more Federal substate programs.

**Clearinghouses with responsibility for A-95 review only or A-95 review and administration of only one other Federal substate program.

Source: OMB supplement to 1972 NARC-ACIR regional council questionnaire.

funding decisions.²⁸ Partial evidence indicates that it has reduced duplicative grant applications and promoted intergovernmental grant application cooperation.²⁹

On the less positive side, some contend that regional planning is not far enough advanced to provide a strong base for A-95 review. Others maintain that its effectiveness will be guaranteed only when higher levels of government are legally bound to honor A-95 recommendations on grant reviews.

The full potential of this procedure is still to be realized. A-95 logrolling is not penalized nor is good clearinghouse grant administration or regional planning rewarded. Most State governments still do not use the A-95 process for review of non-Federally funded projects. The Federal government has been reluctant to vest A-95 with the same statutory and administrative base that environmental impact reviews have. The A-95 review process, then, has had a marginal impact on functional assignments.

STRUCTURAL ADAPTATIONS AND THE ASSIGNMENT OF FUNCTIONS

Structural means of changing functional assignments include multipurpose State substate districts and regional councils, Federally encouraged substate regional bodies, county reorganization, and areawide special districts and

authorities. All these actions involve the establishment and use of general- or limited-purpose areawide mechanisms which affect functional assignment patterns. The newer bodies—Federally and State-encouraged districts and regional councils—generally condition the activities of established local and areawide jurisdictions. The traditional structural adaptations—county reorganization and special district creation—involve the transfer of existing functions and activities or the assumption of new ones by higher-level units.

Substate Districts and Regional Councils

Federal and State substate districts and regional councils,³⁰ mechanisms frequently but not always fused in a single organization, generally supplement the programs of existing State agencies and local governments.³¹ As quasi-governmental mechanisms they influence a number of substate functional activities, chiefly through funding, grant administration, planning and coordination, project initiation and development, and in some cases direct implementation.

These mechanisms have been created to produce a more manageable substate planning and coordination process. Currently, they provide a regional forum in which interlocal interests may be represented to higher

Table III-13

Grant Management Impacts of A-95 Review Activities as Perceived by Regional Councils and Local Governments: 1972

	Identified Conflicts	Identified Weaknesses in Grant Applications	Identified New Opportunities	Increased Coordination	Provided Useful Info	Provided Orderly Development	Changes	Caused Grant Application Consolidation	Withdrawals
A-95 Clearinghouses (N=238)	89%	87%	54%	93%	99%	84%	54%	36.1%	43.1%
Lo Piggyback Clearinghouse* (N=23)	78%	78%	52%	78%	96%	74%	48%	22%	39%
Hi Piggyback Clearinghouse** (N=28)	96%	96%	75%	100%	100%	96%	50%	45%	39%
Cities (N=267-281)	39%	30%	25%	67%	59%	56%	NA	NA	NA
Counties (N=70-83)	74%	59%	45%	92%	81%	79%	NA	NA	NA
Cities and Counties (N=337-364)	47%	36%	29%	73%	64%	61%	NA	NA	NA

*Regional Councils with responsibility for (1) A-95 review alone or (2) A-95 review and one other Federal-substate program.

**Regional councils with responsibility for A-95 review and six or more other Federal substate programs.

Source: NARC-ACIR regional council survey; ICMA, *Areawide Review of Federal Grant Applications* (Washington, 1972), Urban Data Service Report.

levels of government.³² This also simplifies the task of State and Federal governments in executing their substate policies. Districts permit Federal, State, and local jurisdictions to gauge the regional dimensions of their various policies as well as provide mechanisms for the mediation of intergovernmental policy conflicts.³³ All three levels of government are beginning to recognize that regional districts may combine and evolve into more authoritative bodies, regulating the conduct of certain State, local, and other areawide agencies within a region and in some instances performing a number of regional services for existing local governments.³⁴ Presently, however, only a handful of substate districts and regional councils have assumed such responsibilities. Most affect the assignment of functions through their funding, planning, and service delivery activities.

Funding. The main fiscal activities of substate districts and regional councils are twofold: mobilization of fiscal resources and setting funding priorities for Federal and some State categorical aid. In both matters, districts have had their share of successes and failures.

Economic Development Districts (EDD's) and Community Action Agencies (CAA's) have been most successful in mobilizing external fiscal resources. As of 1972-73, 84 percent of EDD budgets were derived from non-EDD sources; it is estimated that 591 CAA's mobilized over \$1.3 billion in non-OEO funds for antipoverty efforts between 1965 and 1972.³⁵ At the same time, State and local support for district activities has not always been substantial³⁶ and these instrumentalities have to spend considerable time pursuing Federal grants to provide funds for their planning and technical assistance activities.³⁷

Resource mobilization occurs in a variety of ways. Comprehensive Health Planning agencies (CHP's) and CAA's, for example, encourage private contributions to their planning efforts or projects. On the other hand, Local Development Districts (LDD's) and EDD's supplement other Federal grants, thereby providing part or all of the local match for selected projects. For 1971, it is estimated that EDD's made 469 supplementary grants, mainly for sewer and water projects, totalling over \$81 million.³⁸ Such grants have been especially important in non-metropolitan water quality planning.³⁹ Similarly, some districts have guaranteed private sector loans for rural development projects.⁴⁰

The Federal government has not provided incentives for various Federal and State substate districts and regional councils to combine into a single organization, even though this would promote more comprehensive substate fiscal planning. Table III-15 shows that for over 22 separate project grant programs affected by Federal substate district activities, grant money flows were no higher in areas where there was a substantial consolidation of Federal districts than in areas with many separate districts. The only exception to this trend was EDD funding, which averaged \$13 per capita in 13 consolidated districts and only \$2.69 in 14 unconsolidated districts.

Another key element of district/council funding activities involves the setting of funding priorities within Federal program areas. Here again the record has not been completely impressive. Districts have been reluctant to set funding priorities since they have been anxious to gain the support of constituent local units. This, in turn, has led some of them to recommend funding of the projects most popular with local constituent units. Districts find the priority-making process a painful one since "... individual communities do not see any connection between their projects and the overall availability of funds to the entire district. There is no limit set on the funds that may come into any given district via Federal grants so there is no need to follow . . . priorities."⁴¹ In a similar fashion some districts have recommended funding extremely small project grants in order to insure constituent support for their operations.⁴² Such grants, of course, have not aided the funding priority process.

A number of institutional barriers also prevent districts and councils from adequately performing their fiscal responsibilities. Frequently their planning programs, the base of their funding priorities, are poorly funded by Federal and State governments. Or the bulk of their planning money may come in only a few selected functional areas, transportation and highway planning being chief examples. Districts that receive earmarked planning funds cannot easily set priorities that divert funds away from these aided areas.⁴³

In short, districts and councils have fared reasonably well in mobilizing fiscal resources in selected functional areas; they have been less successful in mobilizing funds on a broad basis or in setting funding priorities among projects planned for their jurisdictions.

Planning. Another major responsibility of substate districts and regional councils is their functional and comprehensive planning. Partly as a result of their grant management mandates and partly as a result of explicit statutory requirements,⁴⁴ districts must formulate a number of areawide, comprehensive, or functional plans. Their planning achievements, however, have been of a varied quality.

Numerous difficulties beset the substate district planning process. Fiscal restraints, already alluded to, prevent districts from meeting their planning responsibilities. District or council preoccupation with day-to-day grant management responsibilities adds another restraint on the development of long-range, comprehensive plans. Consequently, planning is sometimes skewed in certain functional directions or is of marginal quality.⁴⁵ Some comprehensive plans do no more than reiterate local plans or merely list local project proposals. This, in turn, provides an inadequate regional perspective for other districting activities, particularly A-95 review.⁴⁶ Other significant restraints to effective planning include the need for more professionally qualified planners and the conflicting demands that citizen participation sometimes places on the district planning process.⁴⁷

Table III-14

Selected Functional Impacts of A-95 Review Activities: 1972

A-95 Reviews which:	Percent of Such A-95 Reviews					(N) ¹
	0-20%	20-40%	41-60%	61-80%	81-100%	
Require Only Initial 30-Day Review	5.8%	5.2%	5.8%	19.5%	63.7%	(154)
Require Both Initial and Final 30-Day Review	70.6%	12.9%	4.3%	6.0%	6.2%	(116)
Require Conferences With Applicant	59.4%	12.3%	13.0%	6.5%	8.8%	(138)
Result in Applicant Making Substantive Changes in Application	91.5%	5.9%	2.5%	—	—	(118)
Result in Negative Comments Being Submitted to Accompany Application	92.0%	2.7%	2.7%	1.8%	.8%	(113)

¹N=Number of Surveyed A-95 Clearinghouses.

Source: OMB Supplement to 1972 ACIR-NARC Regional Council Survey.

The planning assignments of districts and councils are often confused since State and Federal requirements for similar types of functional planning are sometimes so conflicting and varied that quality comprehensive planning becomes difficult if not impossible to achieve. States have also distorted the planning process by not providing clear indications of the planning responsibilities of these mechanisms. Even regional councils and State substate districts with the same legal mandate often have widely diverging work plans.⁴⁸

Substate planning problems also occur when separate districts approach similar functional tasks with widely different program planning emphasis. This may occur even when such districts are formally contained within a generalist State substate district or regional council. Also, district and State plans frequently are not coordinated,⁴⁹ and some districts avoid long-range planning and concentrate on incremental project planning instead. Similarly, district plans often conflict with one another as separate agencies seek to gain exclusive planning control over a function.⁵⁰ For all these reasons, many districts and councils find it difficult to do detached, comprehensive planning.

Despite these problems, district and council experience with planning coordination has often been successful. Some EDD's, for example, have prevented needless intra-district competition for Federally-funded capital facilities.⁵¹ Some CHP's have promoted a number of hospital mergers,⁵² and some CAA's have prodded established agencies to offer more integrated and comprehensive services to their communities, especially in the case of community health centers.⁵³ On the other hand, dis-

trict coordination activities have sometimes been hindered due to interlocal rivalry over which constituent local government will have a dominant influence in district or council operations.⁵⁴ In short, more effective coordination can yet be achieved by districts and councils.

Service Delivery. Substate districts and regional councils usually have only a few selected implementation responsibilities. However, CHP's in 10 States have formal regulatory responsibility for certifying the need for proposed public and private hospital construction or modernization.⁵⁵ EDD's, LDD's, and CAA's as non-profit corporations may directly implement their respective programs. A few regional councils and selected Federal substate districts in various States provide training and communication services to local governments. Some substate districts have helped create new regional service institutions.⁵⁶ In other cases, districts or councils even have regulated the operations of regional special districts or begun to develop an assignment of functions policy.⁵⁷ These latter activities, however, have been pursued by only a handful of regional instrumentalities.

The relative lack of direct service delivery responsibilities stems largely from State and local reluctance to give these bodies operational duties. In some States, legal interpretations about district and council powers have prevented them from undertaking direct functional responsibilities.⁵⁸ In others, local governments fear the development of overarching regional governments,⁵⁹ which would threaten city and county control over the delivery of certain services. In still others, conflict between separate Federal districts, State sponsored sub-

Table III-15

Selected Federal Aid Program Grant Flows in Consolidated (C) and Unconsolidated (NC) Federal Substate Districts:
1972

Population of Regional Councils	Per Capita Project Grants Associated With:									Total
	LDD's ³	EDD's ³	CHP's ³	A-95's ³	LEAA's ³	CAMPS ³	STP's ³	AQC's ³	CAA's ³	
Total										
(C) ¹	\$.60	\$13.00	\$1.55	\$3.73	\$.28	\$ 6.75	\$32.44	\$.19	\$3.09	\$ 62.23
(NC) ²	.27	2.69	3.13	3.79	2.65	7.59	47.39	.40	2.75	70.66
Over 1,000,000										
(C)	0	0	.05	1.78	.20	1.60	22.03	.05	.98	26.69
(NC)	*	.62	.41	.60	4.39	4.55	3.33	.15	2.48	16.53
501,000-1,000,000										
(C)	.07	.30	4.11	1.58	.09	3.96	9.49	.15	1.43	21.18
(NC)	0	.64	1.38	1.51	.08	4.26	8.46	.21	1.91	17.73
251,000-500,000										
(C)	.53	1.75	0	1.55	.60	3.24	9.39	0	1.44	18.50
(NC)	.05	6.47	3.41	2.98	9.24	10.13	7.96	.64	1.44	42.32
76,000-250,000										
(C)	.56	4.08	1.19	4.05	.28	10.08	24.24	.29	3.82	48.59
(NC)	.65	2.06	4.09	4.23	.76	8.58	74.33	.42	3.49	98.61
0-75,000										
(C)	1.36	27.73	0	0	0	2.44	86.76	0	4.09	122.38
(NC)	0	0	0	9.62	.16	1.98	37.00	.23	2.23	51.22

¹(C) regional councils with 6 or more Federal substate district designations. (N=23).

²(NC) regional councils with 1 or fewer Federal substate district designations. (N=28).

³Local Development Districts (LDD's), Economic Development Districts (EDD's), Comprehensive Health Planning Agencies (CHP's), A-95 Agencies (A-95's), Law Enforcement Assistance Districts (LEAA's), Cooperative Area Manpower Planning Districts (CAMPS), State Transportation Planning Districts (STP's), Air Quality Control Districts (AQC's), and Community Action Agencies (CAA's).

Source: ACIR tabulation of data from *OEO 1972 Fiscal Year Outlays* series for 22 selected project grant programs.

state districts, and locally sponsored regional councils has prevented these bodies from assuming more responsibilities.⁶⁰

Governmental reformers are divided on the desirability of these instrumentalities' undertaking additional responsibilities even if they could overcome present political obstacles. Some studies and authorities oppose an operational role, and would vest such powers in other areawide subordinate bodies or in local units.⁶¹ Moreover, no more than 20 percent of local officials surveyed by the Commission and less than half of the regional council executive directors polled believe that these bodies should have operational responsibilities.⁶² Others, however, sanction a limited operating role as a means of meeting new areawide service demands and of curbing special district growth.

District and council experience with direct service responsibilities is too limited to provide a constructive evaluation of their operational ability. Presently, numerous forces work to prevent their assuming direct servicing responsibilities; however, some continue to regard these districts as alternative mechanisms to the regional special district or the reorganized county.

Conclusion. Substate districts and regional councils presently have an indirect impact on functional assignment, being only secondary actors in most substate matters. Their importance lies in the fact that their basic activities—planning and coordination, fiscal mobilization and grant-in-aid review, and technical assistance—are increasingly essential for integrated substate regional program administration. All these activities occur prior to actual performance of a service yet are necessary for an efficient delivery system. Consequently, regional districts and councils may become increasingly significant in substate functional assignment matters, since they provide specialized, supportive regional services to established local and areawide units as well as occasionally exercise direct regional operational responsibilities.

Special Districts

Regional special districts and authorities are a traditional structural response to the assignment of functions question. They exist in most metropolitan areas, and their number has doubled in the 72 largest metropolitan areas since 1957. This brings the total to over 1,000 such areawide units in metropolitan areas as of 1972.

Their functional importance can hardly be doubted. Over half those in the 72 largest metropolitan areas were responsible for more than 40 percent of total metropolitan expenditures in their particular function. In 15 cases, they were responsible for 80 percent or more of specific functional expenditures. Health and hospital, sewerage, and utility districts were most prominent in this regard (see Table III-16).

Regional special districts have been created to meet a variety of Federal, State, and even local demands. They are frequently established pursuant to local referenda and

are governed by local appointees; sometimes they are created directly by State law and are relatively removed from local control. Almost all, however, receive some part of their budget in the form of State and Federal aid. Thus, all three levels of government have been party to the creation and use of these units.

Conclusive evidence on the functional impact of these districts has yet to be compiled. Nonetheless, it is known that they continue to be favored for a variety of economic and political reasons and opposed for other political ones. Most appraisals of their operations have noted their adequate economic performance, but also their relative lack of political accountability and control (see Appendix III-1).

A continuing factor in the creation of these bodies is their ability to take advantage of economies of scale,⁶³ especially in capital-intensive, physical development services. Their large size makes them better able to attract superior personnel than smaller units. These personnel, in turn, often institute advanced management practices, resulting in more efficient services.⁶⁴ Regional special districts also tend to standardize service levels within their jurisdiction.⁶⁵ They also can be used to provide services without raising local taxes or to perform services that may be too controversial for general local governments to perform. These last features are even more attractive when the governing board of the district is appointed by elected local officials.

While economies of scale, management competence, and service uniformity are factors in the functional efficiency of these districts, their isolation from general purpose governments has frequently reduced their effectiveness. Thus, they often forfeit centralized purchasing, budgeting, and personnel management services offered by larger general purpose units. Moreover, their unifunctional isolation sometimes causes them to define their service responsibilities narrowly and to ignore their impact on related functions.⁶⁶

The independent financial structure of special districts, while relieving local governments of some burdens, has proved troublesome in some respects. Their project financing is often more expensive than that of a general unit⁶⁷ and, contrary to popular notions, their operations are frequently not totally self-sustaining. Many receive substantial financial assistance from Federal and State governments.⁶⁸

Another significant problem is their inability or unwillingness to coordinate their work with existing general-purpose governments.⁶⁹ Their concern for narrow service demands has sometimes prompted them to regard general local governments as service competitors rather than as units whose own functional responsibilities are affected by regional district operations.⁷⁰ Coordination difficulties, in turn, have prompted calls for closer local control of these bodies. But, in some cases, extreme local control can vitiate the functional operations of the regional district.⁷¹ In short, too little or too great a control of special district operations can be problematic.

Table III-16

**Regional Special District Share of Selected Metropolitan Functional Expenditures in the
72 Largest SMSA's: 1970**

Regional Special District Share of Metropolitan Functional Expenditure						
Function	0-20%	21-40%	41-60%	61-80%	81-100%	Total No. of Cases
Education	1	0	0	0	0	
Highways	1	1	0	0	1	3
Health/Hospital	2	1	1	4	0	8
Sewerage	5	1	7	1	1	15
Parks/Recreation	8	1	0	0	0	9
Natural Resources	4	1	2	0	1	8
Housing/Urban Renewal	1	4	2	0	1	8
Water Transport	1	0	1	1	4	7
Library	0	0	0	0	2	2
Utility	5	3	4	4	1	17
Total Number	28	12	15	12	11	78
Percent Distribution	46	15	19	15	15	100%

Source: ACIR Tabulation.

The single most cited difficulty with these bodies is their lack of accessibility and political accountability. While data indicate that over 40 percent of surveyed regional districts in the 72 largest metropolitan areas have governing boards chosen by direct election, other research has noted considerable voter apathy in special district elections.⁷² Consequently, these units run the risk of being dominated by special economic interests. Moreover, recent judicial rulings waiving the one-man, one-vote principle for special districts could reinforce this tendency.⁷³

The numerous political and administrative conflicts that special districts produce has prompted this Commission to recommend their abolition, consolidation, or subordination to general purpose units of government.⁷⁴ Studies in California, Massachusetts, and Michigan, to name a few, also have advocated such action.⁷⁵ States now control districts in different fashions. Five of the seven States with boundary commissions supervise the formation, termination, and expansion of special districts;⁷⁶ the Twin Cities Council in the Minneapolis-St. Paul metropolitan area supervises the operation of regional special districts, and a recent Colorado law authorizes the creation of multifunctional regional special districts that will ultimately coordinate and supervise the operations of other districts within their boundaries.

Regional special districts have been and will continue

to be a much utilized response to assigning responsibility for urban functions. They have distinct economic advantages, particularly with reference to economies of scale, pricing policies for public services, and uniformity of certain metropolitan services. Yet their functional isolation from general-purpose governments raises serious problems in assignment matters. Their policies can counteract those of smaller, general purpose units; their lack of accountability and poor citizen access can effectively remove them from the popular political process; and their concern with fiscal self-sufficiency can result in adoption of policies that serve narrow functional interests rather than those of the entire metropolitan community. In short, while they are a popular and convenient structural solution to pressing metropolitan functional problems, their functional activities call for continuing control by existing State and local governments.

County Reorganization

Another structural alternative for functional assignment is the reorganized or comprehensive urban county.⁷⁷ Since the county is the largest general-purpose local governmental unit between the State and local level, recommendations frequently have been made to entrust it with additional regional and urban service responsibilities.

The majority of counties, however, have not yet proved

Table III-17

Legislative and Constitutional Provisions for City-County and County-County Consolidation

State	City-County Consolidation			County-County Consolidation		
	Legal Basis	Applies to all Municipalities	Election Required and Type	Legal Basis	Geographic Restriction	Election Required and Type
Alaska	S	x	x,M	C,S		x
California	C			C		x,M
Colorado	C					
Florida	C		x			
Georgia				C		x,M
Idaho				C,S		x,M,E
Illinois				C,S	x	x,M
Kentucky	S	x	x,Si	S	x	x,M
Louisiana				C	x	x,M,E
Michigan				C		
Minnesota				C		x,M,E
Mississippi				C		x,M
Missouri	C			C		x,M
Montana	C,S	x	x	C		x,M
Nebraska				C,S	x	x,M,E
New Mexico	C,S		x,M			
N. Carolina	C			S	x	x,M
N. Dakota				C		x,M,E
Oregon	C					
S. Carolina				C,S	x	x,M,E
S. Dakota				S	x	x,M
Tennessee	C,S		x,M			
Virginia	S		x,M	C,S		x,M
Washington	C		x			
Wisconsin				S	x	x,M

Legend: C=Constitutional provision; S=Statutory provision; M=Multiple majority in election; E=Extraordinary majority in election; Si=Single majority in election.

Source: ACIR Tabulation.

themselves to be effective regional and urban service units.⁷⁸ Counties often do not have the necessary legal authority to assume such servicing roles; home rule statutes in some States even give functional primacy to municipal rather than county units.⁷⁹ Similar types of legal restrictions hinder county administrative reorganization,⁸⁰ reduce participation in intergovernmental service agreements, and encourage provision of services on less than a countywide basis. Other major structural and fiscal constraints—lack of general authorizations for city-county and multi-county consolidation and State mandating of county responsibilities—also reduce the urban and regional service capabilities of many counties.

Counties in many parts of the Nation have long been regarded as administrative arms of State government rather than full-fledged units of general purpose local government.⁸¹ Consequently, they have had to seek State legislative approval for additional functional and fiscal powers or for permission to change their governmental structure. State legislatures often pass numerous special acts which delineate county responsibilities in a detailed fashion.⁸² These and other actions signifying their in-

ferior legal status have been ratified by judicial rulings in many States.⁸³

Counter to this trend is the increasing adoption of county home rule legislation. Presently 25 States confer structural home rule on all or selected classes of counties. Only 16, however, grant functional home rule, which permits them to exercise specific local functions or all functions not specifically prohibited by State law. Only one State—Pennsylvania—grants all three types of county home rule—structural, fiscal, and functional.

Home rule options have not been utilized by a large number of counties. Presently, only 57 or about 4 percent of eligible counties operate under home rule provisions, although 35 percent of the counties with populations of over 500,000 have home rule. Even where home rule powers are made available by the State, popular acceptance has not always been overwhelming. In Ohio, 30 county home rule charter proposals were defeated between 1934 and 1971;⁸⁴ similarly, all seven county home rule proposals were rejected at the polls in Illinois in 1973. Home rule options have never been used in a number of strong county home rule States; and in rural areas,

reorganization efforts have met with substantial resistance.⁸⁵

Other factors have hindered county reorganization. Only 19 States permit multicounty consolidation by general statutory or constitutional authority; in 17 of these, multiple or extraordinary majorities are required for consolidation. Additionally, only 13 States have general provisions for city-county consolidation, and, in four of these multiple majorities are required. (See Table III-17.)

Lack of home rule also deters county administrative modernization. Over 85 percent of all counties still retain a plural executive form of government. This results in extremely diffused responsibility for county budgetary and personnel matters. These structural problems are exacerbated by the presence of State-mandated county boards and constitutional county officers, which further reduce central control of county programs. For example, a recent New Jersey study indicated that 79 percent of all expenditures and 68 percent of all personnel were beyond the direct control of county supervisors.⁸⁶ Similar findings have been reported in Arizona.⁸⁷

Counties have been generally unwilling or unable to assume additional urban and regional functions. Table III-18 shows that while the overwhelming proportion of metropolitan counties perform traditional and often State-mandated functions, only 20 to 40 percent perform various urban functions and only 10 to 30 percent perform assorted regional functions. Notable exceptions are metropolitan home rule counties, which have made considerably greater progress in assuming urban and regional functions.

Counties still provide some services on less than a countywide basis. In the traditional police, roads, and highways functions and in the newer services—fire protection, refuse collection, and parks—counties sometimes provide services solely to unincorporated areas. Again, however, home rule jurisdictions are more apt to provide them on a countywide basis (see Table III-19), and counties as a whole have increasingly sought to perform more of their functions on a countywide basis (see Table III-20).

Counties have not engaged in the contracting process as frequently as other local governments. Municipalities and private contractors are more prevalent service providers under intergovernmental service agreements. But counties are prominent contractors in the libraries, health, housing, and corrections functions. Transfers and consolidations are common in home rule jurisdictions. Home rule counties, then, perform more regional and urban functions, engage in more functional transfers and consolidations, and are more apt to provide their services on a countywide basis than other types of counties.

Restricted fiscal powers are another factor deterring expansion of county functions. As of 1971, less than 9 percent of all county taxes came from general sales or income sources, while municipalities derived over 20 percent of their revenues from such bases.⁸⁸ Counties were empowered to levy local income taxes in only three States and general sales taxes in 15. In contrast, municipalities

could levy income taxes in 15 States and general sales taxes in 22. Only Pennsylvania authorizes counties to raise revenue from any source not directly prohibited by State law, though a similar proposal was recently made in Massachusetts.⁸⁹ These fiscal shackles assume added significance when it is remembered that counties must fund a variety of State-mandated but not fully State-financed functions.⁹⁰ State-mandated functions frequently account for the majority of a county's budget, thus curtailing its ability to assume other functions without further increasing local property tax burdens.⁹¹

Counties clearly face a variety of difficulties in expanding their substate functional role. Lack of or unwillingness to use home rule provisions, continued use of excessively decentralized administrative structures, and functional competition with constituent cities and special districts have prevented them from providing more urban and regional functions and from broadening their fiscal responsibilities. At the same time, county modernization is now being considered in a number of States. Positive experience with county home rule and the need for a general-purpose areawide government have encouraged various States to consider a wide variety of county reform proposals.⁹²

City-County Consolidations and Federations

Functional assignments have been markedly changed by comprehensive city-county governmental reorganizations in Miami, Jacksonville, Indianapolis, and Nashville.⁹³

These reorganizations have expanded services in both central and fringe areas. Public safety functions have been upgraded in the fringe areas of Jacksonville and Nashville; highways in Indianapolis and Miami; parks, libraries, and education⁹⁴ in Nashville; health services in Jacksonville; and sewer and water in Miami. At the same time core-city environmental services have been improved in Jacksonville; major urban renewal programs have been developed in Indianapolis and Miami,⁹⁵ and criminal justice and health efforts expanded in Nashville. Table III-21 notes the expenditure profiles before and after reorganization for three of the four surveyed governments.

Functional assignment problems, however, still affect reorganized governments. Welfare and education are not financed or administered on an areawide basis in Indianapolis. Nashville has yet to extend its fire and sanitation services to outer fringe areas.^{93a} Dade County and Indianapolis have considered re-establishing or reinvigorating lower tiers of government for program administration.^{94a} All present reorganizations, then, are assessing the need for further service redistribution and reassignment.^{95a}

Reorganized governments have recorded a number of fiscal and functional improvements through their new assignment policies. They have also instituted many new services. Jacksonville reports an areawide rescue service

Table III-18

Performance of Selected Urban, Regional, and Traditional Services by Type of Metropolitan County: 1970

Function	Type of Metropolitan County			
	Home-Rule*	Unicounty**	Central County***	Suburban Fringe****
	Percent Performing Function			
Urban	(N=28)	(N=59)	(N=76)	(N=31)
Fire	43%	27%	22%	19%
Refuse Collection	39	10	13	23
Libraries	68	34	37	42
Parks & Recreation	75	32	34	45
Hospitals	64	18	22	45
Urban Renewal	25	5	9	6
Regional				
Mass Transit	14	0	3	0
Airports	36	17	17	35
Junior Colleges	39	3	17	13
Solid Waste Disposal	61	22	31	29
Sewage Disposal	61	12	26	19
Air Pollution	57	21	22	13
Water Pollution	57	16	25	6
Water Supply	39	4	17	22
Traditional				
Police	79	73	63	64
Coroner's Office	82	76	78	71
Jails	86	80	92	64
Probation/Parole	71	75	71	68
General Assistance	61	68	75	64
Medical Assistance	54	61	64	58
Roads & Highways	79	58	72	61
Public Health	86	70	70	68
Mental Health	79	73	70	48
Tax Assessment/Coll.	75	64	77	61
Courts	79	77	66	61
Prosecution	79	61	74	58
Public Defender	54	61	71	42

*28 Counties; **59 Counties; ***76 Counties; ****31 Counties.

program; Miami provides a variety of supportive and basic police services to constituent municipalities;⁹⁶ Indianapolis and Jacksonville have expanded their highway programs; Nashville and Miami have diversified and enlarged their park systems.⁹⁷

Integration of services also has occurred. Miami and Indianapolis have well-organized Departments of Metropolitan Development and Urban Renewal, and the latter has consolidated its transportation department, placing all related programs under central and unified control. Most reorganizations have reduced the cost and personnel requirements for various supportive services.

Reorganization has diversified and redistributed the finances of reformed governments. All three consolidations have stable or declining property tax rates.⁹⁸ Federal

aid has increased in Indianapolis while State aid has been boosted by all four reorganizations. Internal finances have been changed as well. Nashville and Miami have increased their nonproperty taxes while Jacksonville has substantially raised user charges. In matters of fiscal redistribution, Dade County has reduced fiscal subsidies to its unincorporated areas, and Indianapolis now finances urban renewal from a countywide tax base. Nashville-Davidson has steadily financed more of its expenditures on a countywide basis (see Table III-22).

Finally, reorganized governments more closely supervise or control actions of remaining jurisdictions in their area. Dade County has assumed functions of hitherto independent county boards. Indianapolis and Jacksonville maintain budgetary and appointment powers over a

variety of areawide special districts. Some nonconsolidated local governments in Indianapolis and all in Jacksonville operate under fiscal supervision of the reorganized government.⁹⁹ Dade County can set minimum performance standards for municipal functions. All these powers can produce better coordination of functional policy among constituent governments.

Reorganizations, then, have had a generally positive functional impact. Variations in functional performance are less extreme. Reorganizations have met some but not all of the service needs of different constituencies. Service professionalism has been increased, although smaller units of service delivery may still be required to provide certain functions more effectively.¹⁰⁰ Better coordination of areawide services has sometimes occurred and fiscal pressures have been abated and shifted.

FUNCTIONAL ANALYSIS IN ASSIGNMENT OF FUNCTIONS

Functional analysis is another component of the assignment of services task. One must determine which public functions and components are logically and practically local, areawide, or even State responsibilities. What follows is a brief analysis of four functions—community schools, family social assistance, police protection, and land-use controls—describing the nature of their present functional assignment, problems associated with such assignment, and current proposals for alternative allocations. These functions all have varying degrees of local, areawide, or State character and are analyzed to show some of the complexities involved in service assignment questions.

Table III-19

Areal Performance of Selected Urban, Regional, and Traditional Services, by Type of County

	Percent of Counties Performing Function on Countywide Basis			
	Home Rule Counties		All Counties	
	Percent Countywide	Total Number Providing Service	Percent Countywide	Total Number Providing Service
Urban				
Fire	58%	12	62%	439
Refuse Collection	82	11	48	229
Libraries	84	19	85	542
Parks & Recreation	86	21	82	390
Hospitals	94	18	94	397
Urban Renewal	71	6	53	58
Regional				
Mass Transit	100	4	69	13
Ports and Harbors	100	4	91	36
Junior Colleges	91	11	99	160
Solid Waste Disposal	82	17	72	295
Sewage Disposal	71	18	43	261
Air Pollution Control	100	16	97	134
Water Pollution Control	94	15	93	120
Water Supply	73	11	45	202
Traditional				
Police	55	22	62	437
Coroner	100	23	99	816
Jails	96	24	97	880
Probation/Parole	100	20	99	594
General Assistance	100	17	99	804
Medical Assistance	100	15	99	691
Roads & Highways	59	22	85	785
Public Health	100	24	98	771
Mental Health	100	22	99	611
Tax Assessment	95	21	97	837
Courts	95	22	98	700
Prosecution	95	23	98	676
Public Defender	93	15	98	319

Source: ACIR Tabulation.

Table III-20

Service Performed by Counties: 1962 and 1971

	1962 ¹			1971 ²		
	Total Number	Percent Unincorporated Area Service Only	Percent County-wide Service	Total Number	Percent Unincorporated Area Service Only	Percent County-wide Service
Police	153	51	49	381	29	71
Fire	56	77	23	383	29	71
Street Construction ³	113	58	42	773	14	86
Recreation	84	40	60			
Parks ⁴	117	39	61	364	12	88
Garbage	27	89	11	138	20	80
Housing	14	79	21	96	16	84
Library	109	40	60	498	7	93

¹225 counties over 100,000 population was the universe used in 1962.

²1,024 counties of all populations was the universe used in 1971.

³In 1971, the classification was "Roads and Highways."

⁴Parks and recreation were combined in 1971.

Source: International City Management Association, *Municipal Year Book*, (Chicago, Illinois: The Association, 1962), pp. 76-81; and ACIR, *Profile of County Government*, (Washington, D.C.: Government Printing Office, 1971), p. 29.

Community Schools

The community schools function encompasses elements of community control, adult education, and multi-agency human services delivery. It may involve local control of public school administration, direct community participation in adult education, or use of community school facilities as local delivery sites for urban social services. Common to all elements of the service is increased citizen participation in the operation of local school facilities.

Community Control. One major dimension of the community schools function is local control over public school administration. Demands for control have occurred mainly in large city school systems;¹⁰¹ New York City, Detroit, and Washington, D.C.—among others—now have various forms of community school control.

Most proponents of community control are deeply concerned with the mushrooming educational bureaucracy and its lack of sensitivity to local needs.¹⁰² Consequently, decentralization efforts in larger cities aim at bringing established bureaucratic systems closer and more accountable to the people¹⁰³ by (1) providing lay responsibility and authority in educational decision making;¹⁰⁴ (2) involving local citizens with day-to-day operations so they can better evaluate their children's educational progress;¹⁰⁵ and (3) offering an alternative to the school

integration mandates of extralocal authorities.¹⁰⁶

Successful community control has occurred in some large, urban school systems containing heterogeneous populations. One of the first such programs occurred at Morgan Elementary School in Washington, D.C., where parents, nonparental representatives, and school staff members now operate the local school board.¹⁰⁷ While sharing some administrative responsibilities with the District Board of Education, the Morgan Community School Board is responsible for reporting to the community on the school's operation and progress, determining general policy, and guiding curriculum formation and instruction.¹⁰⁸ Such powers typify the outer limits of local control.

Full-scale community control, however, may be unwise. Complete control may result in inadequate public school finances.¹⁰⁹ Also, small decentralized school districts could experience diseconomies of scale.¹¹⁰ If a large heterogeneous school district were to decentralize, administrative, supportive, and specialized educational services might cost appreciably more. Finally, especially in large cities, lack of demographic, social, and economic stability in the community may mean that there is little agreement on the practical goals of community control.¹¹¹ If this holds true, community control would best occur in local areas having a homogeneous and stable population.

Neighborhood Education Centers. The use of local public schools for community education programs is not a new concept. Educators first began writing in the field more than 35 years ago.¹¹² Today, educators still see the community school as responsible for the education of an entire urban population. Extended adult education, for example, is held significant due to the influence of family background factors upon the educational achievement of school children.¹¹³ Thus, it has been suggested that "... community education is the logical link between school and home."¹¹⁴ As one educator observed:

In many instances, the problems of parents

are so intense that they overshadow the problems of the children. Community education has the potential for improving the circumstances of the parents and their home which in turn, will improve the circumstances of the children.¹¹⁵

Community education recently has taken many forms. Basic functions which a community school may provide are:

- 1) Education centers for adults and children of the community.

Table III-21

**Pre- and Post-Consolidation
Percent Distribution of Revenue and Expenditure Items for Three Major Governmental Reorganizations**

Revenue Item	Indianapolis		Jacksonville		Nashville		
	1969-70	1970-71	1967-69	1969-71	1960-63	1963-66	1970-71
	(Per Cent Distribution-Average)						
All Revenue	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Intergovernmental	19.4	36.0	11.3	9.7	22.0	23.5	25.3
State	18.4	30.7	4.2	6.6	21.5	22.5	22.7
Federal	1.0	4.7	5.6	2.9	.4	.8	2.1
Local	—	.6	1.5	.2	.1	.2	.5
Own Sources	80.6	64.0	88.7	90.4	78.0	76.5	74.7
Taxes	67.7	51.8	67.1	58.4	61.8	61.5	60.2
Property	67.1	51.0	52.0	37.1	53.8	51.6	40.6
General Sales	—	—	—	—	—	2.8	13.1
Selec. Sales	—	—	11.9	18.0	1.9	1.7	5.6
Other	.6	.8	3.2	3.3	6.1	5.4	.9
Charges	6.9	5.8	7.3	20.9	3.0	2.8	4.4
Miscellaneous	6.0	6.4	14.3	11.1	13.2	12.2	10.1
All Expenditure	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Education	.4	.7	.1	.3	39.7	39.3	45.3
Highways	12.9	13.2	7.9	4.4	8.9	8.8	5.9
Welfare	15.4	14.7	.3	1.5	1.3	1.1	1.2
Hospitals	—	—	—	(8.5*)	8.5	8.3	6.6
Health	.2	.2	1.5	1.9	1.6	1.5	2.6
Police	10.5	11.8	9.2	6.9	6.2	6.8	5.7
Fire	7.5	6.9	4.1	4.8	4.3	4.7	3.9
Sewerage	13.9	11.2	2.2	4.1	2.6	2.5	1.9
Sanitation	3.2	2.8	3.5	2.9	2.6	2.5	1.9
Parks/Recreation	6.1	5.7	4.1	3.9	1.9	2.2	2.4
Housing/Renewal	—	3.3	.1	2.5	N/A	N/A	N/A
Libraries	—	—	1.3	1.0	.6	.7	.8
Financial Admin.	3.7	2.4	3.6	2.1	1.9	2.0	1.7
General Control	4.4	3.5	4.6	4.2	8.4	7.5	8.4
Public Buildings	N/A	N/C	1.9	1.3	1.1	1.3	.7
Interest	4.7	5.2	4.5	3.5	N/A	N/A	N/A
All Other	17.4	18.4	12.4	9.7	13.0	14.0	12.9
Water Supply	—	—	3.1	3.0	—	—	—
Other Utility	—	—	35.6	42.0	—	—	—

*() For comparability, percent distribution does not include hospital expenditures in 1969-71 which averaged 8.5 percent of budget in 1969-71. N/A = not available; N/C = not computed.

Source: U.S. Bureau of the Census, *City Government Finances 1967-71; Local Government Finances in Metropolitan Areas 1967-71*; unpublished data on Nashville finances.

Table III-22

Expenditure Profile for Pre- and Post-Consolidated Government of Nashville-Davidson: 1956-70

	Percent Increase		Percent Financed From County or General Services District			
	1956-63	1963-70	1956-57	1962-63	1963-64	1969-70
General Government	68.3	100.6	32.1	35.3	68.9	73.1
General Control	107.2	24.1	55.3	49.4	99.9	100.0
Justice	68.3	137.0	74.8	80.1	100.0	100.0
Regulation	160.5	68.3	—	20.6	98.9	100.0
Employee Benefits	38.3	165.4	8.9	11.0	22.3	49.0
Other	124.5	21.2	76.3	52.8	88.0	83.6
Public Buildings	130.7	.1	51.9	36.6	99.9	100.0
Finance	173.1	45.2	28.0	51.1	99.2	100.0
Police	106.0	72.4	19.5	26.1	20.0	89.5
Corrections	183.2	94.8	43.9	63.1	99.4	100.0
Fire Protection	74.1	82.5	—	—	—	—
Education	30.5	109.9	62.5	58.9	100.0	100.0
Libraries	212.0	164.5	20.0	—	95.6	100.0
Welfare	1.5	96.7	77.9	77.7	99.9	100.0
Health	65.0	281.8	91.8	97.1	100.0	100.0
Hospitals	89.1	63.6	30.4	28.7	93.7	100.0
Highways	36.4	25.5	48.3	47.2	80.9	80.4
General						
Traffic Control						
Sanitation	149.5	44.8	8.9	—	10.8	8.9
Natural Resources	99.2	56.2	56.9	31.6	100.0	100.0
Parks and Recreation	162.4	129.7	—	—	98.7	100.0
Miscellaneous						
Debt Service	109.7	29.2	39.7	36.7	75.4	75.2
Total	56.5	100.0	47.6	46.4	81.1	87.5

Source: Unpublished data on Nashville finances.

2) Neighborhood community centers, serving primarily as a recreational and vocational center.

As a multifaceted educational center, the community school provides regular day school and continuing adult educational programs. Adult programs usually include opportunities for completing requirements for high school diplomas or expanding vocational and homemaking skills. Community schools also offer school recreational facilities to adults after the regular day-school instruction. These types of neighborhood school centers now operate in such cities as Boston, Atlanta, Flint, New Haven, and Washington, D.C.

This type of community school is not easily managed. Administrative difficulties occur when several city agencies share responsibility for school facilities. Boston, for example, has three major city agencies providing its community school program: the public school, parks and recreation, and public facilities departments. According to school officials, conflicts exist among the departments; interdepartmental coordination and planning is limited or conflicting. No single official or agency is continually responsible for the community school's total operation; rather, a public school principal oversees the school's operation during the regular hours and an outside community coordinator runs the facility in the evenings. Maintenance

and security are assigned to the City's department of public facilities. In addition, funds are appropriated not for community school's total operation, but indirectly through the three departments. Such institutional arrangements fragment community services offered by the school. Legal restrictions also hinder the operation. Functions commonly delivered through the school system—tutoring services and library facilities—are not offered after the close of regular hours. Neither the school principal nor the community coordinator has control over facility maintenance.

Social Services Integration. The third dimension of community schools involves a center which offers a broad gamut of noneducational services. A school acting as a service center may provide health counselling, legal aid, employment or general welfare, and child day-care services.¹¹⁶

Including these services in a community school setting may permit cost savings as various State- and locally supported activities are coordinated at the point of delivery. Also, school facilities become more extensively used and construction and building maintenance costs may be shared by participating agencies. In Atlanta, Georgia, for example, the John F. Kennedy School and Community Center houses 14 separate State and locally supported

human services agencies in a single building. The Williams School in Flint, Michigan, provides not only day school and adult education programs but also State health and welfare programs and certain local police activities.

The use of public schools as a site for social services does not follow any standard format. Rather, a mix of services compatible with State and local statutory requirements and citizen preferences is provided. Where funds are available, however, community schools most often tend to offer health and day-care services. While most of these programs service regular day school children, many are directed at parents.

Effective use of public schools for delivering social or human related services depends largely on their location and accessibility for clients. Assistance programs designed to supply families with special child-related services, family assistance services, and supplemental provision of other social services must be located in urban areas with a concentration of eligible beneficiaries. This has been precisely the aim of many school community centers in large urban areas. In short, the public school is often the most accessible facility for beneficiaries of social service programs in large cities. Integration and co-location of social services can naturally occur there. The familiarity of parents with the school creates a logical focal point for the delivery of many social services directly into the community.

Social services integration through community schools faces several limitations. Legal restrictions hinder locational decisions for these centers. Assistance programs made available to a primarily minority target group through a community school may violate legal mandates requiring public facilities to be located in a mixed or racially integrated area. These legal restrictions affect location of community schools in Boston, for example. Also, court-required busing schemes may transport many minority children out of their neighborhood and prevent effective delivery of child-related services. Administrative difficulties may also occur when autonomous agencies share common facilities. Without a dominant agency, inter-agency coordination may be poorly administered. Co-location of inter-dependent agencies will be ineffective if common intake, information, and referral procedures do not exist. Lack of adequate public transit may also limit the success of these social services programs.

Reassignment of Community School Activities. Reassigning the components of the community school function is a difficult task. However, three broad activities affect all dimensions of the community schools function. These activities are funding, administration, and final service delivery. Community control is primarily concerned with the administrative and funding activities while neighborhood schools and integrated social services are concerned with service delivery.

Funding activity for the three dimensions of the community school's function is complex. Traditionally, educa-

tion is financed primarily by State and local governments, while integrated social services are funded primarily from State and Federal sources. New school finance reform schemes have been suggested to require States to play a greater role in funding locally provided education. This increased State financial role may benefit community schools in several ways. First, poor districts would be more apt to participate in the community schools function by offering greater educational services than they now do. Also, more equalizing of State finance would prevent the adverse fiscal effects of community school decentralization. Higher level funding assignments in the social service function would also aid in expanding the service offerings of these centers.

Reassigning the administrative facet of the community schools function has several dimensions. In matters relating to community control, administrative and financial activities might be assigned to two levels—a citywide and a community school district. At citywide level, administrative and fiscal responsibilities such as educational research, revenue-raising, capital budgeting, auditing, and collective bargaining might occur. Community boards, on the other hand, could manage a school's operating budget, develop educational curricula, and select local teaching personnel. This assignment of administrative responsibilities would place activities which require uniform standards at a centralized level while actions directly affecting school children and the community would be assigned locally.

The administration of neighborhood centers and integrated social services sites is concerned primarily with interprogram coordination. To alleviate integration difficulties created by the delivery of two or more programs in the same facility, their administration might be assigned to an official whose responsibility is to the center's operations, rather than to one agency sharing the facility. For example, a community center director, rather than a school principal or a social service agency head, might be responsible for a site's administrative duties. Such an arrangement now occurs at the John F. Kennedy School and Community Center in Atlanta, Georgia,¹¹⁷ and prevents the interprogram conflict which results when agency heads report only to their superiors in a vertical hierarchy.

Delivery of the community school function is based largely on popular control and actual integration of traditional education and community-related social services within a local school setting. Consequently, effective delivery requires community control of the educational decision-making processes and adult participation in the educational and social services which a school may offer. The delivery activity is primarily concerned with the location and operation of neighborhood centers and integrated social services sites.

Since local education departments are the logical lead agency in the community school function and are most familiar with capital facility planning, they could be the

agency chiefly responsible for planning delivery sites while community boards might actually set site locations and operating policies for community schools. In urban areas having community school programs, participating agencies could rent space from the community center, which would be planned and constructed by a single city agency—preferably the education department. The conditions of operating and locating in the center might be jointly set by the community board and administrator that operates the center and the other noneducational agencies that wish to participate in it. This pattern of service delivery assignment would permit citywide-neighborhood cooperation.

Family Assistance

Family assistance is a multifaceted function. It includes a broad gamut of categorical social services programs which involve all three levels of government. Present beneficiaries of income transfers include families with dependent children, low-income families, the permanently handicapped, and aged persons. These groups receive benefits in the form of subsidized goods and services, primarily of housing, health services, and food subsidies. Family assistance cash transfers may be either conditional¹¹⁸ or restricted.¹¹⁹ Both cash transfers and service subsidies may be either a once-and-for-all payment or a continuous stream of payments received by the individual or family.¹²⁰

Family assistance program assignments are affected by questions of benefit eligibility, program, and interjurisdictional coordination. These problems are addressed in a number of detailed studies which should be noted as background to any discussion about functional assignments for family assistance.¹²¹

Eligibility and Expenditures. Public transfer programs fall under two broad classifications: employment-related and income-tested. Only 25.7 percent of all public income transfers are income-tested. The State and local income-tested transfers are 55.4 percent of the total State-local expenditures for all such transfers. The Federal income-tested expenditures are only 20.6 percent of its total transfers. Nearly 80 percent of Federal income transfers, then, are for employment-related programs (see Table III-23). On a national average, about 69 percent of the transfers for the income-tested programs are financed from the Federal government, and the remaining 31 percent by State and local authorities.

A State-by-State breakdown of expenditures for Federal-State-local assistance programs is shown in Table III-24. Prior to the passage of H.R. 1, general welfare expenditure per recipient ranged from a maximum of \$148.41 per month to a minimum of \$27.44, with the U.S. average being \$59.77, a 540 percent difference between the high and low States. Disparities in the States' Aid for Dependent Children (AFDC) program, not covered by H.R. 1, run from a monthly high of \$78.46 to a low of

\$14.75: a ratio of 5.4 to 1; Old Age Assistance (OAA) program benefits vary from \$166.50 to \$48.70, a 342 percent difference (see Table III-25). These expenditure disparities were one of the principal reasons for the proposed enactment of H.R. 1; full Federal funding will result in more equal recipient benefits.

Present interstate differences in funding for assistance programs produce fiscal inequity in family assistance. Also, disparities have a perverse effect upon inter-regional mobility. The attraction of greater benefits may produce an incentive for a family to locate in an already congested region of the country. If equal national benefits were available the family might prefer not to relocate. High assistance expenditures now occur most typically in urbanized, northern areas, producing economic incentives for such relocation. Such actions, in turn, increase metropolitan fiscal disparities and impose a heavy cost on already overburdened jurisdictions.¹²²

Program Coordination. A recent survey of seven family assistance programs¹²³ notes that the Department of Health, Education and Welfare has responsibility for five, with the Department of Housing and Urban Development and Department of Agriculture responsible for the other two. HEW has recently proposed reorganization of its programs under one central authority. Yet fragmentation of the many interrelated family service programs still occurs at the Federal level. Former Secretary of Health, Education and Welfare Elliott Richardson has noted,¹²⁴ "... since 1961, the number of different HEW programs has tripled, and now exceeds 300. Fifty-four of these programs overlap each other; 36 overlap programs of other departments. This almost random proliferation has fostered the development of a ridiculous labyrinth of bureaucracies, regulations and guidelines."

Federal programs also have been criticized because "... the great proliferation of categorical grants has created exceedingly complex relationships between Federal aid grantors and State-local grantees and has tended to distort State and local program priorities."¹²⁵ However, at the State and local levels similar problems occur. As former Secretary Richardson notes,¹²⁶ "... the average State now has between 80 and 100 separate service administrations, and the average middle-sized city has between 400 and 500 human servicers—each of which is typically organized in relation to a Federal program rather than related to a set of human problems." The States, however, have been moving to consolidate many of their human services. At present, in 36 States the public welfare agency is a "packaged" or "umbrella" multi-agency department.¹²⁷

Areawide multijurisdictional planning bodies to coordinate family social service planning have also been created. Many regional councils funded under Section 701 of the Housing and Urban Development Act have assumed long-range planning for human services.¹²⁸ Also, many cities and counties have experimented with consolidation of human service agencies.¹²⁹ However, a

Table III-23

Federal, State, and Local Expenditures and Caseloads of Public Income Transfer Programs: 1972

Program	Benefits (Millions)				Average Compensation Per Beneficiary	
	Federal	State-Local	Total	Beneficiaries (Thousands)	Per Yr.	Per Mo.
Programs Related to Government Employment	\$13,747	\$3,775	\$17,412	8,111	\$2,147	
Social Insurance Programs Related to General Employment						
Old Age Survivor and Disability	\$38,502	—	\$ 8,502	27,739	\$1,388	\$115.67
Hospital and Medical Insurance	8,500	—	8,500	17,300	491	40.92
All Other*	8,698	2,927	11,625	10,260*	848	70.67
Total*	55,700	2,927	58,627	55,299*	1,007	83.92
*(includes Federal programs only; no data for beneficiaries of State programs)						
Income Tested Programs Related to Risk Groups						
OAA	\$ 1,242	\$ 699	\$ 1,941	2,080	\$ 933	\$ 77.75
AB	61	41	102	81	1,259	104.92
APTD	698	549	1,247	11,073	1,189	99.08
AFDC	3,719	2,994	6,713	11,073	606	50.50
Medicaid	3,853	3,190	7,043	20,632	341	28.42
All Other	2,626	—	2,626	2,387	1,100	91.67
Total	12,199	7,473	19,672	37,302	527	43.92
Other Income Tested Programs						
Food Stamp	\$ 1,997	—	\$ 1,997	11,000	\$ 182	\$ 15.17
Subsidized Housing	1,390	—	1,390	1,795	775	64.58
General Assistance	—	860	860	982	875	72.92
All Other	2,529	—	2,529	34,937	72	6.00
Total	5,916	860	6,776	48,714	139	11.58

Source: Derived from Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 2: Handbook of Public Income Transfer Programs*, (Washington, D.C.: October 1972), page 9.

Table III-24

State and Local Expenditures for Assistance Programs, Per Recipient, by State: 1970

States	OAA/\$ Recipient	AB/\$ Recipient	AFDC/\$ Recipient	APTD/\$ Recipient	Medicaid	Per Capita, State and Local General Welfare Expenditure
United States, Total						
Alabama	65.90	69.75	16.11	52.88	13.50	61.03
Alaska	97.00	173.01	71.32	166.89	2.35	50.91
Arizona	71.65	79.68	31.85	79.77	.65	29.51
Arkansas	59.35	83.48	26.79	76.10	8.90	51.27
California	108.10	160.05	59.38	140.32	49.75	148.41
Colorado	74.40	90.27	51.07	80.53	17.30	66.21
Connecticut	95.90	107.91	69.29	129.83	25.85	68.10
Delaware	74.70	128.09	34.69	136.13	7.80	54.43
Dist. of Columbia	89.50	111.25	56.04	104.37	29.65	127.66
Florida	52.75	79.57	25.25	77.84	6.20	31.74
Georgia	52.60	69.59	29.74	65.01	15.85	59.82
Hawaii	94.65	139.10	78.31	143.58	21.35	63.51
Idaho	63.60	97.66	59.01	99.81	11.85	41.20
Illinois	75.60	102.98	60.20	101.56	17.00	57.50
Indiana	53.75	84.49	41.12	57.30	8.60	27.44
Iowa	113.10	123.06	55.24	156.56	8.60	49.11
Kansas	61.45	66.17	48.16	65.38	19.60	45.07
Kentucky	54.50	78.50	33.00	79.89	16.00	55.96
Louisiana	67.35	76.29	22.24	55.98	13.70	68.68
Maine	61.40	93.65	39.60	97.68	10.50	65.51
Maryland	59.55	99.83	44.41	89.34	22.85	54.33
Massachusetts	96.95	153.55	70.85	147.06	45.05	132.86
Michigan	75.50	112.98	63.28	111.29	23.40	66.89
Minnesota	73.45	107.04	73.09	85.50	28.65	65.44
Mississippi	50.50	67.62	14.75	67.54	4.25	49.18
Missouri	76.00	101.19	31.15	74.31	12.80	55.57
Montana	58.30	86.90	46.89	91.53	12.85	49.20
Nebraska	59.05	99.92	43.25	86.80	11.16	37.61
Nevada	65.60	104.53	33.25	—	14.10	49.92
New Hampshire	166.50	158.62	63.88	146.68	8.25	39.91
New Jersey	75.80	91.82	69.69	102.82	11.45	52.95
New Mexico	57.55	76.28	32.36	74.11	12.45	60.88
New York	93.60	131.25	78.46	136.92	66.05	134.80
North Carolina	60.90	86.76	32.34	81.90	7.85	35.79
North Dakota	85.45	107.63	60.11	103.09	18.45	46.36
Ohio	60.80	78.17	43.84	79.71	9.40	43.37
Oklahoma	69.50	107.54	38.65	100.47	34.65	94.60
Oregon	64.40	106.86	49.77	79.28	7.50	55.46
Pennsylvania	100.90	120.76	62.07	100.77	22.80	69.36
Rhode Island	55.60	95.40	62.15	101.30	33.55	92.92
South Carolina	48.70	66.76	19.88	66.98	11.50	28.27
South Dakota	66.20	94.97	46.12	72.88	10.55	43.22
Tennessee	50.50	70.06	29.88	68.44	5.60	40.44
Texas	62.65	75.00	30.20	63.31	11.95	47.56
Utah	60.05	103.48	51.08	82.21	14.00	48.30
Vermont	73.15	101.84	64.84	111.84	27.95	83.49
Virginia	66.55	91.92	48.24	88.16	5.75	30.24
Washington	64.30	85.73	58.09	96.87	23.80	68.14
West Virginia	98.35	93.35	29.69	88.05	10.00	48.83
Wisconsin	98.35	101.87	71.29	121.87	32.75	68.46
Wyoming	59.95	N/A	43.23	66.59	4.30	35.55
U.S.	73.37	106.39	51.56	101.97	23.85	72.31

Source: Advisory Commission on Intergovernmental Relations, *State-Local Finances: Significant Features and Suggested Legislation*, (Washington, D.C.: 1972) Table 57, p. 134; and Subcommittee on Fiscal Policy of The Joint Economic Committee, Congress of the United States, *Studies In Public Welfare—Paper No. 2: Handbook of Public Income Transfer Programs* (Washington, D.C.: October 1972) pp. 126, 135, 152-153, 213.

highly fragmented system of local social services delivery remains. Over 20 States still have a multi-agency system of human resources administration. Locally, most attempts at coordinating assistance programs have only resulted in simple co-location of local agencies.

Communication and coordination between and among State and local agencies have been limited; widespread service consolidation has yet to occur. The present multi-program approach to family assistance has also produced an undesirable "tax" effect on the benefits eligible families receive. In many cases an increase in benefits under one program has been offset by an unintended 100 percent decrease of benefits in another.¹³⁰ Thus, comprehensive program coordination will reduce program duplication and conflict¹³¹ and the tax effect of the present system.

Interjurisdictional Conflict. When related but distinct service agencies are assigned responsibility for planning, administering, and delivering a family assistance program, a series of intergovernmental problems occurs. Inefficiency often results from the complex administrative arrangements of higher levels of governance. States especially have been critical of the Federal structure. As one State official points out:

The major difficulty arises from a single State agency having responsibility to administer programs coming from separate Federal departments, each with different philosophies, different purposes and goals, and different institutionalized procedures.¹³²

Regional planners face similar problems with fragmented State agencies in that a single, unified regional planning body may have to deal with several related State assistance agencies. While regional agencies may have dealt effectively with the substate program coordination and planning, multi-agency State social service agencies often reduce the effectiveness of integrated planning.

The inconsistency and incongruity of jurisdictional boundaries explains, in part, why regional coordination of social services has been so difficult. Effective efforts within the region to develop comprehensive service programs may require cooperation from offices outside of the region, as well as from areawide representatives . . . therefore, inter-regional as well as intercounty coordination of planning efforts is often necessary.¹³³

Cities have also criticized the present family services system for its over-reliance on State and county governments.¹³⁴ In response, new HEW legislation has been proposed¹³⁵ ". . . to address the difficult intergovernmental issues of their roles in program development and operations . . . the role of the Department (HEW) has been to increase interaction between city and county governments which often do not consult with each other or

even exchange information on programs in the same functional areas."

In sum, five major problem areas emerge from present assignments in the family assistance function: (1) interstate expenditure disparities, (2) lack of comprehensive interprogram coordination, (3) overly complex intergovernmental relations, (4) limited comprehensive intergovernmental and interagency planning, and (5) uncoordinated delivery of local services.

Reassignment of Family Assistance Activities. The funding of family assistance should produce fiscal equity. Consequently, the financing responsibility should be assigned to the Federal and State governments since their revenue instruments (predominately income and general sales taxes) are more equitable than local taxes and since national and State benefit equalization would occur. Accordingly, the Federal government could equalize the effect local or State wealth plays in determining a program's benefits.¹³⁶ Some local funding to reflect differences in local "tastes" for public assistance could, of course, still occur, but the difference in State or local willingness to finance public assistance would not be primarily a function of State or local wealth, as is so often the case at present.¹³⁷

Effective family assistance administration might best be a direct State responsibility. Consolidated State agencies handling all forms of assistance might also be warranted.¹³⁸ This could result not only in lower costs of administration,¹³⁹ but also in greater uniformity of eligibility standards and levels of benefits. Services now duplicated under fragmented agency administration would be eliminated. In addition, local delivery sites could be more efficiently located.¹⁴⁰ Ideally, the State could also use its existing system of substate districts for administrative decentralization to tailor programs to local needs and further interprogram coordination.

Family assistance services delivery can be improved by several basic strategies: (1) co-location of facilities, (2) common information and referral systems, (3) common intake procedures, (4) shared services, and (5) merged functions. These strategies aim at reducing the number of separate assistance programs, elimination of service duplication, adoption of simplified regulations, and consolidation of service agencies.¹⁴¹ This fusion of human services programs integrates linked services such as centralized outreach, intake, diagnosis, referral, follow-up, and case coordination and in the long run seeks to reduce need for social services.¹⁴² Such an approach may be a potential outcome of the Allied Services Act proposed by the Department of Health, Education and Welfare.

Successful integrated social services delivery systems have occurred where assistance programs are directly State administrated.¹⁴³ In light of these and other recent successful State and local social services integration experiences in Pennsylvania, Washington, and Tennessee,¹⁴⁴ interprogram and intergovernmental coordination of family assistance services may be more apt to occur where

Table III-25

Expenditure Disparities of Assistance Programs: 1972

Program	Maximum State	U.S. Average Monthly Recipient	Minimum Payment	Maximum/Minimum Index	Percent Financed by Federal Government
OAA	\$166.50	\$ 73.37	\$48.70	343	64%
AB	173.01	106.39	66.17	261	60%
APTD	166.89	101.97	52.88	316	56%
AFDC	78.46	51.63	14.75	532	55%
Medicaid	66.05	23.85	.65	10162	55%
General Welfare	148.41	59.77	27.44	540	53%

Source: Derived from Table III-24, and Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies In Public Welfare—Paper No. 2: Handbook of Public Income Transfer Programs* (Washington, D.C.: October, 1972), page 9.

the assistance function is basically State-administered. Under such an arrangement, functions could more easily be merged, be delivered through a single delivery site, and have common information, intake, and referral systems. Other observers contend that unified State-administered assistance programs could be delivered on a decentralized regional basis, further improving services to families.¹⁴⁵

The Police Function

Police services are now provided by a vast number of local agencies which often find it difficult to provide all the essential components of the function. Areawide and State agencies sometimes perform selected components, but do not always support the basic services of local agencies.¹⁴⁶ Changes in service assignment are generally voluntary, sporadic, and partial; serious, long-range assignment problems still affect the quality of local law enforcement services.¹⁴⁷ Proposals for realignment of police responsibilities include recommendations for service consolidation, decentralization, or some combination of policies that results in centralization of supportive, auxiliary services and decentralization of basic police activities.

Present Patterns of Assignment. American police administration is extremely decentralized. Over one-quarter of all police departments in metropolitan areas have less than 10 full-time personnel;¹⁴⁸ studies of local police forces in Minnesota, Georgia, and New York also note a proliferation of small forces.¹⁴⁹ Though all municipalities and townships can exercise the police function, many offer little or no basic police protection. Consequently, overlapping jurisdictions often supply such services without cost to the affected governments.¹⁵⁰ This pattern of *ad hoc* protection exemplifies the extreme variations in provision of local police services.

Many understaffed police forces still attempt to pro-

vide all the facets of the service. By trying to "go it alone," however, the small police agency often weakens its basic police protection while at the same time providing deficient support services.¹⁵¹ The confidential nature of police work, and local desires for full control of the function, are a force in the proliferation of these small, understaffed departments.¹⁵²

The extreme decentralization of the police function also means that support services are unavailable or underutilized. Many States and counties do not provide these auxiliary services to local agencies. In other cases, local departments are not aware of the availability of such support or are too understaffed to use such services correctly.¹⁵³ Moreover, these services are often supplied by overlapping jurisdictions on an as-needed basis; hence the local agency does not use them continually to upgrade its basic police protection.¹⁵⁴

Cooperative police arrangements occur, but they have not markedly changed basic assignment patterns. Table III-26 indicates that higher levels of government sometimes provide supportive assistance, particularly training, communications, and laboratory services.¹⁵⁵ Even in these cases, however, collaboration is informal.¹⁵⁶ Cooperation is least pronounced in the patrol and investigative aspects. Sometimes States or counties freely assume the entire police responsibilities of constituent jurisdictions.¹⁵⁷ When this occurs, however, fiscal and service inequities may result (see Table III-27).

Jurisdictional conflict is often an impediment to changing functional assignments. State agencies sometimes cannot provide basic police services in incorporated areas.¹⁵⁸ Limits on extraterritorial powers hinder inter-local cooperation, and continued reliance on sheriffs' offices at the county level frequently discourages police reorganization.

The major assignment problems in the police function have still to be resolved. While the majority of States now

have adopted minimum standards for police training,¹⁵⁹ many still do not provide sufficient money and personnel to local agencies to enable them to meet such standards.¹⁶⁰ Consequently, many local agencies still do not have adequately trained personnel¹⁶¹ or a wide variety of training programs.¹⁶² Other barriers to improved personnel practices, such as lack of pension transferability, also remain.¹⁶³ Counties have not fully reorganized their police agencies and sheriffs still confine much of their attention to non-police matters.¹⁶⁴ Formal arrangements for coordinated city-county police service in urban areas are virtually nonexistent; even formal contracting arrangements have been found defective.¹⁶⁵ Regional institutions that can provide supportive services to local agencies are few and far between,¹⁶⁶ and few States have regionalized specialized police services or required local agencies to meet performance standards in supportive and basic police services.¹⁶⁷

Proposed Changes in Assignment. Proposals for changing police assignments have centered on recommendations for service consolidation, decentralization, or some combination of both.

Consolidation proponents note that present systems result in duplication of services by small, independent agencies, lack of coordination among local departments, and deficient levels of supportive services.¹⁶⁸ They argue that consolidation will permit better deployment of patrol personnel,¹⁶⁹ closer integration of basic and auxiliary services,¹⁷⁰ more effective functional cooperation with

regional, State, and Federal agencies, and greater cost savings and fiscal equity in police services.¹⁷¹

Consolidationists further argue that decentralization of services can be accomplished by appropriate administrative techniques. They contend that the consolidated provision of supportive services alone would be unworkable: "... the basic deficiency of the control-services-only approach is the fragmented locus of police authority and responsibility—there is no one decision-maker operating within a single chain of command."¹⁷²

Others, however, see limits to the effectiveness of police consolidation. They note that many service components are not provided efficiently at larger jurisdictional levels.¹⁷³ They also point to reduced public confidence in larger police forces. Consequently, they assert a need for local control over the methods and goals of police protection, to increase public confidence in and understanding of police protection.¹⁷⁴ Decentralization proponents are not hostile to having larger units of government provide supportive services to existing police departments.¹⁷⁵ However, they argue that these services should be supplied at the request of local agencies and be utilized under their direction. In this manner, the police function would remain locally assigned.

Another school holds that reassignment of the police function should involve both centralization and decentralization. They argue that some components can only be provided effectively at the regional level while other components should be provided only by traditional local

Table III-26

Interlocal Service Agreements in the Police Function, Classified by Service Provider and Police Service: 1972

Unit With Which City Has Service Agreement	Type of Service Agreement					
	All	Laboratory	Identification Services	Patrol	Communication	Training
Other Local Government	113	116	67	61	225	98
School District	1	0	1	2	1	19
Special District	1	1	0	0	2	4
COG or Other Regional Unit	2	13	5	1	15	41
State Government	16	124	82	14	31	184
Federal Government	0	6	13	1	4	8
Private Firm	0	5	0	2	5	2
Other ¹	9	35	51	5	16	36
Total	142	300	219	86	299	392

¹Service Agreement involves more than one of the above providers.

Source: ACIR-ICMA 1972 Survey on Intergovernmental Service Agreements.

Table III-27

Cost/Benefit Analysis of Police Services in Monroe County, New York: 1969

Municipalities	Costs		Benefits (Expenditures)		
	Total Tax Burden For Police Services	From Local Police Force	From County Sheriff's Police Bureau	Total Police Service Benefits Received	Benefits Received Related to Costs Paid
<i>With Their Own Police Forces:</i>					
Brighton	\$ 552,331	\$ 415,450	\$ 27,296	\$ 442,746	-\$ 109,585
Gates	261,636	185,650	124,942	310,592	48,956
Greece	1,045,512	787,440	17,754	805,194	- 240,318
Irondequoit	784,754	593,991	11,318	605,309	- 179,445
Ogden	79,775	52,945	55,924	108,869	29,094
Webster	263,722	170,471	143,361	313,832	50,110
Wheatland	26,608	15,156	112,270	127,426	100,818
<i>Sub-Total: 7 Towns With Own Police Forces</i>	<i>(\$ 3,014,338)</i>	<i>(\$ 2,221,103)</i>	<i>(\$ 492,865)</i>	<i>(\$ 2,713,968)</i>	<i>(-\$ 300,370)</i>
Fairport	119,784	105,847	22,636	128,483	8,699
East Rochester	153,989	134,527	34,376	168,903	14,914
Brockport	116,216	101,281	34,376	135,657	19,441
<i>Sub-Total: 3 Villages With Own Police Forces</i>	<i>(\$ 389,989)</i>	<i>(\$ 341,655)</i>	<i>(\$ 91,338)</i>	<i>(\$ 433,043)</i>	<i>(\$ 43,054)</i>
City of Rochester	9,317,624	8,424,325	—	8,424,325	- 893,299
<i>Sub-Total: 11 Municipalities With Own Police Forces</i>	<i>(\$12,721,951)</i>	<i>(\$10,987,083)</i>	<i>(\$ 584,253)</i>	<i>(\$11,571,336)</i>	<i>(-\$1,150,615)</i>
<i>Without Their Own Police Force:</i>					
Chili	49,355	—	198,153	198,153	148,798
Clarkson	7,856	—	75,875	75,875	68,019
Hamlin	10,874	—	69,439	69,439	58,565
Henrietta	115,466	—	238,676	238,676	123,210
Mendon	12,960	—	123,366	123,366	110,406
Parma	25,277	—	118,706	118,706	93,429
Penfield	73,811	—	198,350	198,350	124,539
Perinton	63,247	—	171,079	171,079	107,832
Pittsford	98,244	—	191,718	191,718	93,474
Riga	9,032	—	101,174	101,174	92,142
Rush	9,099	—	78,982	78,982	69,883
Sweden	9,121	—	69,439	69,439	60,318
<i>Sub-Total: 12 Towns and Villages Served by County Sheriff's Police Bureau</i>	<i>(\$ 484,342)</i>	—	<i>(\$1,634,957)</i>	<i>(\$ 1,634,957)</i>	<i>(\$1,150,615)</i>
Total	\$13,206,293	\$10,987,083	\$2,219,210	\$13,206,293	

Source: Rochester Center for Governmental and Community Research, *The Police System—Present and Proposed*. (Rochester, 1970), p. 98.

agencies. Consequently, they recommend reassignment of such supportive activities as training, communications, crime laboratories, and, in some cases, investigation duties to regional or State agencies.¹⁷⁶ Functions retained at the local level would include patrol, preliminary investigative and emergency services, and some supportive activities such as personnel selection.¹⁷⁷ Speaking of the advantages of such a pattern of assignment, Ostrom and Parks have stated:

The most appropriately sized unit for providing one type of service may not be the most appropriate for other types of services. Bigger is not always better; nor is smaller always better. . . . Both suburban and city residents might be better served if larger scale police agencies were created to provide specialized services to existing suburban forces, and if smaller scale police agencies were created within larger cities to provide neighborhood patrol services. In such a system of overlapping large and small scale police agencies, both suburban and center city residents could gain the advantages of the appropriate scale of production for the types of services provided.¹⁷⁸

Some proponents of this method of reassignment contend that State standards are necessary to maintain adequate levels of local basic and regional supportive services.¹⁷⁹ By such regulations, local units would not have to perform regional functions by default nor would area-wide agencies have to make up for the basic service deficiencies of local units.

All three schools of thought, however, see the present assignment system as deficient due to its inconsistent and unplanned allocation of police responsibilities to local, county, regional, and State governments.

Land-Use Controls

Land-use controls are basically a municipal function. States have delegated this service responsibility to cities and towns to promote their control over the pace and scope of physical development. Exclusive local assignment of the function, however, has produced severe public policy problems, including racial and class segregation, distorted patterns of economic growth, uneven application of controls from place to place, judicial interference in the legislative process, and intergovernmental conflict between municipal, county, regional, and State governments. These problems have sometimes resulted in reassignment of general or selective land-use controls to county, regional, State, and even Federal levels of government. Such centralization, in turn, has prompted local governments to reorganize and restructure their land-use control systems to retain local control. Recommendations for further reallocation generally aim at strengthening the standard-setting and supervisory roles of higher levels of

government while permitting local implementation of controls.

The Nature of Present Assignment. Generally, city and town governments have exclusive responsibility for controlling land use, though they do not always choose to perform the service¹⁸⁰ (see Table III-28). Even after assuming functional responsibilities, they sometimes lack a full complement of controls, more frequently having zoning and subdivision ordinances than housing or building codes. Additionally, most municipalities and townships have neither unified land-use administration nor full-time professionals for this function (see Table III-29). Moreover, although most municipalities have adopted zoning ordinances only since 1960, many have not periodically revised their basic land-use controls in light of continued urban expansion.¹⁸¹ Such defects have led two prominent observers to conclude:

Planning and zoning actions are often taken in closed sessions, or without due notice to affected parties, or in contradiction to rules established by the organizations concerned; members of zoning commissions and other bodies act on cases in which they have an interest, direct or indirect, or enter into reciprocal trade with other members, each to advance the other's cases without direct action by the involved party; outright bribery is proven in some cases and suspected in many others. Zoning and other actions are taken without any standards, or are inconsistent with other actions by the same public bodies. All in all, there is scarcely a field of local government activity where procedural sloppiness and outright favoritism are more prevalent than in zoning and related actions.¹⁸²

Historically, there have been only minimal State, regional, or county controls over local land-use policy. Counties most often confine their controls to unincorporated areas; more than two-thirds do not exercise review and comment powers over municipal controls.¹⁸³ In the Northeast, the county has virtually no land-use control authority, and in most other parts of the country, municipalities rather than counties are preeminent in land-use administration. For example, 15 States presently authorize cities and towns to exercise extraterritorial zoning powers¹⁸⁴ rather than permit counties the power to zone. State and regional involvement in land-use matters has also been minimal until quite recently. State and regional instrumentalities have concentrated their activities on providing technical planning assistance to local governments; a few State agencies, particularly highway departments, have been granted limited authority to perform selected land-use assignments.¹⁸⁵

Problems with Present Patterns. Local control of the land-use function has resulted in racial and economic

Table III-28

Proportion of Governments with Planning, Zoning, and Building Regulation Activities, by SMSA Location and Type and Size of Government: 1968

Coverage Group	Number of Governments	Percent of Governments with—					Any Building Regulation ¹
		Planning Board	Zoning Ordinance	Subdivision Regulation	Building Code	Housing Code	
Total ²	17,993	59.6	53.3	44.9	46.4	27.3	78.3
Within SMSA's	7,609	65.2	68.3	59.3	59.5	36.5	82.3
Outside SMSA's	10,384	55.4	42.3	34.4	36.8	20.5	75.3
County governments	3,049	52.3	23.3	29.1	13.6	6.9	58.9
Within SMSA's	404	80.0	49.3	62.9	39.4	18.6	86.1
Outside SMSA's	2,645	48.1	19.4	23.9	9.7	5.1	54.7
Municipalities	9,984	66.8	68.9	53.1	64.9	39.8	89.2
Within SMSA's	4,977	67.7	74.8	61.2	69.0	44.8	86.2
1960 population of—							
50,000 or more	314	98.4	98.7	92.7	98.7	85.3	100.0
5,000 to 49,999	1,303	92.9	97.0	90.0	91.8	53.3	99.9
Under 5,000	3,360	54.9	54.0	47.7	57.4	37.8	79.5
Outside SMSA's	5,007	66.0	63.0	45.0	60.9	34.8	92.2
1960 population of—							
5,000 to 49,999	1,352	91.8	90.5	81.9	73.5	54.4	98.4
1,000 to 4,999	3,675	56.5	52.9	31.3	51.3	27.6	89.3
New England-type townships	4,960	49.4	40.4	38.4	29.1	14.5	68.3
Within SMSA's	2,228	57.1	57.3	54.3	41.9	21.2	73.0
1960 population of—							
5,000 or more	765	79.1	81.0	74.0	58.7	22.7	91.5
Under 5,000	1,463	45.7	44.8	44.0	33.5	20.4	63.3
Outside SMSA's	2,732	43.0	26.6	25.4	18.7	8.9	64.4
1960 population of—							
5,000 or more	333	79.3	73.9	72.7	52.9	16.2	84.4
1,000 to 4,999	2,399	37.9	20.1	18.8	15.2	7.9	69.4

¹These figures cover units reporting any of the other specified types of activity or a local building-permit system.

²The "total" relates to governments subject to sample survey representation, and thus omits (a) all municipalities and townships of less than 1,000 population located outside of SMSA's; and (b) township governments located in States where these governments lack municipal-type powers.

Source: National Commission on Urban Problems, *Building the American City* (Washington, D.C.: U.S. Government Printing Office, 1968), p. 209.

residential segregation, unbalanced economic growth, and deficient environmental protection. Exclusive local control of land-use activities has also resulted in exclusionary zoning and subdivision control policies that have raised housing prices, thereby contributing to economic residential segregation.¹⁸⁶ Other, more blatant forms of exclusion have been aimed at mobile homes, multi-family apartment dwellings, and low-income housing, restricting the housing opportunities for low-income and minority populations.¹⁸⁷ One observer puts the cost of this segregation at more than \$10 billion a year.¹⁸⁸ State and Federal action has yet to break this pattern of exclusion.¹⁸⁹

Fiscal zoning which distorts economic growth also occurs due to fragmented local control. Overzoning for revenue-producing uses is widely practiced at the local level.¹⁹⁰ This sort of exclusionary zoning has led in turn to patterns of land-use sprawl which are very costly to service.¹⁹¹

Distorted land-use patterns also produce severe environmental problems. Urban sprawl produces water and air pollution problems, and uncontrolled growth taxes the ability of a community to supply adequate municipal services. Hence, some municipalities have adopted "slow-growth" ordinances, which have been ruled valid in some States.¹⁹² Local attempts at dealing with the growth problem, however, sometimes still may result in discriminatory practices.¹⁹³

Central to these problems is the nature of local control. All too often there are few explicit objectives behind local land-use activities; administrative procedures for resolving conflicts arising from arbitrary acts are lacking. Consequently, there is excessive judicial involvement in the function though the courts have not been able to fashion affirmative guidance in this matter.¹⁹⁴ In general, then, a basic problem with land-use controls is that they are wholly locally assigned. Or, in the words of one prominent observer, "The error in zoning today is not that the decision making is exclusively local; the flaw is that the criteria for decision making are exclusively local, even when the interests affected are more comprehensive."¹⁹⁵

Recent and Proposed Reassignments. The aforementioned problems have led to greater county, regional, and State involvement in the land-use control process. Counties are increasingly expanding their zoning and subdivision activities; 41 States now authorize county zoning of unincorporated areas.¹⁹⁶ Expanded county land-use controls have been proposed in New York,¹⁹⁷ and two States—Colorado and Oregon—provide further incentive for county zoning by mandating State zoning when counties fail to act.¹⁹⁸ At the regional level, fair share housing policies which aim at a greater geographic dispersal of low- and moderate-income housing have been adopted by the Dayton, Washington, D.C., Denver, and Minneapolis/St. Paul regional councils, and are being considered by several others.¹⁹⁹ Similarly, a regional "snob-zoning" law has been enacted in Massachusetts to overcome exclusionary zoning practices in the Boston metro-

politan area.²⁰⁰ Regional bodies with selected or general land-use powers also exist in New Jersey and California; some have proved successful in upgrading land-use controls within their jurisdiction.²⁰¹

Accompanying this greater county and regional involvement has been a series of affirmative judicial decisions that have forced local governments in some States to take regional interests into account in their zoning actions.²⁰² Decisions of this nature have been handed down in Michigan, New Jersey, and Pennsylvania.²⁰³ Even decisions upholding local "slow growth" ordinances have mentioned the need for local governments to avoid exclusionary zoning practices.²⁰⁴

The single most prominent development in reassignment of land-use controls, however, has been the emerging role of State governments. In 13 cases, States now have direct general or specific land-use powers.²⁰⁵ Three States can assume land-use controls when localities do not choose to exercise them. Nine assume exclusive land-use powers in "critical areas," while another four have State land-use regulations that set the framework for local zoning. Finally, 16 States have State housing authorities that can acquire land to construct low-income housing; 33 have Statewide mobile home codes and 25 have Statewide building codes. All these latter powers may be used against exclusionary local land-use programs.

The Federal government has also become increasingly interested in land-use controls. The recently enacted 1972 Coastal Zone Management Act offers Federal financial aid for unified land-use controls in coastal zone areas. Various pieces of Federal housing and environmental legislation, particularly the 1969 National Environmental Policy Act, have also required local communities to develop more advanced land-use control systems. Finally, proposed national land-use legislation would have the effect of further encouraging State supervision of local land-use planning and administration.²⁰⁶

These recent changes in assignment patterns have occurred simultaneously with a number of national and State studies proposing the development of regional or State standards for local land-use controls, more selective assignment of local land-use control powers, and development of more coordinated local, State, and regional land-use regulations.²⁰⁷

One major theme in reassignment proposals has been the development of State and regional standards for judging the impact of local land-use controls. Several major reports have recommended that State and State-subordinate regional bodies develop standards for controls that affect large-scale development, low-income housing, or critical environmental areas.²⁰⁸ Here the effort is to permit State and regional authorities to regulate or pre-empt local control over land uses that have a State or regional dimension because of location, type, or magnitude.²⁰⁹ Some States have also made an effort to require all land development to be first reviewed at the

Table III-29

Annual Salary Rates of Highest Paid Full-Time Professional or Technical Employees Engaged in Local Planning, Zoning, or Building Regulation Activities, by Type and Size of Government: December 1967

Coverage group (Type of government and size by 1960 population)	Percent of governments that have such activities ¹								Percent of governments with full-time employees reporting a top rate of \$15,000 or more ²
	With any full-time employees	With no full-time employees	With top annual rate of \$15,000 or more	No such full-time employees, or top annual rate of less than ¹ —					
				\$15,000	\$12,000	\$9,000	\$7,200	\$6,000	
All governments	24	76	2	98	95	89	85	81	8
Within SMSA's	32	68	4	96	90	82	77	73	12
Counties	74	26	20	80	57	41	34	29	25
Municipalities	34	66	4	96	90	81	76	72	12
250,000 or more	100	—	83	12	2	2	—	—	88
50,000 to 249,999	98	2	31	69	31	7	4	2	31
25,000 to 49,999	96	4	9	91	65	31	15	9	9
10,000 to 24,999	77	23	5	95	81	57	42	35	7
5,000 to 9,999	40	60	—	100	98	87	75	65	—
2,500 to 4,999	20	80	—	100	100	98	92	88	—
1,000 to 2,499	17	83	—	100	100	97	97	95	—
Less than 1,000	2	98	—	100	100	99	99	98	—
Townships	20	80	1	99	97	92	87	84	3
25,000 or more	81	19	4	96	73	42	30	26	5
10,000 to 24,999	56	44	2	98	96	82	61	47	4
5,000 to 9,999	21	79	—	100	97	97	95	92	—
2,500 to 4,999	3	97	—	100	100	100	100	100	—
1,000 to 2,499	—	100	—	100	100	100	100	100	—
Less than 1,000	10	90	—	100	100	100	100	100	—
Outside SMSA's	18	82	1	99	98	95	91	87	3
Counties	20	80	2	23	96	90	86	83	8
25,000 or more	40	60	5	95	89	78	71	65	11
10,000 to 24,999	10	90	—	100	100	95	93	92	—
Less than 10,000	4	96	—	100	100	100	100	96	—
Municipalities	21	79	(³)	100	99	96	91	86	2
25,000 to 49,999	94	6	5	95	75	46	22	14	5
10,000 to 24,999	77	23	2	98	95	81	64	41	3
5,000 to 9,999	36	64	—	100	100	98	94	85	—
2,500 to 4,999	10	90	—	100	100	100	96	95	—
1,000 to 2,499	4	96	—	100	100	100	99	97	—
Townships	7	93	(³)	100	100	98	96	95	1
25,000 or more	80	20	(³)	90	90	40	40	40	13
10,000 to 24,999	65	35	—	100	100	77	54	47	—
5,000 to 9,999	22	78	—	100	100	96	93	86	—
2,500 to 4,999	8	92	—	100	100	100	92	92	—
1,000 to 2,499	—	100	—	100	100	100	100	100	—

¹Including percentages shown in second data column.

²Based upon information for the units reporting such data; i.e., assuming for each coverage group the same proportions for all units having full-time employees as for the 54 percent of such units represented for which this information is available.

³Less than 1/2 of 1 percent.

Source: National Commission on Urban Problems, *Building the American City* (Washington, D.C.: U.S. Government Printing Office, 1968), p. 213.

local and then at the regional or State levels. In this manner, an attempt is still made to keep land-use controls in local hands as much as possible.

Another prominent reassignment theme suggests more selectivity in assigning land-use controls to local governments. Some reports have suggested that land-use control powers be allocated only to larger municipal governments and to those that show an ability to constructively exercise controls constructively.²¹⁰ Others have called for greater county involvement, particularly in the development of integrated county-municipal land-use policies.²¹¹ Still others have called for more incentives for joint inter-local zoning administration.²¹²

Finally, most major studies have recognized the need for coordinating higher-level regulations with local administration. The Model Land Development Code, for example, permits local governments that develop land-use controls in accordance with State or regional standards to exercise selected land-use powers—planned unit or new community development, land-banking, development permits, and compensatory payments for certain land-use controls—not otherwise given to local governments.²¹³ Other reports have taken similar stands, suggesting that more coordinated land-use controls would result from a simultaneous setting of higher-level regulatory standards and expansion of local discretion in meeting such standards.²¹⁴

In summary, the land-use control function has gradually developed more State and regional import. Consequently, State and regional authorities are increasingly providing standards for local land-use decisions, or actually assuming zoning powers in certain situations. At the same time, higher-level governments have increasingly recognized the need for continued local administration and the need to expand local discretion in methods of meeting higher level standards. In short, the function now has a joint, regional-local character.

SUMMARY CONCLUSIONS

An assignment of functions policy depends on careful analysis of the components of a function that are to be assigned or reassigned, and selection of the most appropriate structural or procedural means of delivering a service. Data presented in this chapter indicate that functions and component activities are not always appropriately assigned among areawide and local units. Structural and procedural means of assigning services are often not equally available or effectively utilized, nor are functions carefully scrutinized to determine which components are of an areawide, local, or joint character. More specifically, these findings should be noted:

—Intergovernmental service agreements are the most popular procedural means of temporarily changing functional assignments. They are particularly numerous in supportive aspects. Over 30 percent of all intergovernmental service agreements dealt with fiscal, legal, personnel, or

communication-related subcomponents. On the other hand, service agreements were rarely found in functions that affected community life-style, such as housing, zoning, and basic police services.

—There are distinct patterns of interlocal cooperation in service agreements. Municipalities, townships, and private firms were the main providers of local services and of certain areawide or supportive services functions. Counties played a major role in service agreements affecting “shared” functions which had both a local and areawide dimension. State governments accounted for a major portion of agreements in training activities. While survey data indicated that local governments participated in an average of 5 service agreements, rural communities and some large central cities find themselves somewhat isolated from this interlocal cooperation process. In rural areas, few large local governments are available to supply contractual services; central city-suburban cooperation may be decreasing due to the increasing metropolitan socio-economic cleavages.

—Functional transfers and consolidations are more permanent though less popular procedures for changing functional assignments. Joint service agreements comprised about ten percent of inter-local service agreements in 1972 though they were more prevalent in areawide functions and less so than in supportive activities. At the county level functional transfers and consolidations were equally utilized. Data on selected functional transfers and consolidations indicate occasional misuse of these procedural adaptations. In about a third of all surveyed county transfers and consolidations, essentially local functions were centralized while functions appropriate at the areawide level were sometimes decentralized or shared in a joint areawide-local operation.

—The A-95 review process is the newest procedural device to affect functional assignment. Clearinghouse officials, by a margin of five to one, and over a quarter of surveyed local officials, indicated that the A-95 review process has improved the Federal grant application process. Over 35 percent of all surveyed clearinghouse officials indicated that A-95 review activities had resulted in substantive changes, consolidation, or withdrawal of pending Federal grant applications. Thus, while formal A-95 review has not changed functional assignments, it has provided a local forum for coordinating Federal aid applications and resolving interlocal conflicts in the grant management process. The present advisory nature of the A-95 review process is a key factor

in limiting its effect on functional assignment. If this process becomes a real decision-making one as recommended by this Commission, an actual reassignment of this decision-making sub-function in the programs affected will occur.

- Procedural methods of changing functional assignments are either voluntary, selective, or advisory in nature. They are most useful when local governments are seeking cooperative means of resolving assignment of functions problems. When these conditions do not prevail the usefulness of the various procedural devices is sharply limited.
- Structural mechanisms for functional assignment frequently vest only part of a function with a given instrumentality. Federal and State substate districts and regional councils often affect the functional planning or financing. These bodies also coordinate the grant management process, which can affect functional assignment. These quasi-governmental institutions have grown more important in service delivery though they still have yet to fully coordinate their activities with those of local governments which actually deliver services, or assume direct regional service responsibilities.
- Special districts are favored for the performance of certain areawide, physical development functions. They can perform a function over a wider jurisdiction and finance it from a broader revenue base than can local governments. They frequently can perform a function on a more technically efficient basis. Yet they do not coordinate their activities with other governments and are often unaccountable to the local political process. Increasingly, they are coming under the policy control of generalist regional bodies and some are evolving slowly into multifunctional service bodies. However, short of general governmental reorganization, special districts will continue to be popular structural alternatives for performing functions on an areawide basis.
- Counties, the largest general-purpose unit of local government between the city and the State in most cases, have only recently begun to play a more aggressive role in the assignment of functions. Frequently, they are restricted by State legal and constitutional strictures from performing urban and regional services. They often provide some services solely to unincorporated areas, or perform only traditional State-mandated functions. However, home rule counties perform a wider variety of urban and regional functions and more often provide services countywide. These modernized counties have also di-

versified their fiscal responsibilities and engaged in more contracting with constituent local governments. Reformed counties, then, can be assigned more urban and regional functions.

- Major governmental reorganizations have extended the geographic scope of services, reduced inequities in service financing, and gradually brought constituent localities and special districts under the policy control of a centralized unit. Yet these reorganizations have not fully redistributed services, and have increasingly come under pressure for more local service delivery programs. Nevertheless, reorganized governments have more explicitly faced the problem of assigning services than have other fragmented local governmental systems.
- Structural means of assigning or reassigning functions are employed in an *ad hoc* rather than systematic manner. Conflicts still occur when functions are assigned or reallocated to different institutions. Assigning the financing and planning activities to substate districts or regional councils requires the coordination of their activities with established local governments. Similarly, special districts often are assigned functions due to fiscal pressures on local governments, but then do not integrate their services with those of other local and areawide units. Counties sometimes are unwilling or unable to perform urban or regional functions, or to coordinate their services with constituent municipalities.
- Public services are comprised of component sub-functions or activities. Consequently, an effective assignment of functions policy requires an analysis of services as to their respective subfunctions or activities. An assignment policy can then be fashioned which will result in allocation of certain aspects of a function to one or another level of government.
- Some functions are of an exclusively local nature, while others are of a joint areawide-local character, and still others are the sole concern of an upper tier of government. While it is difficult to specifically characterize areawide or local functional allocations, areawide assignment is most appropriate when a service or activity is primarily redistributive, requires a high degree of technical efficiency or uniform regulation, or necessitates a large geographic area for satisfactory performance. Local functions are ones that have a minimal impact on neighboring jurisdictions, would benefit from service competition, or require a high degree of political accountability for satisfactory performance. Jointly assigned—areawide and local—functions are ones that re-

quire a high degree of interlevel coordination for effective performance.

—Present service responsibilities in a number of functions are ineffective due to the haphazard nature of most assignment decisions. All too frequently functions are exclusively transferred to higher levels of government with no provision for retaining local responsibility for at least some

aspect of the service. Or higher-level governments over-delegate responsibilities but not powers to local governments. In either case, areawide or local governments end up performing services that might be better assigned elsewhere. Moreover, regional agencies and local governments have yet to follow a conscious policy of considering the local or areawide ramifications of their service assignments.

Footnotes

¹The six New England States and Michigan, New Jersey, New York, Pennsylvania, and Wisconsin.

²Illinois, Indiana, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Washington.

³U.S. Bureau of the Census, *State Payments to Local Governments, VI, 1967 Census of Governments, No. 4* (Washington, D.C.: Government Printing Office, 1969), Table 6.

⁴See Vincent L. Marando, "Inter-Local Cooperation in a Metropolitan Area: Detroit," *Urban Affairs Quarterly* IV, 2 (December 1968), p. 189; New Jersey County and Municipal Government Study Commission, *Joint Services—A Local Response to Areawide Problems* (Trenton, 1970), p. 33.

⁵See Oliver Williams et al., *Suburban Differences and Metropolitan Policies* (Philadelphia: University of Pennsylvania Press, 1965), Chapter IX, New Jersey County and Municipal Government Study Commission, p. 36.

⁶The 11,550 service agreements are only about 7 percent of the total of over 164,000 possible service agreements that might have been entered into by the 2,248 local governments that were surveyed (73 functions × 2,248 governments = 164,104 possible interlocal service agreements); see also, New Jersey County and Municipal Government Study Commission, p. 26.

⁷See H. Paul Friesma, *Metropolitan Political Structure: Intergovernmental Relations and Political Integration in the Quad Cities* (Iowa City: University of Iowa Press, 1971), p. 44.

⁸See Williams et al., Chapter IX.

⁹Rochester Bureau of Municipal Research, *A Plan for Court and Probation Services* (Rochester, 1968), pp. 1-18.

¹⁰C. W. Robinson & Co., *Feasibility Report on An All County Police District for Fulton County, New York* (New York, 1971), pp. 11-11-14; Monroe County Education Planning Committee, *A Proposed Model for a County Federation of School Districts* (Rochester, 1971), pp. 54-58.

¹¹Rochester Bureau of Municipal Research, *Central Library Services in Monroe County: The Problem of Fiscal Equity* (Rochester, 1968), pp. 69-78. Charlotte Chamber of Commerce Single Government (Charlotte, North Carolina, 1968), pp. 29-32, for rationale of this type for transfer of all functions to the county.

¹²Walter G. Farr, Jr. et al., *Decentralizing City Government: A Practical Study of a Radical Proposal for New York City* (New York: Praeger Publishers, 1972).

¹³Citizens Research Council of Michigan, *Summary of Staff Papers on Governmental Organization for Metropolitan Southeast Michigan* (Lansing, 1965), pp. 59-64.

¹⁴City of Rochester and County of Monroe, New York, *Consolidated City-County Purchasing* (Rochester, 1970).

¹⁵Texas Research League, *Local Government Response to Change: Big Spring and Howard County at the Crossroads* (Austin, 1971), p. 24.

¹⁶Office of Planning and Programming, *A Feasibility Study of the Multi-Jurisdictional Use of Public Physical Facilities, Land and Major Equipment*, (Des Moines, Iowa, 1971).

¹⁷Sacramento City-County Consolidation Steering Committee, *Final Report* (Sacramento, 1971), p. 7 of "Alternative

Forms of Consolidation." See also Vincent L. Marando and Carl Reggie Whitley, "City-County Consolidation: An Overview of Voter Response" *Urban Affairs Quarterly*, VIII, 2 (December, 1972), p. 193.

¹⁸See State of New Jersey County and Municipal Government Study Commission, *Consolidation: Prospects and Problems* (Trenton, 1972), p. 14; Rochester Center for Governmental and Community Research, Inc., *Toward More Effective Planning: A New Framework* (Rochester, 1970), pp. 29-30; League of Kansas Municipalities, *Recommendations for Consolidation of Local Law Enforcement Agencies in Shawnee County* (Topeka, 1971), p. 13; Public Expenditure Research Foundation Inc., *Functional Consolidation in Municipal Government* (Madison, 1971), pp. 38-41.

¹⁹See, for example, Stephen L. Taber and Richard W. Whittaker, "Joint Powers Revenue Bonds: A Tool for Intergovernmental Cooperation in California," *Hastings Law Journal*, XXIII, 3, (March, 1972), pp. 791-807.

²⁰For a full report on this survey see Advisory Commission on Intergovernmental Relations, *Profile of County Government* (Washington, 1972).

²¹See U.S. Bureau of the Census, *Environmental Quality Control: Expenditure and Employment for Selected Large Governmental Units 1969-1970* (Washington, D.C.: U.S. Government Printing Office, 1972). U.S. Bureau of the Census, *Employment and Expenditure Data for the Criminal Justice System, 1969-1970* (Washington, D.C.: U.S. Government Printing Office, 1972).

²²On this point see Advisory Commission on Intergovernmental Relations, *State-Local Relations in the Criminal Justice System* (Washington, 1971), pp. 64-65.

²³See Chapter V of Volume I for a complete description of the A-95 process.

²⁴A-95 has had an impact at the State level as well, but that is not considered in this report.

²⁵Office of Management and Budget, *Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966: Two Years Experience* (Washington, D.C., 1970), p. 1.

²⁶ICMA, *Areawide Review of Federal Grant Applications* (Washington, D.C., 1972) Urban Data Service Report (February, 1972).

²⁷Marshall, Kaplan, Gans, and Kahn, *Local Government Participation in the A-95 Project Notification and Review System* (Washington, D.C., 1971), p. 13.

²⁸For example, see Office of the Governor, *Division of Planning Coordination, Goals for Texas* (Austin, 1969).

²⁹See Chapter V of Volume I of this report.

³⁰These mechanisms are being analyzed together since their functions are quite similar and since they are frequently contained within a single substate organization.

³¹For a full description of these instrumentalities see Chapters III, VI, and VII of Volume I of this report.

³²See California Council on Intergovernmental Relations, "Recommendations for a State Policy on Substate Districting and Areawide Planning Organization" (Sacramento, 1972), p. 9; State of Florida Commission on Local Government, *Special Report on*

Multi-County Planning and Areawide Service Delivery (Tallahassee, 1973), p. 2; Office of Planning and Coordination, *Planning and Development Regions for Michigan* (Lansing, 1968), p. 19; Massachusetts Department of Community Affairs, *Regions Report* (Boston, 1971). In part this last report stated, "The regional agency should provide municipalities with a single point of influence on state programs. Conflicting state agency objectives should be adjusted at the regional level through a regular procedure for meaningful attention to local recommendations. Only with an opportunity for local governments to assess state programs in the aggregate, on a multifunction basis, can they gain a realistic understanding of the overall regional and local impacts." (unpaged)

³³California Council on Intergovernmental Relations, p. 12.

³⁴See Florida Commission on Local Government, pp. 4-5; Utah substate districting case study in ACIR, *Substate Regionalism and the Federal System, Vol. II*; Bureau of Local Planning, Wisconsin Department of Local Affairs and Development, *Planning in Wisconsin—An Overview* (Madison, 1971), p. 29. (unpublished manuscript); Hammer-Greene-Siller Associates, *A Co-operative System of Municipal Service Delivery for the South-eastern Virginia Planning District* (Washington, D.C., 1972), pp. 67, 85-98.

³⁵See Office of Economic Opportunity, *Utilization Test Survey Data for 591 CAAs* (Washington, D.C.: OEO Office of Operations, January, 1973); "Districts Report Funding," *Area Development Interchange*, III, 4 (February 15, 1973).

³⁶North Carolina Department of Administration—State Planning Division, *Regional Planning in North Carolina* (Raleigh, 1971), p. 3; The Research Group, Inc. *Substate Regionalism in Oregon: Summary Reports District Councils Activities/Law Enforcement Planning* (Atlanta, 1973), pp. 20, 129. See also ACIR, *Substate Regionalism and the Federal System*, I, Chapter VII.

³⁷Bureau of Planning, Wisconsin Department of Local Affairs, *Planning in Wisconsin*; also Kentucky substate districting study in Chapter V of Volume II of this report.

³⁸Economic Development Administration, *EDA Directory of Approved Projects* (Washington, 1972).

³⁹Environmental Protection Agency, *Improving Water Quality Management Planning in Nonmetropolitan Areas* (Washington: EPA Office of Air and Water Programs, 1973), p. 17.

⁴⁰Robert D. Vincent, *An Evaluation of the 'Oklahoma Plan'* (Washington: Transcentury Corporation, 1972), pp. 116-117.

⁴¹Battelle Memorial Institute, *Evaluation of Economic Development Administration Planning Grants* (Columbus, Ohio, 1972), p. 6-10.

⁴²Lawyers' Committee for Civil Rights Under the Law, *Laws and Disorder III* (Washington, 1972), pp. 81, 87. "... the 1971 (Pennsylvania) plan described the difficulty of dealing with the roughly 1,400 autonomous and uncoordinated police departments in the State; but ... more than \$2.5 million was spent in providing each separate department with sophisticated radio and other forms of equipment. ..." See also Advisory Commission on Intergovernmental Relations, *Making the Safe Streets Act Work: An Intergovernmental Challenge* (Washington, D.C.: Government Printing Office, 1970), pp. 40-47.

⁴³National Association of Counties, *A Report Concerning the Areawide Comprehensive Planning Program [314 (b)] of the United States Department of Health, Education, and Welfare* (Washington, 1972), pp. 26-27.

⁴⁴See Chapter VI of Volume I of this report for detailed information on statutory planning requirements of Federal substate districts.

⁴⁵The Research Group, p. 43.

⁴⁶Bureau of Planning, Wisconsin Department of Local Affairs and Development, p. 19.

⁴⁷See, for example, David M. Austin, "Resident Participation: Political Mobilization or Organizational Co-optation," *Public Administrative Review*, XXXIII (September 1972), pp. 409-420.

⁴⁸See the Research Group Inc., *Substate Regionalism in Oregon: State Administrative Districts/Local Councils of Government* (Atlanta, 1973), pp. 27-29; also the Research Group Inc., *Substate Regionalism in Oregon: District Council Activities/Law Enforcement Planning* (Atlanta, 1973), p. 30; Oklahoma State Planning Coordination Office, *Substate Planning Districts in Oklahoma* (Oklahoma City, 1972).

⁴⁹Lawyers' Committee for Civil Rights Under the Law, pp. 62, 86; Robert D. Vincent, pp. 136-144.

⁵⁰See Chapter V of Volume II of this Report for more detail on this point.

⁵¹Battelle Memorial Institute, p. 8-4.

⁵²National Association of Counties, p. 19.

⁵³See Daniel J. Zwick, "Some Accomplishments and Findings of Neighborhood Health Centers," *The Milbank Memorial Fund Quarterly*, L, No. 4 (October, 1972), pp. 387-420.

⁵⁴The Research Group, pp. 95, 118.

⁵⁵Office of the Secretary, Department of Health, Education, and Welfare, "Analysis of Comprehensive Health Planning and Implementation" (unpublished manuscript, April, 1972).

⁵⁶See New York and South Carolina districting case studies in Chapter VII, Volume II, of this report.

⁵⁷See Chapter IV, Volume II, of this report.

⁵⁸See Wisconsin districting case study in Chapter VII, Volume II, of this report.

⁵⁹See Ohio Commission on Local Government Services, *Background Paper and Summary Report* (Columbus, Ohio, 1972); Governor's Ad Hoc Committee to Review Virginia Area Development Act, *Final Report* (Blacksburg, Virginia, 1972), p. 5.

⁶⁰Volume I recommends that these bodies be given expanded responsibilities.

⁶¹Hammer-Greene-Siller Associates, pp. 73-74.

⁶²See survey data from Chapter IV, Volume I, of this report.

⁶³See, for example, Metropolitan Study Commission, *Report on Sewage Disposal in the Milwaukee Metropolitan Area* (Milwaukee, 1958); Commission on Governmental Efficiency and Economy, Inc., *Baltimore About Garbage* (Baltimore, 1972).

⁶⁴Booz-Allen Public Administration Services, Inc., *Report on the Governmental Structure for the Exercise of Functions Performed by the Washington Suburban Sanitary Commission* (Washington, 1972).

⁶⁵Michael S. Lenrow and Gary S. Sasse, *Libraries in the Metropolis* (Kansas City: Community Studies, Inc., 1966), p. 31.

⁶⁶Urban Research and Engineering, Inc., *Metropolitan Water Management: Case Studies and National Policy Implications* (Springfield, Virginia: National Technical Information Service, 1971).

⁶⁷See Robert Smith, *Public Authorities, Special Districts, and Local Government* (Washington: National Association of Counties Research Foundation, 1964), p. 29 ff.

⁶⁸See, for example, Arthur Levitt's remarks on this point in *New York State Taxpayer*, XXXIV, 3 (January-February, 1973), p. 7.

⁶⁹See Jameson W. Doig, *Metropolitan Transportation Politics and the New York Metropolitan Region* (New York: Columbia University Press, 1966), pp. 81-106; Joan B. Aron, *The Quest for Regional Cooperation: A Study of the New York Metropolitan Regional Council* (Berkeley: University of California Press, 1969), pp. 82-113; Robert G. Smith, *Public Authorities in Urban Areas* (Washington: National Association of Counties Research Foundation, 1969).

⁷⁰See, for example, the narrative concerning municipal regional district conflict in 1968 *NIMLO Municipal Law Review*, pp. 577-631.

⁷¹See, for example, the fourth Report of the Special Commission on the Finances and Operations of the Massachusetts Bay Transportation Authority (MBTA) (Boston, October, 1970). As the report notes: "In some respects, the legislation which created the MBTA was written to provide the checks and balances which are required to limit the enormous power which someone han-

dling public funds can otherwise yield. However, it was not envisaged that the checks would operate in such a way as to limit almost everybody from having anything but negative power." p. 18.

⁷²Stanley Scott and John Crozine, *Special Districts in the San Francisco Bay Area: Some Problems and Issues* (Berkeley: Institute of Governmental Studies, University of California, 1963), pp. 2-3; Portland State Research Bureau, *Voter Participation in Special Districts* (Portland, 1965), p. 6.

⁷³*Sayler Land Co. et al. vs. Tulare Water District*, Supreme Court Docket No. 71-1456, decided March 20, 1973.

⁷⁴This Commission's recommendations are contained in the Advisory Commission on Intergovernmental Relations, *The Problems of Special Districts in American Government* (Washington, D.C.: Government Printing Office, 1964), pp. 73-85.

⁷⁵California Council on Intergovernmental Relations, *Allocation of Public Service Responsibilities* (Sacramento, 1970), p. 20; *Report of the Governor's Special Commission on Local Government* (Lansing: The Commission, 1972), p. 8; Special Commission Relative to the Finances and Operations of the Massachusetts Bay Transportation Authority, *First Report* (Boston: House Document 5671, 1969), p. 8.

⁷⁶More detailed information about these commissions is contained in Chapter V, Volume III, of ACIR's report on substate regionalism.

⁷⁷See John C. Bollens and Henry J. Schmandt, *The Metropolis: Its People, Politics, and Economic Life* (New York: Harper & Row, 2nd ed., 1970), pp. 358 ff. for a description of the comprehensive urban county.

⁷⁸See Chapter IV, Volume III, of this report for more detail.

⁷⁹Institute of Governmental Research, *Obstacles to County Reorganization: Constitutional Aspects* (Cincinnati: University of Cincinnati, 1971).

⁸⁰See New Jersey County and Municipal Government Study Commission, *County Government: Challenge and Change* (Trenton, 1969), p. 37.

⁸¹New Jersey County and Municipal Government Study Commission, pp. 7-9; Governor's Local Affairs Study Commission, *Local Government in Colorado* (Denver, 1966), p. 4.

⁸²New Jersey County and Municipal Government Study Commission, pp. 13-15; Governor's Local Affairs Study Commission, pp. 7-8.

⁸³New Jersey County and Municipal Government Study Commission, pp. 10-11; Wisconsin Legislative Council Staff, *County Home Rule* (Madison, 1972), p. 12.

⁸⁴Institute of Governmental Research.

⁸⁵See Harry P. Mapp, Jr., and Edward A. Lutz, *Problems in County Government: A Survey of Legislator and Administrative Views* (Ithaca: Cornell University Department of Agricultural Economics, 1972), pp. 16-17.

⁸⁶New Jersey County and Municipal Government Study Commission, p. 34.

⁸⁷See also Vincent Marando and Dennis L. Thompson, *The Metropolitan County in Arizona* (Tucson: Institute of Governmental Research, 1971), p. 32.

⁸⁸Derived from ACIR tabulation.

⁸⁹Special Commission Relative to the Modernization of County Government, *Final Report* (Boston, 1970), pp. 31-32.

⁹⁰New Jersey County and Municipal Government Study Commission, Chapter III.

⁹¹For an extended discussion of this point, see Temporary Commission on the Powers of Local Government, *Strengthening Local Government in New York: The Capacity for Change* (New York City, 1973), pp. 43-71.

⁹²See Appendix III-2 for specific county recommendations in 16 States.

⁹³See Volume II, Volume III, and Chapter V of this volume for more complete information on these reorganizations.

⁹⁴See Chapter I and II of Volume II of this report and U.S. Department of Agriculture, Economic Research Service, *Impact*

of City-County Consolidation on the Rural-Urban Fringe; Nashville-Davidson, Tennessee (Washington, 1971), p. 10.

^{92a}See Chapter II, Volume II, of this report; County Manager's Office, "A Status Report of Metropolitan Dade County, Florida" (Miami, 1968), pp. 4-5.

^{93a}Nashville-Davidson Metropolitan Planning Commission, *Expanding Urban Services* (Nashville, 1972), p. 5 ff.

^{94a}See Dade County Metropolitan Study Commission, *Final Report and Recommendations* (Coral Gables, 1971), pp. 43-68. See also Elinor Ostrom and Nancy M. Neubert, "Unigov + Minigov = Multigov," paper presented at the 1973 convention of the American Public Administration Association.

⁹⁵Dade County Report to Florida Commission on Local Government, p. 3.

⁹⁶See "Special Report: Two Years of Consolidated Government," *Bold View* 3,1 (March, 1971), p. 12. (*Bold View* is a publication of the Jacksonville Department of Central Services); See also Dade County Report to Florida Commission on Local Government, October 17, 1972, p. 10 ff.

⁹⁷U.S. Department of Agriculture, *Impact of City-County Consolidation*; Dade County Manager's Office.

⁹⁸See Indianapolis, Jacksonville, and Nashville case studies in Volume II of this report; U.S.D.A. Economic Research Service, p. 17; *Bold View*, p. 6. See also Parris N. Glendenning, "The Metropolitan Dade County Government: An Examination of Reform" (unpublished dissertation, Florida State University, 1967), pp. 136-170.

⁹⁹Elinor Ostrom and Nancy Neubert, pp. 2-3; see also Jacksonville case study in Volume II.

¹⁰⁰See Elinor Ostrom and Roger B. Parks, "Suburban Police Departments: Too Many and Too Small?" *Urban Affairs Annual Review* (Spring, 1973).

¹⁰¹William R. Grant, "Community Control vs. School Integration—the Case of Detroit," *The Public Interest*, No. 24, Summer 1971, pp. 62-79.

¹⁰²R. L. Featherstone and F. W. Hill, "Urban School Decentralization," *American School and University*, XLI, 4 (December, 1968), pp. 56-59.

¹⁰³Leonard Douglas, "The Community School Philosophy and the Inner-City School," *Urban Education*, V, 4 (January, 1971), pp. 328-335.

¹⁰⁴Douglas, pp. 328-335.

¹⁰⁵Douglas, pp. 328-335.

¹⁰⁶William R. Grant.

¹⁰⁷Story Moorefield, "Morgan Follows Through," *American Education*, VI, 1 (January-February, 1970), pp. 31-33.

¹⁰⁸"Challenge of a Community Controlled School: Discussion," *Instructor*, LXXX, 1 (August-September, 1970), pp. 62-63.

¹⁰⁹John J. Callahan and Donna E. Shalala, "Some Fiscal Dimensions of Three Hypothetical Decentralization Plans," *Education and Urban Society*, III, 1 (November, 1969), pp. 40-53.

¹¹⁰See previous section on Economies of Scale.

¹¹¹Featherstone and Hill.

¹¹²Leonard Covello, "A High School and Its Immigrant Community: A Challenge and an Opportunity," *Journal of Educational Sociology*, IX, 1 (February, 1936); Elsie R. Clapp, *Community Schools in Action* (New York: The Viking Press, 1939).

¹¹³James S. Coleman, et al. *Equality of Educational Opportunity* (Washington, D.C.: Government Printing Office, 1966); Frederick Mosteller and Daniel P. Moynihan, *On Equality of Education Opportunity* (New York: Basic Books, 1972).

¹¹⁴M. H. Flint and L. W. Lizotte, "Urban Schools and the Physical Environment: An Ecological System," *Urban Review*, V (January, 1972), pp. 36-38.

¹¹⁵W. Fred Toten, "Community Education—Best Hope for Society," *School and Society*, XCVIII, 2328 (November, 1970), pp. 410-413.

¹¹⁶Barry E. Herman, "Community School: New Thrust in Education," *Educational Leadership*, XXVIII, 4 (January, 1971), pp. 419-423.

¹¹⁷This center is under the direction of a separate director's office, which avoids the problems which the Boston community schools encountered, namely two separate head administrators. The John F. Kennedy School and Community Center maintains a director's office whose personnel administer the daily operation of the school and its social services. An assistant director is responsible for all evening programs. Weekly meetings, supervised by the director's office, coordinate future events and settle daily administrative problems of the 14 agencies housed in the center. In addition, the director's office is responsible for the facility's maintenance, security, and operation of all common facilities. The existence of a single administrative office does not appear to have discouraged the facilities used by the surrounding community. Rather, disruptive events have been avoided and better coordination and use of common facilities have resulted. Observation obtained from site visit, April, 1973, to John F. Kennedy School and Community Center, Atlanta, Georgia.

¹¹⁸Section 115 of the Housing Act of 1949 provides grants of up to \$3,500, available to low-income owner-occupants in urban renewal or concentrated code enforcement areas. The U.S. Department of Agriculture's Food Stamp Program is a form of cash transfer but restricted to the recipients' food consumption.

¹¹⁹Included are payments under the Aid for Dependent Children (AFDC), Aid to the Blind (AB), Old Age Assistance (OAA), and Aid to Totally and Permanently Disabled (ATPD) programs.

¹²⁰For example, the Department of Housing and Urban Development's Low Rent Public Housing, Section 235, 101, and 236 programs provide low-income families with either subsidized rent or guaranteed interest payments.

¹²¹Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 1: Public Income Transfer Programs: The Incidence of Multiple Benefits and the Issues Raised by Their Receipt* (Washington, D.C.: April, 1973); Richard F. Muth, *Public Housing: An Economic Evaluation*, The American Enterprise Institute for Public Policy Research (Washington, D.C.: March, 1973); Harrison G. Wehner, Jr., *Sections 235 and 236: An Economic Evaluation of HUD's Principal Housing Subsidy Programs*, The American Enterprise Institute for Public Policy Research (Washington, D.C.: June, 1973); Edgar O. Olsen, "A Welfare Evaluation of Public Housing" (Ph.D. dissertation, Rice University, 1968); Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 4: Income Transfer Program: How They Tax the Poor* (Washington, D.C.: December, 1972).

¹²²Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 2: Handbook of Public Income Transfer Programs* (Washington, D.C.: October 16, 1972).

¹²³*Fourth Annual Report on National Housing Goals*, House Document No. 92-319 (June 29, 1972), pp. 11-15.

¹²⁴Elliott L. Richardson, "The Maze of Social Programs," *Washington Post*, January 21, 1973.

¹²⁵Richardson; see also Advisory Commission on Intergovernmental Relations, *Special Revenue Sharing: An Analysis of the Administration's Grant Consolidation Program* (Washington, D.C.: December, 1971), pp. 1-4.

¹²⁶Richardson.

¹²⁷The Council of State Governments, *The Book of the States, 1972-1973*, XIX (Lexington, Kentucky: The Council of State Governments, 1972), p. 379; also see *Services Delivery Approaches in Other States* (Richmond, Virginia: Division of State Planning and Community Affairs, February, 1973).

¹²⁸The Research Group, Inc., and Marshall, Kaplan, Gans and Kahn, *Human Resource Services in the States: Analysis of State Human Agencies and the Allied Services Act of 1972* (Washington, D.C.: September, 1972), p. 8.

¹²⁹Robert Kirk Walker, "Chattanooga Develops a Better Way Through the Human Services Maze," *Nation's Cities*, II, 2, pp. 8-11; also Robert Pecarchik and J. Wendall Ramey, "Bringing

the Community Into Services Integration," *Human Needs*, I, 4-5, U.S. Department of Health, Education and Welfare, Social Rehabilitation Services (Washington, D.C.: October-November, 1972), pp. 9-12.

¹³⁰Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 1*.

¹³¹Robert K. Walker.

¹³²Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 5, Pt. 1: Issues in Welfare Administration: An Administrative Nightmare* (Washington, D.C.: 1972), p. 3.

¹³³The Rochester Center for Governmental and Community Research, Inc., *Social Services: A Regional Survey* (Rochester: December, 1970), pp. 164-165.

¹³⁴National League of Cities and U.S. Conference of Mayors, *The Cities, The States, and The HEW System*, (Washington, D.C.: National League of Cities—U.S. Conference of Mayors, 1972), p. 61.

¹³⁵National League of Cities and U.S. Conference of Mayors.

¹³⁶See Advisory Commission on Intergovernmental Relations, *State Aid to Local Government*, (Washington, D.C.: April, 1969), pp. 16-18, 61-75; also Herbert J. G. Bab, "A Functional Tax System," *Town Hall Reporter* (July, 1972), pp. 11-13.

¹³⁷State welfare expenditures per capita are positively related to per capita income and statistically significant at the .95 level.

¹³⁸See Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, *Studies in Public Welfare—Paper No. 5, (Part 2): Issues in Welfare Administration: Intergovernmental Relations* (Washington, D.C.: March, 1973) pp. 69-108; also, Advisory Commission on Intergovernmental Relations, *State Aid to Local Governments*, also, see Howard Patton, "Cities and HEW," *Nation's Cities*, XI, 3, (June, 1973), p. 18; The Research Group—Marshall, Kaplan, Gans, and Kahn, pp. 9-11, 21-24; also The Research Group, *Sub-State Regionalism in Oregon*, (Atlanta: February, 1973), pp. V-XII.

¹³⁹Robert Walker; Pecarchik and Ramey; Patton, p. 16.

¹⁴⁰See, for example, the State-administered welfare organization of West Virginia, which is delivered through 27 area offices: *Hearings before the Subcommittee on Fiscal Policy of the Joint Economic Committee, Congress of the United States, Ninety-Second Congress, Second Session, September 12, 1972*, (Washington, D.C.: Government Printing Office, 1972), pp. 60-75.

¹⁴¹Patton, p. 15.

¹⁴²See National League of Cities, *Nation's Cities*, II, 3, (Washington, D.C.: June 1973), p. 17; also, Institute for Interdisciplinary Studies, *Improved Coordination of Human Services*, Final Report, Vol. 1, The Concept and Its Application: A Summary Report, (Minneapolis: August 1972), Chapter I.

¹⁴³Patton, p. 17; Advisory Commission on Intergovernmental Relations, *State Aid To Local Governments*, Table 22, p. 71.

¹⁴⁴Walker; Pecarchik and Ramey; and Patton.

¹⁴⁵See, for example, Russell M. Ross and C. Robert Stephens, "Metropolitan Linn County Looks to the Future," *Iowa Municipalities*, XXVI, 11 (May 1971), pp. 5-9.

¹⁴⁶See ACIR, *State-Local Relations in the Criminal Justice System* (Washington, D.C.: Government Printing Office, 1971), pp. 83-87, for a description of forms of State assistance to local police agencies.

¹⁴⁷See, for example, Charles B. Saunders, Jr., *Upgrading the American Police: Education and Training for Better Law Enforcement* (Washington, D.C.: The Brookings Institution, 1970).

¹⁴⁸ACIR, *State-Local Relations in the Criminal Justice System*, p. 150.

¹⁴⁹See, for example, State of New York Office of Local Government, *Municipal Police Agencies in New York State* (Albany, 1972), pp. 3-4; Stephen J. Kapsch, p. 16; Executive Committee for the Study of the Coordination of State and Local Governmental Services, *Georgia State and Local Government Coordination Study* (Atlanta, 1972), pp. 71-81.

¹⁵⁰See, for example, Rochester Center for Governmental and Community Research, *The Police System: Present and Proposed* (Rochester, New York: 1970), pp. 94-100.

¹⁵¹See David Norrgard, *Regional Law Enforcement: A Study of Intergovernmental Cooperation and Coordination* (Chicago: Public Administration Service, 1969), p. 7.

¹⁵²See Elinor Ostrom and Roger B. Parks, "Suburban Police Departments: Too Many and Too Small?" (Bloomington: Indiana University Department of Political Science, 1973), p. 5.

¹⁵³See Temporary Commission on the Powers of Local Government (Wagner Commission), *Strengthening Local Government in New York, II* (Albany, 1972), pp. 14-17; Rochester Center for Governmental and Community Research, p. 59.

¹⁵⁴Rochester Center for Governmental and Community Research, p. 73.

¹⁵⁵See also Citizens Research Council of Michigan, *Summary of Staff Papers on Governmental Organization for Metropolitan Southeast Michigan* (Detroit, 1965), pp. 34-35; also Virginia Division of State Planning and Community Affairs, *Local Government Information: 1972 Survey Report* (Richmond, 1972).

¹⁵⁶Mutual aid pacts, for example, are the general form of cooperation in basic police services, yet they are often of a highly informal nature and sometimes difficult for cooperating jurisdictions to use. See "Mutual Aid Rated High, But More Planning Urged" in *LEAA Newsletter* III, 5 (July, 1973), p. 11.

¹⁵⁷Temporary Commission on the Powers of Local Government, p. 14; Rochester Bureau of Governmental and Community Research, pp. 97-99.

¹⁵⁸See ACIR, *State-Local Relations in the Criminal Justice System*, p. 170; see also discussion of State legislative veto of bill giving Georgia State police criminal arrest powers in International Association of Chiefs of Police (IACP) Law Enforcement and Litigation Report (April, 1973), p. 8.

¹⁵⁹ACIR, *State-Local Relations in the Criminal Justice System*, p. 168 ff.

¹⁶⁰Saunders, p. 143; Norrgard, p. 14; also Michael B. Fischell, "A Study of Local Police Training in Pennsylvania," *The Pennsylvanian* (September, 1972), pp. 7-10.

¹⁶¹Saunders, pp. 127, 133; Fischell, pp. 7-8.

¹⁶²International City Management Association, "Personnel Policies in Municipal Police Departments," *Urban Data Service Report* (August, 1972). ICMA indicates, for example, that over 40 percent of all cities over 100,000 population in 1972 did not have police cadet programs to attract high school students into the police service.

¹⁶³See, for example, National Institute of Law Enforcement and Criminal Justice, *Portable Police Pensions—Improving Inter-Agency Transfers* (Washington, D.C.: U.S. Government Printing Office, 1971), especially pp. 67-70.

¹⁶⁴ACIR, *State-Local Relations in the Criminal Justice System*, pp. 158-159.

¹⁶⁵See Daniel Shoup and Arthur Rossett, "Fiscal Exploitation by an Overlapping Government" in Werner Z. Hirsch, *Fiscal Pressures on the Central City* (New York: Praeger Publishing Company, 1970).

¹⁶⁶For an exception to this statement see John Angell and Gary Pence, "A Systematic Approach to Criminal Justice Personnel Development," *Cities and Villages* (February, 1973), pp. 7-10.

¹⁶⁷See, however, Temporary Commission on the Powers of Local Government, pp. 14-17.

¹⁶⁸See, for example, Rochester Center for Governmental and Community Research; League of Kansas Municipalities, *Shawnee County Area Law Enforcement System: Recommendations for Consolidation of Local Law Enforcement Agencies in Shawnee County* (Topeka, Kansas, 1971); C. W. Robinson and Company, Inc., *Feasibility Report on an All-County Police District for Fulton County, New York* (New York, 1971).

¹⁶⁹League of Kansas Municipalities, pp. 15-17.

¹⁷⁰Rochester Center for Governmental and Community Research, p. 133.

¹⁷¹Rochester Center for Governmental and Community Research, pp. 94-100.

¹⁷²Rochester Center for Governmental and Community Research, p. 111.

¹⁷³See, for example, Herbert J. Keisling, "Designing a Public Service in a Metropolitan Area: Police," paper delivered at the 28th Congress of the International Institute of Public Finance, September, 1972.

¹⁷⁴For a summary discussion of some of the various methods of police decentralization see Walter G. Farr, Jr., Lance Leibman, and Jeffrey S. Wood, *Decentralizing City Government: A Practical Study of a Radical Proposal for New York City* (New York City: 1972), pp. 109-115; see also James Q. Wilson, *Varieties of Police Behavior: The Management of Law and Order in Eight Communities* (Cambridge: Harvard University Press, 1968), pp. 290 ff.

¹⁷⁵Keisling, pp. 9-10; Ostrom and Parks, p. 44.

¹⁷⁶See, for example, Maricopa Association of Governments, *Regional Criminal Justice Training Center* (Phoenix, 1972); Maricopa Association of Governments, *A Regional Criminal Justice Facility Feasibility Study with Emphasis on Regional Jail Facilities* (Phoenix, 1972); Norrgard, pp. 29-30; ACIR, pp. 19, 25; see also Norman Walzer, "Economics of Scale and Municipal Police Services: The Illinois Experience," *The Review of Economics and Statistics*, LIV, 4 (November, 1972), pp. 431-438.

¹⁷⁷ACIR, *State-Local Relations in the Criminal Justice System*, pp. 17-19.

¹⁷⁸Ostrom and Parks, p. 44.

¹⁷⁹ACIR, *State-Local Relations in the Criminal Justice System*, pp. 17-19; Temporary Commission on the Powers of Local Government, pp. 14-17.

¹⁸⁰See, for example, Governor's Council on Environment, *Land Use Task Force Report*, (Richmond, 1971), pp. 43-45.

¹⁸¹See Clyde W. Forrest, et al. *Zoning Problems: Supplementary Statistical Report for the Illinois Zoning Laws Study Commission* (Urbana-Champaign: Department of Urban and Regional Planning Research), 1971, pp. 56 ff.

¹⁸²Marion Clawson and Harvey S. Perloff, "Alternatives for Future Urban Land Policy" in Marion Clawson, ed. *Modernizing Urban Land Policy* (Washington, D.C.: Resources for the Future, 1973), p. 225.

¹⁸³ACIR, *Profile of County Government* (Washington, D.C.: U.S. Government Printing Office, 1971), pp. 32-36.

¹⁸⁴Erling D. Solberg and Ralph R. Pfister, *Rural Zoning in the United States: Analysis of Enabling Legislation* (Washington, D.C.: Economic Research Service of the U.S. Department of Agriculture, 1972), p. 20.

¹⁸⁵Solberg and Pfister, pp. 22-25.

¹⁸⁶See, for example, Lynne B. Sagalyn and George Sternlieb, *Zoning and Housing Costs: The Impact of Land-Use Controls on Housing Price* (Rutgers University: Center for Urban Policy Research, 1973); also National Academy of Sciences, *Segregation in Residential Areas* (Washington, 1973), pp. 111-118.

¹⁸⁷A summary of the effects of exclusionary land-use controls can be found in Mary Brooks, *Exclusionary Zoning* (Chicago: American Society of Planning Officials, 1970).

¹⁸⁸See Wilbur A. Steger, "Economic and Social Costs of Residential Segregation" in Marion Clawson, ed., *Modernizing Urban Land Policy*, pp. 104-105.

¹⁸⁹See, for example, Neil N. Gold, "The Mismatch of Jobs and Low-Income People in Metropolitan Areas and Its Implications for the Central City Poor" in The Commission on Population Growth and the American Future, *Population Distribution and Policy* (Washington, D.C.: U.S. Government Printing Office, 1972), pp. 471ff.; also Robert C. Alexander, "State Housing Finance Agencies Face Difficult Problems During Housing 'Freeze' and Pending Federal Housing Re-Evaluation," *Journal of Housing* (March, 1973) pp. 120-123.

¹⁹⁰For a summary of the literature on fiscal zoning see John J. Callahan, "Fiscal Zoning in Five New York Metropolitan Counties" (unpublished dissertation, Syracuse University, 1971).

¹⁹¹See National Academy of Sciences/National Academy of Engineering, *Urban Growth and Land Development* (Washington, D.C., 1972), pp. 20-23.

¹⁹²At last count some 37 municipalities in 13 States had adopted "slow-growth" or "no-growth" ordinances. See Bureau of National Affairs, *Housing and Development Reporter*, pp. 100:0026-100:0027; for a legal discussion of these ordinances see the May and June/July 1973 issues of *Municipal Attorney*.

¹⁹³See Herbert M. Franklin, *Controlling Urban Growth—But for Whom: The Social Implications of Development Timing Controls* (Washington, D.C.: The Potomac Institute, 1973).

¹⁹⁴See Jerome G. Rose, "The Courts and the Balanced Community: Recent Trends in New Jersey Zoning Law," *Journal of the American Institute of Planners* XXXIX, 3 (July, 1973), pp. 274 ff.

¹⁹⁵See Richard Babcock, *The Zoning Game* (Madison: University of Wisconsin Press, 1966), p. 153.

¹⁹⁶Solberg.

¹⁹⁷New York Joint Legislative Committee on Metropolitan and Regional Areas, *Coordinating Governments Through Regionalism and Reform*, (Albany, 1971), pp. 43-50.

¹⁹⁸Chapter 106-2 of Colorado revised statutes and Sections 215.505 of Oregon revised statutes.

¹⁹⁹National Association of Regional Councils, "Where Fair Share Has Been and Where It is Going," *Housing Reporter*, August 1973, p. 7.

²⁰⁰See "Snob Zoning: Developments in Massachusetts and

New Jersey," in *Harvard Journal of Legislation*, VII, 2 (January, 1970), pp. 246-270.

²⁰¹See Fred Bosselman and David Callies, *The Quiet Revolution in Land Use Control*, (Washington, D.C.: U.S. Government Printing Office, 1971).

²⁰²See, for example, Jerome G. Rose, "The Courts and the Balanced Community: Recent Trends in New Jersey Zoning Law," *Journal of the American Institute of Planners* XXXIX, 3 (July, 1973), pp. 265-276.

²⁰³See Bureau of National Affairs, *Housing and Development Reporter*, pp. 100.0023-100.0026, for a brief description of these decisions.

²⁰⁴Franklin.

²⁰⁵Bureau of National Affairs, pp. 100-0021-100.0023.

²⁰⁶Proposed Senate Bill 268 contains provisions for expanded Federal assistance to States that develop Statewide land-use control programs.

²⁰⁷See David Heeter, *Toward a More Effective Land-Use Guidance System: A Summary and Analysis of Five Major Reports* (Chicago: American Society of Planning Officials, 1969).

²⁰⁸Heeter, pp. 46-53.

²⁰⁹Richard F. Babcock, "Comments on the Model Land Development Code," *1972 Urban Law Annual* (St. Louis: Washington University School of Law, 1972), p. 63.

²¹⁰Heeter, p. 16.

²¹¹New York Joint Legislative Committee on Metropolitan and Regional Areas.

²¹²Heeter.

²¹³See American Law Institute, *Model Land Development Code, Tentative Draft No. 1* (Philadelphia, 1968), pp. 49-80.

²¹⁴Heeter, pp. 68-77.

Study Appraisals of Selected Regional Special Districts: 1958-1972

District	# Of Jurisdic-tions	Functions	Economies of Scale	Economic Exter-nalities	Access and Control	Citizen Parti-cipation	General Purpose Character	Geography Adequacy
Bay Area Rapid Trans. District ¹	3 counties	Trans- portation	+	+	-	-	-	+
	Two counties (Marin and San Mateo) withdrew from BARTD due to an unresponsiveness to their transportation needs or lack of BARTD's facilities.							
Boston MDC ²	-	water sewer park	+	+	-	-	-	+
	Since appointment of commissioners is from the State level, communities have been unable to participate in MDC activities and therefore the district has not been able to meet regional needs.							
Hartford Metro District ³	Hartford and 7 towns	water sewer	+	+	-	-	-	+
	One of the major findings of a commission studying the MDC was that it has lost rapport with electors and recommended election of commissioners.							
Milwaukee Metro Sewerage District ⁴	-	sewer	+	+	-	-	-	+
	Statistics show the MSD was more efficient in terms of waste treatment programs than any other plants studied.							
Port of N.Y. and New Jersey Authority ⁵	12 counties	Trans- portation	+	+	-	-	-	+
	Local governments have no control over the Port Authority. The board members are appointed by the governor of both States. Robert G. Smith evaluated this governmental unit as the most independent of all public authorities in New York City.							
Washington Suburban Sanitary Commission ⁶	2 counties	water sewer storm drain refuse	+	+	-	-	-	+
	A consultant group recommended that the WSSC utilize its present unified system for service delivery but it should increase county control over district operations.							
The Municipality of Metro. Seattle ⁷	11 cities 18 sewer districts	sewer trans- portation	+	+	+/-	-	+/-	+
	The composition of membership represents a balance of central city and suburbs—Seattle has 9 councilmen and the Mayor as members, and the suburban and county governments have 10 members. "Metro" may perform any or all of six functions—comprehensive planning, sewage disposal, garbage disposal, parks and parkways, water supply, and transportation.							
	+ = favorable evaluation - = negative evaluation							

Sources:

- ¹Smith, *Public Authorities in Urban Areas*, (Washington: National Association of Counties Research Foundation, 1969).
- ²Wakstein, "Boston's Search For A Metropolitan Solution" *Journal of the American Institute of Planners* (September, 1972).
- ³Metropolitan District Study Commission, Report on the Metropolitan District Commission and Government Functions Committee of the Capital Region Planning Agency, *Governmental Organization for the Capital Region*. (Hartford, 1965).
- ⁴Metropolitan Study Commission Committee on Metropolitan Functions, *Report on Sewage Disposal In The Milwaukee Metropolitan Area*, (Milwaukee, 1958).
- ⁵Smith.
- ⁶Report on the Governmental Structure for the Exercise of Functions Performed by the Washington Suburban Sanitary Commission. (Booz-Allen Public Administration Service, 1972).
- ⁷National Technical Information Service, *Metropolitan Water Management—Case Studies and National Policy Implications* pp. 295-316. (Cambridge, Massachusetts, 1971).

Appendix III-2

Local Government Commission Recommendations for County Government Modernization: 1965-1973

State	Year	Report	Structural Recommendations	Functional Recommendations	Fiscal Recommendations
Illinois	1965	County Problems Commission	-establish executive secretary for staff aid	-allow joint county planning, zoning and building code enforcement	
Colorado	1966	Local Government in Colorado	-home rule option -subcounty service districts -transfer special district functions to counties -urban county for areas over 100,000 with density 100 per square mile -consolidate parts or all of one or more counties into one -require either appointed or elected chief administrative officer	-not functional home rule -urban services to unincorporated areas -urban county to perform certain functions exclusively: w, s, a, sw, 1, p & r	
South Dakota	1967	Report of 1966 Local Government Study Commission	-allow subcounty service districts -require county planning commission		
Idaho	1968	A Study of Local Government	-consolidation of highway districts -consolidation of law enforcement agencies		-all taxing units within county to submit budget to county board which would calculate tax levy
New Jersey	1969	County Government: Challenge and Change	-home rule option		-state assumption of costs of education, court system and welfare
Illinois	1969	Commission to Study County Problems	-reapportion county board		-state subsidize 3/4 cost State's Attorney
Virginia	1969	Local Government Structure and Finance	-home rule for counties over 25,000 -prohibit new incorporations in home rule charter counties -elected treasurer and commissioner of revenue replaced by appointed official -all appointive powers (other than judicial) to be transferred from circuit judge to county board	-functional home rule	
Wisconsin	1969	Task Force on Local Government Finance and Organization	-allow for elected county executive -give county administrator powers similar to elected	-supervise and/or take over town sanitary districts -provide all tax assessment within	

Appendix III-2 (continued)

Local Government Commission Recommendations for County Government Modernization: 1965-1973

State	Year	Report	Structural Recommendations	Functional Recommendations	Fiscal Recommendations
			executive -power to make offices appointive or abolish them	county -all taxes collected by county tax collector	
Indiana	1970	Report of the Local Government Study Commission	-optional form of government -multicounty service authority -multicounty service districts not able to tax	-countywide highway authority, police, fire authority	
Nebraska	1970	Report of the Nebraska Legislative Council, Committee on County Government	-permit consolidation of offices across county lines or action of county board—referenda only on demand		
Massachusetts	1970	Report of Special Commission relative to Modernization of County Government	-redraw county lines into community of interest	-new counties assume following functions: p, s, po, pw, w, ps, sw, c, a, ag, pu, dp -State to assume: r, da, me, h, ags, p & r, d, ww, hi, ta, ts, 11	-power to levy any constitutional tax
Illinois	1971	Legislative Recommendations for Structural Modernization of Local Government	-subcounty administrative units -subcounty service districts -elected county executive -city-county consolidation -urban county -primarily central cities	-urban services to unincorporated areas -services to incorporated area under contract	-subcounty service tax districts
Michigan	1972	Local Government Report	-legislative power to county board -remove requirement for gubernatorial approval of county ordinances -require either elected or appointed administrator -optional county offices and methods of selection -elected State District Attorneys -permit redefinition of duties and re-assignment of officers -power to create and	-define power and authority relationships in service delivery and regulatory functions, including standards for health, safety and welfare of people and property -require adoption of minimum service standards	-permit 2% income tax to unincorporated areas

Appendix III-2 (continued)

Local Government Commission Recommendations for County Government Modernization: 1965-1973

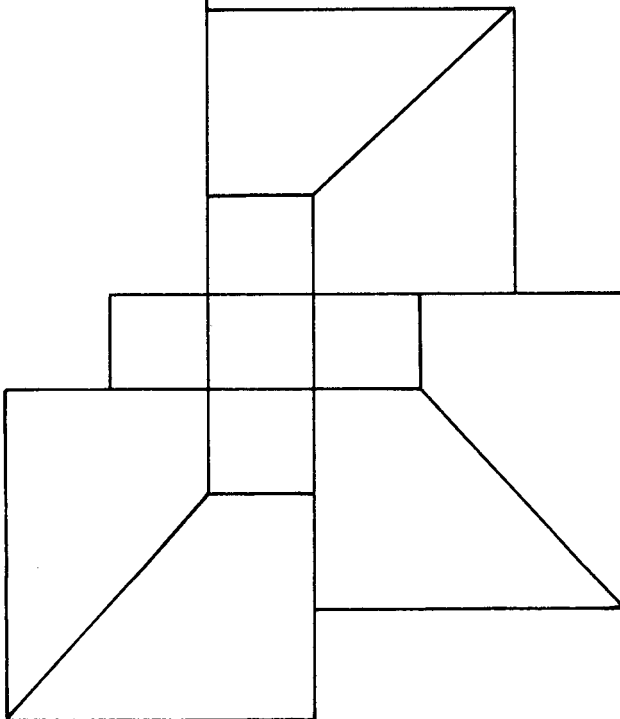
State	Year	Report	Structural Recommendations	Functional Recommendations	Fiscal Recommendations
			abolish most boards and commissions		
Georgia	1972	State and Local Coordination Study			-State assume health costs
Florida	1973	Commission on Local Government-County Administration	-administrator for all non-charter counties over 100,000 -home rule option		
New York	1973	Strengthening Local Government in New York	-charter county with elected executive -executive veto power -strong executive appointment power	-countywide police, solid waste disposal, mass transit, land-use planning	-county income tax

Code:

a: airport
 ag: agricultural services
 ags: agricultural schools
 c: conservation and open space
 d: dams
 da: cost of district attorney
 dp: data processing
 h: hospital
 hi: highways
 i: libraries
 ll: law library
 me: medical examiner
 p: planning
 po: pollution
 pr: parks and recreation
 ps: public safety
 pu: purchasing
 r: registrar of deeds
 s: sewage
 sw: solid waste disposal
 ta: tax appeals
 ts: training schools
 w: water
 ww: waterways

Chapter IV

**CONCEPTUAL
CONSIDERATIONS
IN THE ASSIGNMENT
OF FUNCTIONS**



Chapter III has detailed many of the structural and procedural barriers to more effective public service assignment. In contrast, this chapter considers four normative characteristics—economic efficiency, fiscal equity, political accountability, and administrative effectiveness—that an ideal assignment policy should reflect.

The subject of functional assignment has been dealt with in some fashion in most of the Commission's previous functional reports. It has also been approached as a subject in itself in the 1963 Commission report *Performance of Urban Functions: Local and Areawide*. The intent of this chapter is to reexamine the functional assignment criteria originally developed in the 1963 report and to consider more recent criteria as well. Finally, a set of general assignment criteria are offered as proximate analytical guides to State and local decisionmakers who attempt to apportion systematically service responsibilities among State, areawide, and local governments.

THE 1963 COMMISSION REPORTS

The earlier Commission report, *Performance of Urban Functions: Local and Areawide*, noted seven separate criteria for the assignment of urban functions. These criteria were as follows:

1. The governmental jurisdiction responsible for providing any service should be large enough to enable the benefits from that service to be consumed primarily within the jurisdiction.
2. The unit of government should be large enough to permit realization of the economies of scale.
3. The unit of government carrying on a function should have a geographic area of jurisdiction adequate for effective performance.
4. The unit of government performing a function should have the legal and administrative ability to perform the services assigned to it.
5. Every unit of government should be responsible for a sufficient number of functions so that it provides a forum for resolution of conflicting interests, with significant responsibility for balancing governmental needs and resources.
6. The performance of functions by a unit of government should remain controllable by and accessible to its residents.
7. Functions should be assigned to that level of government which maximizes the conditions and opportunities for active citizen participation and still permits adequate performance.

Use of these criteria, it was felt, would permit more effective provision of urban services. However, the report stressed that several standards might yield conflicting recommendations for functional assignment; therefore, "... they must be balanced, one with the other; to decide

in each case which are important for the particular function or situation."¹

At the same time, functions could be and subsequently were analyzed with these criteria to determine whether they were areawide or local in nature. While the report disclaimed the need to make structural recommendations for the assignment of functions, it outlined a method by which citizens and public officials might analyze urban functions and draw conclusions as to whether a function should be assigned locally or regionally.

The assignment criteria were applied to 15 selected functions, which were then classified as local, areawide, or intermediate in nature. Moving away from the generalities of earlier works on the subject of functional assignment, the report differentiated the tasks involved in a given function and in some areas suggested a parceling out of *sub-functions* among levels of local government. Fire protection was one of these:

While the very nature of the fire fighting requires fire companies and equipment to be decentralized, planning of total fire fighting administration benefits from coordination on an interjurisdictional basis. Recruiting and training of all personnel, as well as securing specially trained personnel, is facilitated by ability to use resources of a larger area. More efficient assignment of personnel to decentralized fire stations is also possible. Administration of the other aspects of fire protection—fire prevention, including uniform code enforcement—benefits from areawide coordination. Funds and personnel from an areawide fire department are more readily available for this purpose than from the more limited means of a local community fire department.²

Certain *activities* common to all functions could be assigned to one or another level of government as well. Thus:

Because of the great diversity of economic characteristics among the jurisdictions within a metropolitan area, efficient allocation of responsibilities does not necessarily coincide with distribution of economic resources needed to sustain the appropriate package of public services. . . . In any case, application of the economic criteria for allocation of functional responsibilities must be modified to take account of the large intercommunity variations in tax bases and qualitative and quantitative demands for public services.³

The report underscored the advantages of providing some services locally. Stressing the need for accessibility and participation in education, for example, the report noted:

Parents' concern for their children's development and the structural and financial inde-

pendence of the school function provide a great stimulus to citizen participation in school affairs. Conversely, the thrust that these two factors give to public expenditures heightens the participation of taxpayer associations and others concerned with governmental economy in school policy and management.⁴

Local assignment of certain services had other benefits as well. Some non-specialized aspects of health care responsibilities, for example, were found to be

... based on an intimate patient-doctor/nurse relationship. Clients are normally fearful that surrendering administrative control of clinics, visiting nurses, or other facilities to a larger area will mean a greater impersonalness in this relationship. From this standpoint, therefore, health activities which involve a patient-doctor/nurse relationship probably are best administered by local units of government.⁵

Some local functions also could help integrate local and areawide functions; for example:

... localized planning is also needed: (1) for coordination of urban functions provided on a municipality-by-municipality basis so as to produce the most effective overall local program, and (2) for guidance of local development within areawide guidelines proposed by the metropolitan planning body.⁶

The report stressed that the balancing of assignment criteria was ultimately a matter of local political determination. For example, some jurisdictions might wish to provide minimum levels of public service to all communities through an areawide unit, thereby assuring economies of scale and minimal economic externalities in the provision of public services. Other areas might wish to have service levels solely determined locally and thereby emphasize citizen participation in and control of public services.⁷ In either case, however, "... political choice will affect the application of economic criteria for allocation of functions in any given metropolitan area."⁸ While various criteria might objectively indicate whether a function is local or areawide, application of the criteria would pivot on dominant political values.⁹

DEVELOPMENTS SINCE THE 1963 COMMISSION REPORT

Developments since the Commission's 1963 report have indicated a need for recasting and simplifying the assignment criteria. A brief review of these developments, therefore, is in order.

Public Service Equity

Until recently, public service equalization has not been regarded as a central goal of the public sector. Service equalization has generally occurred through incentives for

selected forms of structural reorganization¹⁰ or grants-in-aid which seek to prevent fiscal disparities in program offerings.¹¹ Yet the burgeoning interest in fiscal disparities¹² has prompted some observers to formulate more forceful approaches to the service equalization problem.

Eschewing the idea of structural reorganization of local government, some have questioned the legality of fiscal systems which produce widely divergent public service offerings. Thus, some argue that systems producing fiscal disparities violate the equal protection guarantees of Federal and State constitutions¹³ and that persons should have equal access to certain fundamental public services.

Armed with this type of legal theory, several suits have contested the constitutionality of school finance systems in different States.¹⁴ Where successful, these suits have resulted in court decisions which have directed that educational finance systems must be redesigned to be nondiscriminatory and redistributive. While most of these decisions have confined themselves to educational finance, there is no reason to believe that other services might not be similarly contested.¹⁵ Thus, public service equalization is a more pressing concern now than in 1962.

Public Sector Competition

Another recent concern has been public sector competition. While some have long espoused limited service competition among different local governments,¹⁶ others have broadened the concept by claiming that the consumer should be given a direct say in the provision of services by use of voucher systems or cash allowances for the purchase of specific services.¹⁷ Others advocate that the service monopoly of a local government be altered and that a number of organizations be authorized to provide a given service.¹⁸ Local governments then would have greater incentive to provide more efficient services. More interest also has been shown in permitting flexible contractual arrangements between and among local governments and their local populace in the performance of a given service.¹⁹ This demand for public sector competition, then, naturally leads to more complex functional assignment criteria.

Public Service Differentiation

Public services are now recognized as more divisible and interrelated than ever before. Hence, functional assignments are much more complex and varied due to their numerous sub-components²⁰ which can be and frequently are separately assigned to one or another level of government.²¹

This subdividing of functions has spawned a variety of new procedures and institutions that deal with only certain components of a particular function. In a given function, planning may be located in a quasi-governmental regional council; partial financing responsibilities with the State government; grant management with a Federally encouraged substate body; regulatory powers with traditional Federal, State, and local agencies; and coordination as-

signments with a council of governments or a local model cities agency. The number of actors in the assignment of functions, then, has increased drastically over the past decade.²²

The proliferation of program participants has produced a greater need for coordination devices. Thus, Federal substate districts, regional councils, and in a few cases State substate districts exercise review and comment powers to insure that functional activities of local governments will be in conformance with regional comprehensive plans.²³ Other coordinative devices provide an outreach into local communities to offer local residents "integrated" service packages previously unavailable to them.²⁴

In short, functions are increasingly more multi-dimensional. At the same time, many functional assignments are subject to multi-level influence rather than central direction. How this multi-level influence is to be executed is central to the assignment of functions question.²⁵

Increased Regulation

Many functions are now regulated because cooperative administration does not always assure effective performance. This development has enhanced the standard-setting component of many functions and caused some significant shifts in program responsibility.

Nowhere in recent years has the regulatory dimension of a function been more explicitly demonstrated than in environmental protection and land-use control. At the Federal level, broad regulatory powers have been vested with and carried out by the Environmental Protection Agency.²⁶ Some States have adopted strong land-use measures which regulate development that is large scale or which occurs in ecologically vulnerable areas.²⁷ A few others have even developed formulas to reduce discrimination in a particular function.²⁸ In a variety of other functions, standards have been instituted which will require affected governments to change their program offerings, possibly even to transfer some of their functional responsibilities to another level of government.²⁹ Pending litigation in certain functions may have the same effect.³⁰

Discretionary Assignments

Another recent development is greater tolerance for optional functional assignments. Realizing that program performance is vital, all levels of government now are considering policies that permit more procedural and institutional discretion in program implementation.

One example of this trend is the State-Local Fiscal Assistance Act of 1972. This measure and others like it,³¹ including State general support programs, are intended to decentralize program responsibility fully to lower levels of government. The ACIR grant consolidation proposals and the block grant procedures of the Appalachian Regional Commission and Model Cities Agencies are also designed to permit lower levels of government to determine their own program requirements.³²

Certain proposed measures would permit optional approaches to other functional problems. The American Law Institute, for example, has advocated that localities be permitted to use more discretionary land-use controls upon adoption of comprehensive development ordinances.³³ In the same vein, others recommend that the Federal government grant States more leverage over administration of Federal grant programs when they adopt specific structural and administrative improvements.³⁴ In these cases, uniform programs or procedures could be waived on the basis of a *quid pro quo* between higher and lower levels of government. Presumably these arrangements could be made even more flexible if explicit program objectives were being met.³⁵ Flexible functional assignment also has been suggested by this Commission in a recent report.³⁶

To sum up, functional assignment conditions have changed considerably since 1962. As different and often conflicting pressures—equalization vs. competition, differentiation vs. integration, regulation vs. discretion—affect public policies, old assignment criteria must be re-examined and redefined.

SPECIFIC ASSIGNMENT CRITERIA

While this Commission's original assignment criteria remain valid, such guides to functional allocation can be recast and amplified. More specifically, four main themes are suggested by these criteria and by recent developments relating to functional assignments: economic efficiency, equity, political accountability, and administrative effectiveness. Each of these includes sub-components which provide concrete guidance for rules of functional allocation. The remainder of this chapter explains these four themes and their respective sub-components by analyzing their theoretical content, empirical evidence, and specific impact on functional assignment decisions.

Economic Efficiency

The economic efficiency criteria directs that functions be allocated to jurisdictions that are able to perform them at a reasonable cost and at a level of effectiveness acceptable to local citizens. This involves (a) economies of scale, (b) public sector competition, and (c) public service pricing.

Economies of Scale: Theory. Efficient local public goods production is affected by economies and diseconomies of scale. Economic efficiency is achieved when no further cost savings can be realized from enlarging or contracting the population and/or geographic size of a political jurisdiction.³⁷ If a good or service can be produced at decreasing per unit cost when provided to a larger population or area, then savings can be realized by assigning the function to a larger jurisdiction. Conversely, if management and coordinating costs increase disproportionately with size or area, smaller units will be more efficient in producing the good or service.

Several functions—sewage treatment, some forms of education, and hospital services—all have a large optimum

population size associated with their least-cost level of output. Economies of scale tend to appear where functions benefit from specialization, lower-factor input costs, and employment of new technologies. They do not appear, however, in services that are labor-intensive and that provide little opportunity for specialization, such as elementary schooling, police patrol, and basic fire protection.

There is no reason to believe that present jurisdictional boundaries permit most public goods to be produced at their most efficient level.³⁸ It is only coincidental that an existing local jurisdiction is the "optimum" size for performing various public functions. Consequently, so the theory holds, public services should be assigned to governments that are the most economically efficient in terms of their size.

Economies of Scale: Empirical Evidence. Measuring economies of scale in public goods and services is not without problems. Unlike private goods, frequently public goods are difficult to measure in discrete terms. Severe difficulties also occur in attempting to separate the quantity and quality components of a public good. Evidence of rising cost, for example, may represent improvements in quality, while the quantity may remain unchanged, or it might represent the reverse situation. Unavoidable complications stem from the lack of comparable cost and output data. Moreover, other "given" variables affecting the cost of production must be taken into account.³⁹ One should not, therefore, use per capita expenditures and public employment as the sole measures of public service output. These are service inputs and not necessarily reliable measures of output.

Despite these complications, numerous studies have estimated the relationships between and among population and geographic size of jurisdictions, levels of output, and unit cost of production. Table IV-1 summarizes the results of these studies for various public functions. These 19 empirical studies suggest that economies and diseconomies of scale do exist, but they also indicate that there appears to be no single optimum size jurisdiction for service provision.

The research on certain vertically integrated services (sewage treatment and electricity and gas production) all showed economies of scale. These results are supported by classical economic theory that defines such utilities as "declining cost industries" and as natural monopolies which require public regulation.

Studies of horizontally integrated services yielded mixed results. Two educational surveys found constant returns to scale for elementary and high school facilities. Riew's study, however, found economies of scale in high school operations up to a level of 1,700 pupils. Another study by Hirsch found economies of scale in the area of high school administration. Hirsch's and Riew's studies found scale economies in functions and activities that are relatively routine and mechanized. In the case of high schools, there are relatively more capital resources

(specialized instructional equipment, laboratories, etc.) used than at the elementary level.

Similarly, Hirsch's study of school administration indicated that economies of scale frequently accrue only to selected components of a function rather than to the function as a whole. Confirming this fact are the six studies made of economies of scale in fire and police protection. These found inconclusive evidence as to economies of scale and therefore did not suggest a single most efficient size jurisdiction for these services. This inconclusiveness was due partially to the fact that these functions have differing components, not all of which are affected by economies of scale.⁴⁰

Despite the difficulty of measuring scale economies in various services, local decisionmakers still regard them as a prime servicing goal.⁴¹ Moreover, empirical studies of the feasibility of economies of scale continue to provide a significant impetus for functional reallocation of certain local service responsibilities.⁴²

Economies of Scale and Functional Assignments. Theoretically, economies of scale emphasize the assignment of functions to jurisdictions large or small enough to permit such economies. According to this criterion, when jurisdictions are so large or small that servicing diseconomies set in, the affected functions or supporting activities should be reassigned. In a big jurisdiction, this might entail administrative decentralization of services. In a small jurisdiction, this might involve transfer of the high-cost function to a higher level of government or development of an interlocal service agreement for provision of the service.

Empirical evidence indicates that partial rather than wholesale reallocation of functions may be the most feasible way of meeting the economies of scale criteria.

Since economies of scale for different functions occur at differing levels of population size, area, and density, no single jurisdiction would appear to have appropriate size to achieve scale economies in all functions—save for those larger units that possess an effective system of administrative and servicing decentralization. At the same time, since many functions or their sub-component activities are not affected by these considerations, economic efficiency is not diluted by having differing sized jurisdictions providing these types of services. Only where the function or activity clearly benefits from scale economies should it be reassigned. Problems of administrative coordination of reallocated services and service components, however, should not be overlooked.

Public Sector Competition: Theory. Efficient public goods provision hinges, in large measure, on determining the true preferences of "consumer-voters" for public goods. Since the public goods cannot always be provided by private market techniques, alternative approaches to determining the expenditure preferences of a typical "voter-consumer" must be developed.

Tiebout⁴³ suggests a theoretical model for efficient

Table IV-1

Empirical Results of Economies of Scale Studies: 1959-1970

Researcher and Date of Study	Service	Factor	Result
Riew (1966)	High School	F	AUCC "U" shaped trough 1,700 pupils
Kiesling (1966)	Elementary and Secondary Ed.	F	AUCC about horizontal
Hirsch (1959)	Elementary and Secondary Ed.	F	AUCC about horizontal
ACIR (1963)	Elementary and Secondary Ed.	J	AUCC "U" shaped with trough about 10,000-25,000 pupils
Hirsch (1959)	School Administration	J	AUCC "U" shaped with trough about 4,400 pupils
Schmandt-Stevens (1960)	Police	J	AUCC horizontal
Hirsch (1960)	Police	J	AUCC horizontal
ACIR (1970)	Police	J	AUCC increasing with population greater than 250,000
Will (1965)	Fire Protection	J	AUCC declining with major economies reached at 300,000 population
Hirsch (1959)	Fire Protection	J	AUCC "U" shaped with trough at about 110,000 population
ACIR (1970)	Fire Protection	J	AUCC about horizontal
Ro (1952-63)	Hospitals	F	AUCC declining over the range of 36-794 beds
Cohen (1963-64)	Hospitals	F	AUCC about horizontal between 150 and 300 beds
Hirsch (1965)	Refuse	J	AUCC about horizontal
ACIR (1970)	Sanitation/Sewage	J	AUCC about horizontal with population greater than 250,000
Nerlove (1961)	Electricity	F	AUCC declining
Isard-Coughlin (1957)	Sewage Plants	F	AUCC declining
Lomax (1951)	Gas	F	AUCC declining
Johnson (1960)	Electricity	F	AUCC declining

F=facility size;
 J=jurisdictional size;
 AUCC=average unit cost curve.

Source: Adapted from Werner Z. Hirsch, *The Economies of State and Local Government* (New York: McGraw-Hill, 1970), p. 183.

public expenditure determination based on a process of "voting on foot." In his model, the consumer-voter chooses to live in a community, with its particular level of local public expenditure, which best satisfies his preference for public goods. The greater the number of communities and the greater the variance among them, the greater the opportunity the consumer will have to realize his preferences.

In a related work on local public sector competition, Warren suggests the possibility of having local governments compete under quasi-market conditions to meet local and areawide service needs.⁴⁴ This would produce greater efficiency and offer an alternative to the more conventional approach of having oligopolistic or monopolistic service providers.

Other theoretical arguments⁴⁵ have been made for local public goods competition. Some view such competition as desirable because it produces a wider variety of local public goods as well as more innovative supply methods. Innovation, diversity, and experimentation, as these theorists view it, are the prime benefits of local public sector competition.

Competition proponents frequently regard service centralization as inefficient. Oates, for example, contends that, all other things being equal,

For a public good—the consumption of which is defined over the geographical subsets of the total population, and for which the costs of providing each level of output of the good in each jurisdiction are the same for the central or the respective local government—it will always be more efficient (or at least as efficient) for local governments to provide the Pareto-efficient levels of output for their respective jurisdictions than for the central government to provide *any* specified and uniform level of output across all jurisdictions.⁴⁶

Although this theorem is based upon certain rigid assumptions,⁴⁷ it basically contends that many public services are most efficiently provided in a decentralized system. In a multi-jurisdictional context, then, this theory would imply that where economies of scale and externalities are not present, local governments responsive to constituent wants are the better providers of public services.

Empirical Evidence. The above analysis suggests that public goods competition is most apt to occur in a highly decentralized local governance system. Yet empirical research differs as to whether such competition, and the rational public services consumer precept which underpins it, actually applies in this framework.

Bahl and Firestone have tested the Tiebout theory and concluded that "... fiscal factors were shown to be virtually unrelated to non-white migration into urban counties."⁴⁸ In support of the Tiebout hypothesis, Oates' empirical work verifies the proposition that rational consumers partially weigh the comparative benefits and

costs of local public services when choosing their residence. Oates believes that "... people do appear willing to pay more to live in a community which provides a high-quality program of public services with lower tax rates."⁴⁹

Other research has focused on the influence of socio-economic variables as explanations of intrametropolitan migration patterns. Simmons,⁵⁰ for example, has shown that an area's income level, educational characteristics, and occupational mix, along with population size, population growth rate, and ethnic, racial, and religious composition, are also important determinants of migration into a community. This and other studies indicate important non-economic factors that limit the workings of the competitive service model.⁵¹ Moreover, mobility restrictions such as racial discrimination also circumscribe practical applications of this model.⁵²

At the same time, studies of intercommunity spending patterns show that different socio-economic communities have varying preferences for divergent types and levels of public spending. Public education offers perhaps the most forceful illustration of this fact. Alan Hickrod, for example, observes "The citizens of some local school districts demand more educational services than the citizens of others. This is a fact of life foremost to local school administrators."⁵³ In support of this point some research has pointed up the widely differing demand for educational services between city and suburb and among different types of suburbs.⁵⁴ Other analysis has observed distinctive community spending patterns in a number of noneducational services.⁵⁵ Hence, local communities do exhibit divergent preferences not only for the overall level of public services but also for the relative mix of public expenditures in their community.⁵⁶

Empirical research on public sector competition reveals, then, considerable public expenditure variation among local communities. However, this expenditure differentiation is only one of several factors that affects residential location decisions. Therefore, the Tiebout model does not wholly explain metropolitan mobility or the differentiated pattern of local public goods expenditures. Empirical research also suggests that the theoretical conditions necessary for genuine local public sector competition are rarely present. Economies of scale and externalities *do* exist in various functions; consequently they cannot always be most efficiently provided by unfettered local competition. Contractual arrangements designed to promote a quasi-market method of providing public goods also have been found lacking in some instances.⁵⁷ In short, local expenditure variation does not always reflect genuine local public sector competition.

Public Sector Competition and Functional Assignment. This criterion theoretically and generally favors local rather than areawide provision of public goods. It encourages the assignment of public service responsibilities to numerous, relatively small, local governments. At the same time, some theorists acknowledge that all public goods cannot be efficiently produced under these com-

petitive conditions when conditions of economies of scale and economic externalities occur. Consequently, public sector competition does not always produce lowest-cost services. Empirical research indicates that theoretical models of public sector competition are not always practicable and that people do not choose residence solely to maximize their public goods preference.

On balance, this criterion argues strongly for local functional assignment. The criterion could not be achieved by exclusive functional assignments to large, areawide governments. All functions and activities not substantially affected by economies of scale, externality, or equity considerations should, then, be provided by smaller, local governmental units.

Public Pricing: Theory. Another component of the general economic efficiency criterion concerns the financing of public goods. A public function can be financed by two general methods—taxation or user charges (fees, certain fines and licenses, and public rentals and charges). Certain public functions—public safety, pollution abatement, and public welfare, for example—cannot readily be marketed and priced.⁵⁸ Yet many locally provided public services have private benefits; hence a portion of their cost can be financed by a charge to the individual receiving the benefit from that good. If this portion can be determined, the benefit approach to public finance can be applied and user pricing practiced.

Advocates of this approach advance many arguments in its favor. User charges, they contend, can effectively allocate resources within the public sector and offer guides to an efficient level of service output. As Hirsch explains it:

Economic efficiency requires that government officials produce goods and services in such a manner that the same benefits could not be produced with fewer resources. . . . In a competitive market economy the price system encourages economic efficiency by yielding rewards to or imposing losses on those who cater to the demands of individuals. User charges would have similar effect on State and local government production if public officials were competitively challenged by producers of substitute goods or services.⁵⁹

User charges are found to offer other benefits as well:

If and where pricing is feasible, these essays point to certain gains in efficiency and equity: (1) the non-user is not penalized by having to support the service through taxation, (2) the added funds at least help to narrow the revenue-expenditure gap, (3) the costs of services will be partially defrayed by those who, like commuters, cross jurisdictional boundaries, (4) where comparisons exist, public pricing helps to correct distorted prices in the private market, and (5) taking the buyer's response as a signal of demand, the allocation

of resources becomes more efficient in the public sector itself.⁶⁰

The use of public pricing not only increases efficiency, but also rations public services. When so employed, user charges promote the best use of a public service and can be used to compensate for the external costs that individuals impose upon others.⁶¹ This pricing scheme is frequently advocated as a method to alleviate congestion of public facilities now priced below their full social costs.⁶² Finally, such a scheme can improve the quality of investment decisions by providing better information about those decisions.⁶³

Empirical Evidence. Pricing of public services is designed to achieve one of three general goals: (1) to cover the cost of the good provided when there are substantial private benefits associated with its consumption; (2) to provide a source of revenue for other governmental functions; and (3) to reduce the external costs which certain individual behavior may generate.

The first use of public pricing has been widely practiced by local governments which supply public utilities. In many cases, public ownership may be less costly than public regulation of private suppliers. Basically, the pricing policies of these utilities are intended to cover the cost of the service provided.⁶⁴

At the same time, some city utilities are an important source of revenue for general government purposes.⁶⁵ Some States also operate alcoholic beverage outlets and use the "monopoly profits" to defray general governmental expenses.⁶⁶ User charges for non-utility services currently comprise nearly one-fifth of total city revenue from their own sources. Moreover, this share of city revenue has been growing during the past decade. Although the ratio of current charges to total taxes has remained fairly constant during the past ten years, the increase in user charge revenue has substantially outpaced the increase in other local revenue sources.⁶⁷ Expanding local revenue by greater reliance upon public pricing is also an important factor in closing the expenditure/revenue gap which faces most large cities. In light of some recent State legislation limiting increases in local property assessments, local property tax rates, or local expenditure levels,⁶⁸ augmenting general tax revenue by user charge funds could offer local governments a much needed additional source of revenue.

Finally, public pricing is increasingly used as an incentive to correct the external costs which individuals often impose upon others. Urban mass transit systems, for example, typically employ below-cost charges which benefit both users and non-users of the system by reducing the overall traffic congestion.⁶⁹ Similarly, the U.S. Environmental Protection Agency has recently urged parking taxes in metropolitan centers to discourage private automobile use. Differential public pricing is used in Alexandria, Virginia, for example, to serve the dual purpose of financing public animal control and inducing private citizens voluntarily to promote this good.⁷⁰ Attention also has been

focused upon the pricing of increasingly scarce resources such as clean air and water,⁷¹ charging polluters for the damage they do so that it can be corrected through public programs in lieu of governmental regulations.⁷² Finally, “quasi-pricing” techniques have been offered to promote more efficiency in the production of education and housing, using government vouchers which can be used by eligible recipients to purchase services in the private market.⁷³

Public Pricing and Functional Assignment. In theory, public pricing promotes economic efficiency by encouraging low-cost production of a good. Moreover, it is viewed as an increasingly important means of allocating the use of scarce public resources. Theoretically, public pricing need not be confined to any one unit or level of government; its usefulness extends to the financing of the functions of any level of government that confer substantial private benefits. Many of these functions, however, (e.g., sewers, airports, water transport, housing and urban renewal, and parks and recreation) frequently are assigned to citywide or regional special districts.

All levels of government now employ some measure of public pricing. But the significance of user charges as a source of local revenue varies considerably among local governments, with special districts and smaller local governments making above-average use of charges. The former often are required to finance their operations through such means and the latter use charges to reduce local property tax pressures.

Public pricing now is gaining greater popularity in assignment decisions, as the general public seeks a definite *quid pro quo* between taxes and expenditures. User charges may be administratively and politically easier to employ in a period when voter attitudes inhibit increases in traditional State and local taxes. Since pricing may limit the availability or usage of a public good, especially if a higher price is charged for those living outside the jurisdiction imposing the charge, its external effects should be considered in assigning priceable functions.

On balance, user pricing should be practiced by both local and areawide service providers—as well as by State and Federal ones—when it is possible to readily identify the beneficiaries of a given service and any externalities which might be applicable. Presently, many but not all such services are administered at the areawide level. Larger regional units, it should be noted, are better equipped to administer effective pricing techniques than smaller jurisdictions. Moreover, when a priceable function is affected by economies of scale or externalities, it is probably best assigned to a regional unit.

Equity

Another important assignment criterion is public service equity. This standard emphasizes fairness in functional assignment, insuring that services will be performed by a jurisdiction for the betterment of the welfare of its citizens and its neighboring jurisdictions. Specifically, the

equity criterion has components relating to (a) economic externalities, and (b) fiscal equalization.

Economic Externalities: Theory. The costs and benefits of a public good may accrue fully to the producers and consumers of a good or may “spill over” to third parties without compensation. When spillovers occur, economic externalities are present in a local public service.⁷⁴

Standard examples of economic externality are air and water pollution. Assuming the technology of pollution control is available, as long as pollution costs are not borne by a firm, it will continue to pass on part of its production costs to third parties. Thus, the private cost of production and the price consumers eventually pay is below the full social cost.⁷⁵ When the private costs of production do not include the full social costs, there will be subsidized production, creating negative externalities.⁷⁶

Conversely, a good with positive external benefits associated with its consumption or production will be relatively underproduced, since the parties directly involved are not compensated by others who receive these spillover benefits. Education and vaccination are two classic examples of goods with positive externalities. Individually, people consume education or disease inoculation to the point where their marginal benefit is equal to the price of the good. However, one’s consumption of general education or vaccinations conveys benefits to others. If one is vaccinated against an infectious disease, others will have less incentive for vaccination since the possibility of others contracting and spreading the disease is lowered. Similarly, communities may spend less for education when their youth continually migrate from an area, taking the benefits of their education with them.

Externalities are intensified by incentives for individuals or jurisdictions not to share in the costs of a public service and thereby becoming a “free rider” sharing in the benefits of a service but not paying for them.⁷⁷ Take the simple example of water pollution abatement in a large metropolitan area. Assume ten local governmental jurisdictions in close proximity, all bordering a common body of water. If water pollution were a problem that most such governments decided to attack, a single government might seek to simply enjoy the benefits of, but not share the costs of the other governments’ clean water programs. If the jurisdictions are sufficiently close, this action might be successful. However, the fallacy of composition soon sets in. If all ten governmental units attempt such a strategy, then no effective measures will be taken to reduce water pollution.

Externalities, then, can result in service inequities. Their existence raises the question of how fair it is to impose uncompensated costs or confer uncompensated benefits involuntarily on third parties. To remove these inequities, some have suggested that affected parties be able to bargain with individuals or communities producing or receiving externalities in order to reach some voluntary compensation for all affected parties.⁷⁸ Where such voluntarism is unobtainable or infeasible, governmental inter-

vention would be warranted.⁷⁹ In short, performance of various public services frequently imposes costs on, or transfers benefits to other areas. Hence inter-jurisdictional action may be required to provide such public goods equitably.

Externalities: Empirical Evidence. Research on inter-jurisdictional externalities has occurred in functions where . . . major spatial spillovers of benefits can be expected.⁸⁰ These include air and water pollution control, sewage disposal, mass transit, public health services, hospitals, planning, public housing, urban renewal, and education. These services have benefit spillovers which differ mainly in their geographical extent. Some services spill over benefits or costs only into adjacent jurisdictions, while others involve spillovers to the entire nation.

Externalities arise from at least three possible sources: commutation, migration, and movement of natural phenomena.⁸¹ Commutation and migration generate considerable costs and benefits for local governments. Research on commutation has indicated that affected areas may either gain or lose from the provision of goods. For example, Hawley, Brazer, and Kee⁸² have found that suburban commuters increase city expenditures and do not provide sufficient revenues to cover these additional urban costs. Yet other recent research by Hirsch and Smith⁸³ indicates that nonresidents may actually ease core city fiscal pressures.

Migration also results in economic externalities. Most research has centered on public education costs and benefit spillovers. Weisbrod⁸⁴ first stated and verified the undersupply of education in the presence of outmigration. By implication, he also noted considerable benefit spillovers to areas of in-migration. Hirsch also confirmed that education "spill-ins" occurred in some jurisdictions within the St. Louis metropolitan area in 1959-1960 as a result of migration.⁸⁵ While no one has yet tested local reactions to in-flowing benefits, a strong theoretical case exists that such externalities can result in an oversupply of public goods when receiving areas do not decrease expenditures in benefitted functions.⁸⁶

Externalities and Functional Assignments. In theory, externalities argue for the assignment of functions to jurisdictions large enough to contain the costs and benefits of a given service. Where this is not possible or feasible, inter-jurisdictional arrangements are necessary to reduce service inequities. Public functions affected by spillovers may require more centralized financing or administration or both. Hence, education might be administered locally but financed, at least in part, by higher levels of government. Air pollution control might be both administered and financed by an areawide unit. Health services might be provided regionally yet financed by local reimbursement. All these modes of functional assignment could ameliorate the negative consequences of spillovers.

On balance, control of externalities is the responsibility of a higher level of government or an areawide unit,

whether it controls them through direct administration of a function or through financing or regulatory techniques that require lower units to compensate other jurisdictions for spillover effects.

Fiscal Equalization: Theory. Fiscal equalization rests on the normative judgment that the income distribution resulting from the operation of the private market is undesirable. Consequently, a redistribution of income and wealth is desirable. The resultant redistribution, in one sense, can be viewed as a public good.

Redistribution itself is an incomplete goal. Policy-makers must determine both the amount and the measure of acceptable redistribution. However, since equalization is basically a normative judgment,⁸⁷ no appeal to facts will determine definitively which level or form of redistribution is best.

The case for redistribution is based mainly on the principle of vertical equity. This concept states simply that unequals should be treated unequally by all levels of government. Consequently, one must determine the degree of inequality which is to be equalized.

There are some broad principles upon which policies for fiscal equity might be based. For example, tax discrimination, based upon income or wealth, has been widely accepted. Consequently, in the area of taxation the ability-to-pay principle has become an embodiment of the concept of vertical equity. The rejection of a *quid pro quo* relationship rests on an ethical judgment that tax burden need not be directly related to benefits received. Under vertical equity, an individual or group can receive a greater or lesser benefit from public expenditure programs than it pays for; therefore, redistribution in favor of, or against the individual or group occurs. Unfortunately, there is no standard comparable to the ability-to-pay principle for distributing expenditures on the basis of vertical fiscal equity.

Theoretical discussions of redistributing individual income and wealth typically center on two equalizing approaches: (1) tax burden or money income equalization, and (2) overall tax-expenditure equalization. Equalization theory also deals with matters of inter-jurisdictional fiscal equity.

Tax burden equalization, a partial approach to fiscal equity, has been popular since it has been difficult to impute individual benefits from various public spending programs; hence, equity is more easily achieved in the area of taxation. Yet overemphasis on tax burden incidence hinders analysis of the full redistributive effects of a fiscal system. Tax instruments may be proportionate, regressive, or progressive with respect to income. Yet the regressivity, proportionality, or progressivity of a tax are insufficient criteria for a policy decision concerning fiscal equity unless one looks also at the expenditures that a tax finances.⁸⁸

Fiscal redistribution to individuals can be achieved by two different vehicles. The first is by a direct unconditional cash transfer. This involves the collection of taxes from the upper- and middle-income classes (either through a proportionate or progressive tax structure) and distribution of

the proceeds to lower-income individuals, thereby establishing a "floor" or minimum income level for poorer individuals.⁸⁹ These cash transfers redistribute income but provide little direct incentive for encouraging or discouraging consumption of goods with positive or negative externalities. Moreover, only higher levels of government can utilize these redistribution measures without being concerned about residents' moving to escape paying for such policies. A second form of redistribution, and one more effective at the local level, is the transfer of income in kind. In this case goods and services are made available to low-income families and individuals "free" or at a nominal cost. By this policy, services are supplied to certain income groups in proportionately greater terms than their share of the cost.

Fiscal equity may affect not only individuals but also local governments. For example, a central government can implement policies to narrow inter-jurisdictional wealth and income disparities by insuring a minimum supply of local public goods and services by means of grants. Such equalizing grants-in-aid may also encourage production of services with positive externalities. Conceptually, then, "... an intergovernmental transfer system can be worked out which would allow State units originally unequal in fiscal capacity to provide equal services at equal rates of taxation."⁹⁰ This theoretical scheme formulated by Buchanan and others would ameliorate fiscal disparities among sub-national units of government.

Fiscal Equalization: Empirical Evidence. Fiscal equalization occurs in a number of separate local, State, and Federal public policies. But equity, it should be noted, requires only a net redistributive result. Hence redistribution may be achieved even if one level or unit of government exhibits regressive tax-expenditure policies.

Studies over the last 15 years indicate that total State and local taxes are mildly regressive and Federal taxes are mildly progressive on family income classes up to \$10,000 and somewhat more progressive with family incomes greater than \$10,000. On the other hand, State-local expenditures are somewhat progressive or "pro-poor" throughout all income classes, and Federal expenditures are sharply progressive over all income classes. Total taxes have been found to be proportional up to the \$10,000 family income class and progressive for family incomes above \$10,000. Total expenditures by all levels of government, on the other hand, are sharply pro-poor for all family income classes.⁹¹

While empirical studies conclude that the national fiscal system redistributes wealth from high- to low-income classes, certain Federal and State expenditure and tax policies have disequalizing effects. Hansen and Weisbrod, for example, conclude, "... public subsidies for higher education in California tend to go disproportionately to students from relatively high income families."⁹² Other disequalizing policies are found elsewhere. One study of implicit public grants in the Federal personal income tax found:

... that more than one half of the nominal tax yield is devoted to redistribution to the wealthy. In summary, we conclude that, although we could advance an equity rationale for the present distribution of implicit public grants, the present pattern seems to violate rather flagrantly the purpose of redistribution.⁹³

Other studies have noted that "... tax policies provide largest benefits to recipients of larger than average income whose experience with wealth is typically not limited to their own houses."⁹⁴

The present tax-expenditure system, then, achieves some measure of fiscal equity. If further redistribution is desired, the regressivity of certain State-local taxes and preferential transfers for the non-poor in the Federal tax system might be reduced.

Another significant dimension of the equity problem concerns inter-jurisdictional fiscal disparities. Since first investigated by this Commission in 1965, a number of studies have noted the increasing fiscal pressures that many jurisdictions, especially central cities, face in meeting their assigned public service responsibilities.⁹⁵ Thus, the central cities of the nation's 37 largest SMSA's in the years between 1957 and 1970 exhibited per capita total expenditures at least 25 percent greater, non-educational expenditure levels nearly twice as high, and effective total tax effort that was frequently 30-40 percent higher than their respective suburbs.⁹⁶ These fiscal disparities, which affect low-income, residential suburbs as well as central cities, have created pressures for increasing levels of inter-jurisdictional fiscal equalization.

Fiscal Equalization and Functional Assignments. Theoretically, fiscal equalization requires that functions be assigned to jurisdictions that can provide services at a fair cost to local citizenry. This means that jurisdictions should not be assigned service responsibilities for which they have to pay too high a "price" or tax rate. Consequently, redistributive functions should be allocated to jurisdictions with an adequate fiscal capacity to finance a service equitably. Alternatively, a higher level of government might construct an intergovernmental transfer system that permits local governments to provide equal services at equal rates of taxation, thereby redistributing resources from rich to poor jurisdictions.⁹⁷

Fiscal equalization can be implemented most effectively (politically as well as financially) by a higher level of government. That government could either administer directly a redistributive function or finance its provision by a local unit. The degree of redistribution sought in a function might dictate largely whether it should be administered or merely financed by a higher unit. Functions with an exclusive redistributive character might be both administered and financed by higher levels while those with lesser elements of redistribution could be administered locally and at least partially financed on a regional, State, or national basis.⁹⁸

Political Accountability

Functional assignment must have a legitimate character; hence political accountability in the allocation of functions is essential. This criterion usually emphasizes the need for (a) citizen access to, and control of governments performing assigned functions, and (b) direct citizen participation in the delivery of an assigned service.

Access and Control: Theory. Access and control are two key elements in the operation of a political system. They provide for direct and indirect popular influence over the workings of a governmental system and are important factors in maintaining popular support for local government.⁹⁹

Much of the theoretical work about access and control deals with the manner in which these processes work and the extent to which they can be or are achieved in a local political system. Most recent writings indicate that multiple access should be a basic characteristic of a modern political system. This is in contrast to earlier theories that considered access and control to be best achieved through a local party system, thus obviating the need for alternative access and control structures. Modern proponents of multiple access, however, indicate that with it citizen interest groups can follow several strategies of gaining influence over the local political process. The greater possibilities for successful influence, in turn, can be a major factor in helping to produce effective political compromises.

Multiple access and control can take many different forms. In one community it might occur through referenda; in another, through a representative electoral process with a plural executive, and in still another by a single executive and an at-large system of election.¹⁰⁰ It may even involve bypassing established local government structures altogether to establish new regional districts and new citizen-controlled organizations to guide Federal-aid programs.¹⁰¹ However, such alternative political influences are not achieved without some cost. They may result in a political system that is inherently conservative and "... more favorable to defenders of the status quo than to innovators."¹⁰² Incentives for delay, neglect of community-wide perspectives, and the weakening of direct popular control of the system can result.¹⁰³ Moreover, this type of open political system tends to increase the number of actors affecting a political decision, causing delays in necessary policy decisions. It also can undermine the regular political process and reduce public interest in local government when various interest groups concern themselves only with a narrow range of issues and neglect the overall problem of balancing program priorities.¹⁰⁴

In general, communities structure their procedures for access and control to reflect their political ethos.¹⁰⁵ Access and control, however, are affected by informal conditions as well. Ethnicity, income, and social status often are key determinants as to how and whether a given

person or group will influence a particular political system.¹⁰⁶ In addition, the size of the local jurisdiction itself may be an important determinant.

To summarize, access provides a process whereby political power may be diffused and mobilized. Control usually insures policy accountability, and identifies the focus for the exercise of effective political power.

Access and Control: Empirical Evidence. Most political science research indicates (1) that multiple political access now occurs in most metropolitan communities, (2) that different forms of local government encourage different patterns of political participation, (3) that access to small local governments is still desired, and (4) that communities regularly establish structures of political control or management which reflect the influence of dominant political factors. Moreover, a good deal of intergovernmental conflict arises in attempting to institute additional points of access and control.

Metropolitan decision making is highly specialized in nature.¹⁰⁷ Consequently, interest groups generally seek to influence only those subjects of great concern to them. Even interest groups within a particular function act differently, seeking to maximize their influence only on particular subsets of issues.¹⁰⁸

Multiple political access is a characteristic of most political systems and centralizing forces frequently are required to overcome the impasses produced by such access.¹⁰⁹ Without these centralizing forces, political decisions would not be made and alienation from local political systems could result.

Though views on the subject vary widely, most people desire access to small local governments.¹¹⁰ Efforts at structural reorganization have generally been resisted because of the value most people place on small local units.¹¹¹ A few judicial decisions even indicate that voting representation may have to be kept local in order not to violate the tenets of equal protection.¹¹² However, the courts have not applied this principle to many metropolitan governance changes.¹¹³

The form of political influence affects the workings of a political system. Extensive access systems such as referenda and at-large elections tend to result in underrepresentation of various political groups.¹¹⁴ The lack of established political influence for certain groups in a system can produce new forms of political access. Witness the attempts at administrative decentralization in many larger cities,¹¹⁵ interest in ombudsmen, and Federal experimentation with the poverty program. Alternative forms of political access are often necessary since the poor, less educated, and other minority groups are invariably less apt to participate in the conventional political process.¹¹⁶ Their political influence sometimes is still limited, even in alternative forms.¹¹⁷

Community composition also affects access and control. Numerous studies, for example, have found that smaller, more homogeneous communities frequently institute political structures and procedures that insulate

their localities from national political influence and that centralize political responsibility in nonpolitical figures.¹¹⁸ Others have found some of the opposite traits in larger, more heterogeneous communities. These variations tend to reflect differing local traditions and political cultures.¹¹⁹

Access and Control and Functional Assignments.

Effective access and control can produce satisfaction with any given pattern of functional assignment. However, more direct and concerted political influence may be brought to bear on smaller, local units of government by the majority of its constituents. At the same time, minority political interests are sometimes more effectively served in a larger, more heterogeneous jurisdiction. Further complications arise since some functions are the subject of more intense political influence than others, and different forms of access and control can produce divergent patterns of political influence.

Research indicates that access and control processes reflect individual community characteristics. In general, however, most citizens desire direct political access to smaller, local units, feeling more confident in their responsiveness.¹²⁰ Yet some population groups have only exerted effective local political influence by recourse to higher levels of government—this is particularly true of economic and racial minorities. Thus, all levels of government have at times acted to maximize citizen influence in functional assignment systems.

Functions whose implementation depends on substantial citizen political influence are probably best administered at the local level. At the same time, higher levels of government must periodically scrutinize local structures of political influence to insure that the functional demands of all local citizenry are being adequately met.

Citizen Participation: Theory. Citizen participation can result in popular support for a governmental system, belief in its authority,¹²¹ and a willingness to make a direct contribution to its workings.¹²² While not a form of direct control in most cases, it can still contribute to a heightened sense of community,¹²³ better relationships with administrative bureaucracies, and greater understanding of the design and implementation of public policies.¹²⁴

More recently citizen participation has been assigned other values as well. For some, it now has a clear political quality and often implies substantial delegation of political power to the individual and/or his community. Some now consider participation and community control to be virtually synonymous. To a limited extent, this may be correct in those still unusual cases where special community councils have been officially formed by local governments and vested with some governmental responsibilities of a subordinate nature—as in certain school system and city hall decentralization efforts.¹²⁵

Nevertheless, while citizen involvement has gained added significance, some observers question whether the

citizen has the innate competence, time, or desire to formulate or to administer complex public programs. The sheer interrelatedness of public policies can hinder effective citizen participation.¹²⁶

Proponents claim participation creates natural communities of interest that can be a basis of more effective local governance.¹²⁷ This school of thought also argues that citizen action is related to basic concepts of individual self-worth.¹²⁸ For some in this group, this is prized even more than the fashioning of effective public policy. These proponents of participation “. . . would rather have inefficient decentralized government than efficient centralized government.”¹²⁹

Citizen Participation: Empirical Evidence. Citizens have responded differently to attempts to involve them directly in program formulation and execution.¹³⁰ In some instances, they have been reluctant to participate, doubting the worth of their involvement; in other cases, they have become new forces in program administration.

On the positive side, participation has given individuals a greater awareness of the difficulties and potentials of service delivery.¹³¹ It has also provided experience from which a future generation of community leaders might be drawn.¹³² In more specific terms, it has tended to change personnel practices in community-run schools, accelerate innovative teaching practices,¹³³ and build greater bureaucratic responsiveness to individual and group needs.¹³⁴

Citizen involvement, however, is not without problems. Community conflict has occurred as particular racial, ethnic neighborhood, and special interest groups contend for dominance¹³⁵ in participation efforts. Underrepresentation of particular segments of the local population sometimes has occurred. As one report put it, “In most cities, resident participation in the [Model Cities] program reflected the racial and ethnic composition of the Model Neighborhoods. They tended, however, to be less representative in terms of age and militancy.”¹³⁶ Even in many of the successful community control efforts, the base of resident involvement could still have been broadened.¹³⁷

Of even more concern, however, is the quality of citizen action in some experiments. Many citizens and community groups simply have not been able to put together durable self-help efforts. Spotty attendance, lack of leadership, over-concern with organizational and tangential issues, and extensive factionalism have all diluted the effectiveness of some experiments.¹³⁸ Even in areas where these problems were overcome, citizens frequently could not design effective strategies that would have long-range impact on their status.¹³⁹ In one study of target-area organizations in 115 community action agencies, it was found that these “. . . associations took on the characteristics of neighborhood improvement associations. Very few of the issues with which they were concerned had any direct relation to the economic aspects of the poverty problem.”¹⁴⁰

External difficulties also have affected participation

efforts. Administrative pressures for successful programs often resulted in the reassertion of bureaucratic expertise.¹⁴¹ There often was little technical assistance or concerted Federal funding for citizen participation efforts.¹⁴² One observer of comparative community action experience has stressed the need for Federal rewards for active citizen participation. Barring such rewards, he felt only organized pressure groups or court orders could bring about effective citizen action.¹⁴³ However, overall Federal efforts in this area also were frequently uncoordinated, poorly planned, and conflicting. Sundquist and Davis found little coordination or cooperation between Community Action and Model Cities organizations; instead, they regularly were in conflict with one another.¹⁴⁴ In the same manner, the Neighborhood Center Pilot Program is said to have suffered due to Federal interest in other participation programs. Equally as disruptive were erratic reassertions of national controls which supplanted local program formulation or restricted the purview of participant organizations.¹⁴⁵ Some Federal programs for participation even prompted citizen organizations to attempt to achieve incompatible program objectives.¹⁴⁶

In sum, citizen participation can be a workable, though delicate, cumbersome, and confusing phenomenon. A balanced view of citizen action indicates that these efforts can alter the local political system and put the individual and his community in a better position to influence local functional policies.¹⁴⁷ Participation usually has won the support of the community where it was tried,¹⁴⁸ and many of the organizations born of citizen participation are regarded as "... an institution of challenge and competition to the rest of the community."¹⁴⁹

Participation and Functional Assignments. Citizen participation remains a basic factor in functional assignment. Theoretically, it is a decentralizing influence, producing more innovative, varied, and flexible service policies. It frequently serves as a counter-balance against centralist bureaucracies that sometimes overlook the interests of certain individuals or community groups. It also results in more individual and community awareness of the policy ramifications of a particular functional assignment system. Direct citizen involvement can also result in demands for new or revised functional allocations, particularly with regard to finding more decentralized means of service delivery. At the same time, it increases the complexity of functional assignment by placing unexpected and sometimes conflicting demands on the local political process.

Theoretically and empirically, direct citizen involvement has been most productive in local settings, particularly when it focuses on the functional problems of specific small areas or groups. At the regional level, citizen participation has been more advisory in nature. Citizen involvement, however, can affect the policies of larger units of government serving the local community, as, for example, when construction of an interstate highway is blocked.

Administrative Effectiveness

The final criterion deals with the technical and legal dimensions of functional assignment. A successful assignment policy must insure adequate performance. Hence, governments should have the requisite administrative and legal capabilities to perform assigned responsibilities. This assignment criterion has sub-components concerning appropriate legal authority and geographic jurisdiction, management capability, and the need for assigning functions to general-purpose governments in the context of shared intergovernmental powers.

Legal Adequacy: Theory. A government must have requisite and unambiguous legal authority to perform the functions assigned to it. Such is the central meaning of legal adequacy. Some theorists contend that legal adequacy is central to the philosophy of democratic and general-purpose local self-government.¹⁵⁰ Others see it as part of a Federal analogy which places local government on a co-equal legal basis with higher levels of government.¹⁵¹ They also contend that it prevents undue centralization or abuse of power.¹⁵²

Granting adequate legal authority to a local government creates greater jurisdictional accountability,¹⁵³ and a better division of labor between different levels of governments.¹⁵⁴ It also limits judicial interference in functional assignment matters¹⁵⁵ and can curb special district proliferation.

The case for legal adequacy is not without its problems, however.¹⁵⁶ Many theorists question whether legal authority can be wholly delegated or shared within a State-local context and reject the notion of a Federal analogy at the State-local level, given the legal pre-eminence of the State. They hold that an unworkable legal situation would occur with unfettered or concurrent grants of legal authority to local governments.¹⁵⁷ Others feel that legal adequacy might even be self-defeating, leading to rampant particularism in the conduct of State-local relations.¹⁵⁸ Some even doubt whether grants of full-scale legal authority are possible, due to the constantly changing conditions of functional assignment.¹⁵⁹ Yet proponents and opponents agree that the way in which legal authority is delegated will largely determine the degree of centralization or decentralization and even the degree of fragmentation in the assignment of functions.

Legal Adequacy: Empirical Evidence. American State-local relations are replete with restrictions on the activities of local government.¹⁶⁰ These restraints affect local government finances,¹⁶¹ personnel practices,¹⁶² form of government,¹⁶³ and the scope of geographic jurisdiction.¹⁶⁴ Moreover, most State courts still follow restrictive interpretations in defining the powers of local governments.¹⁶⁵

Inadequate legal authority can prevent local governments from meeting new responsibilities and developing collaborative approaches.¹⁶⁶ It is also a factor conditioning special district growth, and it can hinder local govern-

ment reorganization.¹⁶⁷ Thus, many States have not authorized county home rule, multi-functional special districts, or general purpose regional units—all of which are structures that might better administer areawide functions.¹⁶⁸ In the case of the counties, structural home rule has become more common, but the fiscal and functional components of the concept have been given less attention.

The need for adequate legal authority is a more pressing problem as the complexity of functional assignment increases. Speaking of this difficulty, one observer has noted:

The issue is not only what level of government should appropriately regulate the problem but whether policy-making and standard setting functions need to be the responsibility of the same level of government that is primarily responsible for enforcement. . . . Since State and local governments were historically concerned with the environment in the traditional exercise of the police power, . . . enforcement has generally been lodged at the State and local level, although policy making has begun to move in the direction of higher levels of government. . . . the question whether Federal standard-setting should not, in due course, lead to greater Federal involvement in enforcement authority might well be explored.¹⁶⁹

Even when grants of proper legal authority occur, there is no guarantee that they will be used constructively. A dated but thorough survey of municipal home rule practices found numerous instances where home rule authorizations were relatively ineffective in expanding municipal powers.¹⁷⁰ Such grants, however, did result in more varied choice of local government structures, which do affect local public goods delivery.¹⁷¹ Grants of adequate legal authority also have accompanied the more successful metropolitan reorganizations to date. In short, they can, but do not always, change the functional concerns of local government.¹⁷²

A major difficulty in structuring appropriate legal authority is the extent to which such authorizations should be general or specific (*i.e.*, functional) in nature; whether they should be permissive or mandatory; and whether they should be made to all or only some local governments. Generally, most State-local governmental systems make a specific grant of power to different types of local governments; such grants are sometimes mandated but more often are permissive in nature. In some cases, they have been insufficient to insure adequate functional performance. Consequently, some contend a further strengthening of the legal authority of local government is in order.

Legal Adequacy and Functional Assignments. Without grants of adequate legal authority, an assignment system can become excessively centralized, rigid, and particu-

laristic. Yet an unfettered grant of legal authority to any single substate level of government is also clearly impracticable. In short, a delicate balance must be maintained when delegating expanded legal authority to local governmental systems.

In granting legal authority, the general viability of the governmental unit must be considered. Delegations of authority that exacerbate interlocal political conflict or that confuse or complicate local and areawide functional assignments must also be avoided. Moreover, grants of legal authority should not contravene the residual legal authority of the State in local government matters. In short, while a local government must have appropriate legal authority to discharge its own functional responsibilities, it also must be required to respect the legitimate functional interests of other units of government, and not exercise such sweeping power as to obstruct arbitrarily the interests of larger political communities.

On balance, this criterion argues for the establishment of authoritative governmental units at both the areawide and local levels. It stresses that both types of government should be properly empowered to discharge their functional responsibilities. When they fail or are unable to use their proper legal authority in functional matters, their functions may be reassigned to another accountable unit of government.

General-Purpose Government: Theory. Political theorists frequently contend that functions ought to be assigned to general-purpose governments or subordinate special units tied directly to them, rather than to independent special-purpose governments.¹⁷³ The rationale for this contention rests on the fact that it encourages and broadens citizen interest in the workings of government, permits the balancing of functional interests, and elevates the quality of public debate concerning the performance of functions.

A citizen is served by his governmental system in a variety of ways, and effective functional performance necessarily entails a considerable amount of public debate. This debate is best conducted in the context of a general-purpose government. As one analyst has noted,

. . . debate is not primarily an exercise in bargaining between interest groups. It is rather the process whereby contending interests are persuaded to be reasonable. Listening to one another, they accommodate any merit expressed in opposite views. The resulting political decision is not the lowest common denominator of agreement among them, but the truest possible expression of the public interest, determined with such disinterestedness as the process of debate has been able to bring about.¹⁷⁴

A general-purpose government not only serves to raise public awareness about functional performance but also to prevent public functions from becoming controlled by

private or minority interests. Since this type of government is the focus of numerous service demands, access to the unit will increase and a system of countervailing, democratic political power will be established.¹⁷⁵

A general-purpose government enlarges public concern about functional performance. Thus, a citizen becomes concerned not only with the efficiency of a function but also with its equity and legitimacy.¹⁷⁶ Since a general-purpose government is more apt to be concerned with these values, it is better prepared than a special-purpose government to achieve them.

Finally, important administrative and economic considerations support the decision to vest power in a general-purpose government. Administratively, a general-purpose government can set priorities and make trade-offs among its functions, as well as plan the sequence in which functions should be carried out.¹⁷⁷ Economically, establishment of general-purpose units prevents development of functional monopolies supported by dedicated funds which have often had adverse effects on the allocation and distribution of economic resources.

General Purpose Government: Empirical Evidence. Research indicates that independent special-purpose governments are less accessible to the public at large, less able to balance functional interests, and sometimes less willing to accede to public demands in the performance of their functions than are general-purpose units and their subordinate districts.

Independent special-purpose governments have a relatively restricted view of their functional mandate. They are responsive to only a small portion of the electorate.¹⁷⁸ Even some subordinate special districts formally controlled by parent governments have been less responsive than could be hoped. The visibility of special-purpose units to the electorate has usually been fairly low.¹⁷⁹ Yet voters and general local governments encourage their creation by preferring these mechanisms over other methods of local government reorganization.¹⁸⁰ This may indicate some dissatisfaction with fiscal restrictions on, or the service capabilities of general-purpose local governments. The heterogeneity and polarity of some communities can lead to situations of poor service delivery¹⁸¹ and popular dissatisfaction with general local government.¹⁸²

Independent special-purpose governments exhibit other major deficiencies. Analysis of several metropolitan water districts, for example, found that they were relatively ill-equipped to implement comprehensive water resource policies.¹⁸³ Similarly, large transportation authorities often have resisted integrated transit policies¹⁸⁴ or have undertaken ill-considered projects.¹⁸⁵ Other special-purpose units have fought to justify their continued existence when their responsibilities could clearly be exercised as well or better by general-purpose units.¹⁸⁶

This is not to say, however, that specialized units are always without usefulness. They are important alternatives to full-scale governmental reorganization, which some do not find palatable. They attract functional in-

terest groups and promote technical efficiency.¹⁸⁷ Limited-purpose units also are gaining some increased popularity as various observers become more intrigued with the idea of separating the policy-making and operating functions of government into different mechanisms.¹⁸⁸ The use of subordinate (rather than independent) special districts has grown in recent years, as has the use of joint public/private development corporations designed to carry out the objectives of general-purpose governments with largely private financing.

General Purpose Government and Functional Assignments. General-purpose government assignment recognizes the interrelatedness of public functions. It reflects the fact that a citizen can effectively comprehend relatively few levels of government, and that he usually desires government to reconcile divergent functional interests.¹⁸⁹ Assigning functions to general-purpose units emphasizes the authoritative and multiple character of functional assignment rather than just its individual service delivery dimension.

This facet of the administrative effectiveness criterion is constantly being tested in light of the increasing complexity of functional assignment. Particularly in the intermediate levels of the Federal system—substate and multi-state regional areas—traditional levels of government have created a variety of special-purpose mechanisms which frequently have responsibility for only a limited component of a function. While these mechanisms are sometimes deemed essential, their limited-purpose character is a factor in the power fragmentation in substate and multi-state areas and the resulting inability to respond to multi-faceted constituent needs.

Giving governments a broad range of powers over a wide range of functions helps to assure that they will perform functions in a coordinated, effective, and efficient fashion. Assigning functions to independent special-purpose units creates institutions that have responsibilities so narrow that they cannot always respond to the interrelated needs of the general taxpayer and citizen.

Theoretically and empirically, then, this component of the administrative effectiveness criterion would advocate assigning functions only to broad-gauged governmental units or subordinate special districts, whether local or areawide in nature. This factor argues against the proliferation of limited-purpose, independent governmental units at all levels of government.

Intergovernmental Flexibility: Theory. Another component of administrative effectiveness deals with the need for shared power within a system of changing functional assignments.¹⁹⁰ For example, one level of government may finance a project while another administers it and a third regulates it. Shared power insures that all levels of local government will serve the individual and not just simply defend jurisdictional prerogatives in the assignment process.¹⁹¹

Shared power recognizes the considerable interre-

latedness in any given public service; all levels are likely to play some part in the performance of a function.¹⁹² As one observer notes, governments are assigned "... responsibility for aspects of functions and not wholesale functions."¹⁹³ What is called for, then, in the words of one report, is "... a sharing of power over functions rather than a division of functions."¹⁹⁴ Sharing power permits all levels of government to participate in a program and to coordinate their policies at the point of impact—the individual or his community.¹⁹⁵

This intergovernmental flexibility is desired for other reasons as well. It supports the idea that the individual citizen wants program results from his governmental system and that it may be immaterial to him what level of government provides those results. Consequently, flexible functional assignment permits him to be served by the level of government that best perceives and meets his needs. In that way, a primary servicing role naturally flows to a competent unit of government,¹⁹⁶ while other units retain a supportive role or a key position in other functional areas. Under such conditions undue centralization of power is not likely to result. Shared power, in fact, is necessary to prevent excessive governmental centralization.

The advantage of this shared power system is that it gives the municipality the initial power to act and at the same time preserves the right of the wider jurisdiction to act for all the people of the State or for any portion greater than the municipality that is affected by a particular issue. This is all home rule can ever really be in an increasingly complex urban society: freedom for the municipality to move ahead on local matters insofar as it does not interfere with the larger welfare.¹⁹⁷

Other analysts also see shared power as a way of combining the more positive aspects of centralized and decentralized authority, especially in metropolitan areas:

Decentralization and metropolitanism are potential allies. The appeal of each is based both on rationalized service delivery and on a more appropriate alignment of the local political community. Believers in decentralization speak of more efficient management of municipal functions now miserably (but expensively) provided by ancient bureaucracies; believers in metropolitanism speak of replacing these same bureaucracies with new areawide organizations that draw on the achievements of 20th century management and organization.¹⁹⁸

The resulting system, while based on sharing, also engenders

... friction and countervailing power, which restrain the higher levels and give each component a fighting chance of doing things in

its own way. On the positive side, flexibility and the incentive of competition, to do things differently and better, or to do things which any given unit may think important though the others do not.¹⁹⁹

Intergovernmental flexibility, then, insures that one or another level of government will be available to serve individual or group demands, that governments will integrate their policies, and that intergovernmental conflict in the assignment of functions will be subject to some sort of mediation before it obstructs delivery of services.

Intergovernmental Flexibility: Empirical Evidence.

The flexible sharing or shifting of functional assignments may be achieved through a variety of conventional and innovative forms. The most popular means of intergovernmental sharing of servicing powers are the service agreement and the voluntary transfer of function. These represent collaborative approaches to changing or modifying functional assignments, the strengths and limitations of which were detailed in Chapter III of this volume. Another voluntaristic approach to intergovernmentally changing functional assignments involves county reorganization, particularly in urban areas. Here the county is authorized to exercise expanded functional powers, either in collaboration with municipalities or by voluntarily assuming new areawide functions or program roles previously reserved to municipalities. Where county reorganization has occurred, the actual functional responsibilities of counties have increased.

The unilaterally mandated approach provides another means of shifting or sharing program authority. The creation of regional special districts or State or Federally encouraged bodies to exercise new or expanded functional responsibilities are instances of this non-voluntaristic approach. These bodies frequently have narrow functional responsibilities, but they were created by higher levels to condition, supplement, or supplant the service duties of more traditional local units. Once established, however, these bodies provide additional actors in the assignment decision process.

In addition to these methods of promoting a greater intergovernmental mix in assignment matters, other, more novel approaches should be noted. For example, this Commission recently has recommended that there be a "triggered" response to providing 24-hour police protection in metropolitan localities.²⁰⁰ This recommendation is based on the assumption that full-time basic police protection is an essential public good which warrants intergovernmental action if lower levels of government fail to meet the service task. This principle of a flexible assignment also is reflected in the Dade County charter, which permits that jurisdiction to assume responsibility for the performance of selected municipal functions if the municipalities themselves do not meet minimum county standards.²⁰¹ A similar flexibility is embodied in selected provisions of the recently passed 1972 Water Pollution Control Amendments.²⁰²

Other novel approaches emphasize different modes of action. In land-use controls, for example, the Douglas Commission and the American Law Institute have recommended legislation which would prohibit smaller local governments from exercising a function until they have reached a certain population size.²⁰³ Upon reaching that size, they could assume land-use responsibilities from the larger unit of government. Some observers have recommended that annexation be undertaken only when it satisfies standards that attest to its necessity or desirability.²⁰⁴ Still another approach is reflected in the recent Coastal Zone Management Act, which provides that any level of government may receive Federal grants for coastal zone management if it actually can control an area's land uses in a unified and authoritative fashion.²⁰⁵

The principle of intergovernmental flexibility has met with increasing but not wholesale acceptance in the Federal system. Many States, for example, still experience difficulty in meshing their general and functional inter-local cooperation statutes.²⁰⁶ Others frequently do not make provision for general-purpose, multi-county governmental units which would be useful in the delivery of regional services. And no States follow policies similar to those recommended by the Musto Commission in New Jersey,²⁰⁷ which would authorize unconditional grants for studies of the feasibility of functional intergovernmental cooperation. At the local level, serious inter-jurisdictional conflicts have prevented shared power arrangements between municipalities and counties.²⁰⁸

In short, empirical evidence indicates a willingness of the various levels of government to institute assignment procedures and mechanisms which reflect a high degree of intergovernmental cooperation. Yet no level of general government has formulated general policies to indicate when it will cooperate with or supplant the efforts of another. Consequently, each level of government frequently falls back on its jurisdictional prerogatives in assignment matters. Ultimately, then, *ad hoc* rather than systematic intergovernmental flexibility is most frequently practiced.

Intergovernmental Flexibility and Functional Assignments. This factor recognizes the need for processes of intergovernmental collaboration and mediation in the assignment of functions. It emphasizes the desirability of periodically changing patterns of functional allocation while still guaranteeing affected levels of government in assignment or reassignment decisions.

Practically, this principle is not an easy one to carry out. By adding to the actors that are responsible for a function, the possibility of confusion and conflict in assignment matters increases. Moreover, collaboration may result in too great a diffusion of responsibility and a loss in accountability. At the same time, if rules are too explicit regarding the exercise of concurrent or complementary power, the roles of different levels of government in providing aspects of a given service may be unnecessarily rigid.

Intergovernmental flexibility can take a variety of operational forms. While tension may arise over these forms, the principle emphasizes that both areawide and local governments should consider any number of intergovernmental arrangements in assigning a function. It also supports the idea that both areawide and local governments are to have a say in evaluating each other's conduct of functional assignments.

Geographic Adequacy: Theory. Decisions about the geographic jurisdiction of local government have long been an important component of the assignment of functions question. Some view it as a central element of effective public administration,²⁰⁹ in that geographic adequacy is crucial for an effective division of functional labor. Define a geographic jurisdiction improperly and functions, activities, and powers will become overly centralized or decentralized. Define such a jurisdiction appropriately and many benefits will ensue, e.g., economies of scale, avoidance of externalities, promotion of citizen participation. In short, an appropriate boundary helps to insure a logical and durable assignment system.

The significance of geographic adequacy, in the opinion of some, lies in the inherent tensions between function and area in a federal system of government. To paraphrase James Fesler on this point,²¹⁰ functional matters become more important at higher levels and jurisdictional or spatial concerns more pressing at the lower level. This is to be expected since larger jurisdictions have fewer boundary problems than smaller units and smaller units are generally more concerned with the spatial impact of their functional responsibilities than higher levels. What is often required, then, is a reciprocal adjustment of area and function which insures that each level of government has a size commensurate with its functional responsibilities.

Achieving an optimal geographic size for jurisdictions has other benefits as well. It can be important in determining the scope, nature, and intensity of social conflict.²¹¹ It can enhance the degree of popular control over public programs, provide a sounder economic base for the assignment of a function,²¹² and also improve the efficiency with which a function is performed.²¹³ Moreover, it can reduce, but not eliminate, the need to readjust functional assignments continually.²¹⁴

Even with its complexities, geographic adequacy will still affect the assignment of functions debate since it encourages functional assignment decisions to be made in logical spatial context. Thus, water supply will take place within a basin; mass transit within a commuter area; and air pollution control within an airshed. At the same time, the proliferation of logical service areas could result in a highly fragmented, unifunctional system of local government if geographic adequacy were followed to its logical conclusion. Hence, there may be considerably more boundary adaptations required than before,²¹⁵ but citizens and decision makers will still require a governmental jurisdiction large or small enough to encompass most logical service delivery areas.

Geographic Adequacy: Empirical Evidence. Research on geographic adequacy has been mixed. On the one hand, there is considerable evidence that a wide variety of service areas—watersheds, catchment areas, commuting zones, “communities”—exist, around which boundaries may be legitimately drawn. The definition of these boundaries is important in isolating the functions which a local or areawide government has to perform.²¹⁶ And certainly, most governments could follow more systematic policies in reducing the jurisdictional anomalies that have resulted from outdated concepts of geographic adequacy.²¹⁷ The boundary commissions in the six States that have them, for example, represent efforts to establish a comprehensive policy with regard to the general geographic adequacy of general local government.²¹⁸

Research indicates that some small governments frequently do not encompass enough area or provide enough adequate personnel to perform certain functions in a complete and thorough fashion.²¹⁹ At the same time, larger jurisdictions, particularly in human resource services, do not always exhibit better-managed service delivery characteristics.²²⁰ Also, as Chapter III of this report noted, inappropriate functional assignments (*e.g.*, areawide responsibilities being delegated to local units and vice versa) also reduce the geographic adequacy of some local jurisdictions. However, while some evidence indicates that very large or very small units of government often cannot adequately perform assigned functions, there still exists no consensus on the appropriate or optimum population size of a governmental unit. As a result, conjecture usually rules the day when questions of geographic adequacy are addressed by political scientists and public administrators.²²¹

Geographic Adequacy and Functional Assignments. This component of the administrative effectiveness criterion is exceedingly complex. Theoretically it implies that there are logical boundaries for the functions of both small and large units of government. These boundaries encompass areas which are natural service delivery zones for these jurisdictions. Conceptually, then, once these areas are determined, the division of functional assignments between higher and lower levels of government can proceed apace. Yet caution should be exercised, recognizing that boundary decisions are not completely the result of administrative logic but are also the product of numerous and sometimes conflicting political forces.

Empirically, observers have noted that adequate geographic size varies markedly for different functions and activities. Some suggest that a governmental unit might have more than one geographic jurisdiction each related to different functions, and this has been achieved in some parts of the nation. Settling on a concrete boundary decision for a governmental unit remains a continuing source of political and administrative controversy.

Geographic adequacy clearly affects the functional assignments of both areawide and local governments. They should have boundaries roughly commensurate with

their functional duties. State, middle-tier, and local governments should assess continually the geographic scope of their service tasks. When an inappropriate service responsibility has been identified, the affected unit should adopt a boundary policy (*e.g.*, transfer of function, districting, or boundary modification by annexation or extra-territorial powers) that will permit a closer fit between function and area. In essence, geographic adequacy will be successful only if there are adequately empowered general-purpose governmental units at both the local and areawide levels. Without such units, functional assignments will have to be made to general governmental jurisdictions that are either too large or too small to perform assigned functions effectively or to special districts which meet the areal requirement, but compound the problem of balancing functional priorities.

Management Capability: Theory. This last component of the administrative effectiveness criterion is probably one of the least developed. It involves the ability of governments to handle their functional responsibilities in a technically proficient fashion.

Management capability stresses the importance of understanding the ramifications of functional assignment. It requires that governments define the specific goals of their various functional responsibilities, consider alternative means of meeting these goals, and evaluate the implementation of these functional policies. In effect, it aims to improve the productivity of policy formation and execution in an assigned function.

The first element of management expertise is the identification of functional tasks. Incorrect or inappropriate definition of service responsibilities may lead to ineffective functional performance.²²² It also involves goal-setting and program design. These processes permit a government to understand the resource requirements of its functional responsibility and the interrelationships among functional assignments. Finally, and perhaps most importantly, a government should have the capacity and willingness to implement and evaluate alternative approaches to functional policies so that it can ultimately determine which is more effective.²²³ With management capability, the public and other actors in the assignment system will be better able to evaluate a jurisdiction's functional performance.

Although management capability has a sound theoretical framework, the realities it deals with are incredibly complex. Public sector output, especially in human services, is frequently of a multi-product nature and hard to quantify or verify.²²⁴ Additional difficulties arise from the manner in which productivity occurs in different functions,²²⁵ the inability to determine what produces greater productivity in a function,²²⁶ and the different conceptions people have about productivity and functional effectiveness.²²⁷ All these factors make application of this criterion difficult. However, management capability is not impossible to achieve. In simple terms, it means discerning which policies and implementation approaches are more

or less appropriate for the problem at hand. Its virtue lies in its explicit formulation of how functional assignments are to be carried out.

Management Capability: Empirical Evidence. Many local as well as higher-level governments do not exhibit great management capabilities. This stems in part from resistance to public policy experimentation,²²⁸ the complicated nature of program evaluation, problems of labor-management relations, and the existing poor state of public sector productivity research. Additional difficulties center on the complexity of determining functional effectiveness in interrelated settings,²²⁹ the conflict with other established political values, and the reluctance to apply research in given functions.²³⁰

Very small and very large units of government probably lack adequate management capabilities in certain functional areas. For example, very small police forces sometimes have difficulty in providing even basic police protection since their undeveloped organizational structure often prevents effective training and use of patrolmen.²³¹ At the same time, larger organizations have not always been able to manage some of their functional responsibilities,²³² especially in human resource programs, because of excessive complexities and inadequate authority and resources.

Governments may exhibit management capability generally or in some areas, yet not consider the impact of their actions on other governments. This can cause difficulties when governments at the same level exercise similar or closely related functions²³³ or when different units of government perform separate aspects of an integrated function.²³⁴ In these cases, rules of conduct often must be constructed to resolve policy conflicts. Debate also focuses now on new methods of improving management effectiveness. Controversy has centered on separating the policy formation and operating responsibilities of local government. Some urge that policy formation and execution are best handled within a single organization,²³⁵ while others argue that separate vehicles raise the quality of functional performance.²³⁶ Still others recommend an advocacy process among the many organizations responsible for different aspects of a function.²³⁷ To date, however, none of these schools of thought can be supported conclusively.

Management Capability and Functional Assignments. This component requires that all levels of government have the ability and willingness to evaluate explicitly the problems, goals, and success of their functional assignments. Both areawide and local jurisdictions then should evaluate how effectively they meet their assigned responsibilities and consider alternative means of meeting such assignments when necessary. To achieve this goal, both levels of government must fully explain and justify program performance.

All the elements of proper management probably cannot be adequately performed by exceedingly large or small

units of government. Research and development is usually beyond the competence of smaller units, while the tasks of assessing citizen satisfaction with a service may be difficult, if not impossible, for a very large jurisdiction. But all types of government can exercise some elements of management capability. At the very least, all elements of management expertise ought to be available to governments with significant functional assignments. Moreover, functions should be reassigned when an areawide or local government does not perform a service in a technically proficient fashion.

On balance, functions that require a considerably high degree of management expertise to administer should not be assigned to very small jurisdictions. Also, they might not be administered by limited-purpose jurisdictions if they are highly interrelated with other functional responsibilities. Hence, some highly technological functions may be best administered by larger, general-purpose units. Additionally, both larger and smaller units should cooperate with one another in providing the diverse elements of management capability to one another.

SUMMARY AND CONCLUSIONS

There are myriad patterns of substate functional assignment, most of which are *ad hoc* and unsystematic. Consequently, a major task in substate regionalism is the development of more comprehensive and systematic policies for assignment of functions to areawide and local governments. The dimensions of this task require a consideration of (1) criteria or rules for functional assignment; (2) an appraisal of the procedural and structural means of allocating or reallocating functional responsibilities; and (3) an understanding of the exact nature of the functions, sub-functions, and activities to be assigned. To determine how functions are or might be allocated in a substate context, the following should be noted:

—Functions and component activities are allocated and periodically reassigned among Federal, State, and local governments as well as among different types of local government. Presently, human resource services such as health and hospital, welfare, and higher education are centralized at the county or State level, while the bulk of physical development and public safety services, such as police, fire, sewerage, housing, urban renewal, parks and recreation, are provided at a local level.

—Policies which have a significant impact on the allocation of functional responsibilities include intergovernmental aid programs that channel categorical or block grant monies to preferred jurisdictions; the development of new-style Federal and State districting mechanisms that have assumed components of certain functions; and the availability of different structural and procedural means for changing or conditioning functional assignments.

—Assignment criteria are a main component of a performance of functions policy. Four main guides emerge as pivotal considerations: economic efficiency, fiscal equity, political accountability, and administrative effectiveness. The specific assignment criteria are as follows:

1. *Economic Efficiency*: Functions should be assigned (a) to jurisdictions that are large enough to realize economies of scale and small enough not to incur diseconomies of scale, (b) to jurisdictions that are willing to provide alternative service offerings at a price range and level of effectiveness acceptable to local citizenry, and (c) to jurisdictions that adopt pricing policies for their functions when appropriate.

2. *Equity*: Functions should be assigned (a) to jurisdictions that are large enough to encompass the costs and benefits of a function or that are willing to compensate other jurisdictions for the service costs imposed or benefits received by them, (b) to jurisdictions that have adequate fiscal capacity to finance their public service responsibilities in a manner which insures interpersonal and inter-jurisdictional fiscal equalization, and (c) to jurisdictions that are able to absorb the financial risks involved.

3. *Political Accountability*: Functions should be assigned (a) to jurisdictions that are controllable by, accessible to, and accountable to their residents and (b) to jurisdictions that maximize the conditions and opportunities for active and productive citizen participation.

4. *Administrative Effectiveness*: Functions should be assigned to jurisdictions (a) that are responsible for a sufficient number of functions and that can balance competing functional interests, (b) that encompass a logical geographic area for effective performance of a function, (c) that explicitly determine the goals and means of discharging assigned public

service responsibilities and that periodically reassess program goals in light of performance standards, (d) that are willing to pursue intergovernmental means of promoting interlocal functional cooperation and reducing interlocal functional conflict, and (e) that have adequate legal authority and management capability to perform a function.

—Assignment criteria complement or conflict with one another. Clearly all criteria cannot be achieved simultaneously in a functional assignment. Equity demands often conflict with those of economic efficiency. Similar conflicts arise between components of the administrative effectiveness and the political accountability standards. At the same time, however, many sub-components of these criteria complement one another. Public sector competition and citizen participation are mutually compatible as are economies of scale, geographic adequacy, and management capability. Decisions about which criteria and sub-criteria are significant in a function, then, affect not only assignment decisions, but also the manner in which the particular public service will be delivered.

—Assignment criteria do not unequivocally favor delegation of functions to any particular level of local government. Thus, political accountability favors allocation of functions to smaller, local jurisdictions while equity often demands the attention of larger, more encompassing units. Elements of economic efficiency and administrative effectiveness favor delegating functions to both local and regional units. A central problem, then, is the determination of which criteria are most important in the delivery of a particular service. At the very least, however, assignments which patently violate most or all of these criteria are illogical and unnecessary. In short, these criteria describe the general principles that should be weighed in developing a balanced and rational assignment of functions policy.

Footnotes

¹ACIR, *Performance of Urban Functions: Local and Area-wide* (Washington, D.C.: Government Printing Office, 1963), p. 6.

²ACIR, p. 115.

³ACIR, p. 47.

⁴ACIR, p. 81.

⁵ACIR, p. 156.

⁶ACIR, p. 225.

⁷ACIR, p. 48.

⁸ACIR, pp. 270-271.

⁹ACIR, p. 49. The Commission's report stressed the necessity for considering a number of criteria as relevant to the assignment question even if they did not always "objectively" bear on the matter. Speaking of the popular belief that small government

creates greater accessibility and controllability of public functions, the report noted:

Surely a large segment of the public thinks small government is more accessible and controllable because it is "closer." Whether it is actually so is another question, although ideally, effective controllability and accessibility would be identical with what the public thinks it is. The important point is that in a democratic society it is for the people to decide what is effective accessibility and controllability, and if they think that smallness of government produces it, their wishes must be respected if democratic responsiveness is to be preserved. In brief, then, despite arguments and considerations in favor of considering accessibility and controllability either unaffected by size of jurisdiction or affected in the direction of increasing the

size of jurisdiction, it is a fact that a large body of the citizenry believes that smallness of size enhances accessibility and controllability. So far as the allocation of functions is concerned, this conclusion means that overall application of the criterion of accessibility favors keeping functions at the local level.

¹⁰See Clifford P. Hooker and Van D. Mueller, *The Relationship of School District Reorganization to State Aid Distribution Systems Part I* (Minneapolis: Education Research and Development Council, 1970), Chapter II.

¹¹ACIR, *Measuring the Fiscal Capacity and Effort of State and Local Areas* (Washington, D.C.: Government Printing Office, 1971).

¹²See ACIR, *Fiscal Balance in the American Federal System*, II (Washington, D.C.: Government Printing Office, 1967) and ACIR, *City Financial Emergencies* (Washington, D.C.: Government Printing Office, 1973), Appendix B.

¹³John E. Coons *et al.*, *Private Wealth and Public Education* (Cambridge: Harvard University Press, 1970), Chapter IX; see also Harold Horowitz and Diana Neitring, "Equal Protection Aspects of Inequalities in Public Education and Public Assistance Programs from Place to Place Within a State," *U.C.L.A. Law Review* (1968); also Arthur E. Wise, *Rich Schools, Poor Schools* (University of Chicago Press, 1968).

¹⁴U.S. Senate Select Committee on Equal Educational Opportunity, *Selected Court Cases Relating to Equal Educational Opportunity* (Washington, D.C.: Government Printing Office, 1972).

¹⁵See Ferdinand P. Shoettle, "Judicial Requirements for School Finance and Property Tax Redesign: The Rapidly Evolving Case Law," *Proceedings of the National Tax Association Seminar on Financing the Seventies* (Boston, April, 1972), pp. 454-472; See also California Council on Intergovernmental Relations, *Serrano vs. Priest: The Decision and Its Implications* (Sacramento, 1972). See also *Hawkins v. Town of Shaw, Mississippi*, 437, F. 2d. 1286, (5th Cir., 1971), Reaffirmed 461 F. 2d. 11-71 (1972).

¹⁶See Robert Warren, "A Municipal Services Model of Metropolitan Organization," *Journal of the American Institute of Planners*, XXX, 3 (August, 1964).

¹⁷See E. S. Savas, "Municipal Monopoly," *Harper's Magazine* (December, 1971), pp. 55-60; Eugene Smolensky, "Public Housing or Income Supplements—The Economies of Housing for the Poor," *Journal of the American Institute of Planners*, XXXIV, 2 (March, 1968); John E. Coons and Stephen D. Sugarman, *Family Choice in Education: A Model State System for Vouchers* (Berkeley: Institute of Governmental Studies, 1971).

¹⁸See New Jersey County and Municipal Government Study Commission, *Solid Waste: A Coordinated Approach* (Trenton: The Commission, 1972), p. 18.

¹⁹See ACIR, *State-Local Relations in the Criminal Justice System* (Washington, D.C., 1971), pp. 17-19; and Act No. 62, Pennsylvania Laws, for material relating to discretionary intergovernmental arrangements. See Association of the Bar of the City of New York, *Symposium on Decentralizing New York City Government* (New York, 1970); and Hawaii Department of Social Services and Housing, *The Contract Approach in Public Welfare Services* (Honolulu, 1971) for a discussion of differentiated service arrangements between governments and communities and/or individuals.

²⁰For some of these writings see New Jersey County and Municipal Government Study Commission; David L. Norrgard, *Regional Law Enforcement* (Chicago: Public Administration Service, 1969). Herbert Keisling, "Designing a Police Service in a Metropolitan Area: Police," paper delivered at the 28th Congress of the International Institute of Public Finance, September, 1972; Greater Hartford Process, Inc. *The Greater Hartford Process* (Hartford, April 1972); Marion Clawson, *Suburban Land*

Conversion in the United States: An Economic and Governmental Process (Washington: Resources for the Future, 1971).

²¹See M. B. McPherson, *Prospects for Metropolitan Water Management* (Cambridge: American Society of Civil Engineers, 1970), pp. 8-10, 8-11; and Joint Legislative Committee to Revise the Social Services Law of New York State, *Public Welfare in Transition* (Albany, 1969), pp. 155-162, for an enumeration of the functional components of the water management and public welfare functions, respectively.

²²See Eli Ginzberg, *Urban Health Services: The Case of New York* (New York: Columbia University Press, 1971), for an illustration of the number of actors in the metropolitan health function.

²³See Chapters III, V, and VII of Volume I of this report for a more detailed discussion of these mechanisms. Also see, Chapters I and IV of Volume II for a description of these activities in Atlanta and Minneapolis-St. Paul.

²⁴See, for example, ABT Associates Incorporated, *A Study of the Neighborhood Center Pilot Program* (Cambridge, 1969); Institute of Interdisciplinary Studies, *Improved Coordination of Human Services: The Concept and Its Applications* (Minneapolis, August, 1972); Lawyers' Committee for Civil Rights Under Law, *Health Maintenance Organizations: An Introduction and Survey of Recent Developments* (Washington, D.C., 1972).

²⁵See Richard E. Winnie and Harry P. Hatry, *Measuring the Effectiveness of Local Government Services: Transportation*, (Washington: The Urban Institute, 1972), p. 11. Several measures of transportation effectiveness are suggested; the maximization of several of the goals would necessitate one or another actor having more authoritative responsibility for the functions. More frequently, priorities among programs are ill-specified and there are conflicting actions exerted even at one level of government. On this last point see Frank P. Grad *et al.*, *Environmental Control: Priorities, Policies and the Law* (New York: Columbia University Press, 1971), pp. 146-160.

²⁶See Frank Grad, pp. 47-216, for a treatment of the development of environmental protection measures in the last two decades.

²⁷See Fred P. Bosselman, *The Quiet Revolution in Land-Use Controls* (Washington, D.C.: Council for Environmental Quality, 1971), for a description of some of these efforts.

²⁸Massachusetts' "snob zoning law" is a case in point, as are recent Federal regulations which set forth a variety of standards for Federal relocation. See "Snob Zoning: Developments in Massachusetts and New Jersey," *Harvard Journal on Legislation*, VII, 2, (January, 1970), pp. 246-270. See also University of Pennsylvania, Fels Center of Government, *Standards for Housing in Suburban Communities Based Upon Zoning for Work* (Philadelphia: Government Study Center, 1972), I and II.

²⁹State-mandated police standards may upgrade the quality of police recruits and gradually change the style of law enforcement in many localities. Certificate of need health legislation in a number of States may lead to more explicit rationing of health funds, and the environmental impact statement has required all three levels of government to indicate the ecological damage that might be caused by various project activities as well as to specify what other alternative plans are capable of being adopted. All these types of actions are evidence of the use of regulatory and standard-setting measures to achieve program ends.

³⁰See "Exclusionary Zoning and Equal Protection," *Harvard Law Review*, LXXXIV, 7, (May 1971), pp. 1645-1699.

³¹For a description of special revenue-sharing bills, see ACIR, *Special Revenue Sharing: An Analysis of the Administration's Grant Consolidation Proposals* (Washington, D.C.: Government Printing Office, 1971).

³²ACIR, *Fiscal Balance in the American Federal System*, I (Washington, D.C.: Government Printing Office, 1967), p. 14; ACIR, *Multistate Regionalism* (Washington, D.C.: Government Printing Office, 1971), Chapter 2; House Committee on Government Operations, *Grant Consolidation and Intergovernmental*

Cooperation, Parts 1 and 2 (Washington, D.C.: Government Printing Office, 1971).

³³See American Law Institute, *Model Land Development Code, Tentative Draft No. 1* (Philadelphia: The Institute, 1968).

³⁴James L. Sundquist et al. *Making Federalism Work* (Washington, D.C.: The Brookings Institution, 1969), pp. 270 ff.

³⁵Indeed, such an agreement is the basis behind much of the performance contracting experience in education. For a documentation of these experiments, see Polly Carpenter, *Performance Contracting in Education* (Santa Monica: Rand Corporation, 1971), Vols. I-VI.

³⁶ACIR, *State-Local Relations in the Criminal Justice System* (Washington, D.C.: Government Printing Office, 1971), pp. 17-19.

³⁷See D. J. Alesch and L. A. Dougherty, *Economies of Scale in State and Local Government* (Santa Monica: Rand Corporation, May, 1971).

³⁸See Robert Warren, p. 200.

³⁹These variables include such matters as topography, "consumer-voters' " taste, and different factor input costs.

⁴⁰See Chapter VI of this volume for elaboration of this point.

⁴¹See Chapter III, Volume III, of this report.

⁴²R. L. Michael and W. W. Johnson, *Costs and Man-Hours for Operation and Maintenance of Municipal Wastewater Treatment Plants, 1957 to 1970* (Washington, D.C.: Environmental Protection Agency, Division of Facilities Construction and Operation, Evaluation and Control Branch, October, 1970).

⁴³Charles M. Tiebout, "A Pure Theory of Local Expenditures," *The Journal of Political Economy*, LXIV, 5 (October, 1956), pp. 416-424.

⁴⁴Robert Warren, pp. 193-204.

⁴⁵For example, see Anthony Downs, "Competition and Community Schools," in Henry M. Levin ed., *Community Control of Schools* (Washington, D.C.: The Brookings Institution, 1970), pp. 219-249; V. Ostrom, C. M. Tiebout, and R. Warren, "In Defense of the Polycentric Metropolis," in Michael W. Danielson ed., *Metropolitan Politics* (Boston: Little, Brown and Co., 1971), pp. 232-241; Kenneth W. Haskins, "The Case for Local Control," *The Saturday Review* (January 11, 1969), pp. 52-54.

⁴⁶Wallace E. Oates, *Fiscal Federalism*, (New York: Harcourt-Brace-Javanovich, Inc., 1972), p. 35.

⁴⁷The necessary conditions which must be met for Oates' Decentralization Theorem to hold are (1) a finite number, N, of pure Samuelsonian public goods (i.e., the level of consumption of the good is independent of the number of consumers); (2) geographical distribution of the population is fixed; (3) absence of inter-community externalities; (4) no economies of scale advantages from larger levels of output by a centralized jurisdiction; and (5) each level of government possesses complete knowledge of the tastes of its constituents and seeks to maximize their welfare.

⁴⁸Roy Bahl and Robert Firestone, "Urban-Suburban Migration Patterns and Metropolitan Fiscal Structures," paper delivered at the 1972 annual meeting of American Political Science Association (Washington, September 1972), p. 28.

⁴⁹Wallace E. Oates, "The Effects of Property Taxes and Local Public Spending on Property Values; An Empirical Study of Tax Capitalization and the Tiebout Hypothesis," *Journal of Political Economy* (Nov.-Dec., 1969), pp. 957-971.

⁵⁰James W. Simmons, "Changing Residence in The City: A Review of Intra-Urban Mobility," *The Geographic Review*, LVIII (October 1968), pp. 622-651.

⁵¹Karl E. and Alma F. Taeuber, "White Migration and Socio-Economic Differences Between Cities and Suburbs," *American Sociological Review* (Oct. 1968), pp. 718-729. See also James D. Tarver and William R. Gurley, "The Relationship of Selected Variables with County Net Migration Rates in the United States, 1950 to 1960," *Rural Sociology* (March 1965), pp. 3-13.

⁵²See, for example, National Academy of Sciences, *Freedom*

of Choice in Housing: Opportunities and Constraints (Washington, D.C.: National Academy of Sciences, 1972).

⁵³G. Alan Hickrod, "Local Demand for Education: A Critique of School Finance and Economic Research Circa 1959-1969," *Review of Education Research*, XLI, 1 (February 1971), pp. 35-49.

⁵⁴See, for example, Seymour Sacks and David C. Ranney, "Suburban Education: A Fiscal Analysis," *Urban Affairs Quarterly*, I, 1 (September 1966).

⁵⁵See Louis H. Masotti and Don R. Bowen, "Communities and Budgets: The Sociology of Municipal Expenditures," *Urban Affairs Quarterly*, I, 2 (December 1965), pp. 39-58; see also Roy W. Bahl, *Metropolitan City Expenditures* (Lexington: University of Kentucky Press, 1969).

⁵⁶There is even an intra-community dimension to expenditure variation, see Charles S. Benson and Peter B. Lund, *Neighborhood Distribution of Local Public Services* (Berkeley: Institute of Governmental Studies of the University of California, 1969).

⁵⁷See, for example, Donald C. Shoup and Arthur Rossett, "Fiscal Exploitation by Overlapping Governments" in Werner Z. Hirsch et al., *Fiscal Pressures on the Central City* (Washington: Praeger Publishers, 1971), pp. 241-292.

⁵⁸See the following discussion on externalities in this chapter.

⁵⁹Hirsch, *The Economies of State and Local Government*, p. 32.

⁶⁰William Gorham in *Public Prices for Public Goods*, Selma Mushkin ed., (Washington, D.C.: The Urban Institute, 1972), Foreword, p. xii.

⁶¹Jerome W. Milliman, "Beneficiary Changes—Toward a Unified Theory," in Mushkin, ed., *Public Prices for Public Goods*, pp. 41, 43.

⁶²See William S. Vickrey, "General and Specific Financing of Urban Services," in Howard Schaller ed., *Public Expenditure Decisions in The Urban Community* (Washington, D.C.: Resources for the Future: 1963), pp. 70-72. See also Eugene Smolensky, T. Nicolaus Tideman, and Donald Nichols, "Waiting Time as a Congestion Change," in Muskin, *Public Prices for Public Goods*, pp. 95-108.

⁶³Milliman, p. 46.

⁶⁴Bureau of the Census, Social and Economic Statistics Administration, U.S. Department of Commerce, *City Government Finance in 1970-71* (Washington, D.C.: Government Printing Office, 1972), Table 2, p. 6.

⁶⁵Bureau of the Census, Table 8, pp. 101-102.

⁶⁶Bureau of the Census, Social and Economic Statistics Administration, U.S. Department of Commerce, *State Government Finance in 1971* (Washington, D.C.: Government Printing Office, 1972), Tables 7 and 9, pp. 19-26, 28-37.

⁶⁷Mushkin, *Public Prices for Public Goods*, pp. 13-17.

⁶⁸During the most recent session, State legislatures in California, Indiana, Minnesota, Kansas, Wisconsin, and Maine have placed various constraints upon local spending or taxation or both.

⁶⁹Bureau of the Census, *City Government Finances in 1970-71*, Table 2, p. 6.

⁷⁰The City of Alexandria imposes only a \$1 fee upon the owners of male and sterile female dogs, while imposing a \$3 fee on the owners of procreative females.

⁷¹See Larry E. Ruff, "The Economic Common Sense of Pollution," *The Public Interest*, No. 20 (Spring 1970), pp. 69-85.

⁷²In the case of clean air, see Lawrence J. White, "The Auto Pollution Muddle," *The Public Interest*, No. 32 (Summer 1973), pp. 97-112.

⁷³Robert M. Krughoff, "Private Schools for the Public," *Education and Urban Society*, II, 1 (November 1969), pp. 54-79; also see Harrison G. Wehner, Jr., *Sections 235 and 236: An Economic Evaluation of HUD's Principal Housing Programs* (Washington, D.C.: American Enterprise Institute for Public Policy Research, June 1973), pp. 37-42.

⁷⁴For a technical discussion see J. M. Buchanan and W. C.

Stubblebine, "Externality," *Economica*, XXIX, 16 (November 1962), pp. 371-384. See also E. J. Mishan, "The Postwar Literature on Externalities: An Interpretive Essay," *Journal of Economic Literature*, IX (March 1971), pp. 1-28 for a review of recent theoretical literature on externalities. See also Ronald Coase, "The Problem of Social Cost," *Journal of Law and Economics*, III (October 1960), pp. 1-40.

⁷⁵This divergence of cost is further explained by Ralph Turvey, "On Divergence Between Social Cost and Private Cost," *Economica*, XXX, 119, (August 1963), pp. 309-313.

⁷⁶An economic interpretation of pollution is discussed by Larry E. Ruff, in "The Economic Common Sense of Pollution," *The Public Interest*, No. 20, (Spring 1970), pp. 69-85.

⁷⁷See James M. Buchanan, *The Public Finances* (Homewood, Illinois: Richard D. Irwin, Inc., 1970), p. 24; also Charles M. Tiebout, p. 417.

⁷⁸See Coase, also Harold Demsetz, "The Exchange and Enforcement of Property Rights," *Journal of Law and Economics* (October, 1964), pp. 22-23; also R. H. Coase, "The Federal Communication Commission," *Journal of Law and Economics*, II (October 1959), pp. 26-27. For a practical application of this exchange process see Max Neutze, *The Suburban Apartment Boom* (Washington, D.C.: Resources for the Future, 1968).

⁷⁹A. T. Peacock and Charles K. Rowley, "Pareto Optimality and the Political Economy of Liberalism," *Journal of Political Economy* (May-June, 1972), pp. 476-490.

⁸⁰Werner Z. Hirsch, *The Economics of State and Local Government*, p. 116.

⁸¹This last type of spillover occurs in the absence of movement of individuals. It is exemplified by air pollution and downstream water pollution, both of which can be eradicated by corrective public actions.

⁸²Amos H. Hawley, "Metropolitan Population and Municipal Government Expenditures in Central Cities," *Journal of Social Issues*, No. 1, (January 1951), pp. 100-108; Harvey E. Brazer, "The Role of Major Metropolitan Centers in State and Local Finance," *American Economic Review*, (May 1958), pp. 305-316; and *City Expenditures in the United States*, National Bureau of Economic Research Occasional Paper 66, (New York: 1959); Woo Sik Kee, "Central City Expenditures and Metropolitan Areas," *National Tax Journal* (December 1965), pp. 337-353; and "City-Suburban Differentials in Local Government Fiscal Effort," *National Tax Journal*, (June 1968), pp. 183-89.

⁸³W. Z. Hirsch, et al., *Fiscal Pressures on the Central City* (New York: Praeger Publishing Company, 1971), p. 112; R. S. Smith, "Are Non-Residents Contributing Their Share To Core City Revenues?" *Land Economics*, XLVIII, 3, (August 1972), pp. 240-247.

⁸⁴Burton A. Weisbrod, *External Benefits of Public Education: An Economic Analysis* (Princeton: Industrial Relations Section, Princeton University, 1964).

⁸⁵W. Z. Hirsch, et al., *Spillovers of Public Education: Costs and Benefits* (Los Angeles: University of California, Institute of Government and Public Affairs, 1964), pp. 301-303.

⁸⁶Allan Williams, "The Optimal Provision of Public Goods in a System of Local Government," *Journal of Political Economy*, LXXIV, 1 (February, 1966), pp. 18-33.

⁸⁷One of the first strong supporters of progressive taxation as a means to equalize income, and not primarily to raise public revenue, was made surprisingly by the "radical conservative" economist, Henry C. Simons in *Personal Income Taxation* (Chicago: University of Chicago Press, 1938).

⁸⁸This emphasis has long been suggested by Buchanan. See J. M. Buchanan, Chapter I and VIII, also J. M. Buchanan, *Public Finance in Democratic Process* (Chapel Hill, University of North Carolina Press, 1967) pp. 293-295; Also J. M. Buchanan, *The Public Finances*, p. 386. Professor Buchanan has done one of the major and most complete theoretical treatments of this dimension of fiscal equity.

⁸⁹The literature has suggested several policies aimed at direct

income redistribution. For a survey of the proposals and arguments defending the income transfers, see Milton Friedman, *Capitalism and Freedom* (Chicago: University of Chicago Press, 1962), pp. 190-195; James Tobin, "The Case of an Income Guarantee," *The Public Interest* (Summer, 1966), pp. 31-41.

⁹⁰J. M. Buchanan, "Federalism and Fiscal Equity," in *Fiscal Theory and Political Economy*, p. 174.

⁹¹The major source on which these tax burden-expenditure benefit calculations are based is *Tax Burdens and Benefits of Government Expenditures by Income Class, 1961 and 1965*, Research Publication No. 9 (New Series) (Tax Foundation, Inc., 1967); also see Horst Claus Recktenwald, *Tax Incidence and Income Redistribution* (Detroit: Wayne State University Press, 1971), Chapter 6; also R. A. Musgrave, "The Incidence of the Tax Structure and Its Effects on Consumption" in *Federal Tax Policy for Economic Growth and Stability* (Joint Economic Committee, 1955), p. 98; also George A. Bishop, "The Tax Burden by Income Classes, 1958," *National Tax Journal*, XIV (1961), pp. 1-40; also Henry Aaron and Martin C. McGuire, "Benefits and Burdens of Government Expenditures," in Kenneth E. Boulding and Martin Pfaff, ed., *Redistribution to the Rich and the Poor* (Belmont, California: Wadsworth Publishing Company, 1972), pp. 41-56; R. A. Herriot, H. P. Miller, "The Taxes We Pay," *The Conference Board Record*, VIII, No. 5, (May, 1971), pp. 31-40.

⁹²W. Lee Hansen and Burton A. Weisbrod, *Benefits, Costs and Finance of Public Higher Education* (Chicago: Markham Publishing Co., 1969), p. 84.

⁹³Martin Pfaff and Anita Pfaff, "How Equitable Are Implicit Public Grants?" in Boulding et al.

⁹⁴Henry Aaron, "Implicit Transfer to Homeowners in the Federal Budget" in Boulding et al.

⁹⁵This Commission has done a major portion of the research in the fiscal disparities field. See ACIR, *Fiscal Balance in the American Federal System*, II (Washington, D.C.: Government Printing Office, 1967); ACIR, "Metropolitan Disparities—A Second Reading," Bulletin 70-1, January, 1970; John J. Callahan and Seymour Sacks, "Central City-Suburban Fiscal Disparity," in ACIR's *City Financial Emergencies* (Washington, D.C.: Government Printing Office, 1973), Appendix D; also, Seymour Sacks, *City Schools/Suburban Schools: A History of Fiscal Conflict* (Syracuse University Press, 1971).

⁹⁶ACIR, *City Financial Emergencies*.

⁹⁷See Buchanan, "Federalism and Fiscal Equity," pp. 174-175; also John Coons, William H. Clune, and Stephen Sugarman, *Private Wealth and Public Education* (Cambridge: Harvard University Press, 1970).

⁹⁸Another aspect of fiscal equity theory concerns financial risk-taking by governments. Some programs—like housing finance, economic development, economic opportunity, and natural disaster preparedness—embody financial risks to participants and public obligations to assume all or part of these risks. Obviously, the impact of such risk-taking is minimized by assigning to it the largest available unit of government. This allows losses to be financed from the broadest possible fiscal base. As a matter of practice, most such risk-taking responsibilities have been assumed, at least in part, by the Federal government, but some have been assumed at State and even lower levels.

⁹⁹David Easton, *Framework for Political Analysis* (Englewood Cliffs: Prentice Hall, 1965).

¹⁰⁰For a complete discussion of variations in urban governmental forms, see Brett W. Hawkins, *Politics and Urban Policies* (New York: Bobbs-Merrill and Co., 1970), Chapter 2.

¹⁰¹James Sundquist and David Davis, *Making Federalism Work*, (Washington, D.C.: Brookings Institution, 1970).

¹⁰²Wallace Sayre and Herbert Kaufman, *Governing New York City: Politics in the Metropolis* (New York: Russell Sage Foundation, 1960), p. 716.

¹⁰³Sayre and Kaufman, pp. 716-719.

¹⁰⁴Sayre and Kaufman, p. 79.

¹⁰⁵Edward Banfield and James Q. Wilson, *City Politics* (Cam-

bridge: Harvard-MIT Press, 1963); and Robert L. Linberry and Edmund P. Fowler, "Reformism and Public Policies in American Cities," *American Political Science Review*, LXI, No. 3 (September 1967), pp. 701-716. See especially comments on access and influence of minority groups at pp. 715-716.

¹⁰⁶See Dale Rogers Marshall, "Who Participates in What: A Bibliographic Essay on Individual Participation in Urban Areas," *Urban Affairs Quarterly*, IV, 2 (December, 1968), pp. 201-223.

¹⁰⁷See Robert Dahl, *Who Governs* (New Haven: Yale University Press, 1961), and Roscoe Martin, et al., *Decisions in Syracuse*, (New York: Anchor Books, 1965).

¹⁰⁸M. Kent Jennings and Harmon Zeigler, "Interest Representation in School Governance" in Harlan Hahn, ed., *People and Politics in Urban Society* (Beverly Hills: Sage Publications, 1972), pp. 201-230.

¹⁰⁹See the treatment of empirical evidence on polycentric political systems cited earlier in this chapter.

¹¹⁰See Amos Hawley and Basil G. Zimmer, *The Metropolitan Community: Its People and Government* (Beverly Hills: Sage Publications, 1970), especially pp. 105 ff.

¹¹¹See Amos Hawley and Basil G. Zimmer, *Metropolitan Area Schools: Resistance to District Reorganization* (Beverly Hills: Sage Publications, 1968).

¹¹²See *Whitcomb vs. Chavis*, 403 U.S. 124, indicating that the validity of multi-member districts is justifiable "... where the circumstances of a particular case operate to minimize or cancel out the voting strength of racial or political elements of the voting population," cited in U.S. Supreme Court Reports 29 L. Ed. 2d, p. 376.

¹¹³See, for instance, *People ex rel. Younger vs. County of El Dorado* 487, p. 2d 1193.

¹¹⁴Banfield and Wilson, Chapter 7; Jerome M. Clubb and Michael W. Traugott, "National Patterns of Referenda Voting: The 1968 Election" in Harlan Hahn ed., pp. 137-170. As the authors state, "... referenda voters appear as a small, well-informed, well politicized, and in some respects, elite segment of the total electorate," p. 165.

¹¹⁵Henry J. Schmandt, "Municipal Decentralization: An Overview," *Public Administration Review* (October, 1972), special issue, pp. 571-589; ACIR, *The New Grass Roots: Decentralization and Citizen Participation in Urban Areas* (Washington: Government Printing Office, 1972).

¹¹⁶Dale Rogers Marshall.

¹¹⁷David M. Austin, "Resident Participation: Political Mobilization or Organizational Cooptation," *Public Administration Review*, XXXII (September, 1972, special issue), pp. 409-420.

¹¹⁸This phenomenon actually follows a curvilinear trend with the very large and very small communities having more politicized institutions. See Hawkins, pp. 32-33.

¹¹⁹Banfield and Wilson; Linberry and Fowler.

¹²⁰Hawley and Zimmer; see also Elinor Ostrom and Roger B. Parks, "Suburban Police Departments: Too Many and Too Small" (Bloomington: Indiana University Department of Political Science, 1973), pp. 18-40.

¹²¹See Daniel Bell and Virginia Held, "The Community Revolution," *The Public Interest*, No. 16 (Summer, 1969), pp. 142-177. See p. 177, "But if economics deal with relative scarcity, politics includes the effort to gain relative advantage; and this is a never-ending process in human affairs. The political problem is to make sure that the process takes place within bounds and does not tear the society apart. And this possibility can only be realized if one strengthens that most fragile of social relations—the trust that each person has in the other that the rules of the game will be observed and that each will have his chance to participate."

¹²²David K. Hart, "Theories of Government Related to Decentralization and Citizen Participation," *Public Administration Review*, XXXII (special issue, October, 1972), pp. 603-622.

¹²³David Hart, p. 613; see also Joseph F. Zimmerman, *The Federated City: Community Control in Large Cities* (New York: St. Martin's Press, 1972), p. 83 ff.

¹²⁴This is especially true in light of the problems with aggregating individual preferences into a scheme for the general welfare. See Kenneth Arrow, *Social Choice and Individual Values* (New York: John Wiley, 1951).

¹²⁵See Leonard J. Fein, "Community Schools and Social Theory: The Limits of Universalism" in Henry M. Levin, ed., *Community Control of Schools* (Washington: Brookings Institution, 1970), pp. 76-99. Colin Greer, *Great School Legend: A Revisionist Interpretation of American Public Education* (New York: Basic Books, 1972); William Ryan, *Blaming the Victim* (New York: Random House, 1972).

¹²⁶Hart, pp. 614-616.

¹²⁷One of the more philosophical statements concerning this point occurs in Lewis Mumford, *The Myth of the Machine: The Pentagon of Power* (New York: Harcourt-Brace-Jovanovich, 1970). See also Committee for Economic Development, *Reshaping Government in Metropolitan Areas* (New York, 1970), p. 46.

¹²⁸Hart, pp. 613-614.

¹²⁹Hart, p. 606.

¹³⁰See David M. Austin, "Resident Participation: Political Mobilization or Organizational Co-optation," *Public Administration Review*, XXXII, (September 1972, special issue), pp. 409-420. Marshall Kaplan, Gans, and Kahn, *The Model Cities Program: A Comparative Analysis of the Planning Process in Eleven Cities* (Washington: HUD, 1970). James L. Sundquist and David W. Davis, *Making Federalism Work* (Washington: Brookings Institution, 1969), Chapters 2 and 3.

¹³¹Marilyn Gittel et al., *Demonstration for Social Change: An Experiment in Town Control* (New York: Queens College Institute for Community Studies, 1971), p. 43.

¹³²Austin, p. 418.

¹³³Gittle, et al., Chapter III.

¹³⁴In the words of one report on the Model Cities experience, "On-loan staff participating in the program helped assume that the outlook of their parent agencies would be bought to bear on Model Cities planning. Usually, their participation helped at times to facilitate development of a Model Cities perspective in their respective agencies. In other words, co-option was often a two-way street." Marshall Kaplan, Gans, and Kahn, pp. 55-56.

¹³⁵Marshall Kaplan, Gans, and Kahn, p. 60; Sundquist and Davis, p. 104; Austin, p. 412-413; ABT Associates Inc., *A Study of the Neighborhood Center Pilot Program, I—Summary* (Cambridge, 1969), p. 25.

¹³⁶Marshall Kaplan, Gans, and Kahn, p. 43.

¹³⁷Gittel, et al., p. 132.

¹³⁸Ralph M. Kramer, *Participation of the Poor; Comparative Case Studies in the War on Poverty* (Englewood Cliffs: Prentice Hall, 1969), p. 238.

¹³⁹Marshall Kaplan, Gans, and Kahn, pp. 46-48.

¹⁴⁰Austin, p. 412.

¹⁴¹ABT Associates, p. 23; Lawyers' Committee for Civil Rights under the Law, *Health Maintenance Organizations: An Introduction and Survey of Recent Developments* (Washington, 1972), pp. 97 ff.

¹⁴²ABT Associates Inc., pp. 27, 35; Howard Hallman, *Community Control: A Study of Community Corporations and Neighborhood Boards* (Washington Center for Metropolitan Studies, 1969), p. 173.

¹⁴³Austin, p. 418.

¹⁴⁴Sundquist and Davis.

¹⁴⁵Sundquist and Davis, p. 42; see Edgar Cahn and Barry Passet, eds., *Citizen Participation: Effecting Community Change* (New York: Praeger Publishing, 1971), pp. 210-211.

¹⁴⁶Marshall Kaplan, Gans, and Kahn, *The Model Cities Program: A History and Analysis of the Planning Process in Three Cities* (Washington: HUD, 1969) pp. 91-92.

¹⁴⁷Hallman, p. 182; Sundquist and Davis, p. 91; Marshall Kaplan, Gans, and Kahn, *The Model Cities Program: A Comparative Analysis of the Planning Process in Eleven Cities*:

“. . . all cities provided these same groups (residents or resident groups) with de facto veto powers by the end of the period. These powers while not substantively exercised in all cities, were recognized and accepted by city hall as legitimate,” pp. 61-62.

¹⁴⁸Gittell, pp. 65, 122.

¹⁴⁹Sundquist and Davis, p. 78.

¹⁵⁰See Anwar Syed, *The Political Theory of American Local Government* (New York: Random House, 1966), pp. 27-29. For a cross-cultural treatment see W. Hardy Wilkwar, *The Political Theory of Local Government* (Columbia: University of South Carolina Press, 1970).

¹⁵¹Syed, p. 55, 87-88, 121.

¹⁵²See M. Peter Moser, “County Home Rule—Sharing the State’s Legislative Power with Maryland Counties,” *Maryland Law Review*, XXVII, 4 (Fall 1968), p. 343; Speaking of the ramifications of lack of legal adequacy it has been noted:

Most frequently, however, strictly local measures are not carefully deliberated in the legislature. Legislators are guided almost entirely by the local delegation. While the controlling weight given to the views of the local delegation tends to mitigate the problems of unfamiliarity with local issues and lack of responsibility to the local electorate, it by no means eliminates them. . . . The local delegation to the legislature is often elected on the basis of State issues. More importantly, it is not charged with the day-to-day operation of municipal government, in consequence of which it is less likely than municipal officials to be intimately familiar with the problem involved. The difficulty is accentuated when the local delegation is of a different political party than the one in control of the municipal government. Under such circumstances it may owe its election to the very groups opposing the action proposed by the municipality.

Quoted in Frank I Michelman and Terrance Sandalow, *Materials on Governments in Urban Areas* (St. Paul: West Publishing Co., 1970), p. 300.

¹⁵³Moser, p. 356.

¹⁵⁴Michelman and Sandalow, p. 300. Moser.

¹⁵⁵Michelman and Sandalow, p. 317.

¹⁵⁶Syed, pp. 70-71.

¹⁵⁷The problems of dealing with concurrent sovereignty are illustrated in the question of county and municipal home rule conflict. For an illustration of the alternative approaches see Wisconsin Legislative Council Staff, *County Home Rule* (Madison: Legislative Council Staff, 1972) Research Bulletin 72-7, p. 13.

¹⁵⁸Michelman and Sandalow, p. 299.

¹⁵⁹Syed, Chapter 7.

¹⁶⁰See House Committee on Government Operations, *Unshackling Local Government*, Revised Edition (Washington, D.C.: Government Printing Office, 1968).

¹⁶¹ACIR, *State-Local Finances: Significant Features and Suggested Legislation*, 1972 Edition (Washington, 1972), Tables 70, 71, 111.

¹⁶²ACIR, *State-Local Relations in the Criminal Justice System* (Washington, 1971), pp. 176-177.

¹⁶³Wisconsin Legislative Council Staff.

¹⁶⁴State legislation frequently limits the amount of extra-territorial power a local government may exercise and in some cases also acts to circumscribe the activities of overlying units of local government. See, for example, Pennsylvania Act No. 62 (1972) pp. 19-23, for treatment of this problem.

¹⁶⁵Michelman and Sandalow, pp. 884 ff.

¹⁶⁶Note, for example, the conflict between general and functional cooperation statutes in many States. Chapters III and IV of Volume I of this report.

¹⁶⁷Robert G. Smith, *Public Authorities, Special Districts, and Local Government* (Washington: National Association of Counties, 1964).

¹⁶⁸Less than ten States have provision for general county home rule; apparently only two (Washington, Colorado) permit regional multi-service districts; and less than ten have authorization for State creation of multi-county general-purpose units.

¹⁶⁹Frank Grad, *et al.*, p. 163.

¹⁷⁰Bureau of Public Affairs Research, University of Idaho, *Municipal Home Rule: Guidelines for Idaho* (Moscow, 1960), pp. 50-51.

¹⁷¹Linbery and Fowler.

¹⁷²Indeed, in some cases, local governments use delegated legal authority to impose various restrictions on their own activities. See, for example, Alan Altschuler, *Community Control* (New York: Pegasus, 1970), pp. 156-157.

¹⁷³See Paul Ylvisaker, “Some Criteria for a ‘Proper’ Areal Division of Governmental Powers,” in Arthur Maas ed., pp. 34-36; see also Committee for Economic Development, *Reshaping Government in Metropolitan Areas*; and University of Utah Local Government Modernization Study, *Local Government Arrangements for Managing Area-Wide Problems*, Report #2 (Salt Lake City, 1970).

¹⁷⁴Syed, p. 129.

¹⁷⁵Ylvisaker, p. 35.

¹⁷⁶See John G. Wofford, “Transportation and Metropolitan Governance” in Lowdon Wingo ed., *Metropolitanization and Public Services* (Washington: Resources for the Future, 1972), p. 12.

¹⁷⁷See Luther Gulick, *The Metropolitan Problem and American Ideas* (New York: Alfred Knopf, 1962), pp. 81-82.

¹⁷⁸See Smith, Chapters 1 and 2; also David W. Tees, “A Fresh Look at Special Districts in Texas” in *Governmental Organizations and Authority in Metropolitan Areas* (Arlington: Texas Urban Development Commission, 1971), p. 57.

¹⁷⁹See Chapter V, Volume I, of this report; also Institute for Local Self Government, *Special Districts or Special Dynasties*, (Claremont, California, 1970).

¹⁸⁰See Hawley and Zimmer, p. 107.

¹⁸¹Sayre and Kaufman, pp. 716-720.

¹⁸²For a theoretical treatment of the economics of this problem, see Robert Bish, *The Public Economy of Metropolitan Areas* (Chicago: Markham Publishing Co., 1971), pp. 48-51.

¹⁸³See Urban Systems Research and Engineering, *Metropolitan Water Management—Case Studies and National Policy Implications* (Cambridge, 1971), especially p. 29.

¹⁸⁴See James Doig, *Metropolitan Transportation Policies and the New York Region* (New York: Columbia University Press, 1966), pp. 232-236.

¹⁸⁵See First Report of the Special Commission on the Finances and Operations of the Massachusetts Bay Transportation Authority (Boston, 1969).

¹⁸⁶Minnesota House Research Department, *House Metropolitan and Urban Affairs Committee Report on the Metropolitan Mosquito Control District* (St. Paul, 1970), p. 2.

¹⁸⁷Commission on Governmental Efficiency and Economy, Inc., *Baltimore About Garbage* (Baltimore, 1972).

¹⁸⁸See James Sundquist and David W. Davis, p. 120.

¹⁸⁹Gulick, p. 81.

¹⁹⁰See Morton Grodzins, *The American System* (Chicago: Rand McNally, 1966), pp. 307-331.

¹⁹¹Ylvisaker, p. 41, “. . . the very participation of any one unit, rather than its exclusion, helps develop locally a sense of responsibility, and puts a premium on performance rather than inaction.”

¹⁹²Gulick, for example, finds that intergovernmental cooperation is absolutely necessary when functional performance responsibilities are divided. “. . . there are five major reasons for cooperation within a federal system. The first reason is sheer logic: when any task is subdivided it must also be held together to avoid complete failure. The government of the American nation is such a job. It is divided up between three ‘extensions’ of government—comprehensive, intermediate, and local. These divisions must be held together to avoid chaos.” Gulick, p. 115.

¹⁹³Syed, p. 113.

¹⁹⁴Committee for Economic Development, p. 44.

¹⁹⁵As Gulick states, "The fifth reason for cooperation is the integration of policies and programs, especially at the point of impact. All extensions of government are working for the same American people. . . . It makes no sense for the three varieties of our federal system to pretend that they are serving totally different people Federal activities, State activities, and local activities must, to make sense, be coordinated at the point of impact . . . and this can be done only by a firm policy of cooperation, defined at each level of government and enforced by every device of management," Gulick, p. 117.

¹⁹⁶Syed, p. 14.2.

¹⁹⁷John P. Keith, "Shared Powers: A Response to Urban Growth," paper prepared for the Committee on Local Government and Home Rule, 1967 State Constitutional Convention (Albany, New York, 1967), p. 7.

¹⁹⁸Lance Leibman, "Metropolitanism and Decentralization" in Lowdon Wingo, ed. *Reform of Metropolitan Governments* (Washington, D.C.: Resources for the Future, 1972), p. 50. See also Alan K. Campbell, "Centralization or Decentralization: The Metropolitan Government Dilemma" (Detroit: Metropolitan Fund, Inc., 1974, forthcoming).

¹⁹⁹Ylvisaker, p. 41.

²⁰⁰See ACIR, *State-Local Relations in the Criminal Justice System* (Washington, 1971). "The Commission endorses this recommendation as a necessary means of achieving a minimum level of police performance throughout the nation's metropolitan areas. Its three level strategy clearly strikes a balance between local discretion and initiative, on the one hand, and State mandating action, on the other," p. 19.

²⁰¹Article 1, Section 18, of the Dade Metropolitan County Charter.

²⁰²Section 208, P.L. 92-500.

²⁰³American Law Institute, *A Model Land Development Code, Tentative Draft No. 1* (Philadelphia, 1968), pp. 3-4; National Commission on Urban Problems, *Building the American City* (Washington, D.C.: Government Printing Office); see also ACIR, *County Reform* (Washington, D.C.: 1971).

²⁰⁴M. G. Woodroof, "Systems and Standards of Municipal Annexation Review: A Comparative Analysis," *Georgetown Law Review*, LVIII, 4 and 5 (March-May, 1970), pp. 743-775.

²⁰⁵P.L. 92-583, Section 306 (d).

²⁰⁶See Chapter III, Volume III, of this report.

²⁰⁷See New Jersey County and Municipal Government Study, *Joint Services—A Local Response to Area-Wide Problems* (Trenton, 1970).

²⁰⁸Recent proposals for granting St. Louis County, Missouri, the power to adopt standards for the municipal police, building code, and building inspection functions were defeated in 1971.

²⁰⁹James W. Fesler, *Area and Administration* (Birmingham: University of Alabama Press, 1949), p. 121.

²¹⁰Fesler, p. 124.

²¹¹On this point see Oliver P. Williams, *Metropolitan Political Analysis: A Social Access Approach* (New York: Free Press, 1971), pp. 98-99.

²¹²This occurs due to the relationship of size to the economic factors of economies of scale, externalities, and public goods differentiation.

²¹³See Association of the Bar of the City of New York, *A Symposium on Decentralizing New York City Government* (New York, 1970), p. VIII-7.

²¹⁴Campbell and others note, "Assigning and reassigning functions has always been, in the American system, easier than the drawing and redrawing of boundaries." See Alan K. Campbell et al., *Massachusetts Substate Government: A Report to the Secretary of Environmental Affairs* (Syracuse: Syracuse University Metropolitan Studies Program, 1972), p. 14. In light of that comment, if a geographically adequate size could be determined for a local governmental unit, the durability of functional assignment would increase.

²¹⁵Some States, for example, are considering adopting spheres of influence policies to guide the expansion of large cities. See Chapter V, Volume III, of this report for more detail. Also, some States grant powers to an overlying jurisdiction that will ultimately be returned to the lower-level jurisdictions. See *Indiana Laws*, 1972 P.L. 133, for example.

²¹⁶The problem, however, often occurs as to whether a boundary should contain homogenous or heterogeneous phenomena. Economic development legislation, for example, concentrates on economically depressed areas, but also channels monies to "growth poles" that may exist apart from, but which are frequently related to, the depressed areas. Defining boundaries which did not include growth pole areas would change the character of economic development policy.

²¹⁷See, for example, New Jersey County and Municipal Government Study Commission, *Consolidation: Prospects and Problems* (Trenton, 1972), pp. 6-8.

²¹⁸These States are Alaska, California, Michigan, Minnesota, Oregon, and Washington.

²¹⁹See, for example, Stephan J. Kapsch, *Minnesota Police Organization and Community Resource Allocation* (St. Paul: Governor's Commission on Crime Prevention and Control, 1970); also ACIR, *State-Local Relations in the Criminal Justice System*, pp. 150-152.

²²⁰The Redcliffe-Maud Report, for example, found that only 3.5 percent of staffing variations of local authorities were related to population size or associated factors. See Royal Commission on Local Government in England, 1968-1969, *Volume III Research Appendices* (London: Her Majesty's Stationery Office, 1969), pp. 216 ff. For some partial qualifications to that point see pp. 231-242 of the same report.

²²¹See Robert Dahl, "The City in the Future of Democracy," *American Political Science Review*, LXI, 4 (December 1967), pp. 953-970, especially pp. 963-970.

²²²See James Q. Wilson, Mark H. Moore, and I. David Wheat, Jr., "The Problem of Heroin," *The Public Interest*, No. 29 (Fall, 1972), pp. 3-28. "The intensity of debate tends to obscure the fact that most of the widely accepted opinions on heroin use are not supported by much evidence; . . . and that many of the apparently reasonable assumptions about heroin use and crime . . . turn out on closer inspection to the unreasonable, unwarranted, or at least open to more than one interpretation," pp. 2-3. See also Edward Banfield, *The Unheavenly City* (Boston: Little, Brown, 1968), Chapter 11.

²²³For an explication of some of the practical problems involved in these matters see Alice M. Rivlin, *Systematic Thinking for Social Action* (Washington: Brookings Institution, 1971), also Samuel Chase, Jr., ed. *Problems in Public Expenditure Analysis* (Washington: Brookings Institution, 1966).

²²⁴Recent studies of performance contracting in Virginia, for example, found that while contractors did not markedly improve cognitive skills in education, pupils' affective attitudes towards the educational process improved markedly. See Bureau of Educational Research, *Performance Contracting* (Charlottesville, 1970).

²²⁵See Martin T. Katzman, *The Political Economy of Urban Schools* (Cambridge: Harvard University Press, 1971), Chapter 2.

²²⁶This debate occurs at its most profound level in the area of educational policy. Compare, for example, Christopher Jenks et al., *Inequality: A Reassessment of the Effect of Family and Schooling in America* (New York: Basic Books, 1972); and Bureau of Educational Personnel Development, *Do Teachers Make a Difference?* (Washington: Department of Health, Education, and Welfare, 1970), especially Chapter 2. See also Richard J. Light and Paul V. Smith, "Accumulating Evidence: Procedures for Resolving Contradictions Among Different Research Studies," *Harvard Educational Review* XLI, 4 (November 1971), pp. 429-471.

²²⁷In the poverty program, for example, citizen participation was originally thought of as a means to arrive at more satisfac-

tory poverty programs. In a number of instances, participation probably came to be regarded as a basic goal of the poverty effort rather than as a means of alleviating poverty.

²²⁸See Thomas Morehouse, "Program Evaluation: Social Research Versus Public Policy," *Public Administration Review*, XXXII, 6 (November/December, 1972), pp. 868-873.

²²⁹See, for example, the problems entailed in the construction of casual models in multi-dimensional settings, Hubert and Ann M. Blalock, *Methodology in Social Research* (New York: McGraw Hill and Company, 1968), Chapter 5.

²³⁰See Rivlin, pp. 108-120.

²³¹Stephan Kapsch; see also Public Administration Service, *Police Services in the St. Louis County: A Plan for Improvement* (Chicago 1967).

²³²See Eli Ginzburg, *Urban Health Services: The Case of New York* (New York: Columbia University Press, 1971), pp. 220-222; also Forbes B. Hays, *Community Leadership: The Regional Plan*

Association in New York (New York: Columbia University Press, 1965).

²³³This is especially true in the area of land-use controls. See Richard Babcock, *The Fiscal Zoning Game* (Madison: University of Wisconsin Press, 1968).

²³⁴See, for example, Edwin M. Lemert, *Instead of Court: Diversion in Juvenile Justice* (Chevy Chase, Maryland: National Institute of Mental Health, Center for Studies of Crime and Delinquency, 1971), especially pp. 39-42; see also David C. Ranney et al., *Water Quality Management: An Analysis of Institutional Patterns* (Madison: University of Wisconsin Press, 1972).

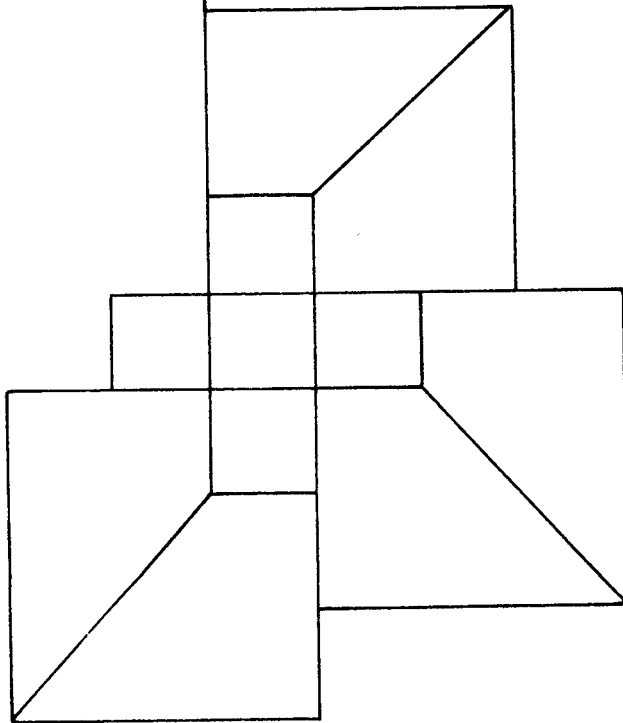
²³⁵One of the earliest and most cogent pieces of this type was: Robert A. Walker, *The Planning Function in Urban Government* (Chicago: University of Chicago Press, 1950).

²³⁶See Sundquist and Davis.

²³⁷See, for example, Paul Davidoff et al., "Suburban Action: Advocate Planning for an Open Society," *Journal of the American Institute of Planners*, XXXVI (January 1970), pp. 12-21.

Chapter V

**ALTERNATIVE
GOVERNMENTAL
STRUCTURES**



Program responsibility in a federal system is characteristically diffuse. No single level of government bears the sole responsibility for hardly any domestic function. Consequently, modern-day federalism is a cooperative endeavor. Yet cooperation, while a characteristic of urban federalism, is not easy to come by. For what is shared in federalism is power, and the sharing of power is not an easy task, whether among individuals or governments.

The debate over the assignment of urban functions arises in the context of formulating arrangements for sharing power. That debate is not merely a technical controversy over what level of government is best suited to perform various functions;¹ it also is an argument about the ends of government, as well as the means, values, and benefits associated with such ends.² Moreover, it is an issue that involves popular preferences about the scope and exercise of public power at the local, regional, State, and Federal levels. In essence, then, the assignment of functions question hinges on popular expectations as to how power can be allocated to various levels of government in a way that satisfies the mutual interests of the several publics involved in the division of power, namely, local, metropolitan, State, and national constituencies.³

FEDERALISM AND POWER

Power, of course, is frequently divided in an urbanized federal system. But it is rarely allocated on a purely functional basis. Instead, certain aspects of individual functions fall within the jurisdiction of one or another level of government. Grodzins' hypothetical sanitarian, for example, was appointed pursuant to State law, salaried by all three levels of government, directed to enforce State and Federal laws, and deputized as a local police officer.⁴ Thus, if a function is to be effectively performed, it frequently must be within a genuinely collaborative framework which permits affected jurisdictions to play distinct, yet interlocking roles.

This sharing of power over functional responsibilities in large measure contributes to the dynamism of the federal system, and for a variety of reasons. First, the American public apparently attaches different values to various levels of government.⁵ Thus, local government may be associated with the values of freedom and choice. State government, with its regulatory capabilities, may represent order, while the National government may be favored for its general welfare concerns and effective public expenditure policy.⁶ When functions attain different values—when public assistance, for example, becomes a matter of National welfare rather than local charity, when water pollution control becomes more a matter of necessity than choice—then different governments assume different roles in their performance. Thus, over time the Federal government becomes more important in income maintenance, States play an advanced role in environmental quality, and local governments experience renewed demands to provide more innovative human resource services. In short, when public values concerning the nature of a given func-

tion change, responsibilities for facets of that function also may shift.

Secondly, the sharing of power contributes to the vitality of the federal system because jurisdictional conflicts frequently arise as to the relative importance of the various components of a particular function. For example, in land-use control, local governments may stress the developmental aspects of the function while the regulatory aspects of the service—low-income population dispersal or environmental control—may be the prime concerns of higher levels of government.⁷ Since various levels of government have jurisdiction over different functional components, they frequently attempt to change its sub-functional emphasis. As this occurs, one or another level of government may become more or less important in the performance of a function, but usually not without a struggle.

Finally, the sharing of power is a source of dynamism due to the desire of each level of government to maintain its continuing role in the performance of a function. Sometimes governments will attempt to carve out areas of exclusive functional control. The States' rights and local home rule movements are the most prominent cases of this tendency. In other instances, the contest takes the form of whether a unit or level of government will not be part of a multi-level functional program; hence the many channeling-bypassing controversies in recent years. Debates over various Federal block grants also highlight this struggle.⁸ In still other cases, new and competing mechanisms attempt to implement a given function or aspect of a function.⁹

These various jurisdictional tensions sometimes produce new mechanisms and procedures for the performance of a function, or portions thereof. Yet, more times than not, the various levels of government still exert influence over these new mechanisms and procedures. Issues of funding, representation, and operating powers usually are worked through in a manner that best furthers the interests of affected units of existing government.

Since federalism is basically a system of shared power over common functional responsibilities, analysis of where such responsibilities should be lodged is bound up with defining the general roles of various levels of government rather than attempting to enumerate their specific functional or program responsibilities. The theory of federalism, however, offers no *a priori* rationale for even a broad division of functional assignments. As Rufus Davis states:

... the federal principle does not prescribe any physical, moral, or qualitative conditions for the distribution of functions. It is indifferent to the precise content of the division, and it argues that there is no *a priori* principle by which a distribution of functions could be effected. The definitive element of the federal state is simply in the *form* of the division, not its substance; in the creation of a specific kind of jural relationship between law-making authorities, not in the material quality of the

functions vested in the general and regional governments.¹⁰

The problem of functional assignment in a federal system, then, is the subject of considerable political debate over the substantive dimensions of a given function, as well as over the general nature and extent of governmental power at all jurisdictional levels. At the same time, federalism is concerned with the rules by which functions are allocated, though it is silent regarding a particular substantive formula for allocating such functions. The basic message of federalism is that any durable allocation of functions must guarantee, to some degree, the joint agreement of the several parties involved in or affected by an assignment decision.¹¹

ALTERNATIVE GOVERNMENTAL STRUCTURES

While the theory of federalism does not indicate the criteria for the allocation of functions and powers among different types and levels of government, various political, economic, and administrative theorists have developed different governmental models for service assignment. In a number of metropolitan areas, structural and procedural changes have occurred which typify one or another of these approaches. A review of the theory of and experience with these governance models provides vital background information on alternative ways in which functions might be assigned in a substate area.

There are three distinct governmental alternatives for functional assignment. They vary to the degree that they espouse centralization or decentralization of functions, powers, and activities among local and regional governments. One school favors an extremely decentralized or polycentric approach to functional assignment. Another favors a two-tier federation with a formal division of responsibilities between areawide and local jurisdictions. Still another school favors a consolidated form of government, providing both local and areawide services.

Polycentricity/Decentralization

One school of thought, exemplified by the writings of Bish, Ostrom, Tiebout, and Warren has largely argued against a preordained or centrally determined division of functions and responsibilities in metropolitan areas. Instead, they have detailed the virtues of an *ad hoc*, bargained approach to structuring functional assignment.¹²

Polycentric forms of service allocation are described as having several benefits, including (1) increased responsiveness to individual public service demands, (2) greater levels of political control, (3) more efficient production of public goods, and (4) more durable cooperation in the provision of such goods.

Polycentricity improves responsiveness to consumer needs, so the argument runs, since a citizen is able to choose among a number of local governments to satisfy his public goods preferences. As the Tiebout thesis indicates,

the consumer, by his spatial mobility, is able to choose that jurisdiction which most closely provides the mix of public expenditures he desires.¹³ Moreover, as Tiebout's analysis suggests, communities themselves may follow a strategy of structuring their public service outputs in such a way as to attract or repel various types of citizen consumers. In this way, both citizens and local jurisdictions interact to match the supply and demand policies relating to public goods. Consequently, the fragmentation of metropolitan areas is a central factor in permitting citizens to articulate and achieve their public service demands.¹⁴

Fragmentation, it is claimed, produces other, primarily political benefits as well. With it, citizen access to his local government is expanded and interest in the provision of local public services is heightened.¹⁵ In essence, fragmentation permits governmental organizations to be formed around natural and viable political communities.¹⁶ Within a polycentric system of governance, citizens feel that they can both influence and control the political system and not be alienated from its workings.

These theorists also maintain that under such a system, services are apt to be provided more efficiently. They argue that the process of public goods competition tends to create better knowledge of how public services might be most effectively produced. Metropolitan fragmentation, in their view, permits a better distinction to be made between the production and provision of public goods, with large-scale units competing in the production of services and small-scale units bidding for different packages of such services.¹⁷ While they concede there are some difficulties with this division of labor,¹⁸ they find that smaller jurisdictions can withhold their purchases of goods until larger units comply with their service demands.

Finally, these analysts contend that governmental fragmentation need not prevent areawide needs from being met. Where common benefits exist, they argue, local units naturally will seek to cooperate in joint ventures. Where jurisdictional conflicts arise, cooperation will ultimately occur as a result of either (1) intervention by the State or the courts, or (2) bargaining among affected jurisdictions to reach a mutually satisfactory agreement. Thus, while polycentrists acknowledge that interlocal cooperation cannot always be achieved voluntarily, they take the stance that powers and responsibilities should be liberally distributed in a metropolitan governance system. In that way, local governments can be both independent and interdependent and metropolitan conflicts can be duly resolved by metropolitan bargaining, appeal to higher jurisdictional authority, or the imposition of controls by actors external to metropolitan local governments.

Polycentric Virtues. In summary, the extolled virtues of the polycentric system of functional assignment include:

- 1) its protection of jurisdictional and individual independence in the performance of urban functions;
- 2) its responsiveness to the diverse public goods de-

- mand of a metropolitan community;
- 3) its emphasis on bargained and cooperative coordination of functional activity;
- 4) its creation of an open system of multiple access to areawide and local jurisdictions; and
- 5) its emphasis on experimentation and incremental progress towards areawide governance.

Polycentric Systems: Empirical Research. Research on polycentrism has occurred in several locations.¹⁹ Most of this research highlights basic polycentric features such as public service differentiation, emphasis on cooperative endeavors, and reluctance to vest general grants of power with larger governments. Most of the empirical literature also delineates the costs and benefits of these decentralized systems.

Research on polycentric systems has discovered a considerable amount of inter-jurisdictional cooperation among metropolitan local governments.²⁰ Moreover, this cooperation has produced explicit pricing policies for public services and encouraged constructive public service competition.²¹

Governmental activity in a polycentric system generally centers on the improvement of particular services;²² there is relatively little concern with developing a general-purpose governance process that would formally arbitrate metropolitan interlocal conflict. When certain areawide actions appeared to be leading to the creation of a general-purpose metropolitan government, such general policies were not adopted.²³ Hence when functional cooperation occurred, it was due to the influence of specialized interest groups in program matters of particular concern to them.²⁴

In accord with the theory of polycentricity, metropolitan political conflict was found to be ameliorated frequently by extra-metropolitan intermediaries. In Syracuse, the Republican Party and key political personalities were the key factors promoting metropolitan cooperation. In Philadelphia, State action encouraged interlocal functional cooperation in areas where it might not have occurred otherwise, and in Los Angeles, State legislation was instrumental in both easing city-county conflict and adoption of the Lakewood Plan. In no case did adjudication of metropolitan conflict occur solely through the action of existing local units, external agents played a vital role. At the same time, even where intra-metropolitan conflict emerged, most metropolitan local governments still remained committed to the goals of interlocal cooperation.²⁵

These empirical studies indicate that polycentric governance systems have their particular stresses. They have not ameliorated certain serious metropolitan problems.²⁶ Moreover, some other observers, noting the increased social and economic differentiation of most metropolitan areas, wonder whether full-scale cooperation can ever be achieved within a polycentric system.²⁷ In at least one of the metropolitan areas analyzed, intergovernmental conflict has become institutionalized among the larger government units in the area, and hindered the development

of more authoritative forms of metropolitan governance.²⁸ Accordingly, some observers have concluded that metropolitan functional cooperation will always be highly selective and that a number of serious metropolitan policy problems probably will become the burden of higher levels of government.²⁹

Federation

A number of observers argue for a federated or two-tier approach to the assignment of functions.³⁰ They hold that most metropolitan governance systems lack an authoritative, general-purpose political process at the areawide level and have an ineffective one at the local level. Consequently, there is too little centralization of areawide responsibilities, overcentralization of some local ones, and too little coordination of both. Unlike polycentrists, federationists do not regard unregulated public service competition as a central virtue of the metropolitan polity. Instead, they see a need for authoritative regional decision making which affects both areawide and local jurisdictions. They desire more decisive and less voluntaristic coordination of metropolitan policies and programs. And, unlike the polycentrists, they are prepared to rely on metropolitan rather than extra-metropolitan institutions to achieve such coordination.

The main features of a federative approach to metropolitan governance are (1) an aversion to the functionalist approach to assigning local and areawide responsibilities, (2) the creation of a general-purpose unit of limited areawide government, and (3) the development of concurrent power relationships between local and areawide units of government.

The single most common theme of the federationists is the avoidance of a purely functional approach to the assignment question. Contending that the contemporary metropolitan governance problem cannot be solved by an *ad hoc* assignment of regional functions to various regional bodies, they argue that the higher tier of government must do more than provide minimum areawide services and facilities. In their view, it must determine priorities among regional functions, provide a forum for conflict resolution in the metropolitan area, and coordinate local decision making below the areawide level.³¹

At present, federationists contend that the regional tier of metropolitan governance in most areas is a fractionated one, based on particular solutions to particular problems. The proliferation of unifunctional regional units, as one spokesman has emphasized, produces an undue emphasis on values which are efficiency-based in nature and which "... are advantageous to the governmental process rather than to the individual."³² In short, these regional units have "... concentrated on operating efficiency and effectiveness, and brushed aside the objectives of liberty and individual participation."³³

To structure metropolitan political power adequately, federationists urge the creation of a general-purpose areawide government which can provide regional services and

serve as a focus of an areawide political process which will debate, decide upon, and implement metropolitan policies.

By taking a generalist rather than a functionalist approach to structuring an areawide level of government, federationists also claim that metropolitan policies will be determined by a general-purpose government rather than State or Federal governments.³⁴ Metropolitan bureaucracies, as a result, would be more in tune with local and regional public service needs.³⁵

Federationists stipulate also the need for concurrent power relationships between areawide and local governments. They hold that a key to effective functional assignment is "... the sharing of power over functions rather than a division of functions."³⁶ This sharing of power would enable local and areawide governments to negotiate the implementation of metropolitan policies.³⁷ The local citizenry could promote beneficial regional policies, restrain harmful ones, and, in general, have better access to the entire system of metropolitan government than they would have under either a polycentrist or consolidated format. The concurrent power relationships between areawide and local governments, in their view, would facilitate a more manageable allocation of functions and might help promote greater equity, representativeness, and responsiveness in metropolitan political systems.³⁸

In summary, proponents of two-tier federation claim that it will:

- 1) engender local rather than State or Federal determination of metropolitan policies;
- 2) give the citizen greater and more regular access to the areawide decision-making process;
- 3) insure political rather than administrative solutions to areawide problems;
- 4) create less tolerance for local policy decisions that have unfavorable metropolitan ramifications, and for areawide policies that are highly detrimental to local communities;
- 5) permit systematic and coordinated rather than *ad hoc* solutions to metropolitan problems; and
- 6) foster a consensual and planned division of labor among areawide and local levels of government.

Two types of two-tier, general metropolitan governance arrangements exist.³⁹ One involves a general-purpose areawide government and a set of constituent local units; the other centers around an areawide body which is a subordinate State or local instrumentality and which conditions rather than performs selected areawide functions. The general-purpose two-tier arrangement exists in Dade County, Florida, and Toronto; the instrumentality approach to metropolitan federation occurs in Minneapolis-St. Paul and Atlanta.

Federation by Government. Federation in Miami-Dade involves two tiers: the county and its constituent municipalities. County functions and its relationship to its municipalities are spelled out in its 1957 charter. The federative

elements of this governmental arrangement include formal division of responsibilities between the county and its municipalities, co-equal legal status for the two tiers, and direct accountability of both levels to the citizenry. Metro Toronto, on the other hand, governs its upper, areawide tier of government through ex-officio membership from lower-tier units.

The main functional asset of this governmental two-tier arrangement is that it provides an areawide servicing unit which has an extensive fiscal base from which to support essential regional programs, particularly those of a redistributive nature. At the same time, established local governments exist to carry out essentially local services and to evaluate the performance of the areawide unit.

The functional weaknesses of this two-tier arrangement include the sometimes confused mix of regional and local functional responsibilities, the lack usually of an impartial institutional arbiter to resolve areawide-local functional conflict, and the difficult political processes for selection of upper-tier political officers.

Experience with federation in Miami and Toronto indicates that it can overcome some metropolitan functional assignment problems.⁴⁰ These governance systems have approached service problems on a function-by-function basis and have avoided policies strictly defining all of the functional powers of areawide and local jurisdictions.⁴¹ Functions apparently are voluntarily transferred to the metropolitan unit when they are either too costly for local units to finance or when they are not highly redistributive in nature.⁴² Both Miami-Dade and Metro Toronto, however, have taken on functions that do result in some fiscal redistribution.⁴³ Yet both federated systems seek to balance the differing fiscal and programmatic needs of their constituent local units. Thus, Dade County has broadened its taxing powers in unincorporated areas, easing the fiscal conflict between incorporated and unincorporated areas, and Metro Toronto has simultaneously pursued an aggressive construction program in suburban areas and provided lower water rates to Toronto.

Neitner governance system has been a major device for resolving basic metropolitan service conflicts. Dade County has not fully utilized its standard setting powers for minimum levels of municipal services while Metro Toronto has not yet engaged in metropolitan low-income housing dispersal or expanded urban renewal.⁴⁴

In addition, issues of functional assignment have raised perennial struggles in these federated systems. In Miami, continuous litigation over the exercise of many countywide functions occasionally has resulted in charter revisions regarding functional allocations.⁴⁵ In Toronto, intense conflict has centered around changing Metro's functional assignments and formal powers. In both areas, the State and the province have subsequently organized regional institutions which have supplanted the areawide government in certain functions.⁴⁶

In short, metropolitan service problems are still handled largely on a case-by-case basis in these systems. As a

result, some functions have been gradually transferred to the areawide level. Consequently, some local governments have attempted to reduce the powers of the areawide units or, in the case of the City of Toronto, to push for full-scale metropolitan consolidation.⁴⁷ As a functional assignment device, then, governmental federation has often remained an uneasy compromise between those who prefer either a polycentric or consolidated form of metropolitan government.

Federation by Instrumentality. Two-tier arrangements in a few areas involve the creation of an areawide decision-making organization rather than a full-scale general-purpose government. In the first experiment with this form, the areawide decision-making process in Minneapolis-St. Paul has begun to condition the activities of both areawide and local governments.⁴⁸

Somewhat like the two-tier arrangements in Miami and Toronto, the Twin Cities experiment involved the formal vesting of responsibilities in both areawide and local units, though not at the same time since the localities retained the service roles assigned to them prior to the metropolitan council's establishment. Neither level of government can be supplanted by the other in the performance of their respective responsibilities. On the other hand, the upper tier has no direct operational responsibilities, no direct local representational base, a less direct service role *vis-à-vis* its localities, and much less popular visibility than would be expected of an areawide government.

The functional assets of this arrangement include the retention of existing local governments as regional or local service units; a changing rather than static division of functional responsibilities between areawide and local units; clear-cut authority of the upper-tier jurisdiction to mediate, and in some cases, resolve functional conflict among other areawide units; and the capacity to ameliorate interlocal disputes. Its chief weaknesses stem from its lack of local political accountability since the areawide unit is actually a subordinate State agency and its lack of direct operating powers.

The Twin Cities Metropolitan Council, created in 1967, has resolved intra-metropolitan conflict, formulated and implemented metropolitan policies and programs, coordinated and controlled the activities of hitherto independent metropolitan bodies, and acted as the policy board for practically all of the Federally encouraged areawide programs in the region. These council achievements result from its legal power over areawide special districts, its ability to influence State legislation affecting Minneapolis-St. Paul, its role as a forum where local governments can influence the operations of metropolitan agencies, and its responsibility for the preparation of a metropolitan development guide which explicitly sets forth a variety of metropolitan policies.

The council is not an operating agency; rather it is a policy body which supervises the undertakings of areawide special districts and develops metropolitan policies which

can be implemented through (1) State legislation, (2) operations of areawide agencies, or (3) the cooperation of local governments. Armed with these powers and responsibilities, the council has identified and resolved serious metropolitan problems on several occasions.⁴⁹ Specifically, the council has regulated the pace of suburban development through the operations of the metropolitan sewer board; altered highway policies affecting the central cities through its influence over the metropolitan transit commission; and developed a regional airport program in conjunction with and sometimes over the objections of the metropolitan airport commission.⁵⁰ Moreover, the council has taken a hand in urging reallocation of responsibility for particular metropolitan services, recommending county assumption of the solid waste function and State assumption of the metropolitan zoo.⁵¹

The council also has moved to mediate other sources of intrametropolitan conflict. It has used its powers to allocate State and Federal open-space funds to bring about greater low-income suburban housing dispersal.⁵² It has promoted State legislation designed to equalize fiscal disparities within the Minneapolis-St. Paul region. All these activities have prompted local governments to attempt to influence the council's deliberations rather than to contest its policies or to circumvent its efforts.⁵³

If the Twin Cities arrangement has a weakness, it is its inability actually to deliver regional services. While the council recently requested the legislative authorization to become a metropolitan housing corporation and to operate refuse disposal operations when counties were reluctant to do so, thus far it has been denied a direct operating role in regional functions. The council can veto some governmental activities which are detrimental to regional interests as embodied in the development guide, but it cannot always force constituent governments to develop and implement programs in the regional interest. The council, then, sometimes may face the "perennial problem of the planner who must observe the erosion of his plans in the hands of the program operator."⁵⁴

Both types of two-tier arrangements have met with certain other difficulties. Most have been beset with jurisdictional conflict between local and areawide units and there has been little concern with redefining the functional roles of lower-tier governments. Moreover, superior levels of government have occasionally resisted assigning the areawide unit additional responsibilities, preferring instead to create other instrumentalities to handle such problems. In both Miami and Toronto, areawide units have not mediated functional conflict among local metropolitan units.

Federations, however, have proved workable in many respects. In Minneapolis-St. Paul some metropolitan conflict has been ameliorated and coordinated metropolitan development has resulted. In all three surveyed two-tier arrangements, areawide jurisdictions have assumed public service responsibilities that previously were only inadequately met at the local level.

Consolidation

A number of observers have argued for a consolidated approach to reorganizing metropolitan government.⁵⁵ Contending that fractionated government is the root of the functional assignment problem, consolidationists argue that governmental unification will produce (1) economy in government, (2) greater public service integration and coordination, (3) greater popular control over public service delivery, and (4) more efficient administration and equitable financing of public services.

Consolidationists ascribe only second-order importance to local governments. They contend that the existing local government structure splinters the responsibility for resolving areawide problems that essentially are indivisible in nature.⁵⁶ Moreover, they argue that local governments will rarely cooperate in undertaking areawide responsibilities since they are reluctant to surrender their jurisdictional prerogatives. In short, local governments cannot be expected to allocate scarce resources or adjudicate conflicting interests to achieve workable metropolitan programs on a disinterested or long-term basis.⁵⁷ Hence, as these protagonists view it, local governments will rarely cooperate in a fashion that will make either polycentricism or federation work.

Consolidationists contend that a key indication of the ineffectiveness of local government activity is the extreme variation of local capabilities in handling complex public service problems. Surveying the governmental landscape of most metropolitan areas, they have found governments with inadequate fiscal and personnel resources, with circumscribed boundaries, and only limited management capability to identify and resolve most of the urban problems facing them.⁵⁸ They also point to the legal, structural, and fiscal limitations which prevent these governments from taking a cooperative, comprehensive or unified approach to solving metropolitan problems.⁵⁹ Consequently, the lack of effective power among local governments prevents them from adopting effective areawide solutions to most areawide problems.

Lack of effective local government, they contend, also reduces meaningful popular control over regional decision making. Citizens have access only to their own local governments and cannot readily influence extra-local decisions. The proliferation of overlapping independent functional units, they stress, frequently prevents priorities from being chosen among competing services and further complicates the accountability issue.

Hence, consolidationists urge the institution of a single metropolitan government that will plan and implement high-quality, coordinated, regional and urban services according to the dictates of an areawide political process.⁶⁰ In essence, consolidationists do not believe that local voluntarism⁶¹ will produce workable solutions to metropolitan assignment problems. Seeing localism as an unnecessary veto to regional action, they argue for a unified metropolitan government.

To sum up, consolidationists claim unified metropolitan government will result in:

- 1) more efficient production and management of urban services and an end to uneven or inadequate service levels in a metropolitan area;
- 2) the creation of a democratic regional process which will allow a metropolitan citizen to have greater access to and control of regional decision making;
- 3) development of comprehensive and coordinated programs in accord with an explicit metropolitan plan; and
- 4) abolition of interlocal functional conflict.

Consolidation Experience. Analyses of existing consolidated governments all point to significant economic and political benefits. They note also continuing conflict.⁶² In general, these analyses have documented increases in both the quantity and quality of public services, expansion of services into fringe areas, enlargement of financial resources, and elimination of service duplication. Other advances include increased political accountability and responsiveness in the consolidated systems. On the other hand, these same analyses have pointed to the disaffection of minorities with reorganizations and continued difficulties with providing both uniform and differentiated services in a consolidated government.

Most of these analyses agree that consolidated governments have expanded public services considerably. Increased expenditures in virtually all services were noted in Nashville-Davidson, Jacksonville, and Baton Rouge after consolidation.⁶³ Indianapolis and Jacksonville experienced service expansion in city services (urban renewal, health care) that were not given much emphasis in the pre-consolidation period. Not only have services been upgraded in core areas, but in many instances they have been provided for the first time in fringe areas. Instances of this sort of service expansion include parks in Nashville, police and fire in Jacksonville, and highway and drainage programs in Baton Rouge. In addition, the financing of some, but not all, services taps suburban revenues in Nashville and Indianapolis.⁶⁴ All consolidations, moreover, exhibit increased use of nonproperty and nontax revenue sources as well as increased Federal and State aid. These developments have been pivotal in reducing or stabilizing local property taxes in most consolidations.

Service economies have been noted in consolidations as well. Centralized legal, purchasing, and financial services have resulted in savings in Jacksonville; reductions in local personnel have occurred in Indianapolis; and more efficient auxiliary services were found in Nashville after reorganization.⁶⁵ Further economies were realized by services integration in both Nashville and Indianapolis.

Researchers of consolidation have noted still other gains. In Nashville, survey data revealed that a preponderant majority of local citizenry felt political accessibility and accountability in Metro equalled or exceeded that of the former system of government.⁶⁶ Moreover, political ac-

countability now has an areawide focal point in the elected chief executives of Indianapolis, Nashville, and Jacksonville, although some constitutionally elected officers, independent special districts, and separate municipalities still remain.

Representation. Consolidation has not avoided all vexing political and administrative problems. Political representation has been a source of litigation in Indianapolis. Nashville, Indianapolis, and Baton Rouge have experienced difficulty in expanding service districts beyond their original core area boundaries.⁶⁷ The lack of service district expansion has retarded physical development in suburban Nashville, resulted in special district proliferation in Baton Rouge, and prevented further redistribution of financial resources in Indianapolis. Unigov also has experienced increased pressure for service decentralization which has resulted in charter amendments authorizing a system of local "mini-governments."⁶⁸

Finally, though a source of some disagreement among the experts, consolidation appears to have been somewhat detrimental to minority political interests. Rural citizens in both Jacksonville and Nashville did not support their respective consolidations and subsequent analysis in Nashville indicates that many fringe residents still are not satisfied with Metro.⁶⁹ Rural opposition to public works programs in Baton Rouge also has been noted. Opposition to consolidation has also come from another source. Blacks in Indianapolis feel their political strength has been somewhat diminished by consolidation.⁷¹ Some black leaders, however, see an advantage in being part of a larger and more vital governance system. This appears to be the case in Jacksonville, but these leaders recognize that their domination in such a system is unlikely to occur at an early date. The political influence of rural and urban minorities and the orderly expansion and redistribution of urban services, then, will continue to be pressing concerns of most consolidated governments.

A COMPARATIVE SUMMARY

In each of the three models of metropolitan government there are divergent and similar theoretical dictates relating to the formulation of metropolitan policy and the assignment of functions. In brief, the comparative theoretical aspects of the models include the following.

1. Multiple decision-making centers exist in the polycentric and in both types of federated models. Citizens and communities have multiple access to metropolitan decision making in these systems. Political access in the governmental federated model is to a general-purpose areawide unit as well as to a local jurisdiction; therefore, when used effectively, it has more extensive impact than under the polycentric model where access may only be to a special-purpose unit of government or to a local government which has only a partial voice in regional concerns.

2. Citizen control of metropolitan decision making may be more direct under the governmental federated and consolidationist forms of metropolitan governance. In a polycentric system there usually is no directly accountable vehicle for areawide decision making.
3. Formal, comprehensive power relationships exist between local and areawide units in the governmental federated model; informal, functional ones exist in the polycentric system. Preordained functional assignments occur in both federated models, while functional assignments in the polycentric model are *ad hoc* and generally unplanned in nature.
4. Both the polycentric and consolidated models make claims to greater public service efficiency. In the polycentric model citizens only consume those services that they desire while in the unified model, service duplication is avoided. Both also claim economies of scale in the production of public services.
5. Service adequacy is more likely to be an aim of the governmental federated and consolidated governance models where minimum and uniform levels of service would be more apt to occur. A polycentric system theoretically displays more uneven governmental capabilities among local and diverse areawide units and invites superior levels of government to assure service adequacy through functional grants or legislation mandate.
6. Intergovernmental conflict is theoretically greatest in the two federated models. Polycentric models place a premium on functional cooperation whereas intergovernmental tension naturally exists in federated models where local and areawide responsibilities affect one another. On the other hand, the federated instrumentality may be able to adjudicate intergovernmental conflict more effectively than the polycentric one. In the federated arrangement, the areawide tier of government is in position to mediate conflict among local units; in the polycentric situation conflict resolution would either be lacking or come from actors outside the metropolitan political process.
7. The two federated and one consolidated models would be more apt to strengthen processes of metropolitan decision making than would the polycentric. In the former, a general-purpose governance process encompasses the entire metropolitan area and priorities among functional requirements in a metropolitan area can be set. In the governmental federated models, standard-setting might be a responsibility of the areawide

tier of government while a unified government would be naturally inclined to provide uniform levels of certain services.

8. Service equity theoretically may be better achieved in both federated or unified systems of government. Equalization of revenue capabilities might occur in a unified governance system while such a task might be the responsibility of a second tier of government under the federated model. Certain service inequities could occur, however, in a consolidated model where different neighborhoods were accorded different servicing treatment.
- 9 In general, polycentric models seem to be voluntaristic, functional, non-redistributive, and consensual in nature. The two federated models are non-voluntaristic, comprehensive, potentially redistributive, and negotiative in nature. Consolidationist models are non-voluntaristic, comprehensive, potentially redistributive, and hierarchial in nature.

The comparative empirical findings about the performance of three forms of metropolitan governance may be summarized as follows:

1. Metropolitan conflict generally was resolved by external agents in polycentric governance systems. Political conflict was intense in both types of federations; indeed, the presence of a federated structure may have even exacerbated some metropolitan tensions. In contrast, political conflict appeared to be somewhat muted in consolidated structures.
2. Political access did not appear to diminish in governmental federated and consolidated systems. Individual political access in consolidated and governmental and federated systems in-

creased since access to an areawide governmental unit could be attained.

3. Overt popular dissatisfaction with the functional assignment system appeared to be lowest in polycentric systems. In both types of federated and in consolidated arrangements, lower-tier governments and urban and rural minorities sometimes felt disaffected with the new systems.
4. Polycentric political systems appeared to be least apt to increase service levels, except in functions administered by regional special districts. Consolidated systems all exhibited higher levels of service expenditure after their institution, though they also were frequently able to find new external and internal revenue sources to finance these increased outlays. Elimination of service duplication was most pronounced in consolidated systems.
5. Service adequacy was most noticeable in the consolidated and governmental federated models. In those arrangements, many but not all areawide services were financed on an areawide basis. Depending on the service in question, rural or urban areas frequently received higher levels of services after reorganization. Service variation in polycentric systems continued to be marked. Both governmental federated and consolidated systems, however, still experienced demands for service decentralization.
6. Service equity was rarely achieved in polycentric systems; in governmental federated and consolidated governance schemes, fiscal equity was sometimes, but not always, achieved. Indeed, in some of the latter systems, service parity rather than service redistribution was the main theme of public goods provision.

Footnotes

¹On this point see Steven P. Erie, John J. Kirlin, and Francine Rabinowitz, "Can Something be Done? Propositions on the Performance of Metropolitan Institutions" in Lowdon Wingo, ed., *Reform of Metropolitan Governments* (Washington, D.C.: Resources for the Future, 1972), p. 34.

²For a formal and behavioral treatment of this question, see K. C. Wheare, *Federal Government* (New York: Oxford University Press, 1964); and William Riker, *Federalism: Origin, Operation and Significance* (Boston: Little-Brown and Co., 1964). See also Paul Ylvisaker, "Some Criteria for a Proper Areal Division of Governmental Powers," in Arthur Maas, *Area and Power* (New York: Glencoe Free Press, 1969), p. 32.

³Rufus Davis, "The Federal Principle Reconsidered," in Aaron Wildavsky, ed., *American Federalism in Perspective*, (Boston: Little-Brown and Co.), p. 10.

⁴Martin Grodzins, *The American System*, (Chicago: Rand McNally, 1966), p. 9.

⁵See Ylvisaker, p. 32.

⁶See Advisory Commission on Intergovernmental Relations, *Public Opinion and Taxes*, (Washington, D.C.: Government Printing Office, 1972), pp. 5-7.

⁷See Council on Environmental Quality, *The Quiet Revolution in Land Use Control*, (Washington, D.C.: Government Printing Office, 1971); Frank Alois and Arthur Abba Goldberg, "Racial and Economic Exclusionary Zoning: The Beginning of the End?", *1971 Urban Law Annual* (St. Louis: Washington University, 1971), pp. 9-62.

⁸See Advisory Commission on Intergovernmental Relations, *Making the Safe Streets Act Work: An Intergovernmental Challenge* (Washington, D.C.: Government Printing Office, 1970).

⁹James L. Sundquist and David W. Davis, *Making Federalism Work*, (Washington, D.C.: The Brookings Institution, 1969), Chapter III.

¹⁰Rufus Davis, p. 7.

¹¹This usually occurs in a legal context between State and Federal governments and in operational form between State and local governments and Federal and local governments.

¹²See Robert Bish, *The Public Economy of Metropolitan Areas*, (Chicago: Markham Publishing Co., 1971); Vincent Ostrom, "Polycentricity," paper delivered at the 1972 Annual Meeting of the American Political Science Association; Elinor Ostrom, "Metropolitan Reform: Propositions Derived from Two Traditions," *Social Science Quarterly*, December 1972, pp. 474-493; Charles Tiebout, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, LXIV, 5 (October, 1956), pp. 416-424; Robert Warren, "A Municipal Services Market Model of Metropolitan Organization," *Journal of the American Institute of Planners*, XXX, 3, (August, 1964), pp. 193-204; Vincent Ostrom, et al., "The Organization of Government in Metropolitan Areas: A Theoretical Inquiry," *American Political Science Review*, LV, 4, (December, 1961), pp. 831-842. Robert Bish and Vincent Ostrom, *Understanding Urban Government: Metropolitan Reform Reconsidered* (Washington, D.C.: American Enterprise Institute for Public Policy Research, 1973).

¹³Tiebout, p. 418.

¹⁴On this point see Anthony Downs, "Competition and Community Schools," in Henry M. Levin, ed., *Community Control of Schools* (Washington: Brookings Institution, 1970), pp. 219-249.

¹⁵See George J. Stigler, "The Tenable Range of Functions of Local Government," in Edmund S. Phelps, ed., *Private Wants and Public Needs* (New York: W. W. Norton, 1962), and Advisory Commission on Intergovernmental Relations, *Performance of Urban Functions: Local and Areawide* (Washington, D.C.: Government Printing Office, 1963), p. 49.

¹⁶Vincent Ostrom, et al., pp. 836 ff.; see also Amos Hawley and Basil Zimmer, *The Metropolitan Community: Its People and Government* (Beverly Hills: Sage Publications, 1970), Chapter IV.

¹⁷Vincent Ostrom, et al., p. 839.

¹⁸Vincent Ostrom, et al., pp. 839-840.

¹⁹See H. Paul Freisma, *Metropolitan Political Structure* (Iowa City: University of Iowa Press, 1971); Roscoe Martin et al., *Decisions in Syracuse* (New York: Doubleday-Anchor Books, 1965); Robert Warren, *Government in Metropolitan Areas: A Reappraisal of Fractionated Political Organization* (Davis, California: Institute of Governmental Affairs, 1966); Oliver Williams, et al., *Suburban Differences and Metropolitan Policy* (Philadelphia: University of Pennsylvania Press, 1965). See also Chapter III, Volume II, of this report.

²⁰Freisma, pp. 37-51, Warren, pp. 203-223.

²¹Warren, pp. 203 ff.

²²Freisma, p. 30.

²³Roscoe Martin, et al., pp. 183-223; Oliver Williams, et al., pp. 284-286.

²⁴Warren, p. 188; Roscoe Martin et al., pp. 231-272.

²⁵Freisma, p. 131.

²⁶Warren, p. 247.

²⁷Williams et al., p. 304.

²⁸Warren.

²⁹Warren, p. 254; Williams et al., p. 309.

³⁰See Alan K. Campbell, "Centralization or Decentralization: the Metropolitan Government Dilemma," (Detroit: The Metropolitan Fund, 1972 (forthcoming)); Committee for Economic Development, *Reshaping Government in Metropolitan Areas*, (New York, 1970); Lowdon Wingo, ed., *Metropolitanization and Public Services*, (Washington, D.C.: Resources for the Future, 1972); Robert C. Wood, "A Division of Powers in Metropolitan Areas," in Arthur Maas, ed., *Area and Power*, (Glencoe, Illinois: Free Press, 1959), pp. 33-69; Robert C. Wood, *Metropolis Against Itself*, (New York: Committee for Economic Development, 1959); Lowdon Wingo, ed., *Reform of Metropolitan Governments*, (Washington, D.C.: Resources for the Future, 1972). See also Chapter V, Volume III, of this report for more documentation on this area.

Federation is not used in the classical sense in this discussion; hence, the discussion encompasses a treatment of those metropolitan governance schemes which involve two tiers (areawide and local) of general-purpose government, not just those where the lower tier is represented in the upper-tier unit.

³¹Robert Wood, *Metropolis Against Itself*, p. 39.

³²Robert Wood, "A Division of Powers in Metropolitan Areas," p. 61.

³³Robert Wood, "A Division of Powers in Metropolitan Areas."

³⁴Committee for Economic Development, *Reshaping Government in Metropolitan Areas*, p. 50; as the report states, "... a revised local system could give new vitality to America's traditional federalism by forcing the State and Federal parts of the system to design programs which are internally consistent and genuinely responsive to the needs of its urban citizens."

³⁵See Lance Liebman, "Metropolitanism and Decentralization," in Lowdon Wingo, ed., *Reform of Metropolitan Governments*, p. 50; "Decentralization and metropolitanism are potential allies. The appeal of each is based both on rationalized service delivery and on a more appropriate alignment of the local political community. Believers in decentralization speak of more efficient management of municipal functions now miserably (but expensively) provided by ancient bureaucracies; believers in metropolitanism speak of replacing these same bureaucracies with new areawide organizations that draw on the achievements of twentieth century management and organization."

³⁶Committee for Economic Development, *Reshaping Government in Metropolitan Areas*, p. 44.

³⁷See John G. Wofford, "Transportation and Metropolitan Governance," in Lowdon Wingo, ed., *Metropolitanization of Public Services*, pp. 25-26, for an enumeration of the various power relationships between areawide and local governments.

³⁸See Committee for Economic Development, *Reshaping Government in Metropolitan Areas*, p. 43; also Donald Hagman, "Regionalized-Decentralism: A Model for Rapprochement in Los Angeles," *Georgetown Law Journal*, LVIII, 4 and 5, pp. 901-953.

³⁹Chapter V, Volume III, of this report discusses one other form of two-tier arrangement, involving metropolitan multi-functional special districts.

⁴⁰The works analyzed are John DeGrove's analysis of "Metropolitan Dade County," appearing in Chapter I ("Southern Regionalism") of Volume II of this report; Dade County Metropolitan Study Commission, *Final Report and Recommendations* (Miami, 1971); Melvin Mogulof, *Five Metropolitan Governments* (Washington, D.C.: The Urban Institute, 1972); Edward Sofen, *The Miami Metropolitan Experiment* (Bloomington: Indiana University Press, 1963); Harold Kaplan, *Urban Political Systems: A Functional Analysis of Metro Toronto* (New York: Columbia University Press, 1967); Albert Rose, *Governing Metropolitan Toronto: A Social and Political Analysis, 1953-1971* (Berkeley: University of California Press, 1972).

⁴¹Mogulof, p. 59; Kaplan, p. 252 ff.; Rose, p. 175.

⁴²Kaplan, pp. 84, 256.

⁴³Miami-Dade has an areawide urban renewal program and Metro Toronto has a metro-based system of equalized educational finance.

⁴⁴Rose, p. 180.

⁴⁵Sofen, p. 193.

⁴⁶DeGrove; Mogulof, p. 103.

⁴⁷Rose, pp. 178-179.

⁴⁸The pertinent studies of the Twin Cities experience are Stanley Baldinger, *Planning and Governing the Metropolis: The Twin Cities Experience* (New York: Praeger Publishing Co., 1971); Ted Kolderie, "Governance in the Twin Cities Area of Minnesota," appearing in Chapter IV of Volume II of this report; and Melvin Mogulof.

⁴⁹Indeed, one observer of council operations has noted, "Effectiveness [of the council] has been defined not primarily in

terms of functional achievement but in terms of the ability to assert a region-wide policy interest in the programs of operating agencies;" Kolderie, p. 130.

⁵⁰Kolderie; see also, however, Joseph F. Zimmerman, "Metropolitan Governance and the Twin Cities Model", paper delivered at the Annual Conference of the National Municipal League (Minneapolis, 1972) pp. 8-10.

⁵¹Kolderie, pp. 120-121.

⁵²Kolderie, p. 130.

⁵³Kolderie; Baldinger, p. 219 ff.

⁵⁴Mogulof, p. 80.

⁵⁵See See Luther H. Gulick, *The Metropolitan Problem and American Ideas* (New York: Alfred Knopf, 1962); Victor Jones, *Metropolitan Government* (Chicago: University of Chicago Press, 1942); Charles Merriam, *et al.*, *The Government of the Metropolitan Region of Chicago* (Chicago: University of Chicago Press, 1933).

⁵⁶Luther Gulick, p. 24.

⁵⁷Gulick, pp. 44-45.

⁵⁸See Committee for Economic Development, *Modernizing Local Government* (New York, 1966), pp. 11-13, and Victor Jones, Chapter III.

⁵⁹Victor Jones, Chapter VIII.

⁶⁰Victor Jones, pp. 49-60.

⁶¹Gulick, p. 123.

⁶²See John DeGrove, "The City of Jacksonville: Consolidation in Action," appearing in Chapter I of Volume II of this report; Robert MacArthur, "Metropolitan Government of Nashville and

Davidson County," appearing in Chapter I of Volume II of this study; Economic Research Service, *Impact of City-County Consolidation on the Rural-Urban Fringe: Nashville Davidson, Tennessee* (Washington: U.S. Department of Agriculture, 1971); Daniel R. Grant, "A Comparison of Predictions and Experience with Nashville 'Metro,'" *Urban Affairs Quarterly* 1 (September 1965), pp. 34-54; York Willbern, "Unigov: Local Government Reorganization in Indianapolis," appearing in Chapter II of Volume II of this report; William C. Havard, Jr., and Floyd Z. Corty, *Rural-Urban Consolidation: The Merger of Governments in the Baton Rouge Area* (New Orleans: Louisiana State University Press, 1964).

⁶³Economic Research Service, p. 16; DeGrove, pp. 20-21; Havard, *et al.*, Chapter VI.

⁶⁴Daniel Grant, p. 45; York Willbern, p. 62.

⁶⁵MacArthur, p. 32; Willbern, p. 67; DeGrove, pp. 20-21.

⁶⁶Economic Research Service, pp. 26-27.

⁶⁷Michael J. Houston, "Special Service Districts in a City-County Consolidation: Conflict Between Metropolitan Reform and 'One Man—One Vote' in Indianapolis-Marion County," *Indiana Law Journal*, 47, 1, (Fall, 1971), pp. 101-117. See Metropolitan Planning Commission, *Expanding Urban Services* (Nashville, 1972), pp. 1, 28; Harvard, *et al.*, Chapter V; Willbern, pp. 61-62.

⁶⁸Willbern, p. 67.

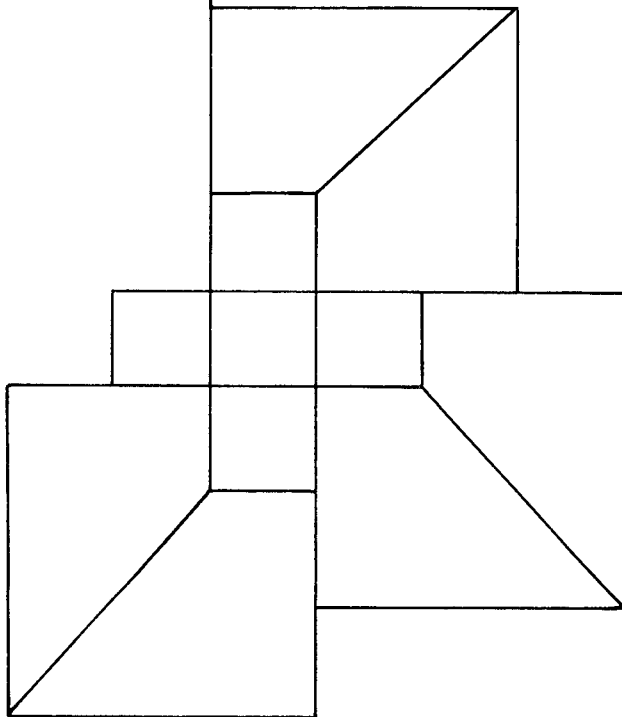
⁶⁹Economic Research Service, p. 30.

⁷⁰Harvard *et al.*, Chapter IV.

⁷¹Willbern, p. 71.

Chapter VI

**ASSIGNMENT OF
FUNCTIONS:
AN ECONOMIC
FRAMEWORK**



by

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There has evolved in the United States an extremely complex, highly interrelated, but fractionated governmental system with widely varying responsibility for the provision of a vast array of public and quasi-public goods. The end result is a system of collective provision of goods and services that seemingly lacks any rationale or unifying logic. One must too often rely on "tradition" and "historical perspective" as explanations for the existing arrangement. Thus, like the white rabbit in *Alice in Wonderland*, we have some vague notion of where we are but remain confused as to how we got there or exactly where we are headed.

This paper offers neither an unequivocal calculus for assigning fiscal responsibility nor a panacea for restructuring the provision of public goods. It does raise some major questions germane to the performance of collective activities. First, what is the rationale for the present significant public intervention in a market-oriented economy (some 35 percent of a trillion dollar economy)? Second, and closely related, what are the essential differences between those goods provided publicly and those allocated by the market? Third, since certain activities clearly satisfy some criterion for collective intervention two questions remain: What level of government should assume responsibility for their provision (*i.e.*, make the expenditures) and how should their costs be financed (*i.e.*, raise necessary revenue)? When these admittedly synoptic questions have been considered one can then contrast the existing system of public goods provision against a set of clearly specified criteria indicating how they might be provided and financed. Thus, the goal defined here is to elaborate on some major considerations involved in public versus private provision of goods and to discuss how public or quasi-public goods may be assigned to various types of governments.

One prefatory note of caution is in order. Delineating a set of assignment criteria—other than the status quo—with its strengths, weaknesses, and trade-offs often requires a new focus. For example, must public goods necessarily be assigned along strict functional lines or can their provision focus on common activities, *e.g.*, the difference between the availability of police and fire protection and centralized dispatching and radio operation as activities common to each? The problem is, of course, that a public good such as police protection has no operational content. Rather, police protection is a wide and complex array of interrelated activities that can differ immensely from jurisdiction to jurisdiction. Police protection in New York City is vastly different from that found in rural Missouri. Too much current thought on reorganization assumes solely a functional orientation to the provision of public goods. Nothing indicates that centralization or decentralization, as the case may be, must assume a functional rather than activity format.

Another major problem is the existence of politically sensitive trade-offs inherent in any allocation of public activities to various governmental units. If each function,

activity, or set of related activities were to be delegated to some jurisdiction (not necessarily already in existence) based on a specific set of criteria, we could well evolve a system of government more complex and irrational than the one we presently confront. The whole may well be different from the sum of its parts.

With the preceding as caveat, the text will proceed as follows. The next two sections spell out the rationale for collective activity and the essential differences between goods provided by the market and those allocated through collective decision making. A following section emphasizes the economic and fiscal tensions now observed in our haphazard system of fiscal assignment. The final sections define and discuss specific economic criteria for assignment decisions, indicate the trade-offs between and among criteria, and suggest a governmental model that can accommodate these criteria.

RATIONALE FOR COLLECTIVE INTERVENTION

The basic rationale for any collective intervention lies in a failure on the part of the market to accommodate certain private outcomes. One of the major problems facing a market economy is a distribution of income, and over time wealth, that leaves a large segment of the population below an acceptable standard of living. For a wide array of reasons many people are not able to exchange their productive services in the market for a return high enough to generate adequate income.¹ This produces and tends to perpetuate poverty.

If society somehow reaches a consensus that too much poverty is undesirable and socially disruptive, it can formulate policies to redistribute income from those with high market returns to those with low returns. In this context, income redistribution becomes a public good. While the medium for achieving distribution can assume many forms, ranging from cash transfer payments to direct market intervention to greater access to certain public goods such as food stamps and public health facilities, the fact remains that the market failed to allocate income in a manner consistent with social consensus. Collective action was then taken to alter the status quo. If the market fails to produce a desired distribution of income, redistribution assumes status as a public good and government becomes the medium for achieving a reduction in poverty.

A second realm of public action lies in the macroeconomics of stabilization. As Keynes quite effectively pointed out, there is nothing inherent in the market as an organizing logic for economic decisions that will necessarily produce full employment of productive resources, especially labor.² Unacceptably high rates of unemployment have demonstrated this over and over again. Problems of inflation, achieving a certain rate of economic growth, and an acceptable balance-of-payments position also fall under the purview of government. Since private decisions make no adjustment for these phenomena, col-

lective action is formulated to produce a remedy. Here, as with distribution, stabilization becomes a public good.

Finally, the public sector deals with a class of market outcomes related to the inefficient manner in which private decisions may utilize scarce resources. In other words, there are often costs or benefits inherent in certain forms of consumption and production for which the market does not compensate. Accordingly, the market may provide too many resources for certain types of economic activity and too few for others.

A prime example of a good that entails a social cost is the automobile. Above the market price of an automobile is the cost that its use imposes on the rest of society, especially as pollution and congestion. Pollution is the direct result of consuming a product that the private sector has made available without giving any consideration to "third party" effects. Unless the public sector intervenes, only private consumption and production costs are considered in the allocation of resources to the automobile. Public intervention in this instance has assumed the form of regulation and legislation setting limits on how much pollution will be permitted. The additional cost to produce a less pollution-prone vehicle is reflected as a higher price for automobiles and shifted to the consumer. The higher price leads to some reduction in quantity demanded. Thus, the market has been influenced by public intervention to account for social costs. The social objective in dealing with a good that entails social cost is to raise its price enough to decrease the market allocation of resources to this activity.

An example of consumption that entails a large social benefit is education. The individual reaps very real advances from acquiring additional education in the form of increased earning potential. Private benefits can be measured by the discounted present value of a marginal future earnings stream. Additional benefits, however, also accrue to society through the existence of a better educated, more efficient work force and a citizenry more qualified to weigh the pros and cons of critical social and political issues.³

DISTINCTIONS BETWEEN PUBLIC AND PRIVATE GOODS

While public intervention in the provision of private goods can assume numerous forms, it usually involves either a manipulation of taxes or expenditures to discourage or encourage the activity under consideration, or some form of direct regulation on private behavior. If the activity in question is one to which the market allocates too few resources because it fails to account for collective benefits, subsidies, tax concessions, or direct public provision can increase the volume of resources flowing to this activity. If the market oversupplies an activity by not accounting for social costs, taxation or regulation can be employed to curtail resources devoted to the activity.

Having outlined a rationale for the existence of govern-

ment, what are the major distinctions between public and private goods?⁴

Market provision of a "pure private good" is characterized by the amenability of the good to pricing and the fact that profits derived from its sale act as a guide for an optimal use of resources. In the case of a pure private good, the wants to be satisfied are individual and the benefits derived accrue entirely to the consumer. This implies that a price set in the market reflects consumers' marginal valuation of the good and that consumption by one person necessarily excludes others from consuming that unit of the good. Also, consumption of private goods is entirely voluntary. The consumer examines the market price or cost of a good and weighs this against the benefits to be derived from its purchase. If the benefits exceed, or at least equal price, the good is purchased. If not, purchase is foregone and a reallocation of spending priorities takes place. At a certain price consumers' desire to maximize utility will be in accord with producers' desire to maximize profits. This equilibrium price determines the volume of resources devoted to this particular activity.

A "pure public good" occupies a position at the other extreme of a continuum. It differs from its private counterpart in several ways. First, benefits derived from these goods are entirely social or collective in nature, thus excluding the possibility of determining individual benefits to which a price could be attached. Since benefits are collective, there is no opportunity for a market-type price to be set and profits cannot serve as a device to allocate resources. "Success" and "failure" can no longer rely on profit maximization behavior since profits *per se* do not exist. Second, the good is provided simultaneously to a group of individuals that share equally in its consumption. In other words, any one person's use of a pure public good has absolutely no effect on consumption by others. Once the good is made available, it is available to all presumably in equal quantity. Finally, the provision of a pure public good is characterized by a lack of voluntary exchange. Since the good is jointly consumed, its costs must be met through taxation. Once the collective decision has been made to provide a pure public good, its costs are met by taxation, a coercion that does not exist in the market.

Many public goods can be further distinguished in other ways. First, some public projects contain elements of risk or uncertainty that are too high to warrant private provision guided by the profit motive. Spending on basic research and development falls into this category. Second, the scale of capital necessary for certain projects may be too large for private financing. Facilities such as airports, mass transportation, and highway systems may require hundreds of millions or even billions of dollars in capital; a scale too large even for corporate giants like General Motors or American Telephone and Telegraph. Third, the time horizon on some investments is decades rather than the normal planning horizon of private decisions, generally six to eight years. Since the benefits from projects such as urban renewal, water resources development, and mass transit may not be realized until far into the future, their

present value relative to cost may be too low to justify an investment of private resources. Finally, some endeavors involve a unique resource scarcity that dictates public intervention to assure that adequate quantities will be produced. Public utilities offer one such example. Their regulation is designed to assure an adequate supply at non-monopolistic prices.

In between pure private and pure public goods is an array of goods comprising much of what we consume. These goods—education, housing, water supply, transportation—are ones that could conceivably be supplied jointly or either by the private or public sector. However, they are usually provided publicly or by private producers under considerable public influence. These services then, have the characteristics of both private and public goods. When they are provided in the public sector, it is due to a general consensus that such services “merit” public provision.⁵

FINANCING THE PUBLIC SECTOR

The relative balance between public and private resource allocation has undergone major change. Using gross national product (GNP) as a base, public spending rose from 8 percent of GNP in 1902 to nearly 35 percent in 1970.⁶ The trend has been steadily upward. In less than 70 years the relative claim of collective activity rose by almost 300 percent. In dollar amounts, public spending jumped from \$1.6 billion in 1902 to \$333 billion in 1970. While the Federal sector has claimed an increasing proportion of all public spending, the major fiscal burden of domestic programs continues to remain firmly with State and local governments.⁷

The increased demand for collective action to deal with problems of urbanization and industrialization, combined with disproportionate reliance on State and especially local governments to cope with domestic problems, has led to a fiscal imbalance of our federal system.⁸ This imbalance has resulted in increasing tension at the local level which is directly related to tax-expenditure assignment, political fragmentation, the economic effects of local revenue-raising instruments, and the lack of guidelines for the assignment of responsibility in a rapidly expanding public sector. A brief analysis of these tensions will set the background for a discussion of the problems associated with allocating public sector activities.

Fiscal Tension in the Federal System

Assignment of Revenue Sources. Our system of financing the metropolitan public sector has evolved with as confusing a logic, or lack thereof, as that of the delivery of urban public goods. This is due partially to the enormous number of local governments with widely varying fiscal and economic characteristics and also to the arbitrary manner in which revenue instruments have been appropriated by various governmental sectors.

Initially, State and local governments made the bulk of

all public expenditure; in 1902, 55 percent was local and 11 percent State. Property taxes were their fiscal mainstay. As the relative and absolute quantity of public goods began to rise, however, the Federal government opted increasingly for the personal and corporate income base. States, operating within the constraint of heavy Federal reliance on taxes tied to income, began to use property and then a sales base to provide revenue.⁹ Gradually States relinquished their claim on the property base and relied increasingly on sales and more recently income. Consequently, most local jurisdictions continued to depend on the only remaining tax instrument capable of yielding revenue nearly commensurate with need, the property tax.¹⁰

This changing pattern of fiscal assignment has led to three main sources of tension. First, State governments have granted numerous real estate tax exemptions to broad classes of individuals. Often these classes were vaguely defined and not specifically tied to any criterion of “need for relief.”¹¹ In addition, States generally made no specific compensation for loss of revenue due to State-imposed shrinkage of the property base. In most instances, exemptions were categorical, with little or no consideration given to ability-to-pay. Local revenue loss has been further exacerbated by a growing tendency of States to exclude personal and intangible property from the local property base.¹² Thus, local governments’ tax yield has been subject to a continuous erosion by implicit State subsidies to certain groups, legislated exclusion of personal and intangible property, and State constitutional restrictions on local authority to levy a property tax.¹³ Not only has the local sector been “awarded” the unresponsive and inequitable property tax as its main revenue source, but also the State has imposed severe restrictions on its use by local jurisdictions.

Confronted with a rising demand for existing activities and an expansion of the scope and quality of services offered, local governments have been forced into more intense use of the real estate tax base. This produces a second source of tension. The property tax base, as usually defined, is one that responds at best only proportionately to changes in economic activity. While the demand for local public goods has tended to rise more than proportionately to general economic conditions, local revenue yield has not.¹⁴

The unresponsive State-local tax base, in turn, serves to increase fiscal tension. A recent ACIR study has delineated the elements of this tension. The Commission estimated the “elasticity” of State general expenditures at about 1.7. With a revenue elasticity of 0.9 to 1.0 for the total State tax system, tension becomes defined as a perennial gap between resources and expenditures.¹⁵ Tension at the local level is even more pronounced.¹⁶

A final source of tension concerns the manner in which the cost of State and local public goods is allocated among various income groups. While any definition of equity remains troublesome, it is generally understood to require

progressive tax incidence¹⁷ and possibly regressive, “pro-poor,” expenditure incidence. Yet limited data indicate the incidence of State-local taxation to be far from progressive. In a study of tax equity on a State-by-State basis, this author has found overall State-local tax incidence to be regressive in 39 States and proportional in 11. Netting out the influence of the local sector, it was found that the State tax system was regressive in 28 states, proportional in 20 and progressive in two.¹⁸ Although the States fare somewhat better than local governments in achieving tax equity, the combined tax system remains regressive. Examination of the local sector, with its heavy reliance on the property tax, uncovers regressive incidence and high levels of tax burden.¹⁹ As Netzer has so aptly noted:

It [the property tax] is a generally inferior tax instrument, although not the worst of all possible taxes. But an inferior tax becomes a monstrous one if applied at high enough rates.²⁰

In short, there has evolved a system of financing State and local public goods that deviates sharply from acceptable standards of fiscal equity.

In contrast is the working of the Federal tax system. Recent studies have found Federal taxation to be progressive, although not nearly as much so as nominal rates imply. Most progressive is the individual income tax, which currently yields in excess of 40 percent of Federal tax revenue.²¹ A clear distinction can be drawn between the Federal sector and the State and local sectors. Federal revenue is derived from the broadest and most responsive tax base, personal and corporate income. State governments have access to broad-based taxes such as personal and corporate income and sales, with tax incidence proportional-progressive in 22 of 50 states.²² Local government, at the bottom of the fiscal hierarchy, fares much worse for reasons already noted.²³

Present assignment of tax instruments within our federal system, then, leaves those jurisdictions with the heaviest fiscal responsibility for urban services with access to the most inelastic and regressive revenue sources.

Any discussion about the burden of public programs should consider the total impact of the public sector, both taxes and expenditures. If we accept an ability-to-pay benchmark for making judgments concerning equity, this leads us toward a fiscal system in which tax incidence is progressive and expenditure incidence regressive. The net effect of such a system would, of course, be redistributive.

Unfortunately, findings on the incidence of public sector expenditures are highly tentative and subject to severe conceptual and empirical confusion. The limited information that does exist seems to document the regressivity or “pro-poor” character of public expenditures at all levels of government, but does not show progressivity in tax incidence except at the national level. Thus, the federal system as a whole seems to produce equity in expenditures but not in taxes.²⁴

Geographical Tax Flows. Financing in the State-local sector is further characterized by the “openness” of the economic units that comprise it. Legal boundaries become virtually meaningless as barriers against the free flow of tax burdens (and expenditure benefits) among governmental jurisdictions. Our federal system permits taxes levied in a particular political jurisdiction to become a burden on residents in other jurisdictions.²⁵ Our entire State-local system of taxation is subject to exactly such geographical rearrangement of tax burdens. While a full specification of all these flows would be impossible, their fiscal impact remains important. To the extent that some portion of the cost or benefits of public goods in a given governmental unit can be shifted to another jurisdiction, the volume of resources allocated to public programs will be inappropriate. With an excess of 78,000 State-local jurisdictions, the potential for non-optimal provision of public goods is considerable.²⁶

McLure has developed the most detailed estimates of the extent to which State-local taxes are exported from each State. He has found that nearly 21 percent of all State-local tax revenue in 1962 was exported, with a range between a high of 49 percent in Nevada and a low of 15 percent in Maine.²⁷ This volume of tax spillover affects the “true cost” of public goods in a jurisdiction and, accordingly, the allocation of resources to the public sector. Nevada, for example, exports 49 percent of its total tax burden to residents of other areas, predominately as gambling-related taxes. Its public sector is therefore heavily subsidized by “exporting” taxes attached to gambling activities as a significant component of Nevada’s economic base. If these estimates were taken literally, they would imply that public goods in Nevada cost residents about \$.50 on the dollar.²⁸

The spatial flow of benefits from public programs also affects the allocation of resources within the public sector and the public-private balance. Conceptual and empirical problems of estimating such flows, however, have resulted in a dearth of such analyses. Accordingly, their actual impact remains undefined.²⁹

Local Fiscal Disparities. The existence of disparities within and between metropolitan areas is a manifestation of still another local fiscal tension. While substantial differences often exist in the fiscal characteristics of local governments in most metropolitan areas, Sacks has noted:

A fiscal disparity within a metropolitan area is not simply a difference in some fiscal characteristics such as per capita expenditures or taxes. Rather, a disparity is the difference between the needs-resources gap in the central city and the needs-resources gap outside the central city, *which arises from the presence of economically and fiscally interdependent governmental units.*³⁰

Using the St. Louis area as a case in point, Clayton, a

wealthy inner suburb with a high concentration of commercial activity, is able to support high quantity and quality, broad-scope public services. It spends in excess of \$2,200 per pupil on education with a nominal property tax rate that is the lowest in St. Louis County. At the other extreme is Kinloch, an extremely poor, all-black municipality with a very weak base. It is able to allocate less than \$800 per pupil with a nominal tax rate among the highest in the county. The disparity can be further accentuated by a comparison of assessed value per pupil, with Clayton at \$44,000 and Kinloch at \$2,800. The situation in St. Louis is by no means unique.³¹

Essentially, fiscal disparities are the byproduct of a highly decentralized system of local government. What might in the aggregate be an adequate tax base for satisfying demands on the public sector has become chopped up into "postage stamp" sized jurisdictions. Extreme political fragmentation tends to produce wealthy jurisdictions with high-tax capacity and low-tax effort and poor jurisdictions with low capacity and high effort. Netzer has commented on this governmental poverty, noting:

The richer communities—those with extensive concentrations of business property (or non-property tax bases) and those dominated by high-value residential property—do spend a good deal more than poorer communities. . . . But they do not spend as much more as their superior tax bases would permit. Therefore, tax rates and tax base tend to be negatively correlated; the richer communities provide superior services at lower tax rates.³²

While some of this fiscal variation is acceptable and can be accounted for by differences in individual and community preferences for municipal services,³³ a major component can be attributed to intra-metropolitan differentials in the concentration of taxable property. Moreover, there are major constraints on the ideal operation of a fully decentralized system of local government, specifically the assumption of perfect mobility, full knowledge, the positive role of higher-level authorities, and an absence of externalities. Mobility within an urban area is often severely restricted by employment opportunities, variation in the cost of housing, segmented housing markets, institutional rigidities, and racial-religious-cultural discrimination. Knowledge of the full range of potential public service alternatives is not possible, especially considering the often prohibitive cost of obtaining such information. And finally, externalities abound in urban areas. All of these factors temper the extent to which one can or should accept differences in fiscal characteristics as manifestation of individual tastes and preferences as opposed to resource disparities resulting from political fragmentation.

Recent documentation of fiscal and socio-economic differentials (both between central city and outside central city within a metropolitan area and across metropolitan areas) has emphasized the nature and extent of the disparities problem.³⁴ More recently, however, disparities

have been questioned on a more fundamental basis. Under the Fourteenth Amendment and pertinent State constitutional provisions, State courts have begun to examine the issue of unequal protection in the provision of education. Since education financing is so closely associated with the local property base, considerable variation in the quantity and quality of education is often found. In decisions such as *Serrano v. Priest* in California, courts have ruled that reliance on a highly fragmented local property base to finance education denies students "equal protection." Thus, interlocal variation in the fiscal capacity of school districts has led to a legal questioning of the strict equivalence between property taxation and the provision of education.³⁵ While the recent U.S. Supreme Court decision reversing the *Rodriguez v. San Antonio Independent School District* decision in Texas may slow the legal challenges against local property tax financing, the pressure of successful State suits and continuing local fiscal problems indicate the need for fiscal restructuring.

Pricing Public Services. Continued pressure on the fiscal resource base of municipalities has given rise to an upsurge of local user fees and charges.³⁶ Fiscal expediency has necessitated increased reliance on these benefit levies to buoy up a relatively sagging financial base. Wilbur Thompson has succinctly noted a broader rationale for introducing a pricing logic to the provision of public goods:

We treat the scarcest things in our cities—street space at the rush hour—as if it were free goods. We offer "free" such public facilities as museums, marinas, golf courses. We insist on equal pay for teachers everywhere throughout the urban area. All of these are instances of bad economics, the result of public failure to understand the city as a price system. And small wonder, since the complex set of prices that shape the city are largely subtle, hidden prices. . . .³⁷

Charging explicit prices for certain public services offsets perverse market outcomes resulting from externalities. Fees and user charges help influence individual consumer behavior, bringing it in closer conformance with collective consensus and concern over efficient use of resources. A system of automobile tolls or solid/liquid waste and pollution effluent charges, for example, can be designed to modify private decisions to recognize the social costs (externalities) inherent in private activities such as driving an automobile or careless disposal of waste products. Such public pricing improves the social quality of private decision making and exerts a more positive and immediate influence on behavior than regulation or legislation.³⁸

Pricing can also improve the quality of decisions made within the public sector. Under the current system of financing public goods, we find numerous municipal services paid for with a general (coercive) "tax package," often predominately the property tax. Tax financing opens

up the possibility of providing public services for which there is either no demand or inadequate demand to justify provision. Explicit charges for these services would set up a feedback mechanism to check the use of public resources against actual demand. If the price of a certain service were made explicit, rather than hidden in a general tax, and consumption were voluntary rather than coercive, the public sector could better measure the "success" or "failure" of specific ventures.

In the case of those activities for which benefits are divisible and appropriable by individuals, pricing sets up a *quid pro quo* between cost and benefit. Resources are allocated more efficiently as a result. However, if a good is characterized by joint consumption and indivisibility of benefits, pricing will fail due to the "free-rider" problem. Also, merit goods such as education and public health might well continue to be financed through taxation even though benefits might be unequal and separable.³⁹

The status of user charges in city finances has evolved to the point where the ratio of charges to one dollar of taxes is currently 0.61: the dollar amounts involved have risen from \$3.4 billion to \$8.3 billion between 1957 and 1970, a 144 percent change. This increase surpasses the 131 percent change in tax revenue during the same period of time.⁴⁰ "Fee intensity"—the ratio of fees and charges to general revenue from taxes—varies widely across cities, depending on how extensively a municipality has adopted "public pricing." Extremes include Patterson, New Jersey, with a fee intensity of 0.02 and Jacksonville, Florida, at 3.75.⁴¹

Whatever the case for specific cities, fees and charges are being more widely adopted wherever benefits can be identified and separated. Admittedly, there are some serious conceptual and empirical pitfalls. Concern over distribution and equity, city-suburban disparities, the administered nature of public prices, differential cost characteristics, and common property rights all act as constraints to public pricing. Nonetheless, Mushkin argues that the time has come to implement, albeit experimentally, "... demonstrations on pricing particular public products so that, without impairing local government revenues, more can be learned about the demand for identified public services and the response to alternative pricing policies."⁴²

ECONOMIC CONSIDERATIONS IN THE ASSIGNMENT OF PUBLIC SECTOR ACTIVITY

Defining Public Sector Output

Before formulating any criteria for the assignment of activities to various levels of government, one must give careful thought to exactly what such a procedure entails. Must we, for example, take an entire function such as public safety, expose it to criteria, adjust for trade-offs, and then select an appropriate slot in some hierarchy of

political jurisdictions? Or can we examine discrete or interrelated activities falling under the rubric public safety and allocate them to an appropriate governmental unit? The dilemma is that a function as broadly defined as public safety or even police protection has no empirical content and is plagued with conceptual ambiguities.⁴³

An excellent example of the problems in defining public output is provided by the police function. When we discuss centralization or decentralization of police services, does this mean the entire function, certain activities, or sets of activities?⁴⁴ Do we want, for example, 30 distinct police departments in New York City, each operating at a "community" level, or do we want some services decentralized to communities while others remain available on a citywide basis.⁴⁵

Close scrutiny of an annual report for the New York City Police Department (NYPD)—as an example of an extremely complex public good—suggests certain services provided through the NYPD can best conform to criteria such as economies-of-scale and internalization of benefit spillover only when supplied citywide. The myriad activities of the NYPD include—in addition to routine patrol activity—medical units, emergency services covering everything from asphyxia to elevator accidents, an aviation unit, issuance of licenses for taxis, tow cars, and their drivers, firearm permits, ballistics tests, narcotics control, missing person reports, recovered stolen property, police laboratory analyses, photographic services, fingerprint identification, and a bomb squad, to mention just some major categories.⁴⁶ When this array of activities is contrasted with the part-time, non-professional police departments found in many small urban municipalities and rural areas, one can hardly speak of both sets of services as being the same public good;⁴⁷ they are quantitatively and qualitatively different in almost every respect.

What we must do is consider the facets or attributes of various public goods and their allocation rather than assignment of the entire function itself. As Bradford, Malt, and Oates have noted in their study of the rising cost of local public services:

It is essential that we define conceptually . . . what we mean by a unit of output of a public service. When one examines the various measures of public output . . . , it becomes clear that the authors are talking about quite different things. There exist real ambiguities about just what one means by public output . . . , and it is of central importance that we make clear what it is that we want to measure.⁴⁸

The critical nature of such precision can be illustrated by reference to cost analyses of police protection. Empirical studies have usually found neither economies nor diseconomies of scale to prevail.⁴⁹ What this may well reflect is an "averaging out" of diseconomies for some non-routine activities, such as solving murders and investigating missing person complaints, and economies-of-scale

for more routine tasks, such as licenses, ballistics tests, and laboratory analyses. Thus, while there may seem to be no possibility for rearranging the provision of the police protection to achieve lower unit cost, examination of *activities* may reveal just the opposite. Caution must be exercised to make a distinction between a public function and the activities which comprise it and to choose which is the relevant unit of concern. Quite different results may be obtained when dealing with specific activities as opposed to broadly defined functions. The discussion in the sections to follow should be kept in such a perspective.

Economies of Scale

One of the most frequently alluded-to criteria guiding the allocation of public activities to various levels of government is economies of scale.⁵⁰ Scale analysis has its basis in the microeconomic analysis of the firm. Variations in scale of operations can be associated with differences in cost, generally postulated as a relationship between the average cost of production and the scale of plant operations. This scale of a facility, however, must not be interpreted as actual production or the quantity produced over some period of time. Rather, scale refers to the productive capacity of a facility whether or not it is fully utilized. Thus, it is quite possible for large- and small-scale plants to have identical outputs during some time period. The large producer is simply operating at below full capacity and the small firm at capacity. It should also be noted that the provider can be public or private. Likewise, production and unit cost can refer to public goods such as police protection and education as well as to private goods such as automobiles.

The association between scale of operations and unit cost can be illustrated with a simple cost curve showing cost/unit against variation in scale of production. Figure VI-1 shows the possibilities that may be uncovered in empirical analysis of economies of scale. With the situation shown in (A), large-scale production makes for greater efficiency and cost per unit falls; in (B) just the reverse is true, smaller productive units are more efficient, cost per unit rises; (C) shows a situation in which unit cost is invariant with scale of operation; finally, (D) combines the features of (A) and (B), the most efficient scale being point (X) where unit cost is at a minimum. While the objective of economies-of-scale analysis for the private sector is to determine the relation between average cost of output and varying scale of production,⁵¹ scale of production in the public sector is related to the population base of an area. Therefore, the question of an optimal-sized political jurisdiction to provide a certain public good is significant.

The situations depicted in Figure VI-1 could be derived from a series of short-run cost curves for an activity showing the relation between unit cost and output, with at least one of the inputs held constant. Usually, the variable factors are labor and raw materials, with capital fixed at a level associated with a given scale of operations (jurisdic-

tional size). As output increases, costs may eventually begin to rise due to the influence of declining marginal productivity. In the public sector, the short-run cost curves would be associated with different-sized populations to be serviced by a political unit. As the population base increased, scale of operations would have to change to meet the added demand for public output. Thus, the analogy with the microeconomics of the firm is somewhat less tenable.

If the size of a jurisdiction were to be altered, a new short-run cost curve would be defined that was associated with a new complement of plant and equipment and associated population base. Repeating this process over a range of scales of plant generates a series of short-run cost curves. The "envelope" curve for these short-run curves is a long-run average cost curve showing directly variation in unit cost associated with variation in scale of operation. Scale of operation is in turn associated with the level of demand for public goods in a particular sized jurisdiction.

The shape of the long-run average cost curve indicates whether economies, diseconomies, or constant returns to scale prevail. Reference to Figure VI-1 shows each possibility; the optimal scale of operations for any activity is that level of output at which unit cost is minimized. To the extent that this scale can be justified by demand, it pays to expand jurisdictional size up to that point. Such a level is indicated by point (x) in Figure VI-1.

The major point of concern is the shape of the long-run average cost curve. This information enables one to determine whether cost savings can be realized by varying the size of a political unit and therefore scale of operations.⁵² One must, of course, examine a long-run cost curve for each activity under consideration.

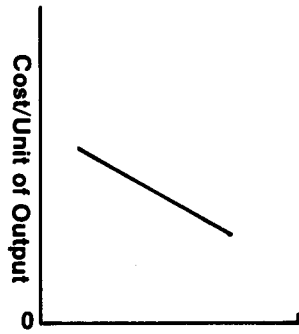
Some reasons for the existence of economies-of-scale⁵³ are:

- 1) *the threshold size necessary to employ technological advances* At too small a size, it costs too much to employ the most advanced technology, e.g., computers.
- 2) *some factors do not vary with scale of operation* One can order one or 100 typewriters with about the same expenditure of work.
- 3) *greater specialization often accompanies larger scale operations* Specialized use of manpower with division of labor permits greater efficiency and higher productivity.
- 4) *larger organizations may be able to adjust for uncertainty at a lower unit cost than small organizations* Variations in demand for a service are much easier to deal with in a large scale operation.
- 5) *resources may be obtainable more cheaply with large-scale purchasing* A significant saving per unit may be realized with a purchase of 10 rather than one motor vehicle.

The reasons for diseconomies of scale are closely related to the cost of management. If diseconomies did

FIGURE VI-1

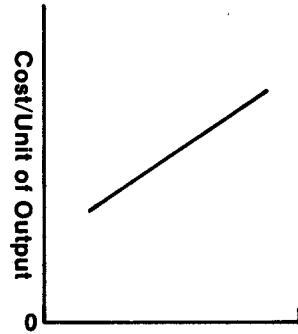
Hypothetical Cost Curves in Empirical Economies-of-Scale Analysis



Scale of Plant

(A)

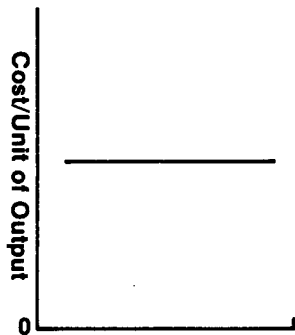
Economies of Scale



Scale of Plant

(B)

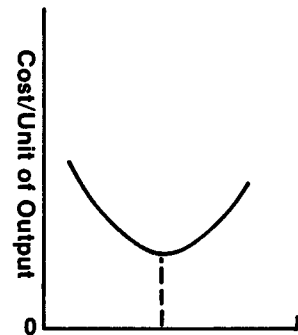
Diseconomies of Scale



Scale of Plant

(C)

Constant Returns to Scale



Scale of Plant

(D)

A U-Shaped Cost Curve

not set in at some level of operation, it would always be more efficient to enlarge the size of the producing unit. As the size and complexity of an organization grow, however, problems of coordination, communication, and management integration begin to grow much more prevalent. To overcome these difficulties, additional costs often must be incurred, thus forcing up the unit cost of output. These costs eventually produce diseconomies of scale.

Economies of scale are more likely to be associated with activities that are amenable to specialization and involvement of capital equipment embodying technological advances. Routine, relatively clearly defined procedures and non-conceptual, non-problem-solving tasks are most likely to benefit from larger-scale operation. Use of computers for automated billing and bookkeeping and central dispatching for fire, police, and city vehicles typify such activities.

When the tasks to be dealt with are non-routine, problem-solving and unique in nature, one is much more likely to encounter diseconomies of constant returns to scale. Activities such as solving crimes, dealing with striking workers, handling personnel complaints, and coping with racial strife are not routine. They require considerable personal interaction and creativity, tend to be unique events, and are not amenable to mechanization. Accordingly, as the incidence of such events rises, cost/unit is likely to rise as well.

Table IV-1 summarizes the more recent empirical cost studies for several public activities. These findings show economies of scale for most public utilities and high school education; constant returns to scale in primary and secondary education, refuse collection, and police protection; and ambiguous results for hospital and fire protection. In short, the empirical findings are either incomplete, inconsistent, or inconclusive as to the existence and extent of economies or diseconomies of scale in many important urban public services. However, as Alesch and Dougharty have correctly noted:

Economies-of-scale analysis tells whether economies of scale are being realized; not whether they are possible. A study of welfare agencies or instruction might, for example, indicate constant returns to scale or even diseconomies of scale—simply because the larger organizations have not used their size to implement the practices that could generate economies of scale.⁵⁴

Much additional empirical research is required and it must focus more explicitly on activities rather than broadly defined functional areas.⁵⁵ The problem here is that discussed earlier. Cost variations on an activity base can vary drastically from those on a functional basis. The current situation may well be a manifestation of two factors: (1) an incorrect empirical focus on functions rather than activities (e.g., a police department rather than dispatching or crime labs) and (2) an inability on the part of the public sector to organize in a manner appropriate to

achieving economies of scale (e.g., political reluctance to relinquish control to a larger, more efficient governmental unit). We can only speculate as to the existence of economies of scale until we have political organizations appropriate to their existence and a methodology suited to their analysis.

Spillovers from Public Sector Activity

A second criterion often applied to the allocation of public responsibility deals with the external effects of public activities. As ACIR noted in a 1963 report:

The governmental jurisdiction responsible for providing any service should be large enough to enable the benefits from that service to be consumed primarily within the jurisdiction.⁵⁷

This task is, needless to say, extremely complex and entails identification of third-party effects from public programs.

As noted earlier, one of the areas in which the market as a decision making mechanism breaks down is accounting for impacts external to producing or consuming units and for which no compensation is forthcoming. Smoke pollution from a chemical plant and exhaust pollution from an automobile are relevant cost examples. The market does not adjust for these phenomena and the costs they entail. Therefore, there is a misallocation of resources; too many are devoted to a particular activity when one considers all the costs involved, social as well as private.⁵⁸

Production and consumption can also confer external benefits. This occurs, for example, when firms producing lumber have concentrated in a forest area sufficient to warrant construction of a road. Access to the road lowers production (transportation) costs for all in proximity—a general improvement that is not attributable to any particular firm. Thus, what one unit does in consuming or producing can impose gains or losses on others.

The case for governmental externalities differs somewhat since there is no market transaction involved. Public goods externalities result basically from the artificial nature of political boundaries as logical service areas. For example, the migration of people from jurisdiction to jurisdiction means that they take many public goods benefits with them. A prime example is found in education: A person educated in one area, at a cost to taxpayers of the area, may well migrate when he has completed his education. As Bish notes:

... since individuals educated in one community will often migrate to other communities, the long-run indirect benefits of their education will accrue to the new community rather than to the one providing the education; ... even without migration benefits and costs will accrue in different degrees at different distances from the community providing the education.⁵⁹

There is real potential, therefore, for both costs and benefits to spill over from the government providing a particular service. As noted earlier, taxes can easily flow spatially;⁶⁰ so also can benefits. To the extent such flows exist, costs for the providing unit may be subsidized by "outsiders," causing resource misallocation. To the extent that benefits also spill out, further misallocation may take place. For resources to be optimally allocated to a particular function all costs and benefits must be accounted for in the process of public budget determination. Consequently, when both local costs and benefits differ from total costs and benefits, local voters or public officials assume the entire cost of providing the public service. This leads to under-provision of public goods.

Another aspect of public sector spillovers also relates to the boundaries of political jurisdictions. What one contiguous government does or does not do, can impose costs or benefits on neighboring areas. A high level of police patrol activity in one area can decrease the necessity for police services in adjoining areas. Due to proximity, police patrol benefits spill out to an adjoining municipality. Conversely, a deficiency in police activity in one area can require a neighboring area to incur additional expenses due to a spill-in of criminal activity.

Finally, we have the case of political externalities imposed on one individual by a group of individuals. When any political entity formulates policy and then coerces an individual into an economic action with which he disagrees, a political externality exists. A simple majority referendum on a school tax levy increase can impose a political externality (at a maximum) on 49 percent of the group.⁶¹ The dollar cost of the externality can be approximated by the increased tax bill for those members not in agreement with the referendum decision.

The nature and type of externalities is a thoroughly analyzed area of economic welfare theory.⁶² The task of documenting their magnitude, however, is rife with empirical and conceptual dilemmas; the literature reflects this. The migration of people, for example, enables the benefits from education or the costs inherent in being raised in poverty to flow freely from area to area. Due to the openness of our economy, such flows are the rule rather than the exception. Commutation of people to and from work, shopping, and recreation also have potential external influences. Recent literature on the suburban-urban exploitation hypothesis deals with the imposition of costs on the central city by suburban residents. In the process of commutation, it is argued, suburbanites add to the demand on the central city by more than they add to revenue.⁶³ Thus, we have a form of intrametropolitan externalities derived from commutation patterns. The empirical evidence is far from definitive, however. Hawley, Brazer, Kee, Vincent, and Margolis argue that suburbanites increase city expenditures, while Hirsch and Smith argue that non-central-city residents may contribute more than their share to city operations.⁶⁴ More than likely, any "exploitation" that exists varies over both space and time with changing patterns of commutation.

One of the more comprehensive analyses of cost and benefit spillovers for a specific function is that by Hirsch *et al.* on education in Clayton, Missouri. Much of their study deals with the fiscal impact of migration. They found Clayton spilled out \$1.2 million of \$2.9 million in educational costs, nearly 43 percent of the total. More interestingly, cost-spill-ins totaled \$4.4 million, nearly 73 percent of the total cost of education. Clayton would have been much better off, therefore, without the existence of cost spillovers.⁶⁵ On the benefit side, Clayton spilled out to residents of other areas some \$3.8 million in educational benefits, 22 percent of the total. It realized, however, educational spill-ins of \$1.5 million from other areas. This is a net spill-in of nearly \$700,000. Thus, Clayton gained from the presence of benefit spill-ins.⁶⁶ Considering both sides of these external flows, Clayton:

... realized a net cost or loss in wealth of \$2.4 million as the result of spillovers. Because of spillovers the \$933,000 net benefit Clayton would have realized from its own education in a closed migrationless economy was turned into a net cost of \$1.5 million.⁶⁷

While results from Clayton cannot be generalized to other areas, the empirical analysis has gone a long way toward specifying conceptual and empirical pitfalls and documenting spillovers from the public sector. Their magnitude, both absolutely and relatively, is far from inconsequential; so are their effects on public resource allocation. Certainly, fiscal flows vary from activity to activity and area to area. While empirical information is quite deficient, one can at least consider the potential that various public services will affect "outsiders." This is bound to influence decisions concerning the assignment of governmental responsibility in a federal system.

Demand Articulation

One of the oft-cited advantages of the market is its ability to allocate resources in conformance with individual demands.⁶⁸ Problems of resource allocation and adjusting for individual demands are accounted for simultaneously by the market.

Individuals have widely disparate demands for goods and services both public and private. Preferences and tastes vary and income differences are often associated with different demands for certain types of goods and services.⁶⁹ Heterogeneous preferences are quite easily accommodated in the market since each consuming unit can undertake a balancing of cost against benefit. In the public sector, however, goods are collectively provided for all residents of an area at some given level. This precludes the possibility of every taxpayer adjusting his volume of consumption to the price (tax) he must pay.

A second problem arises in that each public good is not set forth as a separate and distinct option to be decided on. There is virtually no matching of taxes paid against expenditures for a specific program. *Quid pro quo* is usually absent. Taxes levied on income, property, and economic

activity are "poured into a common coffer;" funds are then appropriated to provide an array of public goods.⁷⁰ A taxpayer seldom has knowledge (with the exception of education) of how much he has paid for the volume and scope of public services received.

The manner in which most public goods are provided creates substantial potential for individual preferences to be ignored. As Bish has noted:

Any individual would achieve the highest level of satisfaction [only] if his tastes are identical to the median tastes in the political unit of which he forms a part; . . .⁷¹

Given the heterogeneity of tastes, there seems little reason to assume individual preferences will conform to median community preferences. Although one might expect individual preference to be ignored in the case of socially defined "merit goods," there remains a range of public goods and services that are neither merit goods nor ones that are explicitly priced. This leaves a rather broad area within which allocative efficiency can depart from an optimum.

If demand articulation is an acceptable goal for public goods provision, what follows logically is the need for political jurisdictions in which public good preferences are relatively homogeneous. This can be accomplished by establishing an array of communities that vary in their tax-expenditure policies. Consequently, a taxpayer is afforded the opportunity to migrate to that jurisdiction most closely matching his preferences for public goods. Instead of "voting with dollars" as in the market, the taxpayer "votes with his feet." As Tiebout has noted in developing a preference-based model of local government:

The consumer-voter may be viewed as picking that community which best satisfies his preference pattern for public goods. . . . the consumer-voter moves to that community whose local government best satisfies his set of preferences. The greater the number of communities and the greater the variance among them, the closer the consumer will come to fully realizing his preference position.⁷²

The consumer-voter has two options for maximizing his public expenditure preferences. First, he can migrate to "a more desirable community;" secondly, he can influence his community to provide those services that best reflect his public goods preferences. If the second option fails he can still fall back on the first. The end result of political diversity is a closer match between public program and individual tastes. In short, a taxpayer is able to weigh the tax-expenditure package against his tastes, thus achieving a solution closer to a market outcome.⁷³

Perusal of our existing system of federalism shows it to be partially in accord with a preference-based model of public goods provision.⁷⁴ Mancur Olson finds virtue in our present governmental system, stating:

. . . we can be reasonably certain that a broad array of governmental institutions is a necessary condition of Pareto optimal provision of collective goods, The existing network of governments and subsidies has many serious faults, but is nonetheless probably better than most of the diverse arrangements that have been proposed to replace it.⁷⁵

If political diversity is deemed a desirable concern for the form of a government system, a case can be made for political competition *à la* Tiebout. The end result would be substantial local variance in public goods provision. Such a system would remain viable only so long as expenditures were financed with a strong benefits-received orientation, benefits accrued primarily to residents of the jurisdiction, and functions were exclusively assigned to local units. Many important local services, however, are provided by overlying governments or generate benefits that spill over local boundaries. As Break notes:

Vigorous competition among independent metropolitan governments, then, is likely to produce a mixture of good and bad effects. At best it replaces sloth and inertia with an active search for better and more varied public services and for more efficient ways of providing them. At worst, however, it enables some to enjoy high-quality services and low tax rates while others suffer from exactly the reverse.⁷⁶

Accordingly, the nature of trade-offs looms important in one's final decision to promote political diversity.

The Case of Governmental Poverty: Fiscal Equity

One need not look long or hard to uncover wide variation in State and local tax-expenditure patterns. While part of this variation can be attributed to different individual tastes for public goods and the willingness to support public sector activity, much is a result of fiscal deficiencies. Central cities, a prime example, have become more and more the residence of low-income, dependent citizens and high-cost programs. Providing adequate services to city residents is made extremely difficult due to a general deficiency in revenue-raising capacity.

At the same time that the incidence of low-income residents has been on the rise, the income, economic, and property tax base of cities has been "migrating to the suburbs." Demands for public goods have been generally on the rise, costs have been increasing rapidly, and the tax-resource base has suffered serious relative if not absolute contraction.⁷⁷ Providing even an ordinary level of public services has become prohibitive, not to mention meeting the additional demands often generated in central city areas.⁷⁸

A second type of fiscal deficiency arises from a fundamental imbalance in our federal system between expenditure responsibility and access to adequate revenue

sources. Tension stems directly from three sources: First, State and especially local governments have shouldered the major burden of increasingly more expensive public goods associated with urbanization; second, there has been a rising demand for expensive public goods associated with problems of industrialization, urbanization, and increased affluence; third, the most responsive tax instruments have been appropriated by higher-level governments.

Fiscal deficiencies of the types discussed above can be dealt with in three ways. First, the central government could adopt, if legalized, geographically discriminatory income tax rates. These would tax wealthier communities more heavily than poor ones and thus equalize the effective cost of public goods to all of the same income, regardless of location.⁷⁹ While there are no explicit spatial variances in the current Federal tax system, its progressive marginal tax rates do serve to equalize on the basis of income. Second, a central government could equalize the fiscal capacity of governmental units through a system of unconditional grants to poorer localities.⁸⁰ This is accomplished to some extent by the tax effort and income-level adjustments contained in revenue sharing and other aid formula distribution schemes. Finally, fiscal disparities could be reduced, but probably not eliminated, by lessening the extent of jurisdictional fragmentation, especially in metropolitan areas. Whatever route is chosen, the problem is one of achieving a greater degree of horizontal jurisdictional equity. It may well be, however, that such equity is not a prime goal for a federal system and some inequity is the price to be paid for fiscal decentralization and demand articulation for public goods.

Fiscal Neutrality

Traditionally, the term neutrality has referred to the impact of taxes or subsidies on the use of resources in the private sector. Concern has been focused on the manner in which public sector activity alters private decisions to produce and consume. Non-neutrality has been viewed as imposing an "excess burden" measured by a reduction in private sector real income. As Carl Shoup has noted:

Excess burden arises when a tax or subsidy creates a divergence among rates of substitution, either in production or consumption, or between production and consumption. The producer, or consumer, is pressured by the substitution effects of the tax into using what are for him inferior production techniques or inferior patterns of consumption . . . merely in an attempt to minimize his tax bill.⁸¹

Tax instruments have varying impacts upon private decisions. To the extent that they influence individual decisions in favor for or against consumption of certain goods or particular methods of production, resource use will be affected accordingly. These public incentives to consume or produce in a different manner alter the market's allocation of resources to specific activities. Excess

burden becomes a loss in welfare suffered due to the non-neutral influence of tax policy on resource allocation. Fiscal (tax) neutrality requires that public policy not alter the market allocation of resources or at least minimize excess burden.

Such a concentration on taxation is too narrow in many respects since neutrality is a much more synoptic phenomenon that must consider *all* facets of public activity. The real issue is the manner in which public and private decisions interface. It is necessary, therefore, at least to consider the following broad areas in determining the overall neutrality of public policy.⁸²

- 1) both the revenue and expenditure side of the budget and public debt;
- 2) all functional areas of economic activity—allocation, distribution, stabilization, and economic growth;
- 3) the aggregate public sector fisc or budget inclusive of all levels and units of governments; and
- 4) the fact that non-neutralities (distortion, excess burden) may be either beneficial or harmful in a system that is already operating at a "sub-optimal" equilibrium.

Consideration of these factors renders the analysis of fiscally neutral public behavior much more complex conceptually and almost impossible empirically.

In a world in which all resources were optimally allocated and the issue of distribution and stabilization were "at peace," we could focus on the strictly allocative impact of any changes in public sector activity, being careful not to distort the existing use of private resources from an optimal position. Of course, in the real world resources are never optimally utilized and public and private activity are in a constant state of flux. The public sector can either serve to further misallocate resources or correct any existing misallocation. Taxes on pollution-generating activity can modify private behavior toward optimality rather than away from it. Sumptuary taxes on alcohol and tobacco can correct for an excess of social over private costs inherent in their consumption. Specific taxes on certain forms on consumption or factors of production lead to adjustments in resource use that may or may not be economically efficient. Also, neutrality in many instances is not socially desirable and the intent of public policy is explicitly non-neutral as related to such issues as distribution, stabilization, and economic growth.

To attain limited fiscal neutrality, tax instruments must be general in scope. The broader the base of a tax and the geographical area over which it applies, the less the private response elicited by its imposition. The more specific a tax in terms of consumption, production, or geographical area, the greater the potential for private reallocation of resources within consumption or production, between consumption and production, or spatially. Thus, fiscal tax neutrality mandates use of general taxes both in terms of activities and geographical coverage.

A major source of tension in achieving neutrality emerges from the rigid system of financing public goods. The situation is most severe at the local level. Local tax instruments are limited, boundary externalities are prevalent, and political diversity tempers intergovernmental neutralities. Use of public prices, then, is about the only medium for fiscal neutrality that can be employed at the local level.

THE ASSIGNMENT OF FISCAL RESPONSIBILITY IN A FEDERAL SYSTEM

A Review of the Criteria

To reiterate, there are three areas where collective intervention is warranted—allocation, distribution, and stabilization. Stabilization policy deals with public interventions with market outcomes to correct an undesirable situation such as unemployment, inflation, balance-of-payments imbalance, or too low a rate of economic growth. Placing such activity in a fiscal hierarchy is perhaps the simplest task. The only government capable of providing such a service and achieving regulation of an entire economy is the central government.⁸³ Stabilization policy is jointly consumed nationally and requires a jurisdiction capable of altering its tax-expenditure-debt position to achieve the desired outcome. State and local governments simply do not have the financial capacity to sustain prolonged deficits or the flexibility to alter tax-expenditure patterns to promote economic stability. In addition, sub-national stabilization policy would tend to elicit migration of people and economic activity in response to policy variations. This would produce, over time, an inefficient spatial allocation of resources. One can assign stabilization policy, therefore, to the central government.

Distribution as a collective good reflects social consensus on how an existing apportionment of income should be altered in light of social issues. Wide variation in distribution policy would cause (and, in fact, has caused) migration in response to variation in the level of support across States. Here we have a clear instance of one area of collective action spilling onto a second. If severe disparities in income distribution policy are maintained, resources (especially human) will tend to respond to *policy* differentials rather than *real costs*. This ultimately yields a misallocation of production resources and corresponding fiscal tensions. Logically then, distribution policy affecting persons should be determined and financed centrally so as to minimize the potential for an inefficient spatial distribution of resources. Also, distribution is a collective activity with significant spillovers; this reinforces its placement at the central level.

Redistribution, however, can occur on at least two planes, among individuals—as discussed above—and among political jurisdictions. The latter, a problem of governmental poverty, deals with questions of fiscal equaliza-

tion. Such equalization need not necessarily be a responsibility of the Federal government but must fall to “higher level” jurisdictions, for example, States.

With stabilization and individual income distribution placed at the central level, problems of equalization and allocation remain the main focus of sub-national policy. Where there is overlap among these concerns, an attempt should be made to separate them logically and assign them appropriately in the federal system. With this in mind we can re-examine the allocation criteria discussed in the previous section.

While these criteria can serve as guides for the assignment of responsibility in a federal system, they are far from definitive. First, we lack a sufficient empirical base on which to formulate rational policies concerning phenomena such as economies of scale and externalities. Second, the present focus on entire functions may not be the appropriate way to apply assignment criteria. One must also be aware of the political realities of restructuring government and functional assignment. Finally, there are severe, and perhaps irreconcilable, trade-offs in balancing the demands of the criteria. Reference here must be to normative rather than positive judgments.

Economies of Scale. The criterion economies of scale seems conceptually unambiguous as a device for assigning responsibility. Given the presence of variation in cost/unit with scale of operation for an activity, one can assign responsibility for that activity to a political jurisdiction large enough to minimize unit cost. Expansion of the jurisdiction should continue up to that point. On the surface, this seems a clear-cut method for delegating activities.

Once we shift from a conceptual to an operational level, its simplicity dissipates. First, what is the measure of output against which the criterion is to be applied? Public sector output is a phenomenon rife with conceptual and empirical ambiguities. Using an example cited earlier, how does one define, let alone measure, a unit of police services? Such ambivalence leads us into the analysis of activities whose output can be defined and measured. Greater attention must be focused on specifically defined tasks such as dispatching, laboratory analyses, and computer operations rather than entire functions such as police. As soon as one drops a functional myopia, economies of scale assume new meaning. We can operate in the realm of more operational output measures such as permits issued, laboratory tests performed, and patrol miles traveled. These are, after all, the components of police activity. We may find economies to exist for certain tasks that are disguised when the totality of police activity is examined. Economies of scale as a guide to assigning responsibility for urban functions takes on more meaning when applied on an activity or task basis.

At the same time one should recognize that the assignment of activities rather than entire functions has implications for political structure. We must have a political framework within which we can segment activities

yet maintain continuity of service. This implies that we could adopt a federated model, such as that established in Toronto, where activities can be allocated between a metropolitan government and area municipalities⁸⁴ on the basis of cost saving while retaining the integrity of the service being provided. Alternatively, we could opt for a fragmented political form by wider reliance on a Lakewood Plan model. Local communities would articulate demands for public goods and reflect variations in tastes while economies of scale would be achieved, where possible, through centralized activity. Municipalities would simply contract for a desired mix and level of services, especially those that could be provided more cheaply on a larger scale.⁸⁵

The seemingly clear-cut criterion economies of scale becomes somewhat clouded for other reasons as well. From an economic efficiency point of view, minimum cost should be strived for. There exists a trade-off, however, between centralization based on economies of scale and political diversity showing concern over satisfying individual preferences. A Lakewood Plan approach offers potential for achieving an acceptable balance between these competing forces. Success of a federated model in attaining an acceptable balance is predicated upon the degree of heterogeneity permitted in designing the lower tier of local communities. It seems unlikely that Toronto's six area municipalities allow for much demand articulation for public goods in the context of 2-million population.

The trade-off between economies of scale and external effects is more easily dealt with. Size of a political jurisdiction should be based on cost considerations with adjustments for externalities achieved by a system of open-ended, categorical grants-in-aid administered by a higher level government. Aid should be open-ended to ensure an expansion of the program as long as external benefits continue to exist.⁸⁶ Logically, the flow of inter-governmental aid could take place on several levels. Each higher-level government (e.g., State, Federal, metropolitan) would share the financing in proportion to the flow of total benefits to residents within its jurisdiction. Such an arrangement would produce a more efficient allocation of resources. Remaining problems of income distribution and local government fiscal deficiency could be dealt with by unconditional grants-in-aid to achieve a desired state of resource equalization. Fiscal neutrality can then be approached by pricing public activities where social and economic factors permit and raising additional revenue by use of taxes with as little excess burden as feasible, e.g., a metropolitan-wide rather than fragmented property or sales taxation.

Public Sector Spillovers. The second criterion for allocating fiscal responsibility takes account of the impact of public activity external to a jurisdiction: A function should be assigned to that sized jurisdiction capable of internalizing any benefits generated. In this way, an efficient level of public goods would result. There are complicating factors to be taken into account, however.

First, the criterion is most often couched in terms of the external flow of benefits. There are additional flows to be recognized. In addition to benefits spilling out, they also spill in. Obviously, what is external to one jurisdiction must be internal to others. Costs also flow in and out of governmental units.

The openness of our economic system permits an unhindered flow of tax burdens and expenditure benefits among spatially defined political units. Efficient resource use would occur only if these external effects somehow cancelled each other out. The real world situation is complicated, however, by a myriad flow of costs and benefits in and out of governmental jurisdictions.⁸⁷

To select an appropriate assignment for a particular activity we need much more information about these spatial flows of costs and benefits. If we expand a jurisdiction so as to internalize all benefits, we may still permit resource distortion by not having accounted for cost flows. Conceptual and empirical ambiguities on public sector budget incidence are also prevalent. As Break has so aptly stated:

To answer the . . . question one must determine the incidence of taxation [and expenditures], a subject on which many learned treatises have been written. The results, I fear, are much less impressive than the analysis by which they are derived. . . . Though elaborate empirical measurement of the distribution of these burdens [and benefits] continue to be made, the findings are no less arbitrary than the assumptions about tax [and expenditure] incidence upon which they depend.⁸⁹

The second problem is that if we were to follow a "benefit area" criterion literally, we might end up shifting most urban functions upward in the fiscal hierarchy. Education, for example, would wind up a Federal responsibility since, it is argued, a large proportion of its benefits flow freely and can only be contained within a national boundary. Problems of transportation, pollution control, water supply, and refuse disposal would be placed at a regional level. It is quite likely that many of the more traditionally local functions or components thereof (e.g., police, fire, parks, and recreation) would become metropolitan-wide concerns. The end result is strong pressure toward increased centralization of a wide array of public services on the rationale that this would internalize benefits and produce more optimal use of public resources.

The cause of efficiency is not necessarily advanced by literal adoption of a benefit-cost flow calculus. It is quite possible that the most suitable jurisdiction to account for external impacts is either too large or too small to achieve economies of scale. Thus, we have one trade-off, economies of scale versus internalization of spillovers. In the instance, the choice is conceptually more simple. A political unit should be of a size appropriate to minimize cost.

Any remaining external benefit-cost flows can then be compensated for by intergovernmental grants. Aid should be apportioned so as to minimize the distorting influence of spatial benefit-cost flows. What is required is a system of open-ended, functional grants-in-aid. The point is that any trade-off between spillovers and economies of scale is in favor of the latter.

The final apparent trade-off is between "benefit area" and political diversity. However, since economies of scale take precedence over external effects in determining the size of government to provide a service, the real tension is between cost savings against demand articulation through political fragmentation. Two models seem somewhat suited to this task.⁸⁹ A federated system comprised of metropolitan-wide government with constituent local communities could achieve economies of scale, if they exist, by centralized provision. Heterogeneous tastes could then—hypothetically—be articulated by local communities. A problem arises in that a strict federal system would almost necessarily establish minimum levels of service within which local tastes would have to be accommodated.

A second alternative is wider reliance on service contracting to reflect disparate demand for public services (e.g., the Lakewood Plan). Cost savings can be achieved by central provision. Heterogeneous tastes can be maintained by municipalities contracting for services in the range, quantity, and quality desired.⁹⁰ This offers the advantages of both demand articulation and efficiency.

Attainment of fiscal neutrality, however, does not fit in well with the highly fragmented property tax base existing under service contracting. A federated system with an areawide tax base offers more neutrality. Thus, for reducing excess burden, the trade-off favors federation.

Political Diversity. A third criterion for assigning responsibility relates to the capacity of a political system to manifest individual tastes for public goods as policy outcomes. Since governments offer a wide array of activities for which citizens must pay, usually with an absence of voluntary exchange, there is considerable potential for a highly centralized system to ignore consumer preferences. The taxpayer as a consumer of public goods is afforded an opportunity to reach equilibrium if his tastes just happen to coincide with median tastes for a particular service in a particular community. Proponents of a preference-based theory of government argue that political diversity facilitates the rational taxpayer's elusive search for maximum satisfaction. While consumers cast their votes in the market with dollars, taxpayers cast their votes in the political arena with choice of residence. This movement of taxpayers among political jurisdictions promotes a more efficient use of public funds.

Again, however, complications arise. First, expenditures must be financed on a strong benefits-received basis for taxpayers to be able to make rational locational decisions by balancing costs and benefits over a set of

communities. The collective nature of public goods, however, often prevents taxing on such a basis. If one could, the rational scheme would be to move in the direction of a fee-charge basis of finance. Yet benefit taxation may be in conflict with equity standards especially if there is little higher-level fiscal equalization. Thus, we have a question of how to finance public goods and remain within some consensus on equity.

Second, if the benefits from preference-based local expenditures spill out of a jurisdiction, the problem of resource misallocation once again arises. External effects will not be accounted for and an inappropriate volume of resources will be devoted to public programs. A political system comprised of numerous smaller units is extremely susceptible to spillover effects. Also, overlapping governments such as regional special districts may provide public services on an exclusive or monopolistic basis. When this occurs, taxpayers cannot choose different types and levels of the activity.

Finally, the freedom of mobility basic to a fragmented model of local government is not a reality. Journey-to-work patterns, employment opportunities, racial-cultural-ethnic discrimination, and institutional rigidities all serve to lessen one's capacity to make a locational decision strictly on the basis of differentials in public policy.

We are left with the decision as to whether government should be purposely structured to mirror variance in tastes as policy outcomes. There is little question—at least conceptually—that it would lead to greater potential for meeting individual utility-maximizing decisions. This would more efficiently utilize public resources and improve the public-private balance. Since this is the basis on which both economies of scale and spillovers are rationalized as criteria for functional assignment, it seems one must accept political diversity on equal footing.

Fragmentation, itself, would be undesirable. One must have a system in which tastes can be reflected, economies of scale enjoyed, and spillovers taken into account simultaneously. Again, one political form that seems amenable to meeting these requirements is the service contract model as embodied in the Lakewood Plan in Los Angeles County. In this model, demands are articulated by local communities and then an appropriate mix, quantity and quality, is contracted for from the county.

Fiscal Equalization and Fiscal Neutrality. Wide variation in tax-expenditure patterns have already been documented. Budgetary tension at the local level relates directly to the gap that exists between the needs and resources in one area relative to those of other areas. The problem is linked basically to our highly fractionated system of local government.

The problem of fiscal deficiency is one of income distribution among *groups*. Consequently, amelioration of governmental poverty requires collective action to redistribute resources among groups of people or governmental units. Fiscal equalization can be accomplished in several ways, but the reallocation of resources from

higher-level jurisdictions usually involves some form of grants-in-aid. While there are many variants on the model, the basic philosophy has been spelled out by Heller.⁹¹ If the problem is one of resource base deficiency, an appropriate fiscal tool is the unconditional grant-in-aid.⁹² It must also be kept in mind that equalization aid can emanate from several sources, with Federal, State, or local governments (e.g., metropolitan-wide government) serving as grantors. We could, for example, have an areawide government equalizing disparities in a local context while States and the Federal government promote equalization on a broader scope (e.g., for education or welfare, respectively). It should be noted, however, that equalization is a form of redistribution that will continue to be necessary in any political structure short of total centralization.

Fiscal neutrality, broadly defined, must deal with the total effects of all public activity since these all affect private decisions. Yet one can in fact argue that much public policy *should not* be neutral. All three types of public action—allocation, distribution, and stabilization—provide a rationale for government only when policy is designed explicitly to rectify a troublesome market outcome.

Concern over neutrality arises, once we have achieved an acceptable balance across these areas, that any further change will adversely affect the private-public balance. This, of course, assumes that fiscal instruments have been chosen and designed to further specific social objectives and rectify a particular market failure. In fact, however, taxes are simply sources of revenue to finance public programs. They are “pushed” hard enough to yield required revenue with little or no consideration given to questions of excess burden (a prime example being the local property tax). Neutrality would require greater reliance on broad-based, general taxes. This, in turn, might mean greater dependence on higher level financing of public goods.

Another area in which neutrality can be advanced is wider use of fees and charges for those public services with identifiable private benefits. Here public services are provided on a *quid pro quo*, voluntary exchange basis. Private consumption and production decisions—rather than being distorted by imposition of a tax—respond to the actual cost of acquiring a certain public service. This lessens the potential for non-neutral public policy and improves the overall efficiency of resource utilization.

Relation of Assignment Criteria to Public Programs

The meaning of the five economic criteria for the assignment of public activities is not unambiguous. For many programs all criteria cannot be satisfied simultaneously since their requirements tend to be offsetting or in conflict. Following Break’s classification in Table VI-1, only nine of the 18 functions listed can be unequivocally classified as local or areawide for the three criteria shown.

Basic police and library services and fire protection are found to favor local control while health and hospitals,

water supply, sewage and refuse disposal, special library services, and air and water pollution control favor areawide provision. Of the remaining nine functions, local schools, transportation, special police services, and urban planning are relevant areawide concerns based on spill-overs and economies of scale but are either local or shared in nature when one considers the need for political control over these services. Refuse collection falls under the purview of local control on the same basis, but political proximity is not an important consideration. The remaining areas (public welfare, parks and recreation, public housing, and urban renewal), shows mixed results. Thus, these three criteria are not unequivocal for assigning responsibility.

These results must, of course, be accepted on the basis of empirical information on scale economies and spill-overs and judgments about the importance of accommodating individual tastes and preferences for each type of program. The empirical results are far from definitive and individual preferences must often be tempered by broader social or political considerations. Any strictly economic classification, as in Table VI-1, cannot stand in isolation. Final assignment must incorporate a wide range of other factors as well.⁹³

The two remaining criteria—fiscal equalization and neutrality—must be set in a slightly different perspective. Neither is necessarily associated with a specific program; rather they relate to more general problems of resource base deficiency and judicious use of tax instruments. Equalization necessarily falls to a more central jurisdiction, such as an areawide, State, or the Federal government, since a larger resource base is required to equalize. Neutrality in the use of tax instruments is more complicated. However, where possible, taxation at a more central level (areawide or State) using general taxes (income or sales) would promote the cause of neutrality by lessening the unintended impact of public activities on private decision making.

The Form of Urban Government

Restructuring the provision of local public goods can proceed in two directions. At one extreme is market-type decentralization operationalized through something analogous to a Lakewood Plan model. At the other is a more centralized, federated system such as Metropolitan Toronto. In between, we have the possibility of a hybrid system capitalizing on the strengths of each. Relating all five criteria to a political form implies that some hybrid structure is probably the most appropriate for simultaneously dealing with the demands of each criterion.

Demand articulation for public goods only takes place effectively in a fractionated, politically diverse system. Economies of scale, if they exist, require more centralized public activity. Scale economies and demand articulation emerge as the two factors that define the extremes of political form. We need centralization to achieve efficient resource use when activities exhibit variation in cost with

Table VI-1

Classification of Public Programs According to Economies of Scale, Benefit Spillovers, and Political Proximity

Program	Allocation Criterion			
	Economies of Scale	Benefit Spillovers	Political Proximity	Composite
Local Schools	+	+	O	-
Transportation	+	+	x	+
Public Welfare	O	+	O	-
Health and Hospitals	+	+	+	+
Police				
Basic Services	O	O	O	O
Special Services	+	+	O	+
Fire	O	O	O	O
Water Supply	+	+	+	+
Sewage Disposal	+	+	+	+
Refuse Collection	O	O	+	O
Refuse Disposal	+	+	+	+
Parks and Recreation	O	+	x	-
Public Housing	O	+	O	-
Urban Renewal	x	+	x	-
Libraries				
Basic	O	O	O	O
Special	+	+	+	+
Air and Water Pollution	+	+	+	+
Urban Planning	+	+	x	+

+ favors areawide control because economies of scale are important, or benefit spillovers are significant, or political proximity is unimportant.
 O favors local control for the opposite reasons
 - favors joint control
 x indicates that the allocation criterion yields a debatable result

Source: George Break, *Intergovernmental Fiscal Relations in the United States* (Washington, D.C.: Brookings Institution, 1967), p. 176.

scale of jurisdiction and decentralization to provide an array of public goods that most closely matches what individuals want.

A hybrid of these extremes suggests two possibilities. First, a Lakewood Plan with communities contracting for services from a central government (such as a county) in the quantity and quality desired. Services for which cost savings could be realized with larger scale would be contracted for centrally, with the remaining activities being optional between local provision or central contracting. Second, is a federated system like Metro Toronto, only with a greater number of communities and wider variance in public goods offered. The areawide government could directly provide services with economies of scale, while local communities serve to articulate heterogeneous individual demands and provide local goods.

The remaining three criteria also favor a hybrid federated system. For resources to be optimally allocated, spillovers must be taken into account. In a federated system, an areawide government could compensate for external effects by providing intergovernmental aid; it could, in effect, internalize externalities. States and the Federal government could then assist those functions (e.g., local schools) for which spillovers went beyond the confines of the areawide jurisdiction.

Fiscal equalization can also take place in a hybrid system with the areawide government either acting to equalize within its boundaries or serving as a pass-through agent for equalizing aid from States or the Federal government. Fiscal neutrality would also be enhanced by greater reliance on more general, broad-based, areawide taxes. To the extent that certain activities cannot be handled on a community level, they could be provided by an areawide government and financed by tax instruments with greater neutrality.

In summary, a hybrid political form utilizing local communities to articulate demands for public goods and an areawide government to achieve economies of scale, adjust for spillovers, and provide some fiscal equalization seems to offer the greatest potential for meeting all five criteria at the same time.

SUMMARY AND CONCLUSIONS

The previous discussion implies that a hybrid system would best promote the various economic criteria for assignment of functions. Economic factors, however, are not the sole consideration in political reform and must be tempered with political, social, and administrative concerns. One also must recognize the conspicuous lack of specific goals or an overall strategy for dealing with the

process of urbanization and economic growth. Asking for the design of an efficient political system in a context void of explicit objectives and social goals, places fulfillment of a set of criteria as an end rather than a means to an end, not a desirable situation. Economic criteria to guide the assignment of public functions must fit into a broader socio-political scheme.

One must also be aware of the political realities of governmental reform. Firmly entrenched interests and a sort of political "territorial imperative" have thwarted past attempts at revising political structure. Even if one could design an economically sound political form, there is no reason to anticipate success in achieving reform once goals have been articulated and a suitable governmental arrangement proposed.

With that in mind, these final points should be remembered when designing the economic dimensions of an assignment of functions policy.

— Output in the public sector is at best an ambiguous concept. Any reference to output, therefore, should involve something that is both definable and measurable. No assumption can be made that output (e.g., police services) in one area is directly comparable to that in another area.

— Collective action can be justified when market decision making fails to account adequately for problems of income distribution, economic stabilization, or resource allocation. Such action can take the form of fiscal intervention, regulation, or institutional arrangements.

— Legitimate fiscal concerns for State and local governments involve problems of resource allocation (or misallocation) and fiscal equalization. Stabilization and individual income redistribution policy should be formulated and financed centrally.

— Questions of service assignment should not be viewed with "functional myopia." Functions are comprised of numerous activities and it is these activities that most clearly relate to criteria such as economies of scale and spillovers. Thus, assignment should take place on an activity basis where feasible, rather than forcing centralization/decentralization to revolve around major functional categories. The only additional consideration is to maintain the integrity and continuity of a function when its constituent activities are assigned to different jurisdictions.

— The implementation of a set of assignment guidelines must entail empirical knowledge of assignment criteria. Much of the existing body of knowledge is inadequate, ambivalent, or not properly set in focus. Operational criteria will require additional empirical investigation on the nature and extent of scale economies, spillovers, neutrality, disparities, and variance in tastes for public services.

— As with any set of criteria, there are real and sensitive conflicts among their objectives. Considerations of a strictly social or political nature often must temper the dictates of such criteria. One must rely on normative judgments rather than positive statements in deciding the nature of such trade-offs.

— The lack of any logic or set of criteria by which public sector responsibilities can be assigned is coincidental with severe assignment imbalances in our federal system. Only with specific criteria, related to clearly delineated social objectives, will continued increases in public sector activity be justified and productive.

— Whenever feasible, public pricing should be used to allocate those services that are not merit goods. This can improve the efficiency of public resource use, promote greater fiscal neutrality, and provide direct feedback to evaluate the desirability of alternative public use of resources. A trend toward greater reliance on fees and charges seems to have begun already and should be promoted if and when circumstances permit.

— Satisfaction of heterogeneous individual tastes for public goods requires a fragmented political structure. The larger the number of local governments and the more variance that exists in their offerings of public goods, the greater the probability that a taxpayer can achieve a higher level of satisfaction in his consumption activities, both public and private. This logic calls for greater decentralization of service delivery.

— Achieving economies of scale—when they exist—generally implies increasing the scale of operations for the providing jurisdiction. This means, in many instances, local political units that are more area-wide in scope rather than the fragmentation that currently epitomizes local government. The requirement here is for more centralized provision of services whose unit cost varies with scale.

— Adjustments for interjurisdictional spillovers should be handled within a system of intergovernmental aid rather than altering the size of a political unit. Higher-level government should provide aid for any activity with spillovers in proportion to the volume of total benefits that accrue to its residents. Such a system would entail aid flows among Federal, State, area-wide, and local governments to account for cost and benefit spillovers.

— Concern over fiscal (tax) neutrality mandates greater reliance on more broadly defined taxes levied in spatially larger areas. The local property tax, in a highly fragmented political context, is not well suited to attaining fiscal neutrality. Area-wide taxes based on income, sales, and property are bet-

ter suited to the task. Pricing public output, where politically and economically possible, also serves to lessen distorting influences of public fiscal policy on private decisions. Accordingly, it should be encouraged on neutrality as well as efficiency grounds. Neutrality also exerts pressure toward centralization, especially of revenue raising activities.

— A hybrid political model comprised of at least two tiers—an areawide government with constituent

local units—seems best suited to simultaneously satisfying the requirements of the economic assignment criteria. It permits variation in personal tastes for public goods to be accommodated while reaping the benefits of any cost savings through economies of scale. Remaining issues related to equalization, neutrality, and spillovers also benefit from the added flexibility afforded by a political unit smaller than the State but large enough to deal effectively with regional concerns.

Footnotes

¹There exists a wide array of literature on poverty, its causes, and proposals for dealing with it. See Lester Thurow, *Poverty and Discrimination* (Washington, D.C.: Brookings Institution, 1969); Bradley R. Schiller, *The Economics of Poverty and Discrimination* (Englewood Cliffs, New Jersey: Prentice-Hall, 1973); and Charles Sackrey, *The Political Economy of Urban Poverty* (New York: W. W. Norton, 1973).

²Any basic text on macroeconomics will discuss the economics of stabilization policy. See, for example, Nanay S. Barrett, *The Theory of Macroeconomic Policy* (Englewood Cliffs, New Jersey: Prentice-Hall, 1972).

³For an elaborate treatment of the social impact of spending on education refer to Werner Z. Hirsch *et al.*, *Spillover of Public Education Costs and Benefits*, 2nd edition (Los Angeles: Institute of Government and Public Affairs, University of California, 1969).

⁴Elaboration on this subject can be found in Bernard P. Herber, *Modern Public Finance*, Revised edition (Homewood, Illinois: R. D. Irwin, 1971), Chapter 2; John F. Due and Ann F. Friedlaender, *Government Finance* (Homewood, Illinois: R. D. Irwin, 1973), Chapters 2-5.

⁵Richard A. Musgrave, *The Theory of Public Finance* (New York: McGraw Hill, 1959), pp. 13-14.

⁶Due and Friedlaender, Chapter 8.

⁷See Dick Netzer, *Economic and Urban Problems* (New York: Basic Books, 1970), Chapter 7, for a discussion of the responsibility each governmental sector has assumed for domestic spending on stabilization, distribution, and resource allocation activities.

⁸Documentation of imbalance can be found in many recent studies by the Advisory Commission on Intergovernmental Relations, see *Fiscal Balance in the American Federal System* (1967), and *Measuring the Fiscal Capacity and Effort of State and Local Areas* (1971).

⁹Only more recently have States made wider use of taxes tied to income. For a chronological listing of dates of adoption of various State taxes, see ACIR, *State-Local Finances: 1972 Edition* (Washington, D.C.: ACIR, 1972), pp. 171-175.

¹⁰James A. Maxwell, *Financing State and Local Governments*, Revised edition (Washington, D.C.: Brookings Institution, 1969) provides some historical perspective on changing state-local fiscal arrangements. Much more detail can be found in the annual volumes *State-Local Finances* by the Advisory Commission on Intergovernmental Relations.

¹¹See Maxwell, pp. 149-153, for a discussion of such provisions.

¹²Maxwell, pp. 133-137, documents this. Maxwell notes that intangible property may account for as much as one-third of all property, see p. 136.

¹³See ACIR, *State-Local Finances: 1972 Edition*, pp. 245-270, for detail on State-imposed restrictions.

¹⁴Eugene P. McLoone, Gabrielle C. Lupo and Selma J. Mushkin, *Long-Range Revenue Estimation* (Washington, D.C.: The George Washington University, 1967), p. 104.

¹⁵See ACIR, *Federal-State Coordination of Personal Income Taxes* (Washington, D.C.: ACIR, 1965), pp. 42-43.

¹⁶The demand for education, for example, tends to be highly income-elastic. To the extent that urbanization and more recently suburbanization are coincidental with rising affluence, local public goods have been in greater and greater demand. With this rising demand for local public goods being financed from an unresponsive tax base, local fiscal tension is considerable. McLoone's estimates of property tax elasticity by state revealed few with an elasticity even approaching 1.0. In fact, he found the United States average to be 0.79, with a range between 0.47 and 1.08. See McLoone's findings in Dick Netzer, *Economic of the Property Tax* (Washington, D.C.: Brookings Institution, 1966), pp. 184-190. For a discussion of "suburbia" as an income elastic good see Lowell E. Galloway, "Urban Decay and The Labor Market," *The Quarterly Review of Economics and Business*, VII (Spring, 1967), pp. 7-16.

¹⁷Herber, pp. 118-123. Walter J. Blum and Harry Kalven, Jr., state a caveat about such an assumption in *The Uneasy Case for Progressive Taxation* (Chicago: University of Chicago Press, 1953).

¹⁸Donald Phares, *State-Local Tax Equity: An Empirical Analysis of the Fifty States* (Lexington, Massachusetts: D.C. Heath, 1973), Chapter 6. See also Tax Foundation, *Tax Burdens and Benefits of Government Expenditures by Income Class, 1961 and 1965* (New York: Tax Foundation, 1967) and W. Irwin Gillespie, "Effect of Public Expenditures on the Distribution of Income," in R. A. Musgrave, ed., *Essays in Fiscal Federalism* (Washington, D.C.: Brookings Institution, 1965), pp. 122-186.

¹⁹Phares, Chapter 4. Mason Gaffney takes issue with the prevailing condemnation of the property tax as a regressive tax in "The Property Tax Is a Progressive Tax," *Proceedings of the National Tax Association* (Kansas City, Missouri, 1971), pp. 408-426.

²⁰Dick Netzer, "Impact of the Property Tax: Its Economic Implications for Urban Problems," report to the National Commission on Urban Problems (Washington, D.C.: Government Printing Office, 1968), p. 47.

²¹See, for example, Tax Foundation, p. 14, or W. Irwin Gillespie, p. 135. Phares, Chapter 1, summarizes the tax burden literature. See also Charles L. Schultze, Joseph A. Pechman, and Benjamin A. Okner, "Alternative Sources of Federal Revenue," in Charles L. Schultze *et al.*, *Setting National Priorities: The 1973 Budget* (Washington: Brookings Institution, 1972), pp. 423-448.

²²Phares, Chapter 6.

²³See Phares for estimates State-by-State. The best overall analysis of the property tax can be found in Dick Netzer, *Economics of the Property Tax* (Washington: Brookings Institution, 1966).

²⁴The best available empirical findings on expenditure incidence are Tax Foundation and Gillespie. See Harvey Brazier's review of Gillespie's study in *Journal of Political Economy*, LXXIV (December, 1966), p. 637, for a critical perspective on the use of data on expenditure (and tax) incidence findings. The impact of various governmental policy outputs as grants to various elements of society is being studied by the Association for the Study of the Grants Economy. Considerable detail, much empiri-

cal, can be found in two recent volumes sponsored by the Association, Kenneth E. Bolding, Martin Pfaff and Anita Pfaff, *Transfers in an Urbanized Economy* (Belmont, California: Wadsworth, 1973) and Kenneth E. Bolding and Martin Pfaff, *Redistribution to the Rich and the Poor* (Belmont, California: Wadsworth, 1973).

²⁵Two examples illustrate this point. First, State and local governments in Michigan have the option of levying taxes on the production and distribution of automobiles. Depending on market conditions, tax instruments used, the elasticity of supply and demand, etc., these taxes can be partially or fully shifted to out-of-State consumers of automobiles. A second example of the spatial movement of taxes can be found in the movement of people. Someone earning a living in the City of St. Louis is subject to a one percent tax on gross earnings. If this person resides on the east side of the Mississippi River in Illinois, the burden of this Missouri tax is partially shifted to residents of Illinois.

²⁶An optimal provision of public goods in a highly fragmented federal system would require knowledge of external tax-expenditure flows approaching omniscience. See Alan Williams, "The Optimal Provision of Public Goods in a System of Local Government," *Journal of Political Economy*, LXXIV (February, 1966), pp. 18-33.

²⁷Charles E. McLure, Jr., "Tax Exporting in the United States: Estimates of 1962," *National Tax Journal*, XX (March, 1967), pp. 49-77; and McLure, "An Analysis of Regional Tax Incidence, with Estimation of Interstate Incidence of State and Local Taxes" (unpublished Ph.D. dissertation, Department of Economics, Princeton University, 1965). These estimates were derived from data contained in the latter, more complete source.

²⁸One must, of course, recognize that exported taxes do not disappear into a vacuum; instead they are "imported" into other areas or shifted onto the Federal revenue structure. The latter occurs because of Federal tax law provisions for deducting State-local taxes in computing one's Federal tax liability. Using McLure's estimates, some \$3.05 of \$8.34 billion in exported State-local taxes were "absorbed" by the Federal revenue structure in the form of a reduced tax liability. This is, *de facto*, a \$3 billion Federal subsidy to the State-local sector. Spatial tax movement serves to influence the cost of State-local public goods to the extent that (1) the Federal revenue structure absorbs part of the burden of State and local taxes or (2) exported taxes exceed taxes imported from other jurisdictions.

²⁹One very limited exception is offered by Werner Z. Hirsch, *et al.*

³⁰Seymour Sacks, "Metropolitan Fiscal Disparities: Their Nature and Determinants," *Journal of Finance*, XXIII (May, 1968), p. 230. Roy W. Bahl gives an excellent discussion of fiscal imbalance and the urban fiscal problem in "Public Policy and the Urban Fiscal Problem: Piecemeal vs. Aggregate Solutions," *Land Economics*, XLVI (February, 1970), pp. 41-50.

³¹Peruse, for example, data contained in ACIR, "Metropolitan Disparities—A Second Reading," information bulletin No. 70-1 (January, 1970) or *Measuring the Fiscal Capacity and Effort of State and Local Areas* (Washington, D.C.: Advisory Commission, 1971).

³²Dick Netzer, "Federal, State, and Local Finance in a Metropolitan Context," in Harvey S. Perloff and Lowdon Wingo, Jr., eds., *Issues in Urban Economics* (Washington, D.C.: Resources for the Future, Inc., 1968), p. 442.

³³Charles M. Tiebout, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, LXIV (October, 1965), pp. 416-424. See also the collective and individual writings of Tiebout, Warren, and the Ostrows cited in Robert L. Bish, *The Public Economy of Metropolitan Areas* (Chicago: Markham, 1971).

³⁴See ACIR, *Fiscal Balance in the American Federal System*, Vol. 2, "Metropolitan Fiscal Disparities" (Washington, D.C.: ACIR, 1967), "Metropolitan Disparities—A Second Reading," and "Measuring the Fiscal Capacity."

³⁵ACIR, *Who Should Pay for Public Schools?* (Washington, D.C.: ACIR, 1971). For a lengthy discussion of the legal cases

questioning the provision of education tied to disparate property tax bases, see Ferdinand P. Schoettle, "Judicial Requirements for School Finance and Property Tax Redesign: The Rapidly Evolving Case Law," *National Tax Journal*, XXV (September, 1972), pp. 455-472. The fiscal implications of the *Serrano v. Priest* case have been worked out by Joel S. Burke and John J. Callahan in "Serrano v. Priest: Milestone or Millstone for School Finance," *Journal of Public Law*, XXI (Spring, 1972), pp. 23-71.

³⁶An excellent survey of public pricing is provided in Selma Mushkin, ed., *Public Prices for Public Products* (Washington, D.C.: Urban Institute, 1972).

³⁷Wilbur Thompson, "The City as a Distorted Price System," *Psychology Today*, II (August, 1968), p. 28.

³⁸See the Mushkin volume for essays on virtually all aspects of pricing public activities from air pollution control and waste processing to police, fire, and education services.

³⁹See Selma Mushkin and Richard M. Bird, "Public Prices: An Overview," in Mushkin, ed., p. 24, for a breakdown of type of revenue by extent of individual benefit and public purpose.

⁴⁰Mushkin and Bird, p. 6.

⁴¹Mushkin and Bird, pp. 13-17.

⁴²Selma Mushkin, "An Agenda for Research," in Selma Mushkin, ed., *Public Prices for Public Products*, p. 446. See Mushkin and Bird, for a listing of fees, charges, etc., currently in use locally.

⁴³One interesting facet of this problem is the question of public productivity. See Harry P. Hatry and Donald M. Fisk, "Improving Productivity and Productivity Measurement in Local Governments," prepared for the National Commission on Productivity (June, 1971). See also Jesse Burkhead *et al.*, *Input and Output in Large-City High Schools* (Syracuse, New York: Syracuse University Press, 1967). These and other writings indicate that there may be no real world counterpart to a unit of police protection, fire protection, or education for two basic reasons. First, perusal of identical functions across different jurisdictions reveals extreme variation in just what police protection consists of. Second, a public good possesses numerous dimensions even in its simplest form and literally hundreds in larger, more complex urban areas.

⁴⁴A summary of decentralization issues with extensive bibliography on most major functions is provided in a special issue of the *Public Administration Review*, "Curriculum Essays on Citizens, Politics and Administration in Urban Neighborhoods," XXXII (October, 1972). See the essay on Police by Richard A. Myren, pp. 718-738.

⁴⁵A proposed restructuring of New York City is discussed in Edward N. Costikyan and Maxwell Lehman, *Restructuring the Government of New York City* (New York: Task Force on Jurisdiction and Structure, State Study Commission for New York City, 1972).

⁴⁶*Annual Report, Police Department, City of New York: 1969* (New York: NYPD, 1969), pp. 16-26.

⁴⁷The problem here is one that has been of considerable concern to the economic analysis of private behavior for decades: What are the "attributes" of a "good" that provide the consumer utility or satisfaction? Using the automobile as an example, it is not necessarily a homogeneous good as has often been assumed in the conventional economics of consumer demand. An automobile actually has numerous dimensions or attributes that provide consumers varying degrees and types of satisfaction. These range from color and body style to mechanical attributes, speed, and performance. Also, when an automobile is used in conjunction with other activities such as employment, travel, scenic environment, and recreation it can provide satisfaction the automobile by itself cannot offer. As Kelvin Lancaster has noted in developing this approach to consumer theory:

1. The good, per se, does not give utility to the consumer; it possesses characteristics, and these characteristics give rise to utility.
2. In general, a good will possess more than one charac-

teristic, and many characteristics will be shared by more than one good.

3. Goods in combination may possess characteristics different from those pertaining to the goods separately.

It is not some good, per se, that gives consumers satisfaction but rather the attributes it embodies, either alone or when used in combination with other goods.

"Public goods" are no less susceptible to Lancaster's criticism than private goods. In fact, they are even more amenable to such a perspective due to the artificial manner in which they are usually defined. We speak broadly of public goods such as fire and police protection, education, recreation and health care—all of which possess many more dimensions than most goods supplied through the market. As discussed earlier, police protection in New York City entails literally hundreds of activities. Also, there is great potential for public activities to interrelate with each other as well as with private goods and thus produce a vast and complex array of satisfaction-yielding outputs. See Kelvin Lancaster, "A New Approach to Consumer Theory," *Journal of Political Economy*, LXXIV (April, 1966), p. 134. This approach is expanded on in Kelvin Lancaster, *Consumer Demand: A New Approach* (New York: Columbia University Press, 1971).

⁴⁸D. F. Bradford, R. A. Malt, and W. E. Oates, "The Rising Cost of Local Public Services: Some Evidence and Reflections," *National Tax Journal*, XXII (June, 1969), p. 186.

⁴⁹Werner Z. Hirsch, *The Economics of State and Local Governments* (New York: McGraw Hill, 1970), p. 183. An exception for cities over 250,000 population is found in ACIR, "The Economics of Urban Police Protection: A Research Note," Appendix B in *State-Local Relations in the Criminal Justice System* (Washington, D.C.: ACIR, 1971), pp. 300-308.

⁵⁰ACIR, *Performance of Urban Functions: Local and Area-wide* (Washington, D.C.: ACIR, 1963), pp. 45-50.

⁵¹As mentioned in the previous section, defining output in the public sector is an elusive endeavor.

⁵²One must remember that economies also occur when there is spreading of a fixed cost over a large population base. Thus, the scale of an operation may remain constant but become less expensive since its per capita cost is reduced with larger population.

⁵³These are discussed in D. J. Alesch and L. A. Dougharty, "Economies-of-Scale Analysis in State and Local Government" (Santa Monica, California: Rand Corporation Report #R-748-CIR, May 1971), pp. 12-15.

⁵⁴Alesch and Dougharty, pp. 14-15.

⁵⁶For a more extensive discussion of the supply and cost features of the public sector and the feasibility of economies-of-scale analysis, see D. J. Alesch and L. A. Dougharty, *The Feasibility of Economies of Scale Analysis of Public Services* (Santa Monica, California: Rand Corporation Report #R-739-CIR, June, 1971), Werner Z. Hirsch, *The Economics of State and Local Government*, Chapters 8-9; and Werner Z. Hirsch, *Urban Economic Analysis* (New York: McGraw Hill, 1973), Chapters 10-12.

⁵⁷ACIR, *Performance of Urban Functions: Local and Area-wide* (Washington, D.C.: ACIR, 1963), p. 42.

⁵⁸Pollution provides a good example for a discussion of externalities. For elaboration see Larry E. Ruff, "The Economic Common Sense of Pollution," *The Public Interest*, XIX (Spring, 1970), pp. 69-85; A Myrick Freeman III, Robert H. Haveman and Allen V. Kneese, *The Economics of Environmental Policy* (New York: John Wiley, 1973); and Joe S. Bain, *Environmental Decay* (Boston: Little, Brown, 1973).

⁵⁹Robert L. Bish, *The Public Economy of Metropolitan Areas* (Chicago, Illinois: Markham Publishing Company, 1971), p. 108. Netzer places migration as very important with 80% of post-school years spent in communities other than where education was received, Dick Netzer? *Economics and Urban Problems* (New York: Basic Books, 1970), p. 177.

⁶⁰The flow of taxes spatially has been documented by McLure, see the earlier section on Geographic Tax Flows.

⁶¹See Bish, pp. 37-42, for a complete discussion of political externalities.

⁶²E. J. Mishan, "The Postwar Literature on Externalities: An Interpretive Essay," *Journal of Economic Literature*, Vol. 9 (March, 1971), pp. 1-28.

⁶³David Davies, "Financing Urban Functions and Services," *Law and Contemporary Problems*, XXX (Winter, 1965), pp. 138-141, and William B. Neenan, *Political Economy of Urban Areas* (Chicago, Markham, 1972), Chapters 3 and 5.

⁶⁴For most of the relevant references see Davies, pp. 138-141, and Neenan, pp. 57-60 and pp. 137-139. See also Woo Sik Kee, "Central City Expenditures and Metropolitan Areas," *National Tax Journal*, XVIII (December, 1965), pp. 337-353; Woo Sik Kee, "City-Suburban Differentials in Local Government Fiscal Effort," *National Tax Journal*, XXI (June, 1968), pp. 183-189; W. Z. Hirsch et al., *Fiscal Pressures on the Central City* (New York: Praeger, 1971) and R. S. Smith, "Are Non-Residents Contributing Their Share to Core City Revenues," *Land Economics*, XLVIII (August, 1972), pp. 240-247.

⁶⁵Werner Z. Hirsch et al., pp. 189-194. See Burton A. Weisbrod's related study *External Benefits of Public Education: An Economic Analysis* (Princeton, New Jersey: Princeton University, Industrial Relations Section, 1964).

⁶⁶Hirsch et al., pp. 275-280.

⁶⁷Hirsch et al., p. 303. The external effects of functional programs other than education, not related to migration or commutation, can be deduced from studies focusing on related phenomena. The case of air pollution is well documented in Ronald G. Ridker and John A. Henning, "The Determinants of Residential Property Values with Special Reference to Air Pollution," *Review of Economics and Statistics*, XLIX (May, 1967), pp. 246-257. For other studies see Hugh O. Nourse, ed., *The Effects of Public Policy on Housing Markets* (Lexington, Massachusetts: D.C. Heath, 1973).

⁶⁸There is needless to say, dispute over whether individual preferences should reign supreme. James Buchanan develops one side in *Fiscal Theory and Political Economy* (Chapel Hill, North Carolina: University of North Carolina Press, 1960) and *Public Finance in Democratic Process* (Chapel Hill, North Carolina: University of North Carolina Press, 1967). A more organic view is taken by Gerhard Colm in *Essays in Public Finance and Fiscal Policy* (New York: Oxford University Press, 1955).

⁶⁹It can be argued that a rising level of industrialization and associated affluence increases demands on the public sector, see Herber, pp. 371-381. The "determinants" literature offers some empirical evidence on the relation between spending and various socio-economic factors. See Roy W. Bahl, "Studies on Determinants of Public Expenditures: A Review," in Selma J. Mushkin, John F. Cotton, and Gabrielle C. Lupo, *Functional Federalism: Grants-in-Aid and PPB Systems* (Washington, D.C.: The George Washington University, State-Local Finances Project, 1968), pp. 184-207, for a summary and review of the literature with an extensive bibliography.

⁷⁰This approach in public sector decision making was first expounded in Knut Wicksell, "A New Principal of Just Taxation," in R. A. Musgrave and A. T. Peacock, eds., *Classics in the Theory of Public Finance* (New York: St. Martin's Press, 1967), pp. 72-118. Also see Charles Lindblom's article in National Bureau of Economic Research, *Public Finances: Needs Sources and Utilization* (Princeton, New Jersey: Princeton University Press, 1961). Much of the theoretical work in this area is discussed in Robert L. Bish, *The Public Economy of Metropolitan Areas* (Chicago: Markham, 1971), especially Chapter 3.

⁷¹Bish, p. 49.

⁷²Charles M. Tiebout, "A Pure Theory of Local Expenditures," *Journal of Political Economy*, LXIV (October, 1956), p. 418. Writings by Warren and Ostrom further develop Tiebout's model, see Bish, Chapter 8. Some empirical verification of Tiebout's model can be found in those determinants studies finding a significant relation between spending levels and socio-economic factors, especially income, see Bahl.

⁷³Wallace E. Oates has found his statistical results to be consistent with Tiebout's preference-based model of local spending using a sample of 53 New Jersey municipalities. "The Effects of Property Taxes and Local Public Spending on Property Values: An Empirical Study of Tax Capitalization and the Tiebout Hypothesis," *Journal of Political Economy*, LXXVII (November/December, 1969), pp. 957-971.

⁷⁴Richard Ruggles deals with the Federal role in the Federal system and how revenue sharing could improve the fiscal balance, "The Federal Government and Federalism," in Harvey S. Perloff and Richard P. Nathan, eds., *Revenue Sharing and the City* (Washington, D.C.: Resources for the Future, 1968), pp. 39-72.

⁷⁵Mancur Olson, Jr., "The Principle of 'Fiscal Equivalence': The Division of Responsibilities Among Different Levels of Government," *American Economic Review*, LIX (May, 1969), p. 487.

⁷⁶George Break, *Intergovernmental Fiscal Relations in the United States* (Washington, D.C.: Brookings Institution, 1967), pp. 177-178.

⁷⁷William J. Baumol, "Macroeconomics of Unbalanced Growth: The Anatomy of Urban Crisis," *American Economic Review*, LVII (June, 1967), pp. 145-426 apply here.

⁷⁸Extreme cases of fiscal deficiency are examined in ACIR, *Fiscal Emergencies in American Cities* (Washington, 1973).

⁷⁹Wallace E. Oates, *Fiscal Federalism* (New York: Harcourt, Brace Jovanovich, 1972), pp. 83-84.

⁸⁰James M. Buchanan, "Federalism and Fiscal Equity," in *Fiscal Theory and Political Economy*.

⁸¹Carl Shoup, *Public Finance* (Chicago: Aldine, 1969), p. 29.

⁸²Herber, p. 100.

⁸³There is room, however, for sub-national governments to influence their performance with a local context. Cities need not, as has all too often been assumed, remain totally passive to their economic (and political) performance, see Norton E. Long, "Have Cities a Future?" *Public Administration Review* (forthcoming).

⁸⁴For a description see Committee for Economic Development, *Reshaping Government in Metropolitan Areas* (New York:

C.E.D., 1970), pp. 70-83, or Harold Kaplan, *Urban Political Systems: A Functional Analysis of Metropolitan Toronto* (New York: Columbia University Press, 1967).

⁸⁵See Bish, Chapter 5, or Robert O. Warren, *Government in Metropolitan Regions: A Reappraisal of Fractionated Political Organization* (Davis, California: Institute of Governmental Affairs, University of California, 1966).

⁸⁶Break, pp. 71-79.

⁸⁷This is actually a complex general equilibrium problem further confused by our labyrinthian network of government. The number of interrelated flows in a system of 78,000 governments would, of course, be astronomical.

⁸⁸Break, pp. 75-76.

Data and methodological limitations become apparent when one considers the Hirsch *et al.* study discussed earlier. While this is a meticulous piece of research, took two to three years to complete, and runs several hundred pages in length, it remains vulnerable to Break's line of criticism. Also, if this is the degree of complexity for just *one* municipality with a population less than 15,000, when replicated and linked over all governmental units the task would require near omniscience.

⁸⁹It must be kept in mind that neither a federated nor a service contract (Lakewood) system are set in form by existing examples. They are rather general forms of governmental structure to become operational only in a specific social, political, economic, and spatial context. See Bish, Warren and C.E.D., for detail on each form.

⁹⁰See Warren, pp. 311-317, for major services available to Lakewood Plan cities.

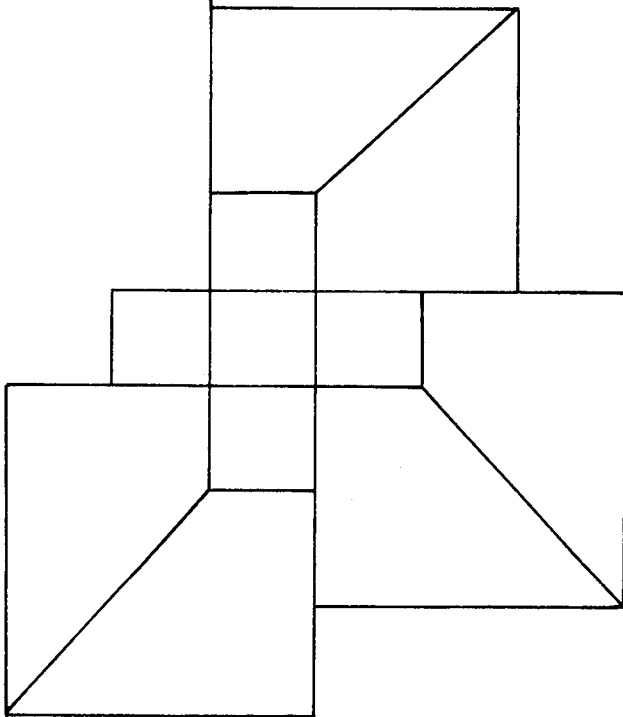
⁹¹Walter Heller, *New Dimensions of Political Economy* (Cambridge, Massachusetts: Harvard University Press, 1966), Chapter III.

⁹²For more elaboration on unconditional aid see Break, Chapter IV.

⁹³William H. Wilken, "Metropolitan Service. Centralization: Its Impact and Future," prepared for the National Academy of Public Administration (February, 1973), discusses some of the political nuances of assignment responsibility.

Appendix A

**ACIR Hearings on
Assignment of Functions
in Substate Regions**



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Mayor C. Beverly Briley
Conrad M. Fowler, Probate Judge
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PROCEEDINGS

CHAIRMAN MERRIAM: Will the meeting please come to order.

At the June meeting of the Commission, in beautiful California near San Leandro, the Commission authorized this hearing with reference to the next phase of our comprehensive study on regionalism and related activities.

We had, therefore, with the Commission's authority called a special hearing, which I am going to ask Mr. Walker briefly to describe for the members of the Commission who are here present today.

MR. WALKER: Mr. Chairman, members, the thrust, really, of this panel this afternoon (and we hope it will be quite informal) was an attempt on our part to set Volume IV of the six-volume study into perspective.

Volume IV relates specifically to the problem of governmental functions and processes, local and areawide. By that I mean, and the Commission means, that our concern here is to look at the lay of the land at the State and local levels and see how it functions at the present time. How those functions have been assigned and reassigned and transferred, particularly over the past ten years. All

of this clearly is a backdrop in the substate regional study because substate regionalism is, after all, something that emerges primarily in a functional context. At one time, staff had hoped to get rid of this topic, but the Commission wanted us to look at it. We have been in communication with HEW, which is also interested in this particular panel; in fact it is in furtherance with our contract with HEW to look at this topic and to expose our recommendations to broad, representative groups of people. And a witness list has indicated that it is such to see their reaction to things we have to look at tomorrow; or, if not tomorrow, I would say Friday; if not Friday, then in December.

CHAIRMAN MERRIAM: Thank you very much. Are there any questions that any members of the Commission have at this point?

First of all, I would like to make a blanket thanks to all of you who have agreed to appear here before us today. And then, specifically, to introduce an old friend of mine who will be the first person to testify, Dean Alan Campbell of the Maxwell Graduate School of Syracuse University. Alan, welcome.

STATEMENT OF DEAN ALAN CAMPBELL, MAXWELL GRADUATE SCHOOL SYRACUSE UNIVERSITY, SYRACUSE, NEW YORK

DEAN CAMPBELL: Thank you, Mr. Chairman.

I think you have a copy of the comments I would like to make, and I therefore will go through them relatively quickly.

I commend the Commission and its staff for the excellent reports which have emerged from your substate regionalism project. I have watched this process over the course of the last several years and have been tremendously impressed by the efforts made by the Commission and the staff in trying to understand what is a very complex system of government in this country. I think that the reports present a more complete and accurate picture of substate American government than we have ever had and provide the first step to what I believe is the necessity for basic reform of the system. That is, perhaps, less self-evident to the general public than it is to those of us who have been studying this subject for over a decade, many longer.

Taken as a whole, the complexity of the system would challenge the ingenuity of a Rube Goldberg and lead to doubts that reform is really possible. Yet the impact of the existing structure on equity, efficiency, effectiveness and democratic participation—all of them criteria suggested by your report—requires, it seems to me, that something be done. In raising the issue “about something being done,” the question of why the system has become so complex and so overlapping must be asked.

It can be attributed in part, I think, to historical circumstances: the system was designed for the needs and problems of another time and has failed to keep pace with reality. In a typically American incremental fashion, catching up has been dominated by patching up.

Rather than fundamentally altering the system, we have simply, in general, added governing institutions. Very often these take the form of special districts, some of them quite small, serving built-up portions of existing jurisdictions. Others are regional, providing services across general governmental boundaries.

Underlying fiscal arrangements are another patchwork. As tax bases for some jurisdictions have become inadequate, solutions have taken the form of aid from other levels of government, rather than a direct attack on the sources of fiscal inequities.

Add to these changes, the piecemeal efforts of the States and, to a larger extent, the Federal government, to impose some order on the system by mandating new governmental arrangements, and the result is a Byzantine complexity—incomprehensible to average citizens and confusing to officials at every level of government.

Although this historical dimension is important, it is not by itself an adequate explanation of the status quo. If

it were, the glaring deficiencies of the present structure would have prompted more continuous fundamental reform than has occurred. Change has come haltingly and with difficulty because significant elements of our society reap substantial gains and benefits from the existing pattern.

For example, the way the current system cuts up the local tax base and distributes resources in large metropolitan areas, provides considerable benefits in a selective way to certain-type jurisdictions. Further, the present system makes it possible for some communities to avoid at least the direct consequences of many social problems which plague the nation. It is the ability of the current system to reinforce economic and social advantage for parts of the population which has made change difficult.

Another obstacle is an understandable reluctance to relinquish any power or influence. To ask local governments to reorganize themselves in a way that will inevitably alter the ability of those now in power to continue to hold power is, in my judgment, simply asking more than is possible. I will have a little bit more to say when I discuss some of the basic recommendations which your commission is considering. Here, I simply wish to draw attention to inherent resistance to change which has little to do with the quality of the rational case which can be made for reform.

Equity: The Overriding Criterion

Despite these built-in resistances, the need for change documented by your own study is evident. However, exactly what needs to be done—precisely what will work—is much less evident. The criteria laid out in your report are almost as complex as the present system. It is not my intention to “nit-pick,” for the criteria do cover an appropriate range of standards in a way which illustrates what would be required to make the resulting system meet the needs of a metropolitan, post-industrial society.

It does seem to me, though, that several aspects of your recommendations need to be a bit more firm and clear-cut. These include a stronger and more explicit role for the criterion of equity; a greater willingness to come down in favor of a particular organizational system; and a better recognition of how functional allocation can go beyond the assignment of specific functions, activities, or aspects of functions to particular levels. In addition, I think there should be mention of where, in the system, we can expect to find the leadership for change.

Although the four basic criteria suggested by your recommendations—efficiency, effectiveness, equity, and

public accountability—are all important, I think in the final analysis a system must be judged on the basis of equity. It is equity which determines whether the public sector is, in fact, responding to the needs of the society which it serves.

By equity, I mean simply the fairness of the tax system (that is, a tax system based on the ability to pay) and a pattern of expenditures which recognizes that one of the major obligations of the public sector is to relate expenditures to needs. Obviously the equity doctrine, like the others, is difficult in application, but I think there is sufficient consensus in this society that government has an obligation to guarantee genuine equality of opportunity to guarantee access to public service on the basis of need, and to require financial support of government on the basis of ability to pay.

It has been amply demonstrated that the present structural system is inconsistent with this principle. Your own studies demonstrate that. I would suggest that equity be the overriding concern of reform and that the doctrines of effectiveness, efficiency, and public accountability be fitted to it rather than be assumed to have equal merit. I am not contending that there is an inevitable conflict among these criteria, but on occasion there will be need for trade-offs, and when that happens, the equity principle should control.

The dominant role for equity is particularly important in the area of human services. One of the most damning indictments of the government system's delivery of service has been the fact that, to a large degree in many States, education services are related to a school district's wealth rather than to the educational needs of the children of that school district. One could cite similar evidence in relation to health and the full range of other social services. However, it is equally important in the field of what one might call hard services.

The emphasis, for example, on highways at the expense of mass transit is but one case. The inability of the legislative and the executive branches to meet recognized needs has been demonstrated by a continual stream of appeals to the courts by those who have been disadvantaged by the system and are seeking some relief from its consequences.

Areawide Local Government

I wish that the Commission had also come down more strongly on the side of a substate governance system which attempts to bring together the forces for areawide governance with those of decentralization. I fully recognize that there is no single pattern of government which is innately superior to any other, especially if the criteria being used point in different directions. I do think, however, that a structural system which moves in the direction of recognizing both areawide and local community governance combines these criteria in the best possible compromise.

Now some of you on the Commission know that it is somewhat self-serving for me to say this because I am advocating the model proposed by the Committee for Economic Development in "Reshaping Government in the Metropolitan Areas," for which I served as project chairman and for which the subcommittee chairman was Mr. Klutznick, who I know is known to some of you. The subcommittee of CED, which put together that policy statement and the research and policy committee which endorsed it, did not have the extensive understanding of the current system which is now provided by your reports. Still, I believe that if that information had been available, the recommendations would have been very much the same. By combining a regional system with subdivisions allowing community governance, the proposal's attempt in its own words, "to gain the advantages of both centralization and decentralization . . . as an ultimate solution a governmental system of two levels." A local governmental system of two levels, "some functions should be assigned in their entirety to the areawide government and others to the local level, but most will be assigned in part" to both.

Since its publication, the policy statement has evoked considerable discussion and debate. Some champions of metropolitan-wide government have said it places too much emphasis on the decentralized community districts, while advocates of decentralization fear that undue power will be given to the regional level. However, the most common criticism has been that it is not politically feasible.

Discussion of this two-tier recommendation leads to another point about the content of your report and the recommendations which emerge from it. Fortunately, the report goes far beyond the usual discussion of the assignment of functions. For too long the literature has been dominated by an underlying assumption that a function in its entirety, police, welfare, fire, or any of the other major activities of government, must be assigned in any system to one or another level in it. Your report clearly points out that the functions are divisible and that one can either talk about activities within a function or aspects of functions, and thereby make the assignment system much more precise in its applications.

I would like to suggest, however, that it is possible to go even a step beyond that. It seems to me that not only can functions be broken into their component parts for assignment purposes, but power over functions can be divided as well. By dividing power over functions among levels in the governmental system it is possible to assign an activity to its most appropriate level, which is very often the regional level, while still giving some power over the performance of that function to smaller units of government.

The principle can be illustrated with transportation. I think that, in large part, transportation should be assigned to the regional level. Nevertheless, local neighborhoods and communities have a very great stake in the na-

ture of the transportation system. Certainly at a minimum, hearings should be required to allow local units to have their say; but perhaps even beyond that, there should be a system whereby certain types of transportation decisions could be vetoed by the decentralized first tier of the governmental system.

John Wofford, in his article "Transportation and Metropolitan Governance," suggests that there are at least eight different kinds of power which might be assigned in a governing system to community governments which have a stake in the decision. These are, he suggests: The power to veto absolutely; the power to veto subject to override; the power to delay for a specified period of time; the power to propose; the power to advise; the power to review and to comment; the power to appeal to the next higher step in the hierarchy to a different branch of government; the power to go forward only if a specified majority of a council or legislature has been achieved. All of these are ways in which one can give power to units which do not have a policy-making or administrative responsibility for the administration of a function; and give a role to the most local units in a governmental system which would not make sense if you assigned full administrative and policy responsibility.

State Leadership

Finally, we must address the question of the source of political leadership for change. I commend your emphasis—in this report and in others—on the absolutely essential role of State government. The evidence, it seems to me, is fairly clear from both American and foreign experience that local government reform is a responsibility of higher levels of government. To believe that such reform can come from the local system itself is, except in rare circumstances, to expect more than any political system can produce. In fact, I would go even further than the report does and not only suggest that State governments take the lead, but clearly state it as a constitutional (which it is) and political responsibility for that level of government.

Certainly there would not have been reform of local government in Canada had it not been for the central role played by the provinces; nor would there have been reform of local government in the United Kingdom had it not been for the leadership by the national government. I doubt, too, that we would have gotten the quality of reform that we have in Indianapolis or in Minneapolis-Saint Paul without State leadership.

Obviously, there are special circumstances under which locally initiated reform is possible. But it is relatively rare and if one examines the forces at play, there is no reason to anticipate that its frequency will increase.

While State governments have been reluctant to assume a leadership role, I think there are encouraging signs that this "hands-off" pattern may be changing. Still, I would make this recommendation in your report

more forceful. I would suggest, further, that the Federal government use its resources to encourage such actions by State governments, with familiar devices like the carrot of additional grants-in-aid for establishing the kind of commission your report recommends, perhaps combined with the stick of withholding aid for recalcitrance.

It may be that what I am suggesting is further than you are willing to go. I, for one, was disappointed that Congress did not use Federal revenue sharing as an inducement for local government reform. I thought the directions suggested by the Humphrey-Reuss revenue sharing bill were correct ones.

Of course, the action I am urging might be labeled undemocratic, but I think that charge would be unfair. There is strong public opinion survey evidence that in the case of both Toronto and London, reforms would not have occurred had there been a requirement for local referendum. By the same token, it now seems clear that if the current systems were placed on a referendum ballot, they would be overwhelmingly endorsed. What I am suggesting is that democratic theory does not justify the abdication of leadership by those governmental levels responsible for oversight.

I was particularly pleased to see the International City Management Association, at its convention just a few weeks ago, make the case in its report on Federal revenue sharing for strong Federal government leadership in certain kinds of circumstances.

In that recommendation, the ICMA says, and this was adopted by its membership, "The members of the International City Management Association believe that Federal assistance should usually be in the form of a block grant. However, categorical grants are desirable when national priorities are at stake and State, local, and private funding is scarce or unavailable, or when the problems or matters being addressed occur only in a relatively small number of communities or when"—and this I think is the important clause—"the political risks are too high for more responsive local or State government to bear." It is a kind of admission from a group of local government officials which I find rare and satisfying.

I congratulate the Commission and its staff on the step forward which this report and its recommendations represent. I guess I am disappointed only that it did not go further or did not state a greater sense of urgency. However, having been a relatively active participant over the years myself, I know something about the political process and probably what you have recommended represents a better understanding of political reality than the stronger recommendations I had hoped would have emerged from your deliberations.

Thank you, Mr. Chairman.

CHAIRMAN MERRIAM: Thank you very much.

Are there questions which the members of the Commission would care to address to the gentleman? Perhaps I could just initiate it by asking you if, at the State level, this question of leadership which you have very

properly stressed, has many facets? I am wondering whether you can perhaps elaborate on how one generates the leadership that leads a governor, for example, to take the initiative in really proposing and attempting to enact major local governmental reforms. I suspect all of us have seen the political hazards of this problem. How can we as people looking at the system be of assistance in facilitating that process?

DEAN CAMPBELL: As you well know, there is no easy answer to that question. It is interesting to observe that in some States governors show a greater willingness to take on these kinds of risks than others. It may be related to the political climate in specific States. I do think that in part success is related to the ability of the governor to relate his proposals to specific problems which exist in the State, whether it is a water supply problem or a pollution problem or a transportation problem or what have you. He must demonstrate how the reform suggested will have some impact on dealing with that specific problem. I think, however, that it is more likely that the governor, in doing that, will suggest State instrumentalities for dealing with these specific problems rather than reform of local government.

I do not know what the answer is, to convincing the electorate that there is an interrelationship between structural questions and a solving of substantive problems. Coming from an academic environment, I think that knowledge and information are useful. On the whole, the States have not done very well in producing that knowledge and information which a governor or legislature or anyone else can use in making the case. And certainly, your suggestion of a State commission in this regard will be very helpful in providing the type of information and help needed.

In the end, though, it really is a question of whether you can expect acts of substantial political risk to be taken by public office holders, and I must say that that is a question that is relevant to all of democratic society. It is my sense, if one looks at what is going on in Florida, in Minnesota, in Ohio, and a few other states, that there is at this moment a greater willingness for that than there has been in the past.

COMMISSIONER FOWLER: Thank you, Mr. Chairman.

Dean Campbell, this statement that you have given us is certainly a splendid presentation of what we should shoot for in altering our system of delivery of services. It seems to me, as a local official, that we have problems presently with us that bring into focus whether or not we can approach an alteration of local systems or the delivery of services in such a manner as to depart drastically from conventional and accepted structures. I have felt that there is merit in an approach to change that comes about as a consequence of reforming the method of delivery of services. In other words, if we can, with State leadership, bring about and effect changes that do provide

more economical and efficient delivery of services and equity in the share of the costs and so forth, that there will follow from that changes in the structure, ultimately. Currently we have a problem as it relates to regional structures of obtaining a degree of acceptance in county and municipal governments for a role for regional programs and regional councils. I recall that Ohio, has a constitutional provision for home rule for its county governments and very few of them have exercised it thus far. Down in Florida, the constitution provides more options on a home rule basis. I guess my comment or observation is a weighing of approaches—whether we can seek a rapid transition to a structure that will ensure a more efficient delivery of services—or are we going to have to hold to a slower approach that provides for reform in delivery that will ultimately bring about changes in structure.

DEAN CAMPBELL: My only response is that I am sure, except for rare circumstances, it is going to be the slower path. I think, however, that we ought to exercise great care in the assumption that somehow that path, necessarily, is going to go where we want to go. And I am bothered, for example, by our experience with a good number of the COG's around the country. It seems to me that they have become in a sense organizations used by local governmental units to protect themselves as opposed to really doing anything about improving the quality of service. The COG becomes a kind of United Nations operation, where the reason the local governments are there is not to cooperate to do something positive but to make sure that nothing happens which in any way upsets the way they are now doing things.

Now there are differences in this, in different parts of the country, but there has been enough evidence collected to support empirically this description of how they operate.

So I am always concerned whether incremental steps are going where we want to go. We should look at each incremental step to determine whether it is in the correct direction, or whether it is in a mere reinforcement of the present system.

CHAIRMAN MERRIAM: Mr. Roos?

COMMISSIONER ROOS: Dean Campbell, I come from Saint Louis County, Missouri, which has the disease of fragmentation in the worst possible way. I certainly totally agree with your analysis of the inefficiencies and weaknesses of our present system of service deliveries.

The question that I pose is—and I recognize that where we have been able to accomplish reform, it has been as a reaction against a chaotic situation of some sort, a breakdown in service, and people have reacted negatively—but is it really possible to demonstrate, in terms of tangible specifics that people will understand, that a great deal of practical improvement has resulted? Even though from a textbook point of view they are much better, well, are these people really getting a bigger bang for their buck?

DEAN CAMPBELL: I could not agree more with the importance of that. And in some ways, I am very critical of myself and my colleagues in the academic world, that better observation has not been made of the experiments that we have tried. There is beginning to emerge some empirical evidence about this, for example, the studies of Daniel Grant on Davidson County reform. Take just one example, on the tax side, although taxes increased in Nashville-Davidson after reform, they did not go up as rapidly as they did in unreformed areas in Tennessee.

The National Science Foundation has just given substantial funds to the University of Miami to look at what difference the reform in Miami really made. I think what it will find on the basis of scattered evidence is that there is greater equity in delivery of services in Miami-Dade now than there was before. And that the tax burden is more equitable. We do have some quite careful studies now of London since its reform. And, again on the fiscal side, it is certainly true that costs went up. But by some very careful designing of service measure, there has been a substantial improvement in services beyond what might have been anticipated on the basis of cost increases. So, it seems to me, that we do have to collect that kind of evidence. We do all this social experimentation and continue to rely on unsubstantiated generalizations and rhetoric rather than evidence. And you are going to hear later this afternoon from Charles Warren, who is the staff director of a project with which I am involved being done by the National Academy of Public Administration. We are attempting to aid the reform processes in Rochester and Tampa-Saint Petersburg, and there will be a very careful follow-up of any reforms which are undertaken to determine what difference they make.

Your own case studies are certainly steps in that direction, of looking at the question. But in the end, this is the relevant question: does it make any difference?

COMMISSIONER ROOS: I think you have got to spell out to the people its specific benefits before they will buy it.

DEAN CAMPBELL: That is right. And particularly at a time when there is a certain cynicism about promises made by advocates of change.

CHAIRMAN MERRIAM: Mr. Fowler?

COMMISSIONER FOWLER: One problem, in my limited experience, is that local government, with its structure and the things that make it function, is so dependent upon the State. So often State legislatures—I'm sure Senator Brown will be excepted, of course—are not familiar nor adequately concerned with the structure of local government as it relates to the delivery of services. How can we overcome this? It is a very substantial problem as it relates to the forming of a government.

DEAN CAMPBELL: Certainly, as you are well aware, there are differences from State to State in this regard. I would argue that the Florida and Minnesota legislatures

are very much concerned, but why that is the case I do not know. Some of my students point out that, on the average, these two legislatures have the youngest median age of any in the country. Perhaps that does make a difference. In many instances the quality of the organization of local government officials makes a difference, that is, whether or not they are organized, whether they have staff, and whether they really attempt to bring home to State legislatures their points of view and concerns.

It is possible, obviously, for locally elected officials to have considerable influence with State legislatures because there is a dependency relationship that often runs between the two in terms of nominations and other real, down-to-earth questions. I think that in part, too, the State legislatures have hidden behind what I would call the myth of home rule as a way of abdicating their responsibilities. In some ways, local government officials have aided that abdication by themselves using that language. And it seems to me that there has to be a recognition on the part of local government officials in their own rhetoric, that they are, in many ways, dependent on in the State, particularly for fiscal resources.

In the end it really depends on whether there becomes a conviction on the part of the electorate that there is a relationship between structure and problems. If that conviction does not come about, then I am convinced we will deal with problems instead of structure. The result will be a movement of functions to the State and Federal levels, leaving the local structure to die on the vine.

CHAIRMAN MERRIAM: Mr. Maltester?

MAYOR MALTESTER: I would like to ask the Dean just two questions.

One, how would you define the adequate delivery of services from local government? Are we assuming that the State can do a better job of delivering services than local government?

DEAN CAMPBELL: In answer to the first question about how do you define the adequacy of service. I am not sure I know how to do that, but I think that we can assume a certain level of services, determine whether they are fairly distributed. I simply cannot accept the proposition that when you have one school district that is spending \$2,000 per pupil and another, \$1,000 per pupil, that you have a fair system. And normally the \$2,000 is being spent on the students with the highest-income parents, and the \$1,000 being spent on those with the lowest income. The statistical evidence on that is there for all of us to see. The same kind of disparities can be demonstrated for other services. It is easier with education because there are school districts and the financial data is separate. I am suggesting that in this sense equity is measurable. There are, of course, complications. In some cases, disadvantaged may mean that more than an arithmetical average should be provided if equality of opportunity is to be real. I am convinced that there is an awful lot that can be done by examining whether services are equitably provided.

And I think we have enough court cases and other kinds of academic evidence to indicate that they are not being equitably delivered now, in many, many jurisdictions in this country.

MAYOR MALTESTER: The second question, can we assume that the State can do a better job?

DEAN CAMPBELL: No is the answer to that. I think that from a kind of constitutional point of view, the State has to assume an overseer's role. Now whether, in fact, the States should deliver the service or have it delivered by another part of the system depends upon a lot of things like the size of the State, its historical tradition, and so forth.

You know New York State is a very highly local-oriented state. Direct expenditures in New York State constitute only 18 percent of total State-local expenditures. The rest are made by local governments. It is a strong local government State. So, therefore, to assume that there is going to be a big transfer of activities to the State level, I think, is nonsense. But I do think that within less than a decade we are going to have a transfer of full financing of welfare to the State level, if not to the Federal level. We will probably see a very large increase in State financing of education. I guess it will go to at least 90 percent over the course of the next three or four years. And yet there will be left, because of the tradition of the system, a great deal of local involvement in the administration of these services. And in many ways, the competence is there at the local level for doing it.

MAYOR MALTESTER: I just want to comment, being a locally elected mayor, that one of the main problems that we have in many of these is the electorate themselves.

I come from the San Francisco Bay Area and I think most of the people in my town firmly believe the ACIR's recommendations—well, first, that the Federal government should take the total cost of welfare; two, the State should take over the total expense of education. Now when you talk about bay area police service, it is something else. Transportation, yes. These are the things, education, transportation—I guess what I am trying to ask is, if we are going to move down this path, shouldn't we be selective as to the first steps that we take?

DEAN CAMPBELL: I think you have to. All I urge is don't be too cautious. But it is clearly possible to make mistakes. I was a delegate-at-large to the New York Constitutional Convention and served as chairman of the local government committee. We got some outstanding provisions placed in the new State constitution in those areas we are discussing today. Some of them we passed on the floor with one-vote margins. I will never forget, for example, when we were debating the transfer of the financing of welfare to the State level, and a delegate on the other side of the aisle got up and said he did not know what Campbell was trying to do because in Rochester they were perfectly willing to take care of their own poor.

Well, of course, they are. What happened then, after having been, I thought, fairly successful at the convention, we lost that constitution two to one. And it may have been that had we been somewhat less forward-looking and been more careful, we would have gotten more accomplished. So I am not here to give advice about making political judgments.

CHAIRMAN MERRIAM: Senator Brown?

SENATOR BROWN: Dean Campbell, I wonder if you can pursue a little more the political side of this thing, because you indicated in your comments that every office holder is looking to keep himself in office. I think the concept of regional governance has tremendous advantage. But when you come to the practicality of the thing, you find every little town wanting to be sure that it carries on its particular part in the decision making, that it is reluctant to give up anything, and this is true of legislators. They look at their constituency, and I refer to my little area, which is a very small State, Nevada, but within the county that I am in, we have Las Vegas, Paradise, Winchester, all these little communities that feel that they have something that they want to have input in. On a regional proposition, they are reluctant to join in, because they are giving up something. The office holders within these particular jurisdictions are reluctant to advocate anything that will lose them a little power, a little effectiveness. When you mentioned referendum, you indicated, I believe, that if we put it to a referendum, more and more we would find that the people would be going for this. I do not know that this is quite true. I think that within large areas, the office holders will say, look, if a larger area is going to dominate us, we won't have the same position. I remember four years ago, I think we were going in for a metropolitan area in Las Vegas, and we were thinking of going to a referendum measure, but everybody had to be unanimous on the thing. This is why I think more on the political practicality of how solutions are carried out.

So what you say is meritorious, but getting down to the nitty gritty of doing these things is something else.

DEAN CAMPBELL: I don't disagree with what you say about the difficulty. I would make a couple of brief comments.

One is that I think we should be careful not to assume that there is a direct relationship between the interest of the office holder and the interest of the people he supposedly serves. Often an office holder is interested in holding that office and will attempt to convince his constituents of this, regardless of what the case is.

SENATOR BROWN: This is true of 95 percent of the office holders.

DEAN CAMPBELL: Right. And so it seems to me, just from a political point of view, you are not going to get many office holders supporting reform. It must come from citizens organizations, businessmen organizations,

and they very well may have to take on the local office holders in that situation. I would only argue that one should not assume that an office holder in this kind of situation is necessarily speaking for his constituents. And I would say the same thing, by the way, about black office holders who today oppose regionalism on the basis that it reduces the powers of blacks in metropolitan areas. There is a lot to be said about that argument, and I don't want to get into it here, but the fact that an office holder opposes reform doesn't mean that he is really speaking for the average citizen. I would make the same point, for example, that it's a valuable and lucrative thing to be president of the Penn Central Railroad today, even though it is bankrupt. And I would say the same analogy applies to office holders and their constituents on issues of this kind. But that does not mean that they are not able

to convince their followers or their constituents.

Here again, I think it is important—and I speak as a politician on this—that the case for reform not be made in abstract terms. You make the case on the basis of specifics about improvement in services, whether it is garbage or schools or fire protection or whatever. And if you cannot make your case, that the reform will do those things, you are bound to lose. That is what we are really talking about, improving services.

CHAIRMAN MERRIAM: Thank you very much, sir.
(The Witness is excused.)

CHAIRMAN MERRIAM: Next is James Coke, director of the Governor's Office of Policy Research of the State of Ohio. Dr. Coke, it is a pleasure to have you here with us.

STATEMENT OF DR. JAMES G. COKE, DIRECTOR, GOVERNOR'S OFFICE OF POLICY RESEARCH, STATE OF OHIO

DR. COKE: Thank you, Mr. Chairman.

It is a pleasure for me to be with you. I am glad to have arrived in Washington. There is a vast fog covering the middle of the country and I hope that after I finish you won't think I brought most of it with me.

I also want to echo Dean Campbell's comments about the great value of the Commission's substate regionalism report. I think that you carried us very far in deepening our appreciation of the regional movement, which are moving very rapidly nationally and on State levels. We desperately need, and will continue to need, the kind of analysis that you are providing us with.

I spent part of the time preparing for this statement by reviewing your publication of ten years ago called *Performance of Urban Functions: Local and Area-wide*. I was struck by the great distance and sophistication that your work has come in ten years on this particular issue. In addition to the matter under consideration today, which is the question of the assignment of functions itself, I think that the import of your work finally provides us with a broader set of options for basic reforms in intergovernmental relations. The substate regional movement in particular offers us a way out of the dilemma of narrow, categorical Federal grants-in-aid versus the extreme laissez faire approach of revenue sharing, both general and special. Somehow we must take a middle road between these two extremes and I think substate regionalism . . . is one of the devices that can serve us well.

In addition to my job as director of the Governor's Office of Policy Research, I am also a member of the Ohio Commission on Local Government Services, a group

which, since April 1972, has been preoccupied with this very issue, the proper assignment of governmental functions. We have approached this task in several ways, including public hearings across the State, and a sample survey of the citizens of Ohio.

Our surveys reveal that 88 percent of the citizens of Ohio feel that local government services are as good or better today than they were four or five years ago. There is no reservoir of discontent with services. Furthermore, it is only the income group making more than \$25,000 a year who are overly concerned with the structural organization of government.

State Agency Unworkable

I have been asked to comment on ACIR's two proposed recommendations about a functional assignment policy. The first recommendation is that each State establish an assignment of functions policy by designating an instrumentality to set forth specific functional classification standards and to recommend constitutional, legislative, or referendum action to assign functions according to the classification standards. I believe that this recommendation is basically unworkable for three reasons.

First, the essential nature of functions changes radically over time. Second, within-State uniformity is not necessarily desirable. Third, the immaturity of regional institutions in most States will prejudice the functional assignments, and perhaps prematurely foreclose assignment options. In other words, the recommendation would ask States to pour into concrete functional responsibility

ties what we might wish to have flexible. Let me take those major points in order.

First, as to the rapid change of functions, I think there is no question about the validity and accuracy of your findings that functions are presently assigned according to various pressures, which are combined in ways probably unique to each function. This does not mean, however, that assignments are haphazard or irrational.

The assignment of each function among levels and units of government is determined as much by the timing of the debate as by the substantive characteristics of the function itself. Zoning is largely the same activity now that it was five years ago, but I suspect that if State legislatures were now considering zoning *de novo*, many would opt for a much stronger State role in land-use controls than they would have in 1968. This is only to make the obvious point that functions stand in shifting relationships to one another, even though they continue to have the same names.

Technologies and public expectations change, sometimes rapidly. To use the example of zoning, the intimate connection of land-use controls and environmental protection was only dimly perceived in 1968; it is appreciated widely now. This new perception, in turn, changes the consensus about a proper functional assignment.

The new case redefines the functions which are then assigned to State, regional and local units in a new way. I would like to deal with two examples of how these shifts will effect functional assignments. One, of course, is in law enforcement. Back in the good old days when I was in school, we learned that criminals, like germs, knew no municipal boundaries, and therefore a criterion that your report calls "administrative effectiveness" would have operated powerfully to assign police functions at the regional or metropolitan level. A decade ago, very few people would have conceived of decentralizing to sub-municipal districts, where neighborhoods would have some control over the police. This is conceivable now because law enforcement is considered to be connected to racial and ethnic conflict, and not merely to the criminal's *modus operandi*.

Another example of a rapid shift in technology is the solid waste disposal function. "Burn and bury" was for years the only conceivable method that was also economically feasible. Research and development projects, as exemplified by Connecticut's recent activities, now point toward material and energy recovery systems. Such systems require the aggregation of streams of waste products in marketable quantities, and a State role suddenly emerges as a desirable or even a necessary condition for success in providing this type of solid waste disposal. Again, let me stress that the conditions for a reassignment of the solid waste disposal function emerged very quickly.

The self-conscious development of an assignment of functions policy by States may inhibit the adaptation of assignments to rapidly changing conditions. Policies can supply an additional weapon for preserving the *status quo*.

Uniformity Not Desirable

My second major point concerns the desirability of "within-State diversity." The Commission's draft rightly points out that the diverse cultural, economic, and political conditions in the country prevent the application of a "single appropriate formula for the allocation of functions among all State, area-wide, and local units." I believe that a uniform system is not desirable even within the confines of a single State.

Each State-local delivery system might appropriately vary in the assignment of functions among regions of the State. In the Connecticut case, the newly established Resources Recovery Authority will sell its services to local governments. Localities remain free to choose their own disposal arrangements, so long as they meet environmental standards. Thus, Connecticut may ultimately contain two major functional assignments in different parts of the State.

The corrections function now illustrates a desirable trend toward within-State diversity. California has had several years of experience with a probation subsidy program which allows counties to choose whether to participate or not. As I understand the situation now, the experience in that program is leading to a rethinking of the State-local relationship in corrections.

In 1973, the Minnesota legislature passed the Community Corrections Act. This innovative statute allows the commissioner of corrections to make subsidy grants to a county or a group of counties electing to provide a full range of correctional services at the local level. Counties wishing to participate submit a comprehensive plan to the commissioner. If their plans are approved, they receive a new form of subsidy from the State, but are also required to pay the career costs of certain offenders committed to State penal institutions. Counties not elected to develop a community corrections plan continue to receive existing limited subsidies and to rely on a State-managed corrections system.

I see no reason why States should not develop State-local delivery systems that allow substantial variations in functional assignments. Such systems would contain various mixes of planning requirements, regional cooperative arrangements, and State subsidy incentives.

Perhaps the most serious obstacle in the way of a statewide assignment of functions policy is—and this is my third point—the immaturity of regional institutions. Despite significant progress in the last five years, there is still much debate about the nature and powers of regional organizations.

An adequate substantive policy assumes that responsive and effective public institutions, with some equivalent standing in public trust, exist at the State, local, and regional levels. Assignments require a receptacle to accept and discharge responsibilities.

The movement to create uniform substate districts is the most significant sign of progress toward building ade-

quate regional structures. Some States, like Georgia, Virginia, and Texas, have moved a great distance. Most are just beginning the job of institution building. In Ohio, we have embarked on a two-tier system of substate areas, perhaps the first such system in the nation. We have attempted to recognize that there are regional communities of interest among local governments and to reflect those in a set of planning regions. At the same time, we recognized that there was a need to coordinate and decentralize State services, and we assigned a set of administrative districts. The districts are composed of one or more regions. The working out of interrelationships and structures will require careful planning and continuous consultation. To specify the roles of these areas in functional assignments would be premature.

The Commission's second proposed recommendation is, as I understand it, to give some binding force to the assignment policies called for in the first recommendation. This would be accomplished by amending the Intergovernmental Cooperation Act to make the beneficiaries of functional assignments recipients of Federal grants. Certainly I think it is highly desirable to relate Federal grants to State-determined service delivery policies. However, if my previous analysis of the difficulties of creating substantive assignment policies is at all valid, the preference provisions called for in the second recommendation would only compound the problem. The financial interest of the various levels and units in securing preference for themselves would be likely to overshadow the disinterested application of criteria like economic efficiency, fiscal equity, political accountability, and administrative effectiveness.

To sum up, the Commission calls our attention to a key process in American federalism. Our continual debates over functional assignments are a way of working through the basic political issues of the nation. Somehow, we frequently translate these basic issues into intergovernmental concerns, and the shifting assignments of functions become the continuing American Revolution.

The analysis of functional assignments on a continuing basis is important. In most States, the immediate need is for a method for paying attention to functional assignments and their consequences, not for a specific substantive policy that would regulate subsequent assignments. Instead of thinking that the Commission may not have gone far enough, I think it may have gone too far. I would ask the Commission to consider a possible substitute for the proposed recommendations.

It would be very helpful if State legislatures were to authorize an appropriate instrumentality to prepare guidelines and procedures to create a special review and comment system for legislative or administrative proposals that would establish a new assignment of functions or alter existing assignments. I hesitate to use an overworked analogy, but what we need are "intergovernmental impact statements" from which we can begin to take systematic readings on the effects of functional assignments

on the whole State-local system. It should be relatively easy to build this system into the State and areawide clearinghouse procedures now operating under OMB Circular A-95. New Federal policies should be subject to the review and comment process, as well as State proposals.

The accumulated experience of this review and comment process would have many benefits. Not the least, would be to provide a legitimate channel for the expression of regional interests which I think is strongly lacking now, and thereby to strengthen the weakest element in the State-regional-local partnership.

Thank you.

CHAIRMAN MERRIAM: Thank you very much, Dr. Coke. You know how to hit a fellow where it hurts, somebody who was in the development business, when you talk about impact statements.

Dr. Coke, I wonder—this is a question of curiosity, it may or may not relate to this discussion—but what are the functions of the Office of Policy Research? Does it relate to this question?

DR. COKE: Yes, it does. It is related to this question because one of the Governor's main concerns over the past year has been the development and implementation of two Executive Orders creating the planning regions and the administrative districts in Ohio.

Ohio is one of the last States to get into the substate districting game. We had a try at it in 1963, with some analysis of the problems involved. But it has only been in the past year that we have begun to move in earnest in this area. So the Office of Policy Research has been looking at the role of regional organizations in Ohio, both regions and districts, and advising the Governor on some policies related to regionalism.

CHAIRMAN MERRIAM: So you have been directly looking at the Ohio experience?

DR. COKE: That is correct. I have also been working with the Governor on his responsibilities as chairman of the Rural and Urban Development Committee of the National Governors' Conference. Six months ago, the committee sent a questionnaire to all Governors asking their opinions about community development and housing activities. And the strong sense we got out of those returns was again the key role of substate districts in building State-regional partnerships for priority-setting. This may be the way in which the States and localities can work together in any reform of the categorical grant systems.

MAYOR MALTESTER: Dr. Coke, what ideas are you getting from local governments in developing these?

DR. COKE: In developing the districts?

MAYOR MALTESTER: Yes.

DR. COKE: One of the main problems is that very few people understand it. This is why I think that an as-

signment of functions policy is premature. There should be some long-range program of public education about what regional institutions are and what they can do. It has become quite clear in Ohio that many people misunderstand and they assume things that are not the case. We have had difficulties with some localities because they think that the State is going to move very actively and tell them what to do. We have other localities that do not want to be in a particular district, because they fear that a large city is going to dominate them. There is that pressure of intergovernmental suspicion. Sometimes I believe that the law of gravitational attraction is really about intergovernmental suspicion which varies directly as the difference in population and inversely to the square of the distance. Of course, we have had support from people who have had some previous experience with regional institutions. What is striking to me is simply the lack of information.

CHAIRMAN MERRIAM: Judge Fowler?

COMMISSIONER FOWLER: Thank you, Mr. Chairman.

Dr. Coke, I was wondering if the recommendation in this preliminary staff report were created on the State level involving local people as well as the State people and others in the creation of a structure that would study the assignment of functions and responsibilities therefore, and considering various criteria, one, would this not be an educational process? And, two, would it necessarily build into concrete, a structure of delivery that would be bad, or could it be so structured as to have review processes from time to time? Particularly, this point you just made in your paper, which I think is quite good, to determine when, and where, the reassignment should occur?

DR. COKE: If the study structure is related to the intergovernmental impact statements, that is, if it relates to specific proposals, yes. And also, if what it produces are not binding policies, yes. I think you are quite right that there should be some ongoing organization that can summarize and interpret the prior experience of events in the intergovernmental system.

The reason I make those qualifications is, perhaps, because of my experience with the Ohio Local Government Services Commission, which is composed very largely of local government officials. I must confess that when we have been debating functional assignment poli-

cies in the abstract without referring them to specific events, those discussions have, by and large, been academic in the worst sense.

COMMISSIONER FOWLER: In Ohio, I am wondering if it is as it is in Alabama, particularly as it relates to those who are elected in county government. So often they do have administrative responsibilities and, as a consequence, it limits rather severely the quality of local citizenry who can offer themselves to serve. This, I recognize, is a problem in Alabama. And I wonder if in Ohio, particularly on a county level, are those who serve policymakers in fact? Do they have administrative responsibilities?

DR. COKE: Yes, they have substantial administrative responsibilities, particularly in the larger counties. In the smaller counties there are not many administrative responsibilities. For one thing, we have an elected county engineer in Ohio. In rural counties, he is also likely to be the sanitary engineer as well. So he has much of the administrative burden.

COMMISSIONER FOWLER: Would you think now that if we could effect at the county level, a separation of administrative responsibilities from this policymaker, that we are likely to get, over the long haul, a better qualified person who is going to take a broader view of this particular problem in the structure of delivery of services.

DR. COKE: I would suspect that we would probably have the same experience with that as we do with separating policy from administration at the municipal level. Yes, we would see different types of people. They might not be better, though. I am also impressed with the sophistication of many Ohio county commissioners about particular functions because they have to be involved in the details of administration. I think that is a strength in the local system, as well.

CHAIRMAN MERRIAM: Are there any other questions of Dr. Coke?

Thank you very much.

(The Witness was excused.)

CHAIRMAN MERRIAM: I would like to introduce our next Witness, Mr. Charles Warren from the National Academy of Public Administration.

STATEMENT OF MR. CHARLES WARREN, NATIONAL ACADEMY OF PUBLIC ADMINISTRATION, WASHINGTON, D. C.

MR. WARREN: I am pleased to speak to you briefly today. I would like to report on a project that the National Academy of Public Administration, which is located here in Washington, D.C., has undertaken in order to demonstrate to you the relevance of the recommendations that you are considering today, and the importance of your present report and your past report on the performance of urban functions. And, specifically, the need for criteria in assigning functions.

First, let me give you a little bit of background on the project I am referring to, and then I would like to go on and speak specifically about what we are doing in Rochester, New York.

The National Academy has received a three-year contract from the U.S. Department of Housing and Urban Development to test the concept of centralized-decentralized, tiered metropolitan government. The idea behind this project is to see what can be done in a real metropolitan area in a politically feasible way to try to implement some of the recommendations that came out of the C.B.D. report that Dean Campbell referred to earlier. The idea was that consolidation of local governments is not the answer; we need a more sophisticated approach. And that a two-level or three-level centralized-decentralized system may be an appropriate one.

We surveyed, first, the metropolitan areas of the country and selected two metropolitan areas, then invited them to participate in the project. The two areas are Tampa-St. Petersburg, Florida, and Rochester-Monroe County, New York. They were selected on the basis of a local interest in the project, the presence of a serious commitment for change, and a potential for eventual adoption of reform.

Local government officials in the two areas have appointed study commissions. They have a staff assigned to them who are being paid by the Academy. The Academy's role in this effort is to provide financial support, technical assistance, and national leadership to the local panels which have the actual responsibility for developing the plans.

They have begun an 18-month process of studying their system of local government, which started in May of this year, and by November 1974 expect to have developed detailed plans for each of their metropolitan areas. The Academy does have a national panel which has overall responsibility for the project. And I would like to mention these panel members to you. They include George Brown, who is a State senator from Colorado and was instrumental in the regional services authority act there; Dean Alan Campbell is a member of the panel; Bill Colman,

the former director of ACIR; Grace Hamilton, a member of the Georgia State legislature; Arthur Naftalin, who I am sure you all know; Charles Henry, city manager from University City, Missouri; Francis Piven, a professor at Boston University; Bob Turner the new president of ICMA; and finally, York Willbern from Indiana University.

Progress in Rochester

The Rochester panel consists of 30 members, including residents of city, town, and village government. The local leadership there is actively involved. The county manager, city manager, and mayor attend all of the monthly meetings of the panel. They have organized task forces to begin the study of their system of government and they are taking the functional approach.

In the first phase of their study, they are looking at the various functions that are being performed and the public services that are being delivered in their metropolitan areas. They have four task forces at the present time, one dealing with public safety, one concerned with physical development, one dealing with human services, and a final task force with an overall objective of looking at taxation, finance, and intergovernmental relations.

I have provided you a status report from the Rochester local panel, which is in your booklet; in it you can see the functions for which each task force has assumed responsibility. They have also developed criteria for analyzing those functions. The criteria were developed with the assistance of the staff of ACIR and drew heavily upon your 1963 report and some of the draft material that has emanated from your present report.

I must say the criteria were somewhat difficult to get across to a group of lay people. The panel does possess considerable sophistication, but it was necessary to translate these criteria into language easier to comprehend. They have done this and that material is also included in your booklet. They are applying the values of equity, economy, efficiency, and citizen access and control to each of the functions.

To relate in a more specific fashion how this is working, I think it may be helpful to describe the work of one of the Rochester task forces. The task force on public safety began its work by looking at the fire function. They gathered together a group of 27 people which included members of the local panel; it included suburban fire chiefs, commissioners of suburban fire districts, the city fire chief, and a county official who had some fire responsibility.

They went through each of the functions and each of the sub-functions that is related to fire. Although they did not do it in as systematic a way as you would think, they did look at those functions in terms of citizens' access and control and efficiency. They all agreed that they wanted to keep a volunteer fire system. That was important in terms of citizen access and control. But they then very easily went on to discuss four sub-functions related to fire that should be centralized and done on a countywide basis. We are just dealing with a single county up there, so it is somewhat easier. But the suburban fire chiefs and the city fire chief agreed that an arson-investigation unit should be started countywide and that fire prevention education should be countywide. There should be a further centralization of the fire training sub-function and, in addition, they thought further consolidation of the fire communications system had to be made.

The point being to illustrate to you that there is a group out there in the real world looking at functions and sub-functions in a systematic way and applying the very criteria we are speaking of here today. And I found in watching these groups work that this approach is not a threatening one. We have not begun by discussing how we can get rid of the towns and villages. We are looking at the functions, and once they finish surveying all the functions, they will then address the structure. But the argument for structural reform will come out of the need for functional change, as to whether or not the public services are being performed on an effective basis.

So that is the way it is working in Rochester, and we expect possibly by 1975 some meaningful reform plans to be implemented up there. I might mention briefly, too, the work that is going on in St. Petersburg and Tampa, Florida.

Complexity in Tampa

That area is much more complex. We chose it deliberately because we wanted a single-county metropolitan area to work in and a multi-county area. We began originally with two counties and two major cities in a metropolitan area of 1.2 million people. We have now added a third county, Pasco County, which is to the north. And I must say it is much more difficult to do things down there.

The project is not moving as effectively as in Rochester. But there are some accomplishments being made. The functional approach is also being used there. They have begun looking at an issue that is extremely hot and of crisis proportions, and that is water supply. All three counties are fighting among each other about who is going to supply the water. And it is obvious that a regional approach is necessary. Needless to say, they are looking at that function and other functions, such as transportation and so on, and we hope to see some results there too.

* I think that ends my comments. If you have any questions, I would be glad to answer them.

CHAIRMAN MERRIAM: Mr. Maltester?

MAYOR MALTESTER: I want to make sure of something. Are you saying that what you are doing there, rather than having this regional coordination of functions come from the State level, that you are getting the local, county, and city people together amongst themselves to make the first step in this direction? Is that what you are doing?

MR. WARREN: Yes, sir. That is what we are doing. In Rochester-Monroe County, what we have done is got a group of citizens and local officials who represent all levels of government in that area—and that is a very complex area with 19 towns and 10 villages and some special districts, and the county and city governments—to look at their entire system and try to decide what needs to be done where on a functional basis.

MAYOR MALTESTER: My second question is, are you running into any of the problems we heard of earlier of some people trying to protect their local jobs, or are they being honest in trying to promote the best for everyone?

MR. WARREN: We are running into that problem, but it is less present in Rochester than it is in Florida. But in Rochester we do have a village mayor on the panel and, at the first meeting, there was a question of whether there would be a minority report? I would not predict with any odds that there will be a success in either place. But hopefully, some advancement will be made.

MAYOR MALTESTER: But you do have citizen participation? Somebody gets out to the public as to what is going on, what they are talking about?

MR. WARREN: In Rochester they have expanded their 30-member panel by adding observers and resource persons. At the present time, there are some 80 people involved in that process.

CHAIRMAN MERRIAM: Would this be a real-time equivalent of what the staff has recommended in the way of periodic review of delivery of services in the metropolitan area?

MR. WARREN: Yes, sir, it is.

CHAIRMAN MERRIAM: Do you have a staff? Is there a full-time staff?

MR. WARREN: I am the project director nationally.

CHAIRMAN MERRIAM: What about Rochester itself?

MR. WARREN: In Rochester they have two full-time professionals and a secretary. And Tampa has one full-time professional and a secretary.

CHAIRMAN MERRIAM: Judge Fowler?

COMMISSIONER FOWLER: Mr. Warren, is there a history in Rochester-Monroe County of the people doing

this prior to the time that the panel was brought into existence, and what had been their experience?

MR. WARREN: You can say that we picked too easy a place when we selected Rochester-Monroe County because there is a tremendous history there of looking at functions. Functional consolidations between the city and county began in 1948, and there have been 19 functions consolidated. They include library services, data processing, and central purchasing. Traffic engineering is done on a countywide basis, including the towns and villages. Civil defense is countywide. There is a mutual-aid fire bureau. So you could say they already have something

approaching a metropolitan government, although there are a lot of unfinished areas.

It is, of course, a very progressive community.

CHAIRMAN MERRIAM: Are there other questions of Mr. Warren?

Thank you very much, Mr. Warren, for a very interesting report.

(The Witness was excused.)

CHAIRMAN MERRIAM: We now call on Mr. Gene Schneider of the State of New Jersey County and Municipal Government Study Commission. We are glad to have you with us.

STATEMENT OF MR. GENE SCHNEIDER,* STATE OF NEW JERSEY COUNTY AND MUNICIPAL GOVERNMENT STUDY COMMISSION

MR. SCHNEIDER: Mr. Chairman, and members of the Advisory Commission on Intergovernmental Relations, I would like to preface my remarks on the Advisory Commission on Intergovernmental Relations report, *Governmental Functions and Processes, Local and Area-wide*, with a brief description of the work of the New Jersey County and Municipal Government Study Commission.

Legislative Backing

I think there are several ways that we satisfy the criteria for the instrumentality that you described in Recommendation Number 1. We are a bipartisan commission with legislative members appointed by the legislative leadership, and with representatives of county and municipal government officials and influential citizens appointed at large by the Governor.

Institutionally, this format has its strengths and its weaknesses. On the one hand, we must carefully weave our way through groups with some conflicting goals and interests in drafting reports and recommendations. On the other hand, we can build a broad-based consensus and support for our recommendations which can facilitate their implementation.

Overall, however, the relative success of the enterprise can be traced to this structure and might serve as a model for the State instrumentality you suggest as a part of Recommendation 1.

Second, let me note that your draft report has referred to our commission at a number of points.

The political climate of our State has been such that comprehensive proposals for government reform have

been rejected. A previous commission in the State with a mandate somewhat similar to ours was short-lived. Home rule for our 567 municipalities is a way of life in New Jersey and its tenets are tenaciously held. There are centrifugal forces in our political system, with counties and municipalities being the repositories of real power.

At the same time, there are recognized weaknesses in the structure and functioning of government in our State. It is agreement on these weaknesses and problem areas which we have seized upon and attempted to guide in appropriate ways. There appeared to be the greatest consensus on the need for specific government structure reforms; thus we began our work in this area.

Our initial studies recommended the adoption of measures which sought to open up options available to government decisionmakers. First, by permitting more centralized county government charters. Next by permitting a wide array of joint service agreements. And, more recently, the consolidation of small local units of government, with State financial incentives to do so.

Because of our base as a legislative commission we have successfully sponsored several bills, including a County Optional Charter Law and a Joint Services Act. A bill to provide State aid for consolidated services passed the senate and has support in the assembly; we expect its passage as soon as the assembly reconvenes.

Already our urban counties are beginning to utilize the county charter legislation. Nine of our 21 counties, comprising some 5 million of the State's 7 million people, have the Optional County Charter Law on referendum in the coming November election. In other words, we have succeeded in sponsoring legislation that is being used, when the legislative need appeared to be greatest. We thereby have accrued some equity.

More recently, we have begun the study of government

*Mr. Stephen Decter aided in the drafting of this statement.

functions, more or less with an analytical framework formulated at the inception of the commission's work, and cited in our initial report "Created Localism: A Prospectus." We completed studies on solid waste and water quality management, and draft reports are now available on police and fire, local health services, and housing. With the acceptance accorded our earlier work, we have received a hearing in the legislature, in State agencies, and among county and local governments. As in the case of our structural studies, each of these functional studies will result in legislative proposals and in the actual drafting of legislation. Here again, we are receiving a hearing at all levels of government in the State.

Moreover, we have supported comprehensive statewide fiscal reform, although it is not specifically included within our statutory mandate. And I would like to elaborate for a moment that the State established a tax policy study committee and we served as staff to one of its five task forces. But the tax issue in New Jersey, one, I believe, of only two States that did not have an income tax, was debated outside of this sphere, outside the province of our commission. And secondly, the most vexatious issue of school finance is likewise within the purview of a special committee on school aid.

In a State in which 75 to 85 percent of local budgets are for school costs, where State aid is minimal, and where the local property tax finances over 70 percent of local government costs, local decisionmakers have few options with respect to local government service performance. They control perhaps 15 percent of the local budget for municipal operating services, and operate with the highest local property taxes in the nation. Without some other fiscal system, New Jersey governments on all levels have few options with respect to functional reallocation.

While these commission activities may not reflect completely the systematic analysis suggested in the Advisory Commission on Intergovernmental Relations draft report, we do suggest that they are instructive in several ways.

First, the importance of a broadly representative State instrumentality including participation of the legislature, the executive, and representatives of county and local governmental officials who will be directly affected by functional reallocation and structural reform.

Second, the structuring of activities in a way to achieve some immediate accomplishments as a way of building equity.

Third, the analysis of major government functions in response to current problem areas, where the perceptions of needs are greatest, yet within an overall analytical framework, so that studies will build upon each other.

With these preliminary observations, let me state our support in principle of your Recommendation 1. I will address several issues raised in this recommendation, based upon our experiences in New Jersey.

First, "State instrumentality." An appropriately structured State instrumentality is necessary to achieve the

results you and we desire. Each State will have to assess its own situation in this regard. The New Jersey County and Municipal Government Study Commission is a temporary instrumentality operating in a sensitive political environment. We recognize the need in New Jersey for the creation of a permanent agency on the State level to systematically analyze major governmental functions.

Our experience in New Jersey strongly suggests the importance of State legislature participation in a process which will require legislative enactment. Too often in our State we have created agencies and commissions whose recommendations, no matter how well conceived, have foundered because of this exclusion. A broadly representative instrumentality is required, with competent staff capability, to ensure the formulation of soundly conceived policy recommendations and to facilitate their acceptances and eventual implementation.

Functional Interrelationships

Second, "functional classification standards." A second comment on the overall recommendation goes to the classification of functions.

We are sure that you recognize the dangers of individual functional analysis. Your recommendation for a systematic and comprehensive analysis of all government functions indicates such an understanding. Our experience has indicated a need to identify the interrelationships among major functions as well as their sub-functional components. We have become increasingly concerned with a need to determine "service packages" to deal with complex problem areas. We have also become aware of tradeoffs which are possible among major service areas.

Our water quality report, for example, has indicated the need for comprehensive water quality management that encompasses major functions heretofore viewed as discrete. Our housing report has recognized the interrelationships of housing programs, land-use management, fiscal programs, and social support activities. Our local health services study has indicated the continuing interrelationship between traditional health services and environmental health factors which have been institutionally separated by the divorce of environmentally oriented functions from the existing Department of Health by the creation of the new Department of Environmental Protection. These are but a few examples; many more could be cited.

All of this suggests that functional analysis should be problem-oriented. That is, we should first recognize major problem areas and then identify functions and sub-functions which relate to them so that we can provide for their orchestration.

Moreover, there are trade-offs which exist among major functional areas as well. For example, land needed for sanitary landfills might be traded off for land needed for some other public purpose.

Third, "Institutional Arrangement." A third comment that we would make is the need to go beyond the mere

allocation of functional responsibility to various government levels, to face the dilemma of institutional organization on each level.

Numerous tables of organization have been proposed on the State level and in major cities: agency reorganizations, superagencies, interagency coordinating devices, et cetera. Perhaps functional taxonomies and general criteria can aid in coordinating problems, perhaps not. Boundary problems are sure to exist and the dilemma of structuring functional performance on each level remains. And, I would add that, given New Jersey's characteristic as the most densely populated State in the nation, with something like 6/7 of the population encompassed in two metropolitan areas, I think substate regionalism in this case may run smack into metropolitan interstate and intermetropolitan and even State-Federal relationships.

In New Jersey, for example, and I know in other States, we have just experienced an explosion of new environmental legislation. We have created a Department of Environmental Protection composed of agencies in several preexisting departments. Our new Wetlands and Coastal Protection Acts assign sweeping land-use regulations to the Department of Environmental Protection. Yet we have a Department of Community Affairs that has been assigned the principal responsibility for land-use planning. No mechanism for Department of Community Affairs inputs are provided in the new environmental legislation. Yet it has impacts on housing policies and land-use planning, on transportation and infrastructure location, construction and maintenance.

Hopefully, criteria will be developed to resolve goal conflicts and to promote reinforcement activities to achieve potentially complementary goals.

Now, let me briefly address Recommendation 2. Here again we wish to tender our support of your second major recommendation, and accompany this support with a few comments.

First, both Federal and State aid programs should be accompanied by requirements that they be administered by agencies on appropriate levels. These conditions should apply to general and special revenue sharing grants as well.

We have felt that a system of aids is needed to accomplish a consistent set of general goals, so that they do not operate at cross purposes. And the revenue raising component of fiscal policy plays a complementary role in this recommendation. If burdens and benefits are to be better aligned, it makes no sense for the revenue raising and distributional components of fiscal policies to work at cross purposes.

In general, we have found States—no less, local governments—poorly organized to assure that aid programs achieve program goals. Especially with the advent of Federal revenue sharing, State-level coordinating mechanisms are needed, and should be required to achieve the standards formulated by the State instrumentality proposed in Recommendation Number 1.

Second, there must be some flexibility to adjust allocation policies on the basis of experience. This suggests a need for measures of program achievement and performance.

If aid programs in general, and revenue sharing in particular, are to make sense then we need better output measures and budget formats to indicate performance and management competence.

Our commission has made a beginning in recommending better information systems both as a means to aid in developing data with which to formulate and continually adjust policies for functional reallocation, and as a means of monitoring functional performance to give the State legislature as well as Congress a better accounting of the funds they are appropriating.

I would like to thank you for the opportunity to extend to you the comments on these recommendations and I stand ready to assist you in any effort to bring it about in the nation.

CHAIRMAN MERRIAM: Thank you, Mr. Schneider.

Might I start out by asking one question, and prefacing it by saying, obviously, we are not interested in setting up an adversary situation here. For the members of the Commission this particular area is their first exposure in depth to this particular phase of the study, and I am wondering if you would be willing to comment, with that caveat in front of it, about the unworkability of these proposals at this time. You were here, I think, and heard Dr. Coke?

MR. SCHNEIDER: I heard Dr. Coke's comments. I think that the nature of State governments, perhaps in Ohio and New Jersey, differs. I believe that in a small State, centralized as New Jersey, allocation is possible perhaps as a result of a crisis situation that exists in almost any functional area that you can name. I also feel that communities stand ready to accept some areawide arrangement, something that goes beyond the boundaries of 567 distinct jurisdictions and some 300 or so special districts on top of that. I think that we would have to proceed along the lines that I have described in my prepared statement to determine which are the areas where success is most likely.

But, as I stated here, the principle of reallocation, I think, is accepted and in fact eminent in several areas of State-local relationships. I would cite legislation that we are preparing right now in solid wastes and water management, where districting of sorts is on the drafting boards. I am not anticipating an easy task in getting it approved. It does curtail in a sense the prerogative of the special district authority in these areas. But overall, I think, a regional approach is accepted.

One additional thought on those lines. I think that the Optional County Charter Law is a beginning. I would opt not for synthetic regions to which certain functions can be assigned. I do not believe that the citizen can identify with fire district number 1 and sewer district number 3. I think

it is essential to reexamine what are the strengths of the existing governmental units, especially the county, and to see if the county can be adapted to perform certain functions with some boundary adjustments or intercounty coordination. For instance, in the area of water management you cannot define a rational management area strictly along political lines.

CHAIRMAN MERRIAM: Do you feel that in some functional areas within a State uniformity is desirable?

MR. SCHNEIDER: Uniformity with some recognition of the differences between rural, urban, and suburban situations. I think criteria can be developed to allow for overall uniformity, at least conceptually. And for inter-relationship between the three types of governmental organization that I cited. I believe the answer is yes. Some in-State uniformity is desirable.

CHAIRMAN MERRIAM: The changing nature of functions, how does that affect it?

MR. SCHNEIDER: I think that the units you develop are perhaps most adaptable in recognition of Federal pressures, development of new technologies, and the other things cited by Dr. Coke. I think that they will be the first ones to move in such areas and utilize them, especially if prodded a little bit. And perhaps with State incentives to do so. I believe that, for instance, Federal requirements in monitoring and surveillance of water quality indicates that most of the regional sewer districts that had been established have fairly sophisticated systems for monitoring streams and for performance of laboratory functions and other services attendant to water management. I think they have moved right along. And the same might be true if we see a breakthrough in

the area of solid waste management, for example. Right now it is all sanitary landfills. If we do go to resource recovery, as suggested by Dr. Coke and others, I believe that the counties would have to adopt it, having no other choice.

The same is true of law enforcement support activities. Most units have moved to some, at least communications, setups on a regional scale and with the most modern equipment. So I think that the answer is yes, again.

CHAIRMAN MERRIAM: One final question. Your commission is, as I understood you, subject to legislative desires?

MR. SCHNEIDER: I do not know if after five years of existence we can still call ourselves temporary, but what I meant is we have to go annually before the legislature and request refunding. And this plays havoc with staff assignments and security. When I say permanent, I mean that the recognized continuing nature of such work be established at the legislative level along the lines of our present existence.

CHAIRMAN MERRIAM: How big a staff do you have?

MR. SCHNEIDER: It varies. It varies according to the functions that we are studying, but something in the area of four or five.

CHAIRMAN MERRIAM: Are there other questions of Mr. Schneider?

We thank you very much.

(The Witness was excused.)

CHAIRMAN MERRIAM: Next we will call on Mr. James Tait, the Executive Director on the Commission on Local Government for the State of Florida.

STATEMENT OF MR. JAMES TAIT, EXECUTIVE DIRECTOR, FLORIDA COMMISSION ON LOCAL GOVERNMENT

MR. TAIT: Thank you, Mr. Chairman.

As an opening statement, I found my presentation in agreement with both Dr. Coke's and Mr. Schneider's analyses. The reconciling factor in their positions is their view regarding the nature of the functional assignment problem. Both emphasized the importance of conducting research in the functional area by focusing on politically viable issues (that is, an activity or several activities which reflect significant current interest).

The reasons for this emphasis are practical and policy oriented: (1) it is the only way to obtain the necessary resources (both staff and policy makers) for this research, and (2) this in-depth quality of analysis increases the

likelihood of useful policy "fallout," hence its practical value. This approach eliminates the need to consider all areas of governmental services simultaneously, which some observers would assume the proposed ACIR recommendations require.

The strategy I am suggesting is not an entirely incremental and *ad hoc* process of independent research hopefully leading to useful policy recommendations. Part of this approach would include the formation of a mechanism (agency) at the State level with the responsibility for generating both the conceptual tools and the accompanying data that local governments and States would require for an examination of appropriate functional assignments.

A major advantage in the institutionalization of the State mechanism for continuous review and data collection is the provision of built-in or systemic flexibility and adaptability. Neither the present "non-method" of functional assignment nor an ACIR recommendation provides a *process* for change to avoid excess rigidity.

I also find that I concur with the academic representatives, Dean Campbell and Dr. Coke. I find their suggestions much more pragmatic than the usual academic policy irrelevance.

Terminology

My general comments are that I find three terms misleading, as they are used in the report and in the recommendations. The term "assignment" should be eliminated and "analysis" used in its place. "Analysis" is a more neutral term and is useful in a political or policy environment. "Assignment" denotes coercion rather than research, data collection, and policy recommendation.

The second term that presents a problem is "function," which should be translated as "activity"; however, I found as I was writing this statement that I also constantly began using "function." The problem with the use of "function" is that most people have set in their minds a preconceived notion of functional categories and assignments. You have a law enforcement function, this type of function and that type of function all being pretty well defined. In analysis, you may want to break the functional classifications apart. You may want to examine communications in view of the relationship among fire, police, emergency, and even consumer protection. Communication devices could be interlinked and interlocked at different levels or within a single governmental unit. Although functional classifications prove comfortable in discussions of government, it may prove useful to experiment with other classification schemes. I recommend one based on the concept "activity."

Perhaps some discussion of the problems with various concepts like "function" could assist readers in realizing the alternative methods of viewing governmental activities. This would demonstrate the possibility of the terminology itself creating problems.

The term "substate" should be dropped. It is an attempt to limit conceptually the scope of the problem. Yet the only inherent limitation I can see in the discussion is the limitation that the decisionmaker places on the range of decision he can make, saying, "I only want to be concerned with what I can do and with what I can have an impact on." So analysis at the State level will be concerned with State and local service delivery systems, and with what the State responsibility should be for direct and supportive services. The local governmental study would be more involved with providing solutions to local problems and reacting properly to the State and Federal systems.

Several variables of the legal system should have been

considered in a study of this kind, for instance, the status of the home rule philosophy in a State's legal tradition. As an example, in 1968 Florida voters supported a home rule section of the new State constitution. The legislature has repeatedly re-emphasized this position and has rejected consistently re-attempts by the executive and judicial branches to reinstate the old Dillon's Rule. The importance of the home rule philosophy has to be considered a crucial variable to be taken into account in any analysis of governmental activities.

In particular, the question "how should new functions be assigned" would not be a concern in a State operating under the home rule concept. The city, the county, or the State can start delivering a new function. The problem arises after an activity (function) is being performed and you find it is at an inappropriate level of government. This causes all discussion in Florida to be in terms of existing functions. In practice most new activities have been performed by city governments so most suggestions of activity rearranging are in terms of moving a city activity to a higher or lower (neighborhood) form of government.

Basically, concerning the recommendations, I find it difficult to believe that any State or local governmental unit would allocate sufficient resources and power to a single executive agency to review all aspects of a "functional assignment" policy in order to set forth a State policy.

The ACIR should adopt the proposed analytic techniques suggested in this volume. However, I think in your recommendations you ought to provide specific suggestions on how to use these techniques in the State and local policy-setting framework. I believe the only possible way to provide rationality in the system of service delivery is through the consistent application of an analytic technique, such as suggested in the report, but to politically viable issues of the day—in other words, the problem-solving approach that I see reconciling Dr. Coke's and Mr. Schneider's positions. Therefore, I would recommend adopting one or more of the following action plans as recommendations. I believe they can be used as alternative approaches and also as mutually compatible approaches.

Analyzing Priority Activities

Number one, the Governor and State legislature should decide upon a governmental activity (or a group of activities) which they believe is most desirable to rationalize in terms of its location in the governmental structure. An appropriate agency or *ad hoc* study commission should be instructed to conduct the type of analysis called for in the volume. Definite time-tables should be set forth and all State and local agencies should be instructed to provide information and assistance upon request.

Number two, an alternative approach which could be compatible with number one is that the State, by law,

should require the adoption of a local plan in certain identified areas of existing shared services within certain defined boundaries. This local action plan should be required to include, at the minimum, all of the area of the largest geographic unit of local general purpose government in Florida, in this case, the county, especially if such units cover the entire geographic area of the State. Combined planning operations should be encouraged, especially in the areas where planning resources must be maximized.

All units of local government within the areas should be required under the statute to sign off on the plan, including adoption if that is needed. The enforcement of the mandatory establishment of a plan should be clearly stated in the law and appropriate to the activity subject to the mandate. The enforcement mechanisms could include cut off of certain Federal or State funds, either specific or general; the mandatory imposition of State growth or other controls; or the preemption of certain powers by the State or other governmental units.

The formulation of the plan should be public and follow a definite timetable set forth in the law, with perhaps the initial part to be completed being the agreement upon the appropriate service delivery agent or agencies for the area covered. This type of proposal is similar to Section 208 plans in the Federal Water Quality Act, but this proposal would be more effective because the States have the full range of power necessary to implement such a plan. The States can insist upon local consideration and local action basically to "put in concrete" which way the local governments want to go (at least during a certain timetable) and designate their service agents.

This plan, of course, would include inter-local cooperation and would assume that local governments have full power to enter into inter-local agreements and use a number of other such legal techniques. In Florida, several techniques are available to local governments to rationalize their service delivery systems, but they are not being used in most areas.

Appropriate State agencies should be directed to provide technical assistance, review and comment, and to demonstrate the advantages of cooperation. Their respective functions could be spelled out in the statute; such as the State planning agency's being instructed to prepare statements on various conflicts, to wit, conflicts between geographic areas, or where the activity that is being studied conflicts with other activities. It also could aid in developing the local fallout effect by noting where additional activities relate to the decisions being made.

Alternatives 1 and 2 could be combined in various ways. For instance, the State community affairs agency could provide the information flow, coordination, and assistance (what I would call the pollenation aspect of knowing what is happening in local areas and being able to tell other local areas about these innovative procedures). The State lead agency could be instructed to provide data on technical matters specifically within its purview. The *ad hoc* study commission mentioned above

could be placed in an overall coordinating and reporting position in this activity if option number 1 were adopted.

Local Government Impact

The third option I will suggest is that the State, by law or executive order, require all State agencies—I think this should occur in any case—to develop procedures and mechanisms providing proper information on State and Federal program impact on local governmental activities. In this case I call them "local government impact statements." I think this is becoming crucial to the information system to make sure that decisionmakers are aware of some of the ramifications of what is occurring in assignment of service delivery. The local government impact statements should be coordinated by the department of community affairs or other appropriate agency. They should include analyses of proposed legislation as well as existing statutes, which are to be related directly in the legislative decisionmakers' annual reports on financing and other aspects of local governmental activity. Even the existence of local governmental units should be reviewed in terms of impact statements. One of the major problems of my study commission is we do not even know what existing local governmental units we have. These reports should be developed to provide appropriate bench-mark data for analysis of local governmental activity in the State.

Although I said I had no comment on the Federal recommendations, Dean Campbell reminded me that I should make at least one remark. It would be useful for you to take another shot at the Federal government concerning Federal revenue sharing and local government reorganization. I think revenue sharing is certainly one of the most appropriate instruments to encourage structural change at the local level. The failure to use Federal revenue sharing for this purpose is unfortunate, to say the least.

And so I would like to second Scotty's comments that it is unfortunate that the Federal government does not use Federal revenue sharing and other approaches to encourage local government reorganization and also encourage concurrent State activity in the area.

CHAIRMAN MERRIAM: Thank you Mr. Tait. I wonder if I could ask you the same question I have asked all the others? Tell us a little bit about how you are organized.

MR. TAIT: The Commission on Local Government is an example of the move to "*ad hocism*" in problem-solving in Florida. I find this mechanism for approaching issues refreshing but it does create some staffing problems because of its limited life. We are a two-year study commission. Our funding, however, is on an annual basis. A legislative fight this year over our budget almost cut our life in half, since some said we had finished our work. The

entire legislation itself is repealed after two years. If the commission were to continue, I would have to go back and get the entire legislative authority reenacted, which I and many of my commission members think should not occur. We were created for a specific purpose. I have found that the specific purpose was really about 160 different specific purposes—120 representatives and 40 senators; no, it was 161 because the Governor had his view, also. We were somehow to solve the local governmental problem in Florida, especially in the area of revenue sharing, and then report back to the Governor and the legislature.

The development of the commission came from the State's pouring a fairly massive amount of money into local governments in a State revenue sharing package in 1972. That package is now worth \$240 million a year (up from \$95 million in 1971). The executive and legislative wanted to know, "Was revenue sharing the right thing? Did we have the right distribution formula?" And now that we are finally recognizing the substantial State commitment, the question becomes, "Are we doing the right thing or should we start restructuring the local governmental units so they will start doing what we want them to do?" So the commission was created.

It is a 15-man commission composed of executive and legislative appointments. I often find that the executive says, "Well, you are legislative," and the legislative says "You are executive." And that kind of puts you in an unusual position as far as relating to the two.

CHAIRMAN MERRIAM: We know the problem.

MR. TAIT: Yes, the commission undertook a series of projects last year relating to what the State was doing structurally in relationship to its local governmental units. Our series of reports dealt primarily with statutes, such as the Home Rule Act. We repealed, recommended repealing and successfully passed the Act, removing 14 or so general statutes on the books relating to municipal powers, replacing them with a single broad grant of home rule power as earlier granted by the constitution, since the court (and attorney general) had previously limited the 1968 constitutional effect. Our proposal hopefully reversed that trend back to "Dillon's Rule."

We proposed a boundary-commission-type proposal which passed all the way through to the Senate floor (on the last day it was wiped out). I find, by the way, your recommendation somewhat analogous to a boundary-commission concept.

Another example of an area of concern is our review of State activities in sewer financing. We concentrated on attempting to find out how its impact is felt on local government, how it may not be solving the problem, and may even be compounding the problem. These are the types of studies we have been developing.

We have shifted now into the study of service delivery structure and capabilities. This, however, is a very difficult area to develop an accurate account of. The funding picture is not completely available. Unless you pick out

and highlight an area that the State leadership or the local leadership is heavily involved in trying to improve, it is almost useless to do research. In terms of policy impact, it is a waste of paper. For an example, I refer to your Volume II, *Case Studies on Substate Regionalism*, at page 8. There is a description of an analysis done pursuant to your 1962 report and its results; I quote:

City officials have the authority to transfer to the metropolitan government on a timely basis those services, costly to maintain on a local level, which can qualify logically or legally as metropolitan services. This flexibility is one of the unique features of the Dade County charter, which can at least provide basis of contrast for the advocates of a rigid division of functions between two levels of government. Not only did the charter give flexibility to the cities for the transfer of services to the county, the charter gave to the county commissioners nearly unlimited powers to perform municipal government services. In the early years, city officials had fought for a division of services between the two tiers of local government out of fear that they would be swallowed up by the larger government.

As a result of city pressures, the county planning department prepared a report which attempted to allocate functions along criteria suggested by the Advisory Commission on Intergovernmental Relations and by department staff. The report met with support by municipal officials who claimed they could not plan capital improvements until they knew which services they were to retain and which were to become countywide. Ironically, only four years after the report was published, the City of South Miami became the first city to transfer its fire department to the county, although fire service had been identified in the report as one best handled at the municipal level. The report, although the subject of continuing discussion, particularly by city officials, largely has gathered dust and cities have continued to take the initiative in the expedient transfer of services. However, the recent study commission which recommended a strong mayor form of government also recommended that the study be updated. There has been no discernible public interest in such recommendation.

CHAIRMAN MERRIAM: How big a staff do you have?

MR. TAIT: I have five professionals and two secretaries plus the joint center. The chairman of my commission is the director of the Joint Center on Urban and Environmental Problems, John DeGrove, whom many

of you may know. I find that our lend-leasing of staff is very helpful.

COMMISSIONER FOWLER: We have seen the shaping of the structure of the local level in a rather haphazard fashion because of the rather haphazard assignment of responsibility for delivery of services. So we have this situation and wonder what is the best way to approach it and find solutions that will result in a more clearcut structuring of local government as it relates to the assignment of services.

We have had some previous conversation this afternoon having to do with, "Should we look at the reallocation of a function and expect that ultimately in accomplishing a division of function, that structural changes will follow?" Or should we undertake structural changes, and then as a consequence of that, we will see a more appropriate allocation of activities, if you will? Now, do you have any impression that you would give us as to the best approach?

MR. TAIT: Judge Fowler, both. Both.

Some of my commission members and a great many city and county officials feel that you can easily review service delivery and functions and arrive at recommendations that will be easily implemented. They also want some assurance of continuity in the provision of services. And so, we have tried to begin doing specific studies of service delivery areas because it is not possible to deal with the issue in general.

The approach in Florida has been, and will continue to be, the granting of full home-rule powers to cities and counties, recognizing that the county and city governments can do whatever they want to do in service delivery within the limits of the constitution. That does not really solve the problem, but it limits State entrance in this issue to areas where the State considers it has an interest. In these areas of State interest, the State begins directing the way it wants service delivery to occur.

For example, we have serious water management problems which nobody ever expected would occur in Florida in the area that Charles Warren has under study. The Pasco County water supply has basically the entire water resource needed by Pinellas County, the most densely populated county in Florida. I think perhaps it may be one of the most densely populated areas in the United States. Pinellas County entered into a service delivery system arrangement where it got water out of the well fields and provided it (wholesale) to a lot of the cities in Pinellas County. St. Petersburg kept its own water supply, as did some of the smaller cities in the south area of the county. Recently the county has begun putting in restrictions on the use of water and threatened to cut off a few municipal pipes if the cities do not follow the county guidelines. I just talked to the city manager of Safety Harbor in Pinellas County. They are reactivating the well fields that they discontinued two years ago (since Pinellas County wholesale water was cheaper).

The State has spoken to this issue regarding service

delivery arrangements under our 1972 water management act. The question now is, "Is it going to be strong enough to stand?" The State, through this legislation allows, a service delivery decision to be made at the local level and gives local officials the opportunity to develop local solutions; however, it also provides a strong State involvement in the crucial decision: "Who takes how much water out of a regional well field under any service delivery system?" Whether the solution is structural or functional is a local question. The Land Use Act uses the same technique.

The State thus begins to play a stronger role although strong local governmental roles are retained. I expect more and more of these types of statutes to become established. I think Florida will probably move fairly heavily into this second area of recommendation, where it will mandate local governmental units to work out some solution or face the consequences. This leaves responsibility with the local governmental units but still recognizes the inherent problems in expecting local governmental units to make any changes by themselves and on their own initiative. Now, in using this technique, I feel that it is incumbent upon the State to begin to provide the type of data and information that is called for in the ACIR study that will allow local governments to analyze services and structures in a reasonable and useful way.

In the structural change area Florida has also begun initiatives. The county charter movement authorized by the 1968 constitution and 1969 legislative act, the inter-governmental joint agreement and transfer of function in 1969, County and City Home Rule Acts in 1971 and 1973 (and 1968 constitution) all heavily emphasize local initiative. The local success rate in county charters is somewhat low (25% or less); however, the fallout effect from these local studies has often resulted in substantial change in local structures within the limitations of non-charter government. The State is also beginning to play a more positive role in providing general law direction to management structure in those areas not under a charter (63 of the 67 counties in Florida). The review and revision of municipal charters, under the new home rule concept, is also receiving substantial State initiative and assistance. I hope this trend will continue and increase in scope.

So, both must occur concurrently. You can't develop areawide (metropolitan) service delivery systems without a governmental structure capable of assuming the responsibilities. Each area—structural and functional—gives impetus to the other.

CHAIRMAN MERRIAM: Are there any questions?

Thank you very much, Mr. Tait.

(The Witness was excused.)

CHAIRMAN MERRIAM: Our next witness is Mr. Wayne Anderson, who advised us in the past and is known to some of us as an ex-citizen of Illinois and who purports to be the city manager of an area south of us in Alexandria, Virginia.

Wayne, welcome.

STATEMENT OF MR. WAYNE F. ANDERSON, CITY MANAGER, ALEXANDRIA, VIRGINIA

MR. ANDERSON: Thank you very much, Mr. Chairman, members of the Commission, and staff, it is good to be back with you and I am pleased and flattered to be invited by you to comment on your forthcoming report titled *Governmental Functions and Processes: Local and Areawide*, which examines how functions might be allocated among State, areawide, and local units of government.

I have read your draft report quite carefully and find that it upholds the ACIR tradition and reputation for high quality research. I confidently believe that it will expand the knowledge of public officials, scholars, and citizens throughout the nation, and that it will advance all of our efforts to improve intergovernmental relations and the federal system as a whole. The concept and objectives of the assignment of functions study, the criteria for assignments, and the empirical observations all strike me as being comprehensive and sound. Any comments I could make on the body of the study, therefore, would be largely in the nature of suggestions for minor text expansions and certain points of emphasis or de-emphasis. I therefore will not directly comment on the body of the report today, but will instead focus on the two proposed recommendations, as your invitation requests me to do.

The Commission's proposed Recommendation Number 1 calls for each of the States to enact legislation which would authorize studies to establish an assignment of functions policy and a process for assigning functions among State, areawide, and local units of government.

The Immensity of Implementation

As a first comment on this recommendation, I would like to state my opinion that the studies and process the Commission envisions being carried forward in the 50 States is possible of accomplishment and would produce very important results. The numerous criticisms set forth in your draft report to the effect that the approach is unmanageable, or confused, or likely to produce perverse results, are not persuasive to me. Certainly, if 50 states were ever to travel along the route you propose, there would be delays, difficulties, interplay of strong political forces, and uneven results, but such is usually the case in the realm of politics and social science.

Starting then, as I do, with the belief that something major should be done in the assignment of functions field, and that even the full-blown effort envisioned by your proposed Recommendation Number 1 is feasible, I nevertheless spent some time pondering what the best approach might be. In considering whether Recommendation Number 1 is the best approach, I was, at least at first, somewhat overwhelmed by the fact that the study in

each State would be very extensive and complex and that policymakers and professional staffs capable of applying all of the political, economic, and social theory would be required in each of the 50 states or as many undertook to do this. Parenthetically, I appreciate that the promulgation of an ACIR recommendation is not immediately followed by 50 States leaping to take action unless there is a strong Federal incentive or penalty, and I am assuming that such would not be the case in this instance. We must also face the fact that an assignment of functions study requires debate and decisions on many of the sensitive issues of our time—for example, which levels and units of government shall be assigned functions empowering them to undertake police intelligence or landlord-tenant operations and to make decisions on where low-income housing is built, where children go to school, and how growth and development are to be controlled.

While I have not undertaken even surface research on the point, it would appear that even in a relatively small and simple State, there would be at least several hundred functions and subordinate activities or operations to assign, and I would guess that the number exceeds 500—and maybe by quite a lot in a State of the character of New York or California. A medium-sized city often undertakes 20 or more "functions" and 200 or more "activities" or "operations." Each function, if studied in depth, is a considerable undertaking by itself. Police protection, for example, requires the evaluation of 30 to 50 types of operations and whether each is best assigned to a local, areawide, or State level or some combination thereof. The President's Commission on Law Enforcement and Administration of Justice undertook, I think in 1967, a study on regionalization of police operations, and I still well remember the complexities explored during a two-day marathon thinkers session.

In view of the size and complexity of the job, the Commission could be content to develop the theory, which you substantially have done in your draft report, or it could move one step up the ladder by preparing illustrative studies or an assignment of functions model, or it could go as far as proposed Recommendation 1 contemplates, and call upon each State for a complete assignments study and process.

After some vacillation, I conclude that ACIR has adequate justification to adopt your proposed Recommendation 1 and call on the 50 States for action. However, I would add several suggestions. First, I believe ACIR should take one additional step to guide the States and remove the necessity for each State to re-invent the wheel. ACIR should, in my opinion, lead off by causing assignments studies to be made in, say, three selected States of varying characters, or, alternatively, it could

develop a generalized model that did not apply to any specific State.

Functional Priorities

The second suggestion I would make relates to the fact that the number of functions and operations in any State is large, and the benefits of developing an assignments policy in certain functional areas are much greater than in others. It therefore seems potentially beneficial to me that ACIR would develop some priority groupings that could become phases of each State's study. The highest priority grouping might only include functions that relate to threats to life or property or the viability of an ecology or an economy. This first priority grouping might well include the water and sewer field, air pollution, other ecological services, and conceivably, transportation and police protection. The lowest priority grouping might include those functions such as recreation, libraries, and fire protection where the anticipated benefits would, in the main, be fairly modest money savings or improvements in service. The priority groupings themselves would, of course, be controversial but no more judgmental than other parts of the assignments study.

Still talking now about proposed Recommendation 1, I would also raise the question whether ACIR should offer more guidance as to what type of State instrumentality should undertake the assignment of functions work. The proposed recommendation says only that it should be "an appropriate State instrumentality" and should "seek the assistance" of interested parties, local governments, and so forth. Presumably this means that a State department of municipal affairs, another State, a specially constituted commission, or even a legislative committee could be designated. Because of my local government bias, and perhaps paranoia, I do not believe that all of these alternatives are acceptable and able to produce assignments policies that will attract respect and support.

I am inclined to believe that the body undertaking the work should have full voting members representing the State government, areawide governments, and the several types of local governments. I appreciate that the States already have the full power to assign functions, but I believe the endeavor you contemplate is most likely to succeed if all of the levels within the State are directly represented in the process.

As a final comment on your proposed Recommendation 1, I would like to say that I am intrigued by the relationship between an assignment of functions effort and other approaches to work directly on governmental structure such as the effort, Mr. Chairman, that you have chaired in Illinois. Obviously, the two subjects are tightly interwoven. I therefore have given thought to whether ACIR would be better advised to find new ways to push studies of structure in each of the 50 states or whether it should propose a combined structure-assignments approach. My knowledge of what has been done and is being

done is not comprehensive enough to make a judgment on these questions. However, it appears possible that studying the assignment of functions will be more readily accepted, less resisted, and more rapidly implemented than direct studies of structure. Furthermore, it seems certain that assignment studies will rather quickly illuminate and build the case for structural change. The creation and/or strengthening of areawide governments would seem to be a predictable outcome from an assignments study. Perhaps greater centralization, by which I mean the assignment of more service responsibilities to areawide and State governments, is also predictable.

Federal Aid Bias

ACIR's proposed Recommendation 2 states that the Federal government should respect the assignment policy developed by any State and its local governments. The Commission recommends that this be done by designating as "preferred recipients" for Federal assistance whichever levels and units of government are assigned the function involved.

This recommendation has great strength and winning appeal. The ACIR staff must have thought for a long time before it decided to go this far. The Federal government would, in effect, be saying that if the States make the assignments, they will be honored by the Federal assistance delivery systems. While I essentially agree with the recommendation and understand the case for the unqualified Federal commitment, I believe that I would leave the door ajar a little bit so as to leave some discretion in the Federal government to at least review the State plan and to have some means of taking exception if it appears that any assignment is radically at odds with national objectives. Proposed Recommendation 2 could, for example, be conditional upon the State plan's being accepted by the Secretary of HUD or another Federal official.

In raising one final question on proposed Recommendation 2, I readily grant that I am probably being much too suspicious. My question relates to the fact that States and local governments vigorously compete in the Congress to receive or control Federal aid. Would a Federal commitment to designate preferred recipients in the manner you propose distort the State assignment of functions studies and cause each level of government to compete especially for functions involving Federal aid or operations involving control over Federal aid? Would this type of competition for money somewhat diminish the force and effect of the criteria you have developed to guide assignments? All knowledgeable parties know, of course, that Federal assistance, directly or indirectly, ordinarily proceeds to the governmental unit that has the functional responsibility, but your proposed Recommendation 2 highlights and guarantees the connection.

Going back to one of my earlier points, if the State government were to dominate the study, might not this

usher in a tendency to assign functions involving substantial Federal aid to the State? On the national scene and in the Congress, the National League of Cities, United States Conference of Mayors, International City Management Association, National Association of Counties, and other public interest groups fend for local governments, often against the States. But these groups, presumably, would not be effective when, within each of the States, an assignment of functions study is conducted and implemented.

My final comment or question does not relate to either of your proposed recommendations, but instead asks whether there should also be a proposed Recommendation 3. The "new federalism," we read, involves a "sorting out" as to what each level of government can best do. Your proposed Recommendations 1 and 2 promote a sorting out of assignments at the State, areawide, and local levels. I, therefore, raise a question about the other part of our Federal system, namely, the Federal government. If this type of sorting out is proceeding in an aggressive manner at the Federal level, I would suggest that you say so in your report so as to make the point that this sorting out process will encompass the whole Federal system. If this type of sorting out is not proceeding on a comprehensive and aggressive basis at the Federal level, I believe the Commission should consider making an appropriate recommendation so as to complete the process. State, areawide, and local governments might then be more willing to undertake their part of the work. The Federal portion of the job, it seems to me, need not precede State efforts, but could proceed concurrently with State studies. I believe that the State, areawide, and local governments could adapt if and as current Federal operations are added to their assignments.

Mr. Chairman, I again thank you for this opportunity to comment, and compliment the Commission on its impressive, valuable report.

CHAIRMAN MERRIAM: Thank you very much. Are there any questions of Mr. Anderson? Judge Fowler?

COMMISSIONER FOWLER: Mr. Anderson, your comment, perhaps about midway of the presentation, having to do with the involvement of the local level in the development of criteria, was, I believe, that the criteria should not be established by the State instrumentality alone and then bring the local government into consideration of a functional allocation of services. Am I stating your thoughts about it?

MR. ANDERSON: Very much so. For this assignments study to be done by a State department of municipal affairs, or any other organization that is totally or heavily State, I think sets up all kinds of dissenting forces and determination to sabotage the results.

COMMISSIONER FOWLER: I raised the point because I agreed, Mr. Anderson, on that. The separation of

B and C in the report does omit the local input into the matter of criteria to be used, and I would suggest—in fact I would go further into this—when we look at it as a Commission, Mr. Chairman.

CHAIRMAN MERRIAM: Mr. Maltester?

MAYOR MALTESTER: If we are going to let the States select their functions, and you tie in the Federal grants to those functions, the local governments would get nothing and the States would take all of those functions that have grants attached to them. I think we should have some comments on this approach; I am very glad this was raised here.

CHAIRMAN MERRIAM: You share this suspicion?

MAYOR MALTESTER: It is more than a suspicion, it is a fact, isn't it?

MR. ANDERSON: Mayor Maltester, I may be looking under the bed altogether too much on that point, but we have certainly seen determined efforts by the States to control Federal aid. And one thing that I did not say in my written paper is that your study contemplates that each operation or activity making up a function can be separately assigned. In the police field, for example, patrol activity could be assigned to the local level and the communications and records activities to the areawide level. It seems to me that a part of any function that involves the planning and control of Federal aid or the budgeting operation can be extracted and assigned to an areawide or a State government to give it control or influence over Federal aid dollars.

CHAIRMAN MERRIAM: Wayne, there was some concern suggested earlier by one of the witnesses that within-State uniformity is neither desirable or feasible. Would you want to comment on that?

MR. ANDERSON: Within a particular State, or among the 50?

CHAIRMAN MERRIAM: Within an individual State. I think that among the 50 you can never have uniformity, but the question was raised as to whether within a State you would want to try to have a uniform assignment of certain functions.

MR. ANDERSON: Bearing in mind that many States represent a spectrum from sparsely populated rural areas to densely populated cities and metropolitan areas, and also are marked by numerous variations structure, it seems altogether likely and even desirable to me that a given function within any State will be allocated in several alternative ways; or, as your report states, many assignments will be in the alternative. You will not, for example, simply assign a particular function and subordinate operations to, say, areawide governments. You may instead decide that several kinds of local governments or the areawide government can rightfully carry

out the same function or parts of it. Your report, it seems to me, contemplates a variety of approaches to allow for the varying natures of the States and the variations within them.

CHAIRMAN MERRIAM: Are there other questions

of Mr. Anderson? If not, we thank you and all of the other witnesses for thoughtful and extremely constructive comments on a very complex and important subject. We thank all of you.

(Whereupon, at 4:20 o'clock p.m., the hearing in the above entitled matter was concluded.)

commission members 1973

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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.

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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 the 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.

The Commission is composed of 26 members—nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated 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 three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

Each Commission member serves a two year term and may be reappointed.

As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved

cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all important functional and structural relationships among the various governments, the Commission has also extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long range efforts of the Commission has been to seek ways to improve Federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and as specific as state taxation of out-of-state depositories; as wide ranging as substate regionalism to the more specialized issue of local revenue diversification. In selecting items for the work program, the Commission considers the relative importance and urgency of the problem, its manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a fruitful contribution toward the solution of the problem.

After selecting specific intergovernmental issues for investigation, ACIR follows a multistep 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 position. Commission findings and recommendations are published and draft bills and executive orders developed to assist in implementing ACIR policies.