

Federal Capital Budgeting

Capitol Hill Summit: Federal Capital Budgeting

Representative Bob Wise

Representative Bill Clinger

Representative Ray Thornton

Panel One

Benefits of, Barriers to
And Opportunities for Capital Budgeting
By the Federal Government

Panel Two

Means for Tailoring Capital Budgeting
To the Federal Budget



Other Features:

Governing Drought: Plans and Players

Bruce D. McDowell

The State-Local Fiscal Outlook From a Federal Perspective

Philip M. Dearborn

Intergovernmental Recordkeeping In the Information Age

Marie B. Allen

State Mandate Relief: A Quick Look

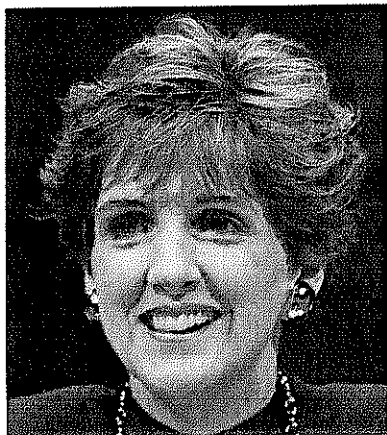
Joseph F. Zimmerman

MPOs and Weighted Voting

Seth B. Benjamin, John Kincaid, and Bruce D. McDowell



A View from the Commission



Environmental protection in this country is a matter of intergovernmental partnership. States and localities have always played a strong role in implementing environmental laws. Today, they are more crucial than ever.

We at EPA are committed to refining our partnership so that it will reflect technological progress, the increasing sophistication of state and local governments, and our evolving national and world economies. Our challenge is to help each governmental partner do what it can do best.

For that reason, when the President asked me to serve as one of the three federal executive branch representatives on the Advisory Commission on Intergovernmental Relations, I welcomed the opportunity.

Before coming to EPA, I headed the Florida Department of Environmental Regulation. My experience there taught me that state and local officials often know best how to protect their environment and that they can be especially effective because they have a personal stake in the results. *In fact, I believe an informed local community always does a better job of environmental protection than a distant bureaucracy.* I feel strongly that we cannot achieve our

national environmental goals unless we build the capacity of state, tribal, and local governments to participate fully in protecting our environment.

In Florida, we often delegated regulatory authority to water management districts and local governments. This allowed us to take advantage of the expertise and human resources of local governments and to reduce duplicative permitting.

Nonetheless, there is also an essential role for the federal government. In many cases, federal action is necessary because it would be too costly and perhaps impossible for states and localities to act on their own. The federal government is better able to protect against cross-jurisdictional environmental consequences. Federal laws can prevent and protect states and localities from "competing away" environmental protection. Federal involvement also can be of value when economies of scale can be realized, for example, in research and information-gathering.

This year, several important environmental laws are up for reauthorization. We have the opportunity to refine and strengthen these laws so that they can do a better job of protecting public health through a more effective intergovernmental partnership. The Clinton administration has proposed reforms of the *Clean Water Act*, the *Safe Drinking Water Act*, and the Superfund law that governs the cleanup of toxic dumps. The administration's proposals, now being debated in the Congress, are designed to give states the authority and the flexibility they need to respond to local conditions and to adopt innovative approaches to environmental problems. The proposals also call for more resources for

states, tribes, and localities, and propose dramatically reduced compliance costs.

We also are pursuing several administrative changes to strengthen our partnership. We are working hard to involve our governmental partners more effectively in rulemaking, in planning, and in our information resources management program. We have begun to examine the EPA/state oversight relationship and consider how it should be redesigned.

We also are exploring how EPA can allow more flexibility to local governments without compromising environmental protection or accountability. For example, under the *Safe Drinking Water Act*, we want to increase the use of the waiver program that allows states to relax local monitoring requirements when not environmentally necessary. And as we implement the *Clean Water Act*, we are experimenting with better ways to provide training and technical support to state and local governments.

A true working partnership requires constant effort. At EPA, we are committed to making the partnership work. We need states, localities, and tribes to make a similar commitment—to work with us to create a partnership that builds on each government's strengths to protect public health and our environment.

Carol M. Browner
Administrator
U.S. Environmental
Protection Agency

PERSPECTIVE

**8 Capitol Hill Summit:
Federal Capital Budgeting**

17 Governing Drought: Plans and Players
Bruce D. McDowell

**20 The State-Local Fiscal Outlook
From a Federal Perspective**
Philip M. Dearborn

**24 Intergovernmental Recordkeeping
In the Information Age**
Marie B. Allen

28 State Mandate Relief: A Quick Look
Joseph F. Zimmerman

31 MPOs and Weighted Voting
*Seth B. Benjamin, John Kincaid,
and Bruce D. McDowell*

2 A View from the Commission
Carol M. Browner

4 ACIR News

**37 Intergovernmental Focus:
Spotlight on the Tennessee
Advisory Commission
on Intergovernmental Relations**

Staff

John Kincaid
Executive Director

Joan A. Casey
Editor

Intergovernmental Perspective
(ISSN 0362-8507) is published
four times a year by the
U.S. Advisory Commission
on Intergovernmental Relations
Washington, DC 20575
(202) 653-5640

The Chairman of the Advisory Commission on Intergovernmental Relations has determined that the publication of this periodical is necessary in the transaction of the public business required by law of this Commission. Use of funds for printing this document has been approved by the Director of the Office of Management and Budget.

William E. Davis III Named Executive Director

The Commission has named William E. Davis III as its new Executive Director. ACIR Chairman William F. Winter announced the selection at the Commission meeting on April 14, 1994. Davis will begin work officially on June 1, 1994.

Davis has more than 20 years' experience in intergovernmental policy and municipal government as a senior member of the staff of the National League of Cities (NLC). He is currently Director of NLC's Center for Education and Information Resources. From 1975 to 1991, he served as Director of the Office of Policy Analysis and Development.

At NLC, Davis managed an extensive array of education programs, research and publications projects, and national policy development initiatives focusing on issues and conditions affecting local government and the intergovernmental system. He established NLC's Leadership Training Institute and directed its Election '88 public information and education program.

Davis is a former staff member of the California State Assembly and a consultant in park planning in California. He serves on the Council of Advisors of the National Civic League and the screening committee for the All-America City Awards. From 1990 to 1992, he served as a member of the Commission to Review the Effectiveness of Montgomery County Government. He also is active in the Academy for State and Local Government, the American Society of Public Administration and the Washington Society of Association Executives.

Davis received his Bachelor's degree from Sacramento State University and his Master's degree in political science from the Maxwell School at Syracuse University.



William E. Davis III

On the ACIR Agenda

Due to the many changes taking place at ACIR during this fiscal year—appointment of a new chairman and 11 new members, the development of a new work program, and the selection of a new executive director—the Commission has met bimonthly instead of quarterly. Following are highlights of actions from the meetings of February 14 and April 14, 1994.

February 14, 1994

Infrastructure Action Agenda

The Commission endorsed the Action Agenda recommended by the National Conference on High Performance Infrastructure (July 1993) and authorized ACIR's continued work with the U.S. Army Corps of Engineers on implementing the agenda. The conference, which was convened by ACIR, followed two years of work by task forces on various aspects of

infrastructure. The Action Agenda includes recommendations for

Presidential leadership, including executive orders, a new public works investment section in the federal budget, and a legislative program;

Congressional leadership, including action on the President's legislative program and infrastructure budget, reorganization of the committee structure, and greater use of sound investment principles in public works programs;

Governmentwide guidelines to unify agency approaches to public works programs in accordance with the principles established by the President and the Congress; and

Support activities by individual agencies to make the process work effectively.

Agenda Committee Report

Mayor Edward G. Rendell, who chaired the committee, presented its first report. He outlined four major action roles for the Commission: convening, monitoring, institutional linkage and service, and research. For the research agenda, the Commission agreed to consider the following items, with a final report to be presented at the April meeting: (1) mandates and the possible legislative remedies, (2) reduced federal spending and alternative revenue raising measures, and (3) intergovernmental relationships in selected areas (e.g., crime, education) to be determined by the Commission. The Commission also gave first consideration to a major Intergovernmental Partnership Initiative.

The other members of the Agenda Committee were: Paul Bud Burke, Dave Durenberger, Mary Ellen Joyce, Michael O. Leavitt, Donald M. Payne, Richard W. Riley, and John H. Stroger, Jr.

Kincaid Returning to Teaching

John Kincaid, ACIR's Executive Director since 1988, will leave the Commission staff in July. He has accepted an endowed chair at Lafayette College in Easton, Pennsylvania, where he will serve as the first Robert B. and Helen S. Meyner Professor of Government and Public Service and Director of the new Meyner Center for the Study of State and Local Government.

Kincaid joined the ACIR staff as Director of Research in December 1986 from the University of North Texas. He was appointed Acting Executive Director in January 1988 and Executive Director in May of that year.

Appointed in the aftermath of a 52 percent reduction in ACIR's appropriation, Kincaid sought to re strengthen the Commission's staff, budget, research, and outreach. Research sections on government finance and on policy and structure were restored; productivity increased to new levels; ACIR engaged in new outreach and research efforts; and ACIR's budget reached the highest level in its history in 1993. He then worked during the turbulent transition of 1993 to protect the future of ACIR and its role in the federal system against continuing efforts stemming from the 1980s to dismantle the federal government's intergovernmental institutions.

During the late 1980s and early 1990s, ACIR engaged in extensive work on the constitutional and legal position of state and local governments in the federal system in the wake of the U.S. Supreme Court's *Garcia* (1985) and *South Carolina* (1988) decisions, including pioneering research on federal preemption, mandates, and regulation as well as options for constitutional reform.

ACIR also issued the first 50-state casebook on state constitutional law, encouraged the rise of the new judicial federalism, and called for more attention to state constitutionalism in pub-

lic education and law schools. In light of pressures to preempt state and local regulation in the nation's growing service economy, ACIR also highlighted such issues as state regulation of insurance and dual federal-state regulation and taxation of banking and telecommunications.

ACIR devoted substantial attention as well to needs for local government autonomy and to new modes of metropolitan governance able to achieve the benefits of regional cooperation without losses of citizen empowerment and local government efficacy. In addition, ACIR examined the emergence of residential community association governments in metropolitan areas and their implications for intergovernmental relations, and issued new research on interjurisdictional competition.

ACIR also focused attention on the importance of forging a better balance between the nation's needs for environmental protection and for public works; cooperated with the U.S. Army Corps of Engineers to develop a more productive federal infrastructure investment strategy; urged substantial intergovernmental reforms in governance of the nation's water resources; worked with federal, state, and local officials to improve the sharing of geographic data; and helped the U.S. Department of Commerce develop a clearinghouse on state and local initiatives on productivity, technology, and innovation.

ACIR examined issues of federal and state compliance with disability rights mandates three years before enactment of the *Americans with Disabilities Act*; highlighted innovative state and local responses to homelessness; pressed forward on Medicaid reform; issued a major report on the role of general government elected officials in criminal justice; focused attention on the continuing importance of the National Guard in the face of defense downsizing; and, most recently, urged reforms to improve intergovernmental coordination in child care.

To complement its well-known Representative Tax System, ACIR issued a new Representative Expenditure System measure in 1990. ACIR expanded *Significant Features of Fiscal Federalism* to two volumes; issued reports in its local revenue diversification series on sales, income, and travel taxes, user charges, and rural economies; examined strategies for better fiscal discipline in the federal system; monitored the effects of the federal volume cap on state and local tax exempt private-activity bonds; produced new research on state aid to public elementary and secondary schools; developed estimates of the revenue potential of state and local taxation of out-of-state mail order sales; and issued a report prepared for the National Performance Review updating ACIR's 1980 measure of fragmentation in the federal grant-in-aid system.

Responding to the changing international situation, especially after the fall of the Berlin Wall in 1989, ACIR also sought to improve its technical assistance outreach to countries seeking to decentralize and establish more federal democratic systems. At the same time, ACIR highlighted the expanding roles of state and local governments in international affairs, particularly in trade, investment, and tourism.

In 1991, Kincaid was elected to the National Academy of Public Administration and received the Donald Stone Distinguished Scholar Award from the Section on Intergovernmental Administration and Management of the American Society for Public Administration. In his academic capacity, he serves as editor of *Publius: The Journal of Federalism* and as editor of a series of 50 books being published by the University of Nebraska Press on the Governments and Politics of the American States. He also serves on the Advisory Board of the *State Constitutional Law Bulletin* published by the National Association of Attorneys General and on the editorial board of the *State and Local Government Review*.

State and Local Organizations' Ideas on ACIR Agenda

Raymond C. Scheppach, executive director of the National Governors' Association, represented the state groups. He suggested that the Commission (1) avoid devoting extensive time to issues that will be resolved during the current congressional session; (2) develop better information and suggest ways to improve intergovernmental consultation and decisionmaking; and (3) develop new principles to guide the intergovernmental system into the next century.

Donald J. Borut, executive director of the National League of Cities, represented the local government groups. He suggested that ACIR (1) convene a federal-state-local conference on federalism; (2) examine trends and impacts of federal mandates; (3) recommend an intergovernmental system for environmental protection, health, and safety; and (4) examine intergovernmental aspects of health care delivery and reform implementation. Suggestions for specific studies included tax systems, metropolitan fiscal disparities, entitlements, telecommunications, regulation, welfare reform, regionalism, and capital investment.

April 14, 1994

Agenda Committee Report

The Commission approved the work agenda, which is divided into short-term and long-term programs, and focuses on mandates, the intergovernmental fiscal system, criminal record information systems, metropolitan fiscal disparities, intergovernmental cooperation in implementation of ISTEA, new telecommunications technology, and health care reform and local roles in providing health services. (See ACIR's Plans and Objectives, page 7.)

Partnership Initiative

The Commission approved a major nationwide initiative of research, consultation, and consensus-building among federal, state, and local officials and private citizens to produce principles and reform proposals to restructure the nation's intergovernmental system. The process will culminate in a federal-state-local

leadership roundtable in the Fall of 1995.

Specific attention is given to (1) improving intergovernmental consultation, (2) rebalancing intergovernmental finance, (3) benchmarking intergovernmental service provision, (4) restructuring grants-in-aid, (5) rationalizing federal regulation, and (6) rebalancing the constitutional partnership.

Drought Planning

The Commission approved publication of an information report on drought planning, specifically, the preparation of a political element—the question of governing—to make sure that drought plans are developed as an integral part of the democratic process. Beyond the technical aspects of a plan, government officials, planners, and many other stakeholders must be allies if a plan is to benefit the public.

ACIR Testifies at Mandate Hearings

John Kincaid, ACIR Executive Director, testified before the U.S. Senate Committee on Governmental Affairs on April 28, 1994, at hearings on federal mandate relief. Kincaid said the Commission has long held that

There is a need for additional legislation to provide equitable mandate relief to state and local governments. . . . ACIR's concern for mandate relief reflects, most immediately, its conclusion that current measures directed at relief, such as the fiscal notes process and presidential executive orders, have not worked satisfactorily. ACIR has also expressed great concern about the impact of the U.S. Supreme Court's Tenth Amendment ruling in *Garcia v. San Antonio Metropolitan Transit Authority* (1985) on the viability of our federal system.

Kincaid noted that ACIR has begun to use the term "federally induced costs" in addressing the definitional issues underlying mandates, which are one of seven types of federal actions that may increase state and local costs. He said:

Mandate relief should consider, among other things (1) improving the quality of cost estimates and expanding their use to the broad range of legislative, administrative, and judicial actions that increase state and local government costs, (2) enhancing the impact of cost estimates on legislative decisionmaking and using cost estimates in subcommittee and committee deliberations . . . , (3) considering the impacts of multiple unfunded mandates . . . , (4) developing better methods to assess the benefits of mandates against their costs, including the distribution of benefits and costs . . . , and (5) establishing criteria and intergovernmental consultation processes to help decide appropriate cost reimbursement policies.

Federal Grant Programs in Fiscal Year 1992: Their Numbers, Sizes, and Fragmentation Indexes in Historical Perspective

The federal-aid system is more fragmented than ever. Using a "fragmentation index," based on number and size, to compare 21 groups of federal grants programs, ACIR found that only energy, transportation, and health reduced the number of small grants and increased large grants since 1980. In 1992, about 92 percent of federal grants to state and local governments were funded by only 10 percent of federal-aid money. Despite efforts to consolidate grants during the 1980s, the system still had 506 micro-grants out of a total of 553. In 1992, the three largest grant programs—Medicaid, Highway Planning and Construction, and AFDC—got half of all grant money. Grant funding in 1992 ranged from Medicaid at \$69.6 billion to Appalachian Community Development at \$22,000.

SR-14 1993 \$10
(see page 39 for order form)

ACIR's Plans and Objectives

Basic Goals for ACIR

Goals for FY 1994 are to:

- Strengthen the convening role of ACIR as an important and visible intergovernmental forum for building a more effective and cooperative intergovernmental partnership.
- Focus the Commission's agenda more sharply on critical short-term and long-term intergovernmental issues.
- Work more closely and cooperatively with the Congress and the President to facilitate more effective federal-state-local cooperation and consultation. Establish a federal-state-local partnership initiative to reach those goals and work toward a federalism summit.
- Work more closely with state and local governments and their national associations to facilitate more effective intergovernmental dialogue and service delivery.
- Enhance the implementation of ACIR's recommendations by the appropriate government institutions—federal, state, and/or local—with immediate focus on ACIR's recommendations for high performance public works.

Critical Intergovernmental Issues

ACIR will focus on four critical issues that cut across intergovernmental relations.

1. Resolving the problems caused by federal mandates on state and local governments and federal preemptions of state and local authority, including making necessary federal regulations more flexible and effective;
2. Achieving more effective and efficient intergovernmental service delivery, especially in light of today's fiscal realities and the expected reforms in health care, welfare, and infrastructure investment;
3. Streamlining the federal grant-in-aid system and providing more flexibility for state and local implementation and innovation; and
4. Rebalancing the intergovernmental public finance system to produce more rational and efficient outcomes that will ensure the abilities of all governments in our federal system to finance public services in the 21st century.

Five Action Roles for ACIR

Convening. ACIR intends to restrengthen its role as regular convener of federal, state, and local officials to address important intergovernmental issues. To this end, the Commission will take a lead role in implementing NPR's recommendation to convene high-level intergovernmental meetings on the federal-state-local partnership, culminating in a leadership

roundtable in 1995. In addition, the Commission plans to convene other state and local officials to address specific facets of the issues identified above.

Monitoring. Over the years, ACIR has played an important role in monitoring and documenting developments in the federal system, a role for which ACIR has acquired a respected reputation for accuracy and objectivity. The information produced by ACIR is widely used by federal, state, and local officials, news reporters, civic organizations, and academics and students.

Research. ACIR is well known for its expert and objective research on substantive intergovernmental policy issues. The Commission expects to complete major long-term projects already near completion and to initiate a few new high-priority projects. Such in-depth research is essential for providing an informed basis for Commission recommendations and legislative proposals.

The Commission has established the following priorities:

- Comprehensive review of the federal-state-local fiscal system: issues of taxing, spending, and providing efficient, equitable, and effective public services, including education, in the 21st century.
- Further research on unfunded federal mandates, including statutory and regulatory mandates, mandate-relief proposals, and entitlements.
- Metropolitan fiscal disparities and models of intergovernmental cooperation in redistributing and sharing fiscal resources, as well as possible federal incentives for promoting regionalism.
- Intergovernmental cooperation in the implementation of the *Intermodal Surface Transportation Efficiency Act* (ISTEA).
- Research on setting up a better system of criminal record information and the possible establishment of a national registry.
- Effects of the new technology in telecommunications and the information highway on state, local, and federal tax rates and regulatory responsibilities.
- Health-care reform and the roles of local governments in providing health services.

Institutional Linkage and Services. In FY 1994, ACIR will continue working with the U.S. Army Corps of Engineers on intergovernmental infrastructure issues. Under a contract with the U.S. Department of Transportation, ACIR will examine the roles and capacities of metropolitan planning organizations (MPOs) in carrying out their responsibilities under ISTEA. ACIR also plans to work with other federal departments on issues of intergovernmental consultation, waivers and regulatory flexibility, federalism impact analyses, and intergovernmental service delivery. In addition, ACIR will reinstitute its review-and-comment role for key bills in Congress having intergovernmental impacts and for regulations affecting state and local governments that are being developed by federal agencies.

Capitol Hill Summit: Federal Capital Budgeting

The Advisory Commission on Intergovernmental Relations (ACIR) sponsored the "Capitol Hill Summit: Federal Capital Budgeting" on March 11, 1994, at the request of Rep. Bob Wise of West Virginia and Rep. Bill Clinger of Pennsylvania. William F. Winter, ACIR Chairman, opened the conference.

The purposes of the meeting were to:

- Inform Members of Congress and their staffs about capital budgeting issues;
- Highlight the potential for legislative action;
- Identify and discuss the pros and cons of federal capital budgeting;
- Encourage dialogue about implementing ACIR's recommendation for a public works investment section in the federal budget; and
- Enrich the National Academy of Public Administration's study of budgeting for federal capital programs.

The U.S. Army Corps of Engineers, the National Academy of Public Administration, and the Rebuild America Coalition cooperated in sponsoring the summit, which was attended by more than 100 representatives of federal executive branch agencies, congressional members and committees, and the private sector partners associated with public infrastructure.

What follows are excerpts from Governor Winter's opening remarks, summaries of the congressional presentations, and excerpts from the panel discussions.

Those participating in the program were:

Rep. Bob Wise, West Virginia

Rep. Bill Clinger, Pennsylvania

Rep. Ray Thornton, Arkansas

James Blum, Deputy Director, Congressional Budget Office

Letitia Chambers, President, Chambers Associates, Inc.

David Chu, Director, Washington Research Department, RAND

Mortimer L. Downey, Deputy Secretary, U.S. Department of Transportation

Thomas Downs, President, AMTRAK

Thomas D. Larson, former Administrator, Federal Highway Administration

Paul Marchetti, Executive Director, PennVEST

David Mathiasen, Special Assistant to the Assistant Comptroller, U.S. General Accounting Office

Bruce D. McDowell, Director of Government Policy Research, ACIR

Paul Posner, Director of Budget Issues, U.S. General Accounting Office

Governor William F. Winter Chairman, ACIR

The Congress and the executive branch need to work together to improve the budget process if we are to ensure that every public works dollar we spend will bring a maximum return on the investment. We hope that this Capitol Hill Summit will start a fruitful dialogue that will bring improved capital budgeting—or investment budgeting—to the federal government.

State and local officials know about capital budgeting, but recognize that it is not as well known in the federal government. Nonetheless, federal capital budgeting has been debated for many years, and there are several bills on the subject pending in the Congress, including those introduced by Representatives Wise, Clinger, and Thornton. These bills present a real opportunity to move the issue forward.

In addition, the President's budget now includes considerable capital budgeting information and investment analysis. President Bill Clinton believes strongly in the need to invest in America's future. Investment in public works is fundamental. We need to consider the next step in the federal budget process to help improve the quality of infrastructure investments.

If we are going to move toward performance budgeting at the same time that we are moving toward capital budgeting and investment budgeting, we need to ask how all of these approaches can work together.

Representative Bob Wise

West Virginia

This conference is a reflection of rising interest in capital budgeting. Considerable progress has been made on capital budgeting in recent years, particularly in the last year. There is more capital budgeting legislation being put forward, with more cosponsors, than ever before.

Capital budgeting has been on the agenda of the Economic Development Subcommittee of the House Public Works and Transportation and the House Government Operations Committee. Vice President Gore's National Performance Review made recommendations on limited capital budgeting. The President's FY 1995 budget restated capital budgeting as an FY 1996 goal. Capital budgeting passed the House Public Works Committee this year and was included in the budget reconciliation, but was struck out at the last minute. Significantly, capital budgeting was included as one alternative considered in the debate on the balanced budget amendment and in other legislation.

Discretionary spending will decline over the next five years because of the hard freeze agreed on with President Clinton. But we have to balance essential consumption spending, operating income, and capital investment. As we spend less in real dollars, it becomes crucial to distinguish between operating and capital expenditures for programs like defense, education, job training, and infrastructure.

What kind of investments are we going to make for sustaining growth? You can't raise taxes sufficiently to reduce the deficit or to balance the budget. You can't cut the budget enough to reduce it. There has to be a strong element of growth over many years. Once again, that gets back to how you encourage and account for investment.

Capital budgeting is emerging as a rational middle way to budget. States do it; businesses do it; just about everyone does it but the federal government. Every proposal I have seen requires that the operating budget be balanced but recognizes the value of a capital investment. The proposals would permit borrowing only for investments that increase economic growth. There is a variety of approaches, some limited to infrastructure while others include human capital. I believe very strongly in setting up a system that pays for investments over their useful life.

The political battle over capital budgeting is going to continue. The important thing is that we focus on technical issues and on implementation. The Congress is going to need help answering several questions:

First, what are the objective, rational criteria for defining capital? There are those who challenge the concept of capital budgeting for the federal government, and they have some legitimate concerns. For instance, what is the defense versus nondefense role? Do you capitalize an aircraft carrier? Does it have an economic return in the same way as a highway or a bridge or a telecommunications network? Should you be able to capitalize the guard needed to protect a new plant and equipment in the same way you capitalize the plant?

How far do you go with capital budgeting? Is there a way to measure the economic revenue stream, to amortize the investments in education or job training? How does this interact with other measurements of investment and the impact on growth?

What is the best way to structure capital budgeting to improve multiyear investment planning?

What is the best way to reflect the cost of capital budgeting in the operating budget?

Representative Bill Clinger

Pennsylvania

Investing in infrastructure, to me, is what capital budgeting is all about. A recent article in *U. S. News and World Report* suggested that public works investment is strictly pork, all politically driven. There always will be a political component to infrastructure investing, but that is not the point. The objective is to have a system that at least provides for more rational investment, so that whether decisions are being made by the federal government, the states, or local governments, there are criteria that can eliminate the wasteful, gold-plated projects that often are accused of being pork barrel investments. Such a system is the primary objective of capital budgeting. It is, in my view, primarily a planning tool rather than a budgetary tool.

In 1984, we got the concept planted in Special Analysis D of the federal budget that a capital budget was a good idea. The concept in Special Analysis D needs to be expanded to talk about how we can better invest our capital. We need a look forward.

A look forward is to determine real needs. We are going to have that on highways and bridges, but we don't have it on a whole range of other things, such as airports or wastewater treatment systems. You also need solid information and standards. Without them, the pork barrel barons will make the decisions. A capital budget that requires an inventory of needs and projects the emphasis into the future makes it much tougher to argue for a specific project if it doesn't meet the criteria.

Capital budgeting is a concept that is supported almost universally. In a 1989 report, GAO said:

Exclusive focus on a single cash-based total leads to unsound deficit reduction strategies under the present federal budget structure. It is difficult for the President and the Congress to apply deficit reduction efforts in a way that balances needs for operating expenses with needs for capital investments. . . . The current cash based unified budget masks the use of social security and other trust fund surpluses to finance deficits and other capital activities.

GAO has issued a series of reports, the most recent in November 1993, in which it modified the earlier underlying assumptions as to what activities qualify as investment. GAO moved away from the notion of a capital budget and proposed establishing investment spending goals in the federal budget. The term "investment" was broadened to include human resources.

The reports say the most appropriate definition would include federal spending, either direct or through grants, intended to enhance the private sector's long-term productivity. Such a definition distinguishes between federally owned capital and investments that promote private sector growth. This definition includes spending on some intangible activities (e.g., research and development, human capital, education and training) and spending for physical capital to improve infrastructure, including highways, bridges, and air traffic control systems. Politically, it is more difficult to build a winning consensus if the concept is too broad.

The most recent strong endorsement of capital budgeting came from Vice President Gore's National Performance Review. Earlier, the National Council on Public Works Improvement, which was established by the law that expanded Special Analysis D, also recommended capital budgeting, as did the Competitiveness Policy Council.

Now, we have the best chance to enact this tool for rational, sensible planning for the use of federal dollars. We need to do a better job of selecting where we put those dollars. We can no longer afford to be profligate. A capital budget is an excellent device to help avoid potential damage from deficit reduction.

Representative Ray Thornton Arkansas

This country has failed to have a strategy for investment in the future. We were not making the choices,

and apparently did not have the tools to make the choices, that would permit the United States to continue to be a dominant economic power. A solution to that is my Marshall Plan for America, which has many components. One of them is that we must have the knowledge and the information on which to make wise choices.

I don't know of anyone who doesn't know how to distinguish between spending money for everyday activities and making an investment in the future. It is difficult to quantify, but we all know intuitively that there is a great distinction between the two activities. In my bill, we try to provide for additional information on (1) current operating expenditures, (2) investment in infrastructure, and (3) developmental investments. We need to know the difference, say, between a National Science Foundation grant to a university for long-lasting equipment that will advance our knowledge in some field of competitiveness and the salary of the professor who is involved in the research.

Capital budgeting offers an opportunity for those interested in public works to join with those interested in advancing the technology of higher education, and in developing the skills and resources through investments in material things.

The third category, as distinguished from operating expenses and infrastructure expenses, is investments of a developmental character. The NSF grant is an example. It may cause the state or a university to make an investment in future education. It is very important to recognize this category of quantifiable investment return that can come from government activity.

Panel One

Benefits of, Barriers to And Opportunities for Capital Budgeting By the Federal Government

Moderator

Thomas D. Larson

(former Administrator, Federal Highway Administration, and former Pennsylvania Secretary of Transportation)

The questions before this panel are the "why" questions. The first one is, why have a capital budget? Second, why hasn't the federal government used a capital budget, like most states and local governments? Finally, why is this a good time for the federal government to seriously consider this concept?

In *Intergovernmental Perspective* (Fall 1993/Winter 1994), Tom Downs said:

Probably more than any other nation, the United States has had a dream about capital. Early in its history, the nation put much of its wealth into harbors, lighthouses, canals, railroads, airports, urban and agricultural systems, sanitary systems. . . . From the beginning, the nation has been clear on the need to spend money today to get a good return tomorrow.

That is the core of much of this debate.

James Blum
Deputy Director, Congressional Budget Office

The first question should be what do we mean by a capital budget? That there is a range of views is amply demonstrated in the analytical perspectives section of the President's FY 1995 budget. This lays out two different capital budget presentations. One has a fairly narrow definition focusing on how federally owned capital assets are used to provide goods and services, the concept that the National Performance Review seems to emphasize.

A broader concept also is laid out, looking at national investments or national capital. This would include some federally owned capital assets and capital-type investments that are financed by the federal government—bricks and mortar as well as education and training, research and development. A third concept is presented in some of the bills in the Congress, which would try to break out public works infrastructure.

What would we gain by using a capital budget? From a broad perspective, the concern is with constraints on the budget because of the federal deficit, to reduce the deficit and move toward a balanced budget. The economic reason cited is that this is the best way that the federal government can increase national savings and investment to contribute to longer term growth.

It is commonly pointed out that we would not be so concerned with the deficits if they represented an effective increase in public investment-type spending that could contribute to growth. However, federal spending stresses consumption rather than investment to the detriment of longer term economic growth.

A capital budget, it is argued, could focus more attention on reducing the deficit and safeguarding the public investment component. In a more narrow sense, a federal capital budget would be useful to get a better idea about performance, an objective that the National Performance Review highlighted. To get a handle on costs, the cost of capital needs to be included. Whether that is done in the budget or in separate agency financial reports is an open question.

The federal government has not used a capital budget for several reasons. First, the 1967 President's Commission on Budget Concepts took a very strong view on capital budgets: "The Commission finds little merit in proposals to exclude outlays for capital goods from the total of budget expenditures that is used to compute the budget surplus or deficit. . . ." That report serves as the main reference point for thinking about the structure of the federal budget, and it contains an excellent discussion on the pros and cons of a capital budget. But the commission came down strongly against a capital budget.

Another reason why the federal government hasn't used a capital budget is that capital investments do not

constitute a large, uneven portion of federal expenditure. For a city that wants to build a new city hall, for example, it makes sense to borrow to finance it and charge off its use over a period of years. As you start moving up the governmental ladder, the rationale for such budgets tends to dissipate. The federal government makes capital-type investments every year. They become an integral part of the budget.

Now is a good time for the federal government to think about a capital budget, in the view of some observers, because of the budget constraints and need to the move toward a balanced budget. It is understandable why, in thinking about the possibility of a constitutional amendment to require a balanced budget, there would be interest in making a distinction between operating and capital budgets. Whether that is the right way to go remains open.

David Chu
Director
Washington Research Department, Rand

I would like to offer a narrower perspective on the capital budget questions. A capital budget allows you to get some sense of long-term direction from the perspective of a department overall and from individual activities. Annual decisions can distort that perspective.

For example, during the 1980s, the Congress required the Department of Defense to report on the cost of U. S. forces in NATO. The reports had to include a pro rata share of all capital costs associated with the forces either stationed in or planned for deployment to Western Europe in the event of a crisis. Defense expenditures, especially investment expenditures, were rising rapidly, and the required methodology caused a huge spike in the perceived cost of U. S. forces in Europe.

These costs were repeated over and over again as a measure of the rising burden the United States was undertaking. What was going on, however, was a major rearmament, which would benefit all U. S. forces over 20 to 30 years. Because we treated capital expenditures on an annual basis, we seriously distorted public perceptions.

The principal reason why the federal government has not adopted a capital budget is the influence of the report of the President's Commission on Budget Concepts. The notion of a capital budget is met typically with indifference and often with hostility.

Beyond the budget concepts report, I think inertia also plays a strong role. There is no compelling, immediate reason to use a capital budget. To do it well is a significant technical challenge. New data will have to be collected, and a host of analytical and policy issues will have to be confronted—including what is and is not a capital expenditure. Even supporters of capital budgeting will be divided by these problems. Many congressional supporters also have sought to expand the activities to which the

capital budget would be applied. No one has even begun to debate how to set constraints on federal capital expenditures, and certainly the federal borrowing power, which is virtually unlimited, will not help.

It is very important to link capital budgeting to the national income account structure, so that you can see what is happening across the country, not just in areas affected by federal policies. It needs to be part of a broad view of the intervention of the federal government in the national economy.

Thomas Downs

President and Chairman, AMTRAK

(former Commissioner, New Jersey Department of Transportation)

A suggestion as to why we don't have a capital budget for the federal government is the lingering influence of John Maynard Keynes' general theory of countercyclical public finance. The federal government's investment strategy assumes that its primary mission is to make countercyclical investments; that when the economy goes in the tank, the federal government is supposed to borrow more and spend more. It doesn't matter how it spends, according to Keynesian economics, just spend it into the economy and watch the economy recover. In rich times, the government's role is to get out of the way of expansion.

That strategy is at the heart of some of the federal problems in developing a capital budget because it assumes that the federal government has a different investment goal than cities, states, businesses, and other national governments, that the federal government somehow is unique.

The second reason is that political leadership is not structured to think about investments. The average tenure of a senior political appointee is about 20 to 22 months, which is not long enough to figure out what the operating budget is, let alone have a commitment to a capital budget.

The national economy and the federal budget process are geared to a set of 1980s consumption economics. The country seems to be shifting away from consumption economics, but the federal government hasn't defined another role for the national economic purpose. Federal decisionmaking is still hooked to a credit card economy, which makes it fiscally impossible to invest rationally in the nation's well-being. That seems like a pretty obsolete system. It goes back to Keynes and having only a macroeconomic function for the federal government. We need a capital budget now to help repair the public's perception that the national budget process has lost its credibility. In the public's mind, the budget process is somehow fundamentally disconnected from reality. A capital budget is needed to counter the perception that the

existing process is wasteful, shortsighted, and not in the long-term best interest of the country.

State and local referendums on capital investments have passed around the country in jurisdictions that are either financially strapped or fiscally conservative. The American public is willing to make capital investments. This is not an alien concept. It is a fundamental part of American optimism that government can make capital investments with high rates of return if we have a federal capital budget process that at least allows some discussion about investment.

Investment is another word for optimism. Capital budgeting is another word for hope. If the federal government can't provide that, the long-term credibility of the budget process will flounder.

David Mathiasen

Special Assistant

U.S. General Accounting Office

At least four concerns have attracted people to a capital budget over the last 30 or 40 years: (1) proper incentives for government operations; (2) long-run potential economic growth; (3) proper treatment of financial assets; (4) justification for debt financing. GAO's work suggests that some of these are valid; some, perhaps not.

You don't hear about financial assets any more, but it used to be one of the major arguments. When the federal government lends money, it gains an asset in the form of a loan asset. However, credit reform treats the loans and the problem of contingent liability from loan guarantees on a present-value basis in the budget. That removes a traditional theme of capital budget advocacy.

The federal government also has not used a capital budget because it does not need the same kind of rationale for borrowing as a state or a local government. The federal government has a set of national accounts for determining fiscal policy that provides a much stronger basis on which to make decisions about what to borrow, both short and long term. Although GAO supports various forms of capital budgeting, it does not support something that automatically would justify borrowing as opposed to not borrowing. At the level of the national economy, fiscal policy determines borrowing, not investment analysis of individual projects.

Nevertheless, the federal government has concerns for the proper incentives for government operations and for overall potential national growth. A couple of years ago, GAO did long-term projections using a variation of the long-term growth and investment model developed by the New York Fed. It uses simple relationships between savings, investment, growth, and the federal budget sector.

That work examined two separable issues in fiscal policy. One is how you get from where you are to where you want to be in the business cycle, which is as close to the

long-term noninflationary growth path as possible. That is a question of short-run fiscal policy.

The other issue is how the national budget affects the savings, investment, and growth of the economy over decades. GAO discovered that large deficits are detrimental to long-term growth and that, if you looked at investments in R&D, human resources, and infrastructure in any inflation-adjusted, GNP-adjusted terms, they have been going down. We are running historically high deficits and historically low levels of investment in those three categories.

It is difficult to construct a single budget and a single set of numbers that can provide clear guidelines for long-term growth in the economy and satisfy the needs of GSA, AMTRAK, and the Federal Aviation Administration to operate as efficiently as possible in the mix of capital and labor. In recent years, GAO has focused on the investments. We are now turning back to the more

traditional questions of how you best account for federal government operations in terms of capital. We are trying to look at alternative ways of setting up the budget.

Many people in the budget community view budgeting mainly as a broad resource allocation tool—how much for national transportation or welfare? There is remarkably little interest in those who spend this money. I think that is one reason why we have made relatively little progress.

A recent discussion about converting FAA into a kind of government corporation raised the same concerns. Likewise, it is argued, we are not investing enough in AMTRAK, the airways, or GSA buildings; we are leasing too much rather than purchasing, etc. The solution is that you do the analysis “off-line” to show that it is rational to buy rather than lease or to invest more in a railway system. Then, you appropriate more money for those things and less for others. Ultimately, it is a political decision.

Panel Two

Means for Tailoring Capital Budgeting To the Federal Budget

Moderator

Bruce McDowell

**Director of Government Policy Research
ACIR**

Assuming that it was decided to consider a capital budget for the federal government, how would we make it work? Specifically:

- 1) What kind of a capital budget bill should be passed? How should the law be set up to restructure the budget?
- 2) How well does the capital budgeting information in the federal budget help inform the decision-making process? Does the Congress read and use the budget supplements?
- 3) How effective will the Executive Order 12893, on agency investment analysis, be in helping justify better infrastructure programs and projects? It relies heavily on benefit-cost analysis, and starting with the FY 1996 budget submissions, it is a requirement for justifying public works expenditures.
- 4) How do capital budgeting and investment budgeting interrelate? How do we tie our investments to performance measures? How should the multi-year dimension be handled? What is the relationship of capital budgeting to deficit reduction and countercyclical issues?

Letitia Chambers

Founder and President, Chambers Associates

(chief budget advisor to the Clinton-Gore transition team; former staff member, U.S. Senate Committee on Labor and Human Relations, and senior budget and policy analyst, Senate Budget Committee)

The last time that the federal budget was in balance was 1969, the first year that we had the unified budget. The present budget structure is not an effective decisionmaking tool, and it hides a great deal of information that the Congress should have as it makes decisions on spending and taxing priorities.

Three major budget categories could include a separate operating budget, a capital budget, and a separate category for the self-financing trust funds (i.e., the federal retirement programs, Social Security, and unemployment insurance). Part of the purpose of those programs is to increase savings to prefund retirement benefits. We now have a significant pool of savings—about \$110 billion in trust fund surpluses—that we are spending for current consumption in the operating budget. One way to invest the surpluses would be to look at investments that are part of the federal budget, which then would be in a capital budget.

The capital budget information in the President's budget is not part of the decisionmaking process within the administration. The way the budget is structured, the

Congress also does not utilize the information at the time it makes its decisions. Unless decisions are made utilizing that information, the Congress will not use it any other time.

Executive Order 12893 is a positive step in basing investment decisions on a better process, but it is not enough to change the overall relationships of investment to consumption.

Capital budgeting and investment budgeting are clearly related. Rate-of-return criteria should be developed for any program included in a capital budget. We have a one-year budget and we have budget documents that show five years. Both executive and congressional decisionmakers utilize just the current budget year. A capital budget will allow us to get away from that for long-term investment programs.

With regard to the impact on the deficit, some have argued that a capital budget is an effort to pull things out of the operating budget in order to continue running deficits. That has to be addressed head-on. We need to look at (1) balancing the operating budget, (2) setting appropriate levels of borrowing, (3) targeting federal investment to support economic growth, and (4) using tax expenditures wisely.

Mortimer Downey

Deputy Secretary Department of Transportation

(former Assistant Secretary for Budget and Programs; former Executive Director and the Chief Financial Officer, Metropolitan Transportation Authority, New York)

Regardless of how the budget gets restructured, the political process needs to focus on investment. Even the investments that federal agencies make in their own activities tend to be overlooked, but they are important. A federal agency that operates on an annual appropriations basis doesn't plan ahead, doesn't invest to build up its resources, whether they are systems or buildings.

The other, obviously bigger, issue is how we make national infrastructure investments and decisions. Whether it is financing the cash flow into the trust funds and comparing it with what we are spending, there needs to be a better way within the budget process to focus on the productivity of investment decisions.

The Transportation Department is looking at Executive Order 12893 in two ways: (1) to tune up the process of making discretionary decisions about projects, such as new transit starts or major airport investments; and (2) to look at programmatic investments. That is where we can perhaps strengthen the argument on consumption versus investment.

The department also has been working with the states to identify management systems for transportation planning, which are integral to a good capital budgeting process. Some of the states' systems are easy, and they work, for example, with bridge management, how you predict the useful life of a bridge and when to improve it,

and at what point you stop maintaining in favor of rebuilding. The same system is used with pavements. Some of the other systems are more complex, such as congestion management or safety management. If the states are doing a good job, we can make the case that more investment would pay a good rate of return.

The capital budget decisionmaking process can be used as leverage in achieving certain long-term objectives and improving operating outcomes. It forces us to think strategically over a longer period of time and to get agreement on performance measures because the typical bricks-and-mortar investments are measurable. The Federal Highway Administration has created models showing how the overall system is performing. With airports, we can see the level of performance, maintenance, and physical condition, and how these factors will affect investment.

Some of the things that we do with performance budgeting are also in the more easily measured bricks-and-mortar programs. With job training or education, however, the payoffs are over a much longer period of time, and good analysis is more difficult.

Whether or not there is a capital budget, and whether or not it is a multiyear budget, there has to be a multiyear view of the investments. It means better projects and it builds capability. Working on an annual basis, the institutions to implement projects effectively are not developed. Both as a planning process and a practical concern, there has to be some stability of expectation and some ability to move things from one year to another.

That is much more true in state and local programs, which are driven in many ways by federal signals. Signals that give them a longer time frame, such as the six-year authorization bill, are important. The constraints on state and local ability to borrow drives those governments to seek the best projects. Local governments, in particular, have the discipline of having to sell an idea to bond counsel.

The federal government takes the bond market signals seriously. The federal government needs to find a substitute for that kind of discipline to help it sort out the kinds of projects that wind up in a capital budget. Do you limit them to bricks and mortar, or do you include school books as an important investment in education?

The countercyclical issue is a good argument for a continuous capital budgeting process. There arguably is room to accelerate or slow the level of investment, but only if you have an explicit and continuous process. Much past experience at pushing out capital dollars as a countercyclical measure has not been well received or effective, partly because the processes started from a dead stop. It is easier if you have a regular investment process and a multiyear agenda.

Paul Marchetti

Executive Director, PennVEST

(formerly with the Pennsylvania Governor's Office of Budget, U.S. General Accounting Office and U.S. Environmental Protection Agency)

I would separate a capital budget from the operating budget. State capital budget items generally are any new

capital construction projects that cost over \$100,000 and have a useful life of at least five years. The federal government should include similar projects in its capital budget as a basis for federal borrowing.

Debt service on the capital budget should be included in the operating budget. Because debt service is paid every year out of tax revenues, it acts as a constraint on the capital budget and the amount the government should be willing to borrow. That is the crucial link between a capital budget and an operating budget.

We also need better information to make productive trade-offs within the capital budget. Making trade-offs among various types of public expenditures is difficult enough, but now we also must make trade-offs among public expenditures that are supposed to generate often nonquantifiable benefits and that are competing with private expenditures.

As an example of where this might go awry, PennVEST funds water and sewer projects. We have some public resources that we can lend every year. We have to choose which water projects to fund or how much are we going to trade off water and sewer projects. We prioritize and rank the projects. The industry tends to have large economies of scale, so a cost-benefit analysis would lead to financing large projects that have relatively large cost-benefit ratios. That is exactly the opposite of the program goal, which is to try to help small communities that can't get into the capital market.

State capital expenditures usually are looked at in a five-year plan. Something along those lines is advisable. Planning ought to include the expected impact of the capital financing plan on the operating budget, where the debt service will be put. Thus, it is crucial to estimate interest rates as well as expenditures.

Deficit reduction should be concerned with the operating budget, which ought to reflect the impact of the capital budget. The deficit moves resources away from the future into the present, and that's what you want to avoid. It is important that resources get allocated over time effectively. For deficit purposes, current expenditures should be funded out of current revenues. The capital budget helps that process.

Countercyclical fiscal policy through capital spending and infrastructure spending is, at best, an unwieldy instrument.

Paul Posner

**Director of Budget Issues
U.S. General Accounting Office**

It has been suggested that a federal capital budget be modeled along state and local lines. There are, however, essential differences in the purposes and roles of federal investments that should be reflected in different budget treatments.

State capital budgets are designed to overcome lumpiness in the kinds of projects with long-life benefits and to encourage greater efficiencies between labor and capital. This kind of approach is appropriate at the federal level for only a small share of the "investments"—federally owned capital, such as buildings and computers, perhaps some NASA investments, possibly some water projects. OMB estimates that only about a third of federal investments fall in that category. The National Performance Review talked about roughly \$9 billion.

By far the most important role of federal investments is to improve national productivity and savings. The impact of the deficit on long-term productivity and savings has been recognized, if not adequately dealt with. The surest way to promote national savings is to reduce the deficit, but the composition of the budget matters also for long-term savings and investment.

The federal government doesn't have programs that directly promote improved productivity in infrastructure, human capital, and R&D. It is the banker, largely, for projects carried out by others. A traditional capital budget really doesn't work in that context.

First of all, the federal government does not fund many discrete projects. It funds a flow of assistance to the state and local governments, which fund discrete projects. Second, you do not want to run a deficit that reduces private savings and investment to enhance public investments that have arguable rates of return. You certainly don't want to reduce the deficit at the expense of programs that have good rates of return.

The most practical approach is a unified budget that brings the deficit down and has an investment decisionmaking component built in. That would refocus the debate by changing the terms, by changing the kinds of categories we use in budgeting to draw attention to these issues.

The capital budgeting information in the President's budget has improved this year. There is a much clearer differentiation between what OMB calls national capital, which is what we term investment, and federal capital. There also is a column on the NPR-related capital.

But we need better information on the effectiveness of investments.

Perhaps Executive Order 12893 will help trigger that. There are some cases in which you make sure that the funded projects will have the highest rates of return, and the model in the executive order is relevant.

There is another tier of budget analysis, however. What really happens with most federal investments is largely a function of state and local decisions, which the federal government influences only indirectly. Thus, the program design becomes much more important than individual project analysis. For example, there need to be strong protections against fiscal substitution. In any case, the issues must be broadened so that these kinds of considerations percolate into the intergovernmental system.

Total costs should be considered at the time the commitment is made because there are limited resources that have to be put into projects that are going to give the most bang for the buck. The way to budget under constraints is to consider all costs up front, which is done now to some extent and would be encouraged more with life-cycle costing.

Performance budgeting is an important goal, but the *Government Performance and Results Act of 1993* wisely deferred its full impact until 1999. When GAO surveyed states that were reputed to have the most advanced performance budgeting and performance management systems, we learned from them, and from some of the federal agencies that have been experimenting, that putting these measures into play in the budget is very difficult. If you don't get it right and if you don't have consensus, you might be worse off. By prematurely introducing performance measurement into the budget process, reality can be severely distorted.

On the countercyclical issue, one of the concerns about having a capital budget with a deficit is what happens when the economy heats up and you want a contractionary fiscal policy to counter the cycle. If the capital investment part of the budget is out of control from a fiscal policy standpoint, a fundamental lever to control inflation has been lost.

Local Government Autonomy: Needs for State Constitutional, Statutory, and Judicial Clarification

ACIR urges states to clarify local home rule provisions and increase discretionary powers for local governments. The Census Bureau counted 86,743 units of local government in 1992. Local home rule is now available in most states either by statute or constitutional provision. State constitutional provisions for local self-government are singled out for special attention in this report. They are the cornerstones on which any sound theory of local government autonomy can be built. ACIR also recommends that state and national associations of local governments provide legal support to advocating local initiative powers and immunity from the reach of state government, and that state and federal courts reconsider local government as entailing citizen rights of local self-government, not merely as creatures of the states.

A-127 1993 \$10

(see page 39 for order form)

High Performance Public Works: A New Federal Infrastructure Investment Strategy for America

In this report, ACIR and the U.S. Army Corps of Engineers present the strategy developed through consultations with federal, state, and local governments and the private sector. While most public works are state, local, or private, the federal government has a pervasive influence through financial assistance and regulations. ACIR established six task forces, whose statements of principles and guidelines are included in the report along with a four-point strategy for (1) high quality investments, (2) cost-effective maintenance, (3) effective, efficient, and equitable regulations, and (4) affordable facilities. The consultations also produced an action agenda calling for Presidential and congressional leadership, guidance on infrastructure and investment, and support for infrastructure agencies.

SR-16 1993 \$10

Toward a Federal Infrastructure Strategy: Issues and Options

Toward a Federal Infrastructure Strategy documents the progress of an interagency initiative to develop a federal infrastructure strategy through a partnership including the Department of the Army, the Environmental Protection Agency, the Department of Energy, other federal agencies, state and local governments, and the private sector. Emphasis was placed on planning, design, finance, construction, operation, and maintenance.

The Advisory Commission on Intergovernmental Relations convened a series of workshops for representatives from more than 25 congressional and other federal agencies and departments, and more than 70 organizations representing state and local governments, public works providers, and related research, advocacy, professional, and user groups.

Based on the consultations, a broad consensus emerged around five infrastructure issues that should be addressed by the federal government: (1) rationales for federal investment, (2) regulations, (3) technology, (4) financing, and (5) management.

A-120 1992 \$8

(see page 39 for order form)

Governing Drought: Plans and Players

Bruce D. McDowell

Too often, drought planning includes only the physical aspects of hydrology, water sources and facilities, and the technologies used to supplement, conserve, and manage the quantity and quality of water. If the planning stops there, the technical solutions to droughts are dropped into the laps of elected officials, with fingers crossed, and everyone hopes for the best.

Very often, disappointment follows. The plan is neither adopted nor used. The planners and the politicians may end up seeing each other as foes rather than as allies working to accomplish common objectives.

This article is based on a report prepared by the U.S. Advisory Commission on Intergovernmental Relations (ACIR). Drawing on 34 years of experience with a wide variety of governance issues involving intergovernmental relationships—including water resources¹—ACIR describes and recommends the preparation of a political element to make sure that planning is an integral part of the democratic process. The report and five technical appendixes were prepared for the National Drought Study conducted by the Institute of Water Resources of the U.S. Army Corps of Engineers.²

In most respects, the technical-political links discussed here are transferable to other public policy fields.

Plan to Govern Drought

Planning for the physical aspects of drought might be thought of, in simple terms, as figuring out what needs to be done. For example, water supply facilities might be expanded, water might be transferred from somewhere else, conservation might be prescribed, or water rationing might be called for. These are all technical solutions to the drought problem.

The political question—the question of governing—is how to accomplish the technically prescribed actions. The answer to this question lies in the democratic process.

The technical prescriptions for solving drought problems may call for tax increases, personal sacrifice and inconvenience, changes in established water rights and patterns of water use, potential damage to business profits, and new forms of cooperation and coordination among multiple governments, separate agencies, independent private utilities, regulatory bodies, and others. These prescriptions can create difficult political issues, especially if not balanced by clearly perceived benefits.

The reactions of consumers, taxpayers, voters, independent governments, separate agencies, and autonomous utilities will be felt in the political process. The worse those reactions are, the worse will be the chances for adopting and implementing the drought plan.

Levels of Decisionmaking

There are at least three important levels of democratic decisionmaking that need to be considered:³

Constitutional. This level of decisionmaking establishes basic long-term principles that guide the governmental process. It is determined by the U.S. Constitution and the 50 state constitutions. The U.S. and state supreme courts interpret constitutional issues.

Interstate compacts on water issues—negotiated by the states, enacted by the state legislatures, and confirmed by the Congress in accordance with Article I, Section 10 of the U.S. Constitution—also create rather fundamental, long-lasting, and difficult-to-change rules governing water management.

Indian tribal governments operate in accordance with treaties between the tribes and the United States (Article

1, Section 10 and Article II, Section 2 of the U.S. Constitution). These treaties frequently establish relatively immutable, although often undefined, water rights. This special relationship generally is not subject to state law.

Collective Choice. This level of decisionmaking establishes public value judgments by law. These judgments, which can be changed more frequently and more easily than constitutional principles, reflect the political times, political compromises, competition for funding within public budgets, and other factors. These choices are made by the Congress, state legislatures, and local governing bodies. They may be subject to judicial challenge.

Operational. This level of decisionmaking involves administrative rulemaking, granting water permits, and many other activities designed to carry out laws in accordance with constitutional principles. There may be less discretion at this level, depending on how specific the laws are. Nevertheless, the details decided at this level can have important consequences, and they may be challenged in court. Negotiated rulemaking procedures—a relatively recent innovation—seek to build consensus before new rules are established to reduce the likelihood of a court challenge.

All three levels of decisionmaking are essential to sound drought planning and to plan implementation.

Political Elements of Drought Planning

A politically sensitive planning process can improve the chances for successful implementation. Studies of the governing issues are essential. These studies should begin at the earliest stages of planning, should receive equal emphasis with technical studies, and should be integrated with the physical studies. These studies can help develop at least five types of knowledge that are necessary to the success of a drought plan:

Water Law

Water laws are highly complex and constantly changing. Some of the principal issues are water use permits, site-specific programs (critical areas), quantification/adjudication, the public interest, priorities for water use, instream flows, conservation, transbasin diversions, and management of surface and underground water resources. Up-to-date legal studies for a study area are essential, including any deficiencies that might create implementation barriers.

Political Cultures and the History of Key Water Issues

It is crucial to get a firm grasp on this dimension of the study. A new drought plan is likely to gain greater and quicker acceptance if it builds on existing plans and agreements than if it attempts to make a complete break with the past.

Organizations, Decisionmakers, Stakeholders

The purpose of a study of stakeholders is to identify all of the players who will be affected by the plan and who have a role in helping to implement or block it, and to

understand their roles clearly. This inventory should include water managers, water users, the general public, the judiciary, and political officials.

Changes in Laws, Organizations, and Political Environments

Plans made before these studies are available are likely to violate essential political and social realities, making them impossible to implement. The process should be based solidly on the physical realities, but it also needs to create a “buy-in” commitment by all (or most) of the key stakeholders. To the extent that this buy-in is not achieved, implementation will be less likely.

Involvement is the key to a drought planning process that creates buy-in by the essential players. At least five types of groups need to be involved: (1) bureaucracies (including water managers); (2) public policymakers (legislative, judicial, and political officials); (3) interest groups (including advocacy groups and independent experts or analysts); (4) the press (all media); and (5) the general public (including specific sectors). A wide array of involvement and participatory decisionmaking techniques is available.⁴

It is a highly complex operation to give nontechnical citizens and elected officials an understanding of the key facts, to get diverse interest groups to see each other's viewpoints, to get separate governments and agencies to see how their responsibilities interrelate, and to establish constructive interactions among the diverse players. Yet, these are the tasks that must be performed successfully.

Computer-assisted systems are becoming available to help meet this challenge. Alternative dispute resolution and negotiated rulemaking also have come into greater use in recent years. In 1990, all federal agencies were given authority and encouragement to use these techniques, and state and local governments also are moving in this direction.

Barriers to effective involvement can be overcome by sincerity and objectivity in the planning process, openness, and support for those who do get involved. Work groups should be convened by an organization having adequate geographic scope and objectivity to gain the confidence of all the parties. As the process moves along, special opportunities should be offered to involve missing players.

Intergovernmental and interagency coordination processes yield positive results only with great effort. Too often, protecting turf becomes paramount. Existing laws and procedures may be invoked to close off discussion of potential solutions to problems. These barriers to cooperation may be lowered by freely sharing the knowledge gained in the planning process with all the parties.

It also helps to take advantage of a drought. During a drought, it is difficult to plan; there is too much else to do. Right after a drought, however, while the event—and the resulting public, political, and institutional turmoil—is still fresh, interest in planning will be high. This may be the best time to involve new players and to reevaluate plans and processes.

Interagency coordination is achieved through contracts, compacts, agreements, and memoranda of understanding. These tools can be used in drought planning to:

- Gather and share information about water conditions;
- Interconnect independent water supply systems;
- Establish contingency plans for responding to drought conditions with appropriate facility operations, water pricing, and conservation strategies;
- Agree on trigger mechanisms to activate these contingency plans; and
- Evaluate how well the process is working.

Effective, Long-Term Implementation

Planning without action has no effect. The process needs to determine what should be done, and *how* and *by whom* it will be done. The plan should not be considered complete until the parties responsible for implementing each recommendation are identified and committed to take on their assigned responsibilities.

New Organizations and Laws. If new organizations or new laws are needed, the plan should specify how they will be created.

Agreements, Contracts, and Compacts. If interagency or intergovernmental agreements and contracts (or even interstate compacts) are needed, the plan should spell them out and provide for their negotiation. Studies that cross state lines may be particularly difficult, especially if the water laws and political traditions differ significantly.

Trigger Mechanisms. Permanent mechanisms should be set up to trigger coordinated drought response activities by all the appropriate parties.

Readiness. A program should be established to ensure readiness to respond to emergencies. These emergencies come along only now and then, and plans get old. When there is a drought, the plan may be obsolete or unfamiliar if it has not been kept alive with regular "drought drills."

Budgets. Adequate budgets are needed to expand water supplies, establish water conservation programs, interconnect existing supplies, and maintain planning and drought-drill processes. Often, this will necessitate coordination of the budgets of multiple governments and agencies.

These key implementation activities cannot be left to chance. If they are not in the plan, and if the planning process does not create commitment to them by the responsible parties (by virtue of their having been involved), there is a strong likelihood that the plan will not be implemented.

Conclusion

Water managers and drought planners need the political process and the public support it can bring. They should work as hard (or harder) to bring political partners and the other stakeholders into the process as they do to perfect the technical elements of the plan. Developing the political elements of drought plans often may be more demanding than developing the physical elements.

Emphasis has been put on the need to:

- Prepare thorough studies of the legal issues, the political cultures, and all of the institutional,

political, and other stakeholders' interests in drought planning and management.

- Develop the drought management plan through an open and visible involvement process that (1) embraces all the players; (2) informs them about the physical, social, political, and economic factors relevant to the plan; (3) facilitates interaction among them; and (4) resolves conflicts fairly and equitably. This process should include the mass media and the general public.
- Include in the plan all of the necessary implementation elements and get the key decision-makers to buy-in sufficiently to take responsibility for following through with needed actions.

Specialists will be needed to help the drought planners with the following tasks:

- Lawyers for the legal studies;
- Political and social scientists for the studies of political cultures and stakeholders; and
- Citizen participation experts, meeting facilitators, conflict resolution experts, and experts skilled in computer modeling and decision-support systems to help run the planning process.

Droughts are not easily predicted, and the demands for water (including instream uses) have been growing more rapidly than supplies in recent years. Thus, drought planning needs to be flexible and reviewed constantly.

Notes

¹ See U.S. Advisory Commission on Intergovernmental Relations (ACIR), *Coordinating Water Resources in the Federal System: The Groundwater-Surface Water Connection* (Washington, DC, 1991); Ann Klinger, "A View from the Commission," and "Intergovernmental Cooperation in Water Governance—Commission Recommendations," *Intergovernmental Perspective* 18 (Summer 1992): 2, 6-8; and William Blomquist, "Taking Federalism Underground: Managing Water Resources," *Intergovernmental Perspective* 17 (Summer 1991): 6-7, 24.

² The appendix papers are: William B. Lord, "Decision Making in Drought Preparedness Studies" (a framework for understanding the different types of decisions that are made in governing water and managing droughts); Hanna J. Cortner, "Reconciling Citizen, Analyst, and Manager Roles in Democratic Governance: Public Involvement Challenges in the 1990s" (traces the evolution of citizen involvement through four eras—closed participation, maximum feasible participation, environmental activism, and collaborative decision building—and describes how goals can be reconciled); Charles L. Lancaster, "Assessment of Water Law and Drought Management" (examines trends and specific issues in water law and draws implications for water managers); Vivian E. Watts, "Enacting a Virginia Water Management Plan" (part of the James River Basin drought planning case study, shows how water managers can identify the need for legislative change and help to sensitize the state political climate to this need); and David S. Harrison, Helen Birss, and Deen Ruiz, "Water Governance in the Cedar and Green River Basins" (a detailed stakeholder analysis of public and private interests and a scorecard the players can rely on as they work to improve drought preparedness).

³ See Lord.

⁴ See Cortner; see also ACIR, *Citizen Participation in the American Federal System* (Washington, DC, 1981).

Bruce D. McDowell is Director of Government Policy Research at ACIR.

The State-Local Fiscal Outlook From a Federal Perspective

Philip M. Dearborn

The fiscal outlook for state and local governments for the balance of this century—from the federal perspective—will depend on four factors: the federal budget; health care reform, including Medicaid; welfare reform; and federal mandates and regulations.

The Federal Budget

A severely constrained federal budget will dominate the financial relationships between the federal government and state and local governments, at least through 1999. As the result of an agreement reached between President Clinton and the Congress in 1993, total federal discretionary spending is projected to decrease by \$1.8 billion between 1994 and 1999 (see Table 1).

Table 1
**U.S. Budget Projected Discretionary Outlays,
1994-1999**
(millions)

Type of Outlay	1994	1999	Change
Total Discretionary	\$550,109	\$548,286	(\$1,823)
Less Defense	268,423	246,286	(22,137)
All Nondefense Discretionary	\$281,686	\$302,000	(\$20,314)

Source: *Budget of the United States Government, Fiscal Year 1995.*

Even after adjusting for planned decreases of \$22 billion in defense spending, only \$20 billion will be available for all other discretionary purposes. State and local governments will be competing with NASA, foreign aid, the National Institutes of Health, national parks, and other federal civilian agencies for a share of this amount. Even with the planned decline in discretionary spending, the federal deficit is still projected to exceed \$200 billion in 1999, and there are demands from some on Capitol Hill for even deeper budget cuts. Therefore, although budget agreements are subject to change, and projections will be revised, there is little expectation of any dramatic improvement in federal budget prospects.

Nevertheless, total federal aid to state and local governments is projected to increase \$48 billion from 1994 to 1999 because of a massive increase in nondiscretionary federal entitlement spending for Medicaid and Aid to Families with Dependent Children (AFDC) (see Table 2).

Table 2
**Federal Grants to State and Local Governments,
Current Projections, 1994-1999**
(millions)

Program	1994	1999	Change
Medicaid	\$87,156	\$152,235	\$65,079
AFDC	16,413	19,683	3,270
All Other	113,696	93,664	(20,032)
Total	\$217,265	\$265,582	\$48,317

Source: *Budget of the United States Government, Fiscal Year 1995.*

These entitlement estimates are based on current service projections that assume no changes in the laws resulting from health care and welfare reform proposals. If these entitlement projections actually do occur, all other federal aid would have to decrease \$20 billion to meet the 1999 federal budget target for total state and local aid.

For fiscal 1995, President Clinton has proposed some changes in emphasis for federal aid to state and local governments. The most significant difference is the shift from a Medicaid increase of \$9.2 billion that dominates outlays to increases in budget authority for transportation infrastructure, education, crime, health initiatives, and no increase in Medicaid (see Table 3).

Table 3
**Federal Grants to State and Local Governments,
1994-1995 Budget Authority and Outlay Changes**
(millions)

Program	Authority Change	Outlay Change
Medicaid	\$146	\$9,217
AFDC and Related	204	(700)
Transportation	1,560	1,085
Social Services	(254)	864
Housing	397	1,300
Nutrition	344	887
Education	1,772	(331)
Community Development		
Block Grant	800	390
Crime	1,774	180
Health Initiative	1,855	744
Employment	904	361
All Other	442	(634)
Total	\$9,944	\$13,363

Source: *Budget of the United States Government, Fiscal Year 1995*.

Stabilizing Medicaid costs will be important for the federal budget and for state budgets. Because Medicaid requires state matching payments of up to 50 percent, current projections would mean an increase in state spending from own-source revenues of over \$50 billion. The overall result may be an ironic situation in which state and local governments will appear to receive a large increase in federal aid, but will actually be required to spend billions more in own-source funds while receiving less federal discretionary aid. Will this happen? The answer may well rest with the success of the health care and welfare reform.

Health Care Reform

It is difficult at this time to assess in any detail how state and local health care costs will be affected by national reforms. However, state and local governments have a major stake in the outcome. For states, this is

particularly true for Medicaid. Medicaid equaled 11.4 percent of state direct spending in 1991. State Medicaid costs in 1992 (including a small amount of local payments) were \$50.3 billion, up over \$40 billion from \$11.2 billion in 1980. The current service projection is for another increase of over \$50 billion by 1999. In addition to Medicaid, states spent over \$38 billion in 1991 (8.6 percent of state direct spending) to operate public hospitals, many of them associated with state universities, and \$14 billion for non-Medicaid public health services.

Estimates of effects of the President's health care reform proposal on states have varied widely. The Department of Health and Human Services estimates that states will save at least \$45.8 billion by 2000 (\$31.9 billion on Medicaid, \$7.6 billion through a new long-term care program, and \$6.3 billion in purchases of health care for employees and retirees). The National Association of State Mental Health Program Directors, using the same data, estimated the savings at \$53.4 billion. The Urban Institute estimate of state Medicaid savings is \$38.8 billion, while a study by Lewin-VHI estimates the savings at \$25.4 billion in 2000.

While the effects of health care reform on local governments have not been estimated, a look at health care spending suggests that the fiscal implications for local governments may be as substantial as for states. For example, local governments own and operate 1,408 public hospitals, which spent over \$30 billion in 1991, much of it for uninsured indigents. Local governments also provide health insurance for most of their 11 million employees at a total cost of perhaps \$25 billion, and public health services cost another \$12.5 billion. Thus, direct local health care costs alone total over \$67.5 billion, or about 12 percent of all local spending.

A key element of health care reform is cost shifting to remove inequities among those footing the bills. Because state and local governments incur large health care costs for the uninsured, such shifting should ultimately be beneficial to them. However, as the legislation progresses and efforts are made to provide relief for the federal budget, there are no guarantees that costs will not be shifted to state and local governments rather than away from them.

Welfare Reform

Current welfare reform proposals are the latest in a continuing evolution of national income support policies. Questions about which governments will pay the costs of welfare and through what types of programs have been asked since the temporary *Federal Emergency Relief Act of 1933*. Prior to 1933, responsibility for welfare was borne by the states.

In 1935, the *Social Security Act* created national old age insurance and unemployment insurance, and provided a permanent program of federal aid to states for the provision of old age assistance, aid to the blind, and aid to dependent children. The three programs were open-ended entitlements of the federal government, but their purpose was seen as helping states meet their basic responsibilities

for welfare. In 1936, states still paid 88 percent of all public assistance. Even by 1960, the federal costs for public assistance were just over \$2 billion.

From 1960 to 1967, federal assistance expenditures doubled from \$2.1 billion to \$4.1 billion, and the number of recipients increased from 5.8 million to 8.1 million. In 1974, 3 million recipients were transferred from state to federal welfare rolls following enactment of the Supplemental Security Income (SSI) program for the aged, blind, and disabled. While this shift was occurring, the federal food stamps program emerged. By 1975, there were more than 19 million food stamp recipients receiving aid at a cost of \$4.4 billion. The addition of the Earned Income Tax Credit (EITC) and WIC (Women, Infants, and Children Nutrition) in the 1980s added to the federal income support role.

By 1992, the federal cost for these programs was \$69.7 billion, up from \$23.8 billion spent in 1980. However, the increases were very uneven, with the lowest increase in AFDC. Because AFDC is the principal welfare program for which the states share the costs, the states' overall share of the five federal-state public assistance programs has been in decline, and was only 22 percent of the total aid in 1992 (see Table 4). Thus, there has been a shift in federal income support financing from zero in 1932 to 78 percent in 1992. This shift to federal programs has also kept state AFDC cost increases close to inflation, except for the recent effects of the national recession.

It is in this historical context that a new federal welfare reform proposal is being designed. Details are not yet available, but it will apparently require all AFDC recipients able to work to do so within two years or lose their eligibility. It will also provide aid to those needing training, child care, and other help to make them employable. There is no indication of any expressed federal intention to shift any of these costs to state and local governments.

However, states and localities still have a basic responsibility for public assistance. There is the possibility that as eligibility for federal programs is reduced or limited,

those no longer eligible will become the total responsibility of state or local governments. It is also possible that states may be expected to share in the costs of job training, child care, and providing public employment. Some estimates have placed these costs as high as \$10 billion annually.

Federal Mandates on State and Local Governments

Federal mandates continue to be a major concern for state and local governments, but the actual fiscal effects on future budgets are unclear. Several recent limited studies suggest that existing mandates are not having much direct effect on state finances, although they involve the federal government deeply in the management of state governments.

For example, Tennessee and Ohio have estimated their mandate costs and projected these costs ahead. Mandates in Tennessee in 1993 were estimated at \$153.7 million, or about 2.7 percent of state own-source revenues. By 1995, the cost is projected to rise to \$194.5 million, or about 3.5 percent. Ohio identified costs of \$260.1 million in 1992, or 1.7 percent of own-source revenues, increasing to \$389.2 million, or 2.5 percent, in 1995. In each case, Medicaid requirements imposed since 1987 constitute two-thirds of the mandate costs.

Virginia, in contrast, using a very broad definition of mandates, attributes about 20 percent of its budget to federal actions.

Two cities—Columbus, Ohio, and Lewiston, Maine—also estimated mandate costs. Columbus found that its 1991 costs were \$62.1 million, or 10.6 percent of the budget, and projected \$107.4 million, or 18.3 percent, by 1985. While Lewiston estimated current mandate costs at less than 1 percent of the budget, it projected that the cost of proposed requirements facing the city could equal over 18 percent of its budget in some future year. In both of these studies, the principal mandate costs were related to water and sewer services that are customarily paid for by users.

Table 4
State Share of Major Income Support Programs
(millions)

Program	1992 Total	Federal	State	Percent State
AFDC	\$24,922	\$13,569	\$11,353	45.6%
SSI	22,238	18,247	3,991	17.9
Food Stamps	24,918	23,540	1,378	5.5
WIC	5,411	2,567	2,844	52.6
EITC	11,783	11,783	0	0.0
Total	\$89,272	\$69,706	\$19,566	21.9%

Source: U.S. House of Representatives, Committee on Ways and Means, *The Green Book 1993* (Washington, DC, July 1993), Tables 1, 4, 19, 21, and 34.

These studies evaluate direct fiscal effects and do not consider the costs that may result from loss of state and local discretion and flexibility caused by the maze of federal regulations and requirements. Regardless of the budget effects of existing mandates, the key question is whether the federal government will continue to add new mandates and regulations. There is no assurance it will not, but President Clinton has issued executive orders specifically limiting the imposition or expansion of mandates by the executive branch. The Congress also is considering a variety of bills that would restrict future unfunded federal mandates.

Putting It All Together

Overall, state and local governments can probably expect no real financial help, in terms of discretionary aid from the federal government, for the balance of this century. The overriding concern of state and local governments has to be the federal budget crunch. There simply is no federal funding on the horizon for state and local governments.

While health reform may provide some relief, it is not clear at this time how such savings, if any, will be realized. However, even a slowing of the rapid increases in Medicaid and employee health insurance costs has the potential to reduce pressure on future budgets.

Welfare reform, while likely to be presented as neutral to state and local budgets, has potential cost burdens for state and local governments.

While mandates remain a potential financial threat, especially in view of the lack of federal funds to carry out federal initiatives, it appears that this threat may be diminishing.

Philip M. Dearborn is Director of Government Finance Research at ACIR.

The National Guard: Defending the Nation and the States

This study focuses on intergovernmental issues concerning the control and operation of the National Guard. The role of the Guard in the 1991 Persian Gulf operations highlighted its place in the nation's defense system. Equally important is the Guard's role in domestic affairs (i.e., emergency preparedness and civil disturbances) under the control of the governors. The report contains recommendations on dual control of the Guard by the federal and state governments, the future of the Guard in the context of national security and state needs, and opportunities for improved intergovernmental cooperation.

A-124 1993 \$15

(see page 39 for order form)

Federal Regulation of State and Local Governments: The Mixed Record of the 1980s

A decade ago, ACIR issued a report on regulatory federalism—the use of federal regulations aimed at or implemented by state and local governments. This report examines the results of initiatives to reform intergovernmental regulation during the 1980s, especially Executive Order 12612 on Federalism and the *State and Local Government Cost Estimate Act*. The report also inventories a number of new mandates and traces the U.S. Supreme Court's evolving doctrines affecting intergovernmental regulation.

A-126 1993 \$15

Federal Statutory Preemption of State and Local Authority: History, Inventory, and Issues

Federal preemptions of state and local authority have increased significantly since the late 1960s. Of 439 significant preemption statutes enacted by the Congress since 1789, more than 53 percent (233) have been enacted only since 1969. To assess the impact of federal preemption and perceptions regarding various approaches, ACIR surveyed state elected officials, agency heads, and the 26 state ACIRs. There was a consensus that there is too much federal preemption and that the Congress delegates too much authority to federal administrators. Nevertheless, many respondents acknowledge the need for federal preemption under certain circumstances.

In general, state officials rated highly (1) standard partial preemption, (2) a federal statutory provision stipulating that a state law is valid unless there is a direct and positive conflict with a federal law, and (3) congressional permission for states to act where no federal standard is in effect.

With this report, the Commission reaffirms its earlier recommendation that federal preemption, while necessary in a federal system, ought to be minimized and used only as necessary to secure the effective implementation of national policy adopted pursuant to the Constitution."

A-121 1992 \$10

(see page 39 for order form)

Intergovernmental Recordkeeping In the Information Age

Marie B. Allen

Changes in the information universe in the last half-century have been revolutionary. With the pervasive presence and importance of computer technology, information has become a vital resource. Now, more than ever, government managers cannot afford to neglect the effective and efficient administration of information resources. Government information has become the focus of numerous lawsuits on everything from Presidential records to electronic mail to access and privacy issues. According to Mitchell Kapor, President of the Electronic Frontier Foundation, information rights in this age will have an importance similar to that of water rights in the frontier of a century ago.¹

Information Management

Information management has become a vital function largely because of (1) the growing significance of government information to citizens, (2) new technologies for organizing and delivering information more efficiently, and (3) the changing American work place. A century ago, most jobs were agricultural; 50 years later, employment in the manufacturing sector tended to predominate; now millions of Americans work in some form of information management or service delivery. In the public sector alone, more than 20 percent of all state executive branch employees, approximately 420,000 nationwide, hold information-related positions.²

Thus, it should be no surprise that government, the primary collector and disseminator of information, is under enormous and contradictory pressures to:

- Make government information available to the public and protect the public's privacy rights;
- Facilitate public dissemination of government information and refrain from interfering with private sector efforts to do the same;
- Destroy noncurrent records for economy of government operations (when no longer needed for administrative, fiscal, or other purposes) and preserve every piece of paper or e-mail message with information of value to anyone; and
- Expand the availability of free information and downsize government personnel and budgets.

The Intergovernmental Context

As if these tasks were not challenging enough, government officials must manage information in an intergovernmental context. Federal programs are delivered through intergovernmental partnerships for everything from food stamps to hazardous waste cleanups. Even programs funded primarily by one type of government, such as education, are replete with regulations imposed by other governments. Nowhere is the increasingly intergovernmental nature of programs more visible than in information management, and the most vital information resource—because it is unique and irreplaceable—consists of government records.

There are many connections between federal, state, and local records, whether in the form of paper, electronic data, photographs, maps, microfilm, or other media. Somewhere between 50 and 70 percent of state records, for instance, are created and maintained because of federal mandates and recordkeeping requirements.³ Federal requirements have grown exponentially over the last 30 years, with few standards or guidelines. There is little oversight of these recordkeeping requirements by information management professionals or by those on whom the requirements are imposed. The number and complexity of federal recordkeeping requirements make it difficult for managers to locate all of them and assure compliance with legal obligations.

Many of the proposed solutions to these information problems echo themes sounded by the "reinventing government" advocates and the 1993 National Performance Review. For example:

- 1) On-line access could reduce much of the difficulty and confusion in identifying federal recordkeeping requirements.
- 2) Participation by intergovernmental committees in creating and revising regulations could reduce unnecessary duplication of recordkeeping.
- 3) Oversight and review committees could eliminate some problems that result primarily from carelessness. Some federal requirements, for instance, specify that certain records be kept without stating a time limit, thus leading to unnecessary and expensive permanent maintenance.

In order to make a difference, federal, state, and local government officials must work together to identify problems, propose solutions, and implement recommendations for revising federal recordkeeping requirements. The National Archives and Records Administration has a statutory basis for supporting and participating in such cooperative projects. The Archivist of the United States has a statutory responsibility for assisting the Office of Management and Budget (OMB) in "conducting studies and developing standards relating to record retention requirements imposed on the public and on state and local governments by federal agencies."⁴ In the last several years, the Archives has begun to implement this responsibility through a number of cooperative projects.

Intergovernmental Cooperative Appraisal Project

In a pilot program that may have significant policy implications, the Intergovernmental Records Program of the National Archives and the National Association of Government Archives and Records Administrators (NAGARA) have joined in the Intergovernmental Cooperative Appraisal Project (ICAP) to identify ways to reduce unnecessary duplication and participate more actively in establishing and implementing federal recordkeeping requirements. Begun in 1992, ICAP is committed to managing government information in an intergovernmental context and serving as an information clearinghouse.

With the participation of nine state archives (Alabama, Florida, Georgia, Kentucky, Massachusetts, New York, North Carolina, Utah, and Virginia) and the National Archives, ICAP has worked to (1) establish a common vocabulary among federal, state, and local records managers, (2) utilize defined terms in shared records management forms, (3) exchange information about specific national program requirements, and (4) streamline or reduce federal recordkeeping requirements imposed on state and local government.

ICAP is focusing on streamlining or reducing federal recordkeeping requirements in specific federal programs, in cooperation with agency officials. ICAP will also invite other related professional associations to participate, such as the National Association of State Information Resource Executives, Council of State Governments, Information Policy Consortium, National League of Cities, National Governors' Association, and others.

The proposed focus areas include the Department of Agriculture's food stamp program, the Environmental Protection Agency's *Resource Conservation and Recovery Act* program, and the Department of Health and Human Services' Medicaid programs. The food stamp records project will be discussed here.

Food Stamp Records Project

Managers at the Food and Nutrition Service (FNS) approached the National Archives in 1993 to discuss their ideas for reducing the federal recordkeeping burden on state and local governments. The FNS initiative came just as ICAP was beginning to identify which national programs should be project focus areas. The National Archives and NAGARA exchanged letters of commitment with FNS, naming three federal and state records managers as co-directors of the Food Stamp Records Project.⁵ The purpose of the project is to determine whether the three-year retention requirement for food stamp paper applications can be reduced in light of the retention of parallel information in electronic form. Key issues will be the review of records management controls for the electronic systems and the sufficiency of the controls for legal admissibility purposes.

The food stamp program is a federal-state partnership in which the states administer the program. Households apply for food stamps at the state welfare offices. State workers use uniform nationwide rules promulgated by FNS to determine and certify eligibility, to calculate each household's allotment, and to monitor and recertify recipient eligibility.

Food stamps or coupons are used to purchase food at certain stores. Participating stores redeem the food stamps at banks. The banks, in turn, redeem the food stamps at their regional Federal Reserve Bank, and the Federal Reserve Bank seeks reimbursement from the Treasury. The federal government pays the costs of food stamps (approximately \$26 billion in FY 1993). The direct and indirect administrative costs of the program are shared 50/50 by the federal and state governments.

Although food coupons/stamps are the most common method of distributing food assistance, several states are testing alternative methods such as electronic benefit transfer (distribution through credit-like cards) and cash-out welfare reform projects (checks to families consolidating assistance from several federal income supplement programs).

States manage food stamp program data through automated systems, developed in accordance with a

Legal Admissibility of Electronic Records

The American legal system grew out of the medieval English system, in which only verbal testimony, not documentary evidence (defined as a form of "hearsay"), was admissible in court. The Federal Rules of Evidence (duplicated in similar laws in most states) provide for exceptions to the hearsay rule for most public records created in the course of routine government activity, provided they can be shown to be accurate, reliable, and trustworthy.

The rules of evidence are the same for electronic records as for paper records, but, in a paper prepared for OMB, the Department of Justice noted that "because electronically filed files are particularly susceptible to purposeful or accidental alteration, or incorrect processing, laying a foundation for their admission must be done with particular care. Proper control over creation and maintenance of these files can be crucial in overcoming inevitable objections that will be raised in the courtroom."⁶

The establishment of management controls for accurate, reliable, and trustworthy electronic records is therefore a vital concern of government program mana-

gers and information management and records professionals. Guidelines and studies are being produced by a number of different groups. In addition to the Justice Department paper, the National Archives and Records Administration is testing a set of archival functional requirements for electronic systems with the cooperation of a unit of the U. S. Agency for International Development.⁷

The National Historical Publication and Records Commission has funded a three-year study led by the University of Pittsburgh's School of Library and Information Science on archival functional requirements for business systems.⁸ The Association for Information and Image Management (AIIM) in 1992 published *Performance Guidelines for the Legal Acceptance of Records Produced by Information Technology Systems*.⁹ Produced by a task force including attorneys, information professionals, managers, and consultants, the AIIM guidelines stress the importance of appropriate documentation, audit trails, and other management controls at all stages of the life cycle of electronic records.

federal model, that have worked in other states. The most common families of systems in use are:

CRIS-E (Ohio, Tennessee, Florida, Michigan, Wisconsin, Indiana, West Virginia);

Alaska (Alaska, North Dakota, Wyoming, Mississippi, Arizona, Kansas, Utah, Hawaii, South Carolina, Montana, District of Columbia);

Georgia/New Mexico (Georgia, New Mexico, Alabama, Connecticut, North Carolina, Colorado, Maryland, Michigan, Washington);

Vermont (Vermont, Rhode Island, South Dakota, Nevada, Minnesota)

Massachusetts (Massachusetts, Iowa); and

NAPA County California (California, Virginia).

Despite the prevalence of automated systems in the food stamp program, paper files filling thousands of file cabinets and record boxes are maintained at each certification location. Duplicate recordkeeping exists for a variety of reasons:

- 1) Reliance on paper records is traditional and familiar.
- 2) Program managers do not have complete confidence in the reliability of electronic records systems.
- 3) There are issues regarding legal admissibility of electronic records. The legal issues are particularly important because of the key role records play in protecting rights in court.

For the Food Stamp Records Project, state and local archivists and records managers in six states will review the management controls for food stamp electronic systems, identify areas of needed improvement, and work with state and federal agencies administering the programs to identify appropriate solutions.

By working closely with records professionals, government officials in the food stamp program and other national programs are taking actions to reduce unnecessary duplicate documentation, protect the legal rights of the government and citizens, deal with new issues posed by electronic media, and break new ground in intergovernmental information cooperation.

Federal and State Information Policy

Coordination and cooperation for efficient modern information management is a theme that is being sounded by managers throughout government. In March 1992, NAGARA issued a call for such coordination in *State Government Information Policy: Guidelines and Principles*.¹⁰ Noting that 47 states have a single office responsible for centralized state information resource management, NAGARA emphasizes the importance of (1) establishing a state information policy, (2) identifying necessary changes in state records laws, and (3) establishing lines of communication with all government records and information managers.

In July 1993, OMB stressed similar themes in federal information policy through Circular A-130 (Revised):

Government information is a valuable national resource. It provides the public with

knowledge of the government, society, and economy—past, present, and future. It is a means to ensure the accountability of government, to manage the government's operations, to maintain the healthy performance of the economy, and is itself a commodity in the marketplace. . . . The free flow of information between the government and the public is essential to a democratic society. . . .¹¹

In a departure from earlier information policy issuances, Circular A-130 also stressed the intergovernmental nature of information management:

State and local governments, and tribal governments, cooperate as major partners with the Federal Government in the collection, processing, and dissemination of information. . . . When planning, designing, and carrying out information collections, agencies should systematically consider what affect their activities will have on cities, counties, and States, and take steps to involve these governments as appropriate. Agencies should ensure that their information collections impose the minimum burden and do not duplicate or conflict with local efforts or other Federal agency requirements or mandates. The goal is that Federal agencies routinely integrate State and local government concerns into Federal information resources management practices. . . .¹²

Conclusion

In an era of "reinventing" and "reengineering" government, the National Archives and Records Administration and the National Association of Government Archives and Records Administrators are working together to facilitate effective and efficient intergovernmental information management. Given the enormous challenges that information technology and dissemination pose to government managers, and the disastrous results of failing to manage record systems successfully, this type of assistance and coordination is a prerequisite for survival in the Information Age.

Notes

¹ Mitchell Kapor, "A Vision of the Future," in *Proceedings of the Federal Library and Information Center Committee's Forum on Federal Information Policies* (Washington, DC: Library of Congress, 1992).

² National Association of Government Archives and Records Administrators, *State Government Information Policy: Guidelines and Principles* (Albany, New York, 1992).

³ This estimate came out of a discussion among National Archives personnel and representatives from several dozen state archives participating in the Advanced Archives Institute sponsored by the National Association of Government Archives and Records Administrators, University of Pittsburgh School of Library and Information Science, and the National Historical Publications and Records Commission, June 1993.

⁴ 44 U.S.C. 2905(b).

⁵ Deborah Skaggs, Assistant Director, Alabama Department of Archives and History; Thomas Mills, Assistant Director, New York State Archives and Records Administration; and Marie Allen, Deputy Director, Intergovernmental Records Programs, National Archives. Participants include the State Archives of Alabama, Massachusetts, New York, South Carolina, Utah, and Virginia.

⁶ U. S. Department of Justice, "Admissibility of Electronically Filed Federal Records As Evidence," unpublished paper, circa. 1991.

⁷ For more information, contact Marilyn McLennan, Office of Records Administration (NI), National Archives and Records Administration, Washington, DC 20408; (202) 501-6000, FAX (202) 501-7452.

⁸ Contact for the project is Prof. Richard J. Cox, School of Library and Information Science, University of Pittsburgh, Pittsburgh, PA 15260; (412) 624-9438, FAX (412) 624-5231, e-mail rjc@icarus.lis.pitt.edu.

⁹ National Association for Information and Image Management, *Performance Guideline for the Legal Acceptance of Records Produced by Information Technology Systems. Part I: Performance Guideline for Admissibility of Records Produced by Information Technology Systems as Evidence* (Silver Spring, Maryland, 1992).

¹⁰ National Association of Government Archives and Records Administrators, *State Government Information Policy*.

¹¹ U. S. Office of Management and Budget, "Management of Federal Information Resources, Revision of OMB Circular No. A-130," *Federal Register* 58 (July 2, 1993): 36068-36086.

¹² *Ibid.*, pp. 36080-81.

Marie B. Allen is Deputy Director, Intergovernmental Records Programs, National Archives and Records Administration.



Significant Features of Fiscal Federalism 1994 Edition

Volume I—Budget Processes and Tax Systems

Significant Features of Fiscal Federalism, Vol. I, includes federal and state budget processes; federal individual income tax rates; state and local individual income tax rates updated through November 1993; tax rate and base information on social security and unemployment insurance; general sales tax rates and exemptions; state severance taxes; property tax relief programs; federal and state excise tax rates; estate, inheritance, and gift taxes; state and local property transfer taxes; and automobile fees and taxes.

Volume I M-190 June 1994 \$20

(see page 39 for order form)

State Mandate Relief: A Quick Look

Joseph F. Zimmerman

In 1994, half of the states have some constitutional and/or statutory limitation on their ability to impose mandates on local governments (see Table 1). Fifteen states have constitutional provisions, 14 states have statutory limitations, and four states have both.

A state mandate is a legal requirement—constitutional, statutory, or administrative—on local governments that commands a specific local activity or service meeting state-determined standards. Such a mandate can be enforced by the courts.

The most common forms of constitutional and statutory relief from state mandates are requirements for the states to (1) fund any new mandate or (2) reimburse any local expenditures that result from the mandate. The next most popular provision is a constitutional option to allow the passage of mandates but to let local governments approve or reject the mandate before it becomes legally binding. Finally, there is statutory mandate relief that provides a new funding source for local governments before allowing the state to require local action or services. This option places an additional burden on local governments because they will be seen as raising taxes locally. The various provisions are shown by state in Figure 1 (page 29), followed by the specific state constitutional and/or statutory citations.

If the constitution or statute requires reimbursement of mandated costs, a state body must be charged with responsibility for determining whether a mandate claim is eligible and the amount. The state or a local government should be able to appeal a decision of the review body to the courts.

State mandate relief activity over the past 40 years is shown in Table 1. The movement by local governments for relief from state mandates strengthened from the 1970s onwards. The constitutional push began in the 1970s and has remained relatively stable. Statutory relief picked up in the 1980s and continues in the 1990s.

Table 1
State Action on State Mandate Relief

Decade	Constitutional	Statutory
1950-1959	1	0
1960-1969	1	0
1970-1979	5	1
1980-1989	4	4
1990-1993	4	9

Source: 1994 survey data collected by Joseph F. Zimmerman, State University of New York, Albany.

State Mandate Relief Options

In addition to constitutional and statutory provisions, state have additional options for mandate relief.

- 1) The legislature could establish a joint legislative committee to receive and determine the merits of complaints about mandates and present recommendations for amendment or repeal of specific mandates.

- 2) All new mandates could contain a sunset provision.
- 3) All new mandates could be pilot tested in selected local governments, with the state assuming the costs during the test period.

- 4) The legislature could authorize the governor or an independent review commission to suspend a mandate and refer it to the legislature with a recommendation for modification or repeal.

Figure 1
State Mandate Relief Provisions

State	Constitutional Relief					Statutory Relief									Total	
	Prohibit Unless Funded	Require Reimbursement	Local Government Must Approve	State Authorize New Funding Source	Two-Thirds Vote to Impose Mandates	Governor May Suspend Mandate	State Must Reimburse	Authorize New Local Funding Source	Prohibit Unless Funded	Delay Effective Date	Local Government Must Approve	General: Waivers/Appeals/Fiscal Impact	Provides Specific Relief	Two-Thirds Vote of Legislature Required	Constitutional	Statutory
Alabama ¹			X												X	
Alaska ²			X												X	
California		X													X	
Colorado			X						X						X	X
Connecticut										X						X
Florida	X			X	X										X	
Hawaii		X													X	
Illinois						X			X							X
Louisiana			X												X	
Maine	X	X			X		X								X	X
Massachusetts	X		X		X		X								X	X
Michigan	X	X													X	
Minnesota												X				X
Missouri	X	X													X	
Montana						X	X	X								X
Nevada							X	X								X
New Hampshire	X		X			X					X				X	X
New Mexico		X		X											X	
New York													X			X
Pennsylvania		X													X	
Rhode Island						X										X
South Carolina							X	X	X					X		X
South Dakota						X	X	X								X
Tennessee ³	X														X	
Virginia						X						X				X
Totals	7	7	6	2	3	1	7	4	5	1	1	2	1	1	15	14

¹ Alabama prohibits enforcement of a state law increasing expenditures or decreasing revenues in the current fiscal year, which ends on September 30, unless the law is approved by a governing body.

² Alaska provides that special acts necessitating appropriations by local governments do not become effective unless ratified by the concerned voters in a referendum.

³ The Tennessee General Assembly is authorized to impose mandates on cities and counties only if the state shares the cost.

Source: 1994 survey data collected by Joseph F. Zimmerman, State University of New York, Albany.

- 5) The governor could issue an executive order directing departments and agencies to confer with local government associations and obtain the approval of the governor or a designated representative before promulgating a rule or regulation imposing a significant cost on local governments.
- 6) The legislature could establish a default system for the performance of a function.
- 7) The legislature can transfer responsibility for a local government function to the state.

Constitutional Citations

Alabama—Amendment 474 (counties); Amendment 491 (municipalities), 1988
 Alaska—Art. 2, Sec. 19, 1959
 California—Art. 13B, Sec. 6; amendment by Proposition 4, 1979
 Colorado—Art. IX, Sec. 20(9), amendment by initiative/ referendum, 1992
 Florida—Art. 7, Sec. 18, amendment, 1990
 Hawaii—Art. 8, Sec. 5, amendment, 1978
 Louisiana—Art. 6, Sec. 14(a), amendment, 1991
 Maine—Art. 4, Part 3, Sec. 21, amendment, 1992
 Massachusetts—Art. 115 of amendments, 1980
 Michigan—Art. 9, Sec. 29, amendment, 1979
 Missouri—Art. 10, Sec. 21, amendment, 1980
 New Hampshire—Part 1, Art. 27a, amendment, 1984
 New Mexico—Art. 10, Sec. 8, amendment, 1984

Pennsylvania—Art. 8, Sec. 2, 1968
 Tennessee—Art. 2, Sec. 24, 1978

Statutory Citations

Colorado—Chap. 166, Colo. Laws of 1991; Sec. 29-1-304.5, Colo. Rev. Stat.
 Connecticut—Public Act 93-434, Sec. 15, 1993
 Illinois—Chap. 30, Sec. 805-1, Ill. Comp. Stat. Ann., 1981 (1981 Illinois State Mandates Act)
 Maine—Chap. 351, Secs. 3 and 4, Maine Laws, 1993
 Massachusetts—Proposition 2 1/2, 1980; Chap. 580, 1980.
 Minnesota—Chap. 604, Minn. Laws of 1990; Chap. 345, 1991; Chap. 375, Art. 15, 1993
 Montana—Chap. 275, Mont. Laws of 1974; Sec. 1-2-112, Mont. Code Ann. (effective 1979)
 Nevada—Chap. 419, Nev. Laws of 1993; Sec. 354.599, Nev. Rev. Stat.
 New Hampshire—Chap. 384 N.H. Laws of 1991; Chap. 161 of 1992
 New York—Chap. 737, N.Y. Laws of 1987; Chap. 78 and 377, 1989; Chap. 305 and 413, 1991
 Rhode Island—Chap. 213, R.I. Pub. Laws, 1987
 South Carolina—Sec. 4-9-55 (counties) and 5-7-310 (municipalities), S.C. Code of Laws, 1993
 South Dakota—Chap. 61, S.D. Laws of 1993; Sec. 6-15-1 S.D. Cod. Laws Ann.
 Virginia—Sec. 2.1-51.5:1, Code of Va., 1991; HB 2332, 1993

Joseph F. Zimmerman is professor of political science at the State University of New York, Albany.

State ACIRs Focus on Mandates

State ACIRs have been active in the debate and research surrounding mandates. The focus has varied between federal and state mandates; some include both.

Connecticut Advisory Commission on Intergovernmental Relations. The commission has completed *A Compendium of Statutory Mandates on Municipalities in Connecticut* (February 1994). The commission plans to address regulatory mandates and assess economic mandates in future reports.

Colorado Advisory Committee on Intergovernmental Relations. Colorado has a statute that limits tax levels for local governments, with a provision to the effect that local governments may turn back mandated responsibilities if they would cause the jurisdictions to exceed tax limitations. There are several bills in the state legislature dealing with federal man-

dates, and the state ACIR is beginning to monitor them.

Maryland Joint Committee on Federal Relations. The committee has been studying federal mandates since 1993. Following a survey of state agencies, the committee identified the 13 most burdensome mandates cited by the agencies. The survey results and suggested actions were sent to the Maryland congressional delegation.

Oklahoma Advisory Committee on Intergovernmental Relations. A bill was introduced amending the statute dealing with legislative review of proposed agency regulations. The amendment pertains to "emergency" regulations that could be promulgated without review when the legislature is out of session. The state ACIR would review regulations that the issuing agency has determined will have an impact on local governments.

Utah Advisory Council on Intergovernmental Relations. During the last legislative session, the state ACIR published a biweekly newsletter called the *Mandates Watch*, which was distributed to legislators, local government associations, and other interested parties. UACIR also supported bills intended to lessen the impact of state mandates. Four of these were enacted.

Other ACIRs. Mandate studies are an ongoing function for the Florida Advisory Council on Intergovernmental Relations and Tennessee Advisory Commission on Intergovernmental Relations. Mandate studies are under way in the Iowa Advisory Commission on Intergovernmental Relations and Louisiana Advisory Commission on Intergovernmental Relations.

MPOs and Weighted Voting

Seth B. Benjamin
John Kincaid
and
Bruce D. McDowell

The *Intermodal Surface Transportation Efficiency Act of 1991* (ISTEA) authorizes Metropolitan Planning Organizations (MPOs) to allocate about 20 percent of ISTEA funds to be spent in their areas. This new role for MPOs makes it important to assure fair representation of area local governments on their policymaking boards.

In 1993, the Federal Highway Administration (FHWA) surveyed the 137 MPOs that are designated as Transportation Management Areas. These include all MPOs serving a population of 200,000 or more, plus a few others with congestion and/or air quality problems. The information was collected by FHWA's district offices. They received responses from 86 MPOs.

ACIR analyzed the 86 responses and found the following:

- Central city residents are underrepresented on 68 MPO policymaking boards (79 percent) and overrepresented on 6 boards (data for the other 12 MPOs were incomplete).
- Population-weighted voting can be used in 18 MPOs in ten states and the District of Columbia. The states are Arizona, California, Colorado, Delaware, Michigan, Missouri, North Carolina, Ohio, Tennessee, and Washington. Only in the Metropolitan Washington Council of Governments is the central city representation almost equivalent to its percentage of the region's population. The central cities are underrepresented on the boards of 11 MPOs that can use weighted voting (data for the other 6 MPOs were incomplete).

Table 1 is a summary, by state, of the number of MPOs in which central cities are underrepresented and that are authorized to use weighted voting.

Weighted voting on MPO boards can be established by the MPO bylaws or by the state legislature. Table 2 shows which MPOs have weighted voting available to them.

Table 3 ranks central city representation on MPOs by an index of voting power and also shows the percentage difference between a city's board representation and its proportion of the region's population.

Table 4 expands the detail, showing central city population as a percentage of the MPO area population, and central city representation as a percentage of the total number of votes on the board.

Index of Central City Voting Power

ACIR created an index of central city voting power, which is the proportion of central city membership on the MPO board divided by its proportion of the population of the MPO area. The index allows a comparison of different size cities and MPOs in relation to each other.

An index of 1.00 means that a city has the same voting strength on the MPO as its proportion of population in the MPO area would warrant if one assumes one person-one vote. An index above 1.00 indicates overrepresentation of the city on the MPO board, and an index below 1.00 indicates underrepresentation.

Table 1
Central City Representation on MPO Boards

	Number of MPOs in Survey	Number of MPOs with Central City Under- representation on Board ¹	Number of MPOs Having Weighted Voting Available
Alabama	1	1	na
Alaska	1	1	na
Arizona	1	1	1
California	8	8	2
Colorado	2	2	2
Connecticut	4	3	na
Delaware	1	1	1
District of Columbia	1	0	1
Florida	6	3	na
Georgia	1	1	na
Illinois	1	1	na
Indiana	3	1	na
Kentucky	2	2	na
Louisiana	2	1	na
Maryland	1	1	na
Massachusetts	3	3	na
Michigan	4	4	1
Minnesota	1	1	na
Missouri	2	1	1
Nevada	2	2	na
New Jersey	1	1	na
New Mexico	1	1	na
New York	4	4	na
North Carolina	3	1	3
Ohio	8	4	4
Oregon	1	1	na
Pennsylvania	5	5	na
Puerto Rico	1	0	na
Rhode Island	1	1	na
Tennessee	3	3	1
Texas	3	3	na
Utah	2	0	na
Virginia	2	2	na
Washington	3	3	1
Wisconsin	1	1	na
Total	86	68	18

na—not available in state

¹ Underrepresentation is defined as voting strength on the MPO board that is lower than the central city's percentage of the MPO area population.

Source: U.S. Department of Transportation, Federal Highway Administration, 1993 Survey of MPOs.

Difference between Membership and Population Percentage

The percentage difference between the central city membership on the board and its proportion of the population of the MPO area shows, for instance, that Philadelphia has 48 percent of the population of the MPO area but only 6 percent of the board membership. The difference between these figures indicates that Philadelphia has 42 percent less voting strength on its MPO board than its population would warrant if voting were based on equal representation.

Table 2
**MPOs with Weighted
Voting Provisions**

State	MPO	Index of Central City Voting Power
Arizona	Phoenix	0.08
California	Fresno	0.08
	San Diego	0.11
Colorado	Denver	0.16
	Colorado Springs	0.41
District of Columbia	Washington, DC	1.06
Delaware	Wilmington	0.61
Michigan	Grand Rapids	0.23
Missouri	Kansas City	na
North Carolina	Charlotte	na
	Durham	na
	Raleigh	na
Ohio	Cleveland	0.53
	Dayton	na
	Toledo	na
	Youngstown	0.54
Tennessee	Nashville	0.13
Washington	Seattle	0.67

Total States = 11 Total MPOs = 18

Source: ACIR calculations based on U.S. Department of Transportation, Federal Highway Administration, 1993 Survey of MPOs.

Table 3
Central City Representation on MPO Boards
(in Order of Index of Voting Power)

State	MPO	Index of Central City Voting Power ¹	Difference between Membership and Population Percentage	Weighted Voting Available	State	MPO	Index of Central City Voting Power ¹	Difference between Membership and Population Percentage	Weighted Voting Available
CT	Middletown	2.25	10%	No	TN	Memphis	0.21	-63	No
UT	Salt Lake	2.20	24	No	AK	Anchorage	0.20	-80	No
FL	Tampa	1.88	14	No	NY	Syracuse	0.19	-34	No
FL	Saint Petersburg	1.29	4	No	CO	Denver	0.16	-26	Yes
FL	Fort Lauderdale	1.08	1	No	NY	New York	0.16	-56	No
DC	Washington	1.06	1	Yes	CA	Bakersfield	0.14	-50	No
NJ	Newark	1.00	0	No	PA	Philadelphia	0.13	-42	No
Equal Representation		1.00	0		TN	Nashville	0.13	-73	Yes
PA	Harrisburg	0.83	-3	No	KY	Louisville	0.12	-36	No
AL	Birmingham	0.79	-9	No	CA	San Diego	0.11	-42	Yes
KY	Lexington	0.76	-24	No	IL	Chicago	0.11	-39	No
CA	Los Angeles	0.68	-10	No	IN	Indianapolis	0.11	-71	No
NV	Las Vegas	0.68	-12	No	MI	Lansing	0.10	-43	No
OH	Canton	0.68	-11	No	WI	Milwaukee	0.10	-46	No
FL	West Palm Beach	0.67	-3	No	MI	Flint	0.09	-39	No
WA	Seattle	0.67	-10	Yes	AZ	Phoenix	0.08	-45	Yes
NV	Reno	0.63	-23	No	CA	Fresno	0.08	-72	Yes
DE	Wilmington	0.61	-7	Yes	OH	Akron	0.07	-39	No
PA	Pittsburgh	0.59	-9	No	LA	New Orleans	0.00	-48	No
TX	Dallas	0.58	-13	No	MA	Boston	0.00	-21	No
CT	Hartford	0.54	-12	No	MA	Springfield	0.00	-34	No
OH	Youngstown	0.54	-12	Yes	MA	Worcester	0.00	-54	No
OH	Cleveland	0.53	-14	Yes	CA	Modesto	na	na	No
FL	Jacksonville	0.52	-41	No	IN	Gary	na	na	No
WA	Vancouver	0.50	-14	No	IN	South Bend	na	na	No
VA	Richmond	0.47	-18	No	LA	Baton Rouge	na	na	No
TN	Knoxville	0.46	-29	No	MO	Kansas City	na	na	Yes
CA	Sacramento	0.44	-19	No	NC	Charlotte	na	na	Yes
PA	Scranton	0.43	-12	No	NC	Durham	na	na	Yes
CO	Colorado Springs	0.41	-47	Yes	NC	Raleigh	na	na	Yes
MO	Saint Louis	0.40	-15	No	NY	Albany	na	na	No
FL	Miami	0.37	-12	No	NY	Buffalo	na	na	No
WA	Spokane	0.34	-42	No	OH	Cincinnati	na	na	No
GA	Atlanta	0.33	-12	No	OH	Dayton	na	na	Yes
MD	Baltimore	0.33	-26	No	OH	Toledo	na	na	Yes
MN	Minneapolis	0.33	-12	No	OR	Portland	na	na	No
RI	Providence	0.33	-14	No	PA	Allentown	na	na	No
CA	San Francisco	0.30	-14	No	PR	San Juan	na	na	No
VA	Norfolk	0.30	-14	No	UT	Provo	na	na	No
TX	El Paso	0.29	-65	No					
NM	Albuquerque	0.26	-57	No	na—not available				
CA	Stockton	0.25	-60	No	¹ Voting Index—Percentage representation of central city on MPO board divided by percentage of central city population in MPO area.				
MI	Detroit	0.25	-21	No					
TX	Houston	0.25	-42	No	Source: ACIR calculations based on U.S. Department of Transportation, Federal Highway Administration, 1993 Survey of MPOs.				
CT	New Haven	0.24	-22	No					
MI	Grand Rapids	0.23	-33	Yes					
CT	Bridgeport	0.21	-27	No					
OH	Columbus	0.21	-53	No					

Table 4
Central City Membership of MPO Board
(in Order of Index of Voting Power)

		Central City Voting Membership	Total Voting Membership	Central City Percentage of Total Voting Membership	Percentage of MPO Population in Central City	Difference between Membership and Population Percentage	Index of Central City Voting Power
CT	Middletown	3	17	18%	8%	10%	2.25
UT	Salt Lake	7	16	44	20	24	2.20
FL	Tampa	3	10	30	16	14	1.88
FL	Saint.Petersburg	2	11	18	14	4	1.29
FL	Fort Lauderdale	2	16	13	12	1	1.08
DC	Washington	5	26	19	18	1	1.06
NJ	Newark	1	20	5	5	0	1.00
PA	Harrisburg	2	13	15	18	-3	0.83
AL	Birmingham	15	44	34	43	-9	0.79
KY	Lexington	15	20	75	99	-24	0.76
CA	Los Angeles	15	70	21	31	-10	0.68
NV	Las Vegas	2	8	25	37	-12	0.68
OH	Canton	3	13	23	34	-11	0.68
FL	West Palm Beach	1	17	6	9	-3	0.67
WA	Seattle	3	15	20	30	-10	0.67
NV	Reno	2	5	40	63	-23	0.63
DE	Wilmington	1	9	11	18	-7	0.61
PA	Pittsburgh	5	40	13	22	-9	0.59
TX	Dallas	6	34	18	31	-13	0.58
CT	Hartford	4	29	14	26	-12	0.54
OH	Youngstown	5	36	14	26	-12	0.54
OH	Cleveland	6	37	16	30	-14	0.53
FL	Jacksonville	4	9	44	85	-41	0.52
WA	Vancouver	2	14	14	28	-14	0.50
VA	Richmond	4	25	16	34	-18	0.47
TN	Knoxville	2	8	25	54	-29	0.46
CA	Sacramento	2	13	15	34	-19	0.44
PA	Scranton	1	11	9	21	-12	0.43
CO	Colorado Springs	3	9	33	80	-47	0.41
MO	Saint Louis	2	21	10	25	-15	0.40
FL	Miami	1	15	7	19	-12	0.37
WA	Spokane	2	9	22	64	-42	0.34
GA	Atlanta	2	36	6	18	-12	0.33
MD	Baltimore	1	8	13	39	-26	0.33
MN	Minneapolis	1	17	6	18	-12	0.33
RI	Providence	1	15	7	21	-14	0.33
CA	San Francisco	1	16	6	20	-14	0.30
VA	Norfolk	1	18	6	20	-14	0.30
TX	El Paso	4	15	27	92	-65	0.29
NM	Albuquerque	5	25	20	77	-57	0.26
CA	Stockton	2	10	20	80	-60	0.25
MI	Detroit	3	46	7	28	-21	0.25
TX	Houston	3	21	14	56	-42	0.25
CT	New Haven	1	15	7	29	-22	0.24
MI	Grand Rapids	2	20	10	43	-33	0.23

Table 4 (cont.)
Central City Membership of MPO Board
 (in Order of Index of Voting Power)

		Central City Voting Membership	Total Voting Membership	Central City Percentage of Total Voting Membership	Percentage of MPO Population in Central City	Difference between Membership and Population Percentage	Index of Central City Voting Power
CT	Bridgeport	1	14	7	34	-27	0.21
OH	Columbus	9	66	14	67	-53	0.21
TN	Memphis	1	6	17	80	-63	0.21
AK	Anchorage	1	5	20	100	-80	0.20
NY	Syracuse	1	13	8	42	-34	0.19
CO	Denver	2	42	5	31	-26	0.16
NY	New York	1	9	11	67	-56	0.16
CA	Bakersfield	1	13	8	58	-50	0.14
PA	Philadelphia	1	18	6	48	-42	0.13
TN	Nashville	2	19	11	84	-73	0.13
KY	Louisville	1	19	5	41	-36	0.12
CA	San Diego	1	19	5	47	-42	0.11
IL	Chicago	1	19	5	44	-39	0.11
IN	Indianapolis	2	22	9	80	-71	0.11
MI	Lansing	1	19	5	48	-43	0.10
WI	Milwaukee	1	21	5	51	-46	0.10
MI	Flint	2	48	4	43	-39	0.09
AZ	Phoenix	1	28	4	49	-45	0.08
CA	Fresno	1	16	6	78	-72	0.08
OH	Akron	1	38	3	42	-39	0.07
LA	New Orleans	0	21	0	48	-48	0.00
MA	Boston	0	6	0	21	-21	0.00
MA	Springfield	0	4	0	34	-34	0.00
MA	Worcester	0	4	0	54	-54	0.00
CA	Modesto	na	16	na	71	na	na
IN	Gary	na	na	na	24	na	na
IN	South Bend	na	na	na	49	na	na
LA	Baton Rouge	na	na	na	60	na	na
MO	Kansas City	na	12	na	55	na	na
NC	Charlotte	9	na	na	87	na	na
NC	Durham	2	na	na	67	na	na
NC	Raleigh	na	na	na	18	na	na
NY	Albany	na	22	na	20	na	na
NY	Buffalo	na	8	na	34	na	na
OH	Cincinnati	na	na	na	37	na	na
OH	Dayton	6	na	na	30	na	na
OH	Toledo	na	37	na	71	na	na
OR	Portland	na	13	na	44	na	na
PA	Allentown	na	na	na	27	na	na
PR	San Juan	na	na	na	na	na	na
UT	Provo	na	na	na	39	na	na

na—not available

¹The 1990 Census urbanized area population was used as the MPO population in this calculation.

²Voting Index—Percentage representation of central city on MPO board divided by percentage of central city population in MPO.

Source: ACIR calculations based on U.S. Department of Transportation, Federal Highway Administration, 1993 Survey of MPOs.

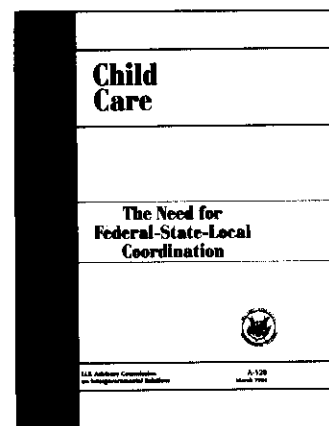
Child Care: The Need for Federal-State-Local Coordination

This report provides a broad overview of problems and opportunities in private and public child care, which has become an essential social service. Significant child care legislation was passed in 1988 and 1990. Child care issues have become more intergovernmental, with responsibilities shared by federal, state, and local officials. Intergovernmental coordination is important to promote quality and consistency among programs. While other countries have developed coherent national child care systems, the United States has made ad hoc decisions that do not add up to a consistent and effective strategy. Such a strategy needs to reflect the unique U.S. governmental institutions.

A-128

1994

\$10



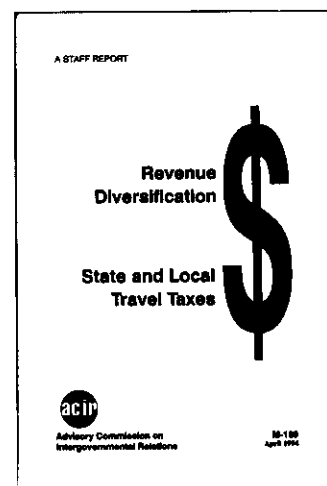
State and Local Travel Taxes

This is the fifth report in ACIR's *Local Revenue Diversification* series. State and local revenues from travel and tourism taxes are growing rapidly. These taxes include levies on hotel room sales; food, beverages, and entertainment; and transportation, particularly car rentals and airport passenger facilities. The report examines the theory and practice of travel taxation, and explains why state and local governments often impose higher taxes on goods that are purchased disproportionately by travelers. The emphasis is on the role of travel taxes in state and local finance rather than their impact on the travel industry.

M-189

1994

\$8



(see page 39 for order form)

Intergovernmental Focus

Spotlight on the Tennessee Advisory Commission on Intergovernmental Relations

Harry A. Green, Executive Director

Mission

The Tennessee General Assembly created the Tennessee Advisory Commission on Intergovernmental Relations (TACIR) in 1978 in recognition of the need for a permanent agency to monitor federal-state-local relations and to make recommendations for their improvement. The statutory mission of TACIR is to:

1. Serve as a forum for the discussion, deliberation, and resolution of critical and sensitive public policy issues;
2. Provide policymakers with accurate and timely information and data analysis to facilitate rational decisionmaking; and
3. Serve as a vehicle to complement discussion and negotiations stemming from competing but equally legitimate values, goals, and perspectives which occur at every level of decisionmaking.

Legislative Studies: FY 1993 and 1994

Following is a summary of three studies being conducted by TACIR at the direction of the General Assembly.

Accountability for Education Spending. House Joint Resolution No. 191 directs the commission to document that funds earmarked for the state's education trust fund are deposited and spent solely for education purposes. TACIR's preliminary analysis of state and local information indicates that old and new tax revenue being generated to fund the Basic Education Program is being spent for that purpose.

Municipal Annexation Study. The FY 1993 state Appropriations Act included funds for TACIR to conduct a study of municipal annexation issues. For the study, the commission (1) reviewed Tennessee's present annexation statute, (2) researched relevant state court cases, (3) studied other states' annexation statutes, and (4) conducted public hearings.

Emergency Communications Districts (E-911). House Joint Resolution No. 499 directs the commission to conduct a study on the creation, funding, and management of emergency communications districts. The resolution also directs TACIR to look at the creation of multiple districts within a larger district.

Legislation Enacted as Part of Modernization of Government Study

Strengthened standards for municipal incorporation requirements;

Sponsored legislation to quickly identify and intervene in financially distressed local entities;

Amended state law to negate the necessity of county officials having to petition (sue) their court when all parties are in agreement concerning the number and compensation of deputies and assistants; and

Sponsored legislation to enact the Local Option Budgeting Law of 1993.

Ongoing Research Activities

Local Fiscal Capacity for Funding Education. Measuring fiscal capacity, or measuring the ability of a government to provide services to citizens, is extremely important to public policymakers. In the Education Improvement Act of 1991 (Public Chapter 535) the General Assembly stated its intent to provide education funding "on a fair and equitable basis by recognizing the differences in the ability of local jurisdictions to raise local revenues." The fiscal capacity formula developed by TACIR is being used to determine the local share of the Basic Education Program. Fiscal year 1995 is the third period for which local fiscal capacity has been determined by TACIR.

State and Federal Mandates/Preemptions. As part of its Modernization of Government Study, the commission has been looking at state and federal mandates on local governments. A review of the literature—including mandate studies and legislation adopted by other states—has been conducted. Tennessee constitutional provisions have been studied to determine their adequacy in our rapidly changing public finance and policy environment.

TACIR has been communicating with its congressional delegation and other interested parties about the burden of unfunded mandates and unwarranted federal preemptions. Since 1992, the commission has collected hundreds of signatures from state and local officials and private citizens on petitions asking the Congress to address mandate/preemption issues.

Recent Publications

Accountability for Funding Education in Tennessee (April 1994)

Tourism, Travel and Taxes in Tennessee (February 1994)

Family Tax Burdens in Tennessee: A Comparative Analysis (June 1993)

Fiscal Capacity for Education (December 1992)

Property Tax Equivalency to One-Half Cent Increase in State Sales Tax for Education Funding (September 1992)

Utility Personalty Taxation: Parity or Privilege? Review and Evaluation of Methodology and Data Sources Used by Railroads and Other Centrally Assessed Companies to Dispute Personal Property Assessment (June 1992)

Money Magazine Compares State and Local Tax Burdens on Typical Family: Tennessee and the Southeastern States (March 1992)

**Members of the
Tennessee Advisory Commission
on Intergovernmental Relations**

City Members

Mary Jo Dozier, Councilwoman, Clarksville
John Johnson, Mayor, Morristown
Charles Salvaggio, Mayor, Germantown
Hunter Wright, Mayor, Kingsport

County Members

Peggy Bevels, Commissioner, Lincoln County
Truman Clark, County Executive, Carter County
Jeff Huffman, County Executive, Tipton County
William Morris, Mayor, Shelby County

Other Local Government Members

Judy Medearis,
County Officials Association of Tennessee
Maynard Pate,
Tennessee Development District Association

Executive Branch Members

Joe Huddleston, Commissioner, Department of Revenue
Vacancy

Legislative Members

Sen. Bud Gilbert
Sen. Anna Belle O'Brien
Sen. Carol Rice
Sen. Robert Rochelle
Rep. H.E. Bittle
Rep. Matthew Kisber
Rep. Bill Purcell
Rep. Larry Turner

Private Citizen Members

Frank Crosslin, Smyrna
Wayne Hinson, Lexington
Linda Hooper, Whitwell
Thomas Kesterson, Paris
Cromer Smotherman, Lawrenceburg

Statutory Members

Rep. John T. Bragg, Chairman,
House Finance, Ways & Means
Sen. Douglas Henry, Chairman,
Senate Finance, Ways & Means
David Manning, Commissioner,
Department of Finance and Administration
William R. Snodgrass, Comptroller of the Treasury



**RTS 1991
State Revenue Capacity and Effort**

With *RTS 1991: State Revenue Capacity and Effort*, ACIR continues its tradition of providing information on the relative economic well-being and fiscal performance of the states. ACIR developed the Representative Tax System (RTS) and the Representative Revenue System (RRS) to improve on available measures of state revenue capacity and effort. These measures show state and local government capacity to collect tax as well as nontax revenue.

Why measure state fiscal capacity?

- To facilitate *comparative fiscal analysis* by state and revenue base.
- To provide *perspective on economic trends*.
- To aid in *designing federal grant formulas*.

Why use RTS and RRS?

- They measure governments' *potential abilities to raise revenues* relative to a national average.
- They are *comprehensive*, measuring all major tax sources and nontax sources that contribute to a government's ability to raise revenue.
- They are the *only indicators* that measure fiscal capacity *on a revenue-by-revenue basis*.
- They are *readily understandable systems* that are used by many state and federal policymakers and analysts.

RTS 1991: State Revenue Capacity and Effort—

- Contains tables and graphs on RTS and RRS arranged by revenue base and state.
- Discusses recent changes in states' revenue capacity and effort.
- Compares RTS and RRS with other capacity measures.
- Includes historical data.

(see page 39 for order form)

Publications of the
Advisory Commission on Intergovernmental Relations
(not advertised elsewhere in this publication)

Characteristics of Federal Grants-in-Aid to State and Local Governments: Grants Funded FY 1993, M-188, 1994	\$10.00
Directory of Intergovernmental Contacts, SR-17, 1993	\$10.00
The Role of General Government Elected Officials in Criminal Justice, A-125, 1993	\$20.00
Guide to the Criminal Justice System for General Government Elected Officials, M-184, 1993	\$8.00
Metropolitan Organization: Comparisons of the Allegheny and St. Louis Case Studies, SR-15, 1993	\$8.00
Changing Public Attitudes on Governments and Taxes, 1993, S-22, 1993	\$10.00
State Solvency Regulation of Property-Casualty and Life Insurance Companies, A-123, 1992	\$20.00
Intergovernmental Decisionmaking for Environmental Protection and Public Works, A-122, 1992	\$10.00
Medicaid: Intergovernmental Trends and Options, A-119, 1992	\$10.00
Interjurisdictional Tax and Policy Competition: Good or Bad for the Federal System? M-177, 1991	\$10.00
Intergovernmental Regulation of Telecommunications, A-115, 1990	\$10.00
Mandates: Cases in State-Local Relations, M-173, 1990	\$10.00
State Constitutions in the Federal System: Selected Issues and Opportunities for State Initiatives, A-113, 1989	\$15.00
Residential Community Associations: Questions and Answers for Public Officials, M-166, 1989	\$5.00
Residential Community Associations: Private Governments in the Intergovernmental System? A-112, 1989	\$10.00
Disability Rights Mandates: Federal and State Compliance with Employment Protections and Architectural Barrier Removal, A-111, 1989	\$10.00

ORDER FORM 20-2

Mark your selections on this form and return

WITH CHECK OR MONEY ORDER to:

ACIR Publications: 800 K Street, NW, South Building, Suite 450, Washington, DC 20575

ALL ORDERS MUST BE PREPAID

Report	Quantity	Price	Amount	Report	Quantity	Price	Amount
M-190	_____	\$20	_____	A-120	_____	\$8	_____
M-189	_____	\$8	_____	A-119	_____	\$10	_____
M-188	_____	\$10	_____	A-115	_____	\$10	_____
M-187	_____	\$20	_____	A-113	_____	\$15	_____
M-186	_____	\$10	_____	A-112	_____	\$10	_____
M-185	_____	\$20	_____	A-111	_____	\$10	_____
M-185-II	_____	\$22.50	_____	SR-17	_____	\$10	_____
M-184*	_____	\$8	_____	SR-16	_____	\$10	_____
M-183	_____	\$8	_____	SR-15	_____	\$8	_____
M-177	_____	\$10	_____	SR-14	_____	\$10	_____
M-173	_____	\$10	_____	S-22	_____	\$10	_____
M-166	_____	\$5	_____	State-Local Finance Diskettes:			
A-128	_____	\$10	_____	Set FY83-90	_____	\$345	_____
A-127	_____	\$10	_____	90-5.25"	_____	\$115	_____
A-126	_____	\$15	_____	90-3.5"	_____	\$125	_____
A-125*	_____	\$20	_____	89	_____	\$75	_____
A-124	_____	\$15	_____	88	_____	\$60	_____
A-123	_____	\$20	_____	83-87	_____	\$25 each	_____
A-122	_____	\$10	_____	State Tax Revenue Diskette:			
A-121	_____	\$10	_____	FY 1983-91	_____	\$90	_____
*Set	_____	\$23	_____	FY 1991	_____	\$7.50	_____
(if purchased together)							

Total Enclosed _____

Name _____

(please type or print)

Organization/Company _____

Address _____

City, State, Zip _____

**Members of the
U.S. Advisory Commission on Intergovernmental Relations**

(May 1994)

Private Citizens

Daniel J. Elazar, Philadelphia, Pennsylvania
Mary Ellen Joyce, Arlington, Virginia
William F. Winter, *Chairman*, Jackson, Mississippi

Members of the U.S. Senate

Daniel K. Akaka, Hawaii
Byron L. Dorgan, North Dakota
Dave Durenberger, Minnesota

Members of the U.S. House of Representatives

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

Officers of the Executive Branch, U.S. Government

Carol M. Browner, Administrator,
U.S. Environmental Protection Agency
Marcia L. Hale, Assistant to the President
and Director of Intergovernmental Affairs
Richard W. Riley, U.S. Secretary of Education

Governors

Arne H. Carlson, Minnesota
Howard Dean, Vermont
Michael O. Leavitt, Utah
Robert J. Miller, Nevada

Mayors

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

Members of State Legislatures

Paul Bud Burke, President, Kansas Senate
Art Hamilton, Minority Leader,
Arizona House of Representatives
Samuel B. Nunez, Jr., President, Louisiana Senate

Elected County Officials

Gloria Molina, Los Angeles County, California,
Board of Supervisors
John H. Stroger, Jr., Cook County, Illinois, Commission
Barbara Sheen Todd, Pinellas County, Florida,
Board of Commissioners

ADVISORY COMMISSION ON INTERGOVERNMENTAL RELATIONS
WASHINGTON, DC 20575

OFFICIAL BUSINESS
PENALTY FOR PRIVATE USE, \$300

BULK RATE
U.S. POSTAGE
PAID
PERMIT 827
WASHINGTON, DC