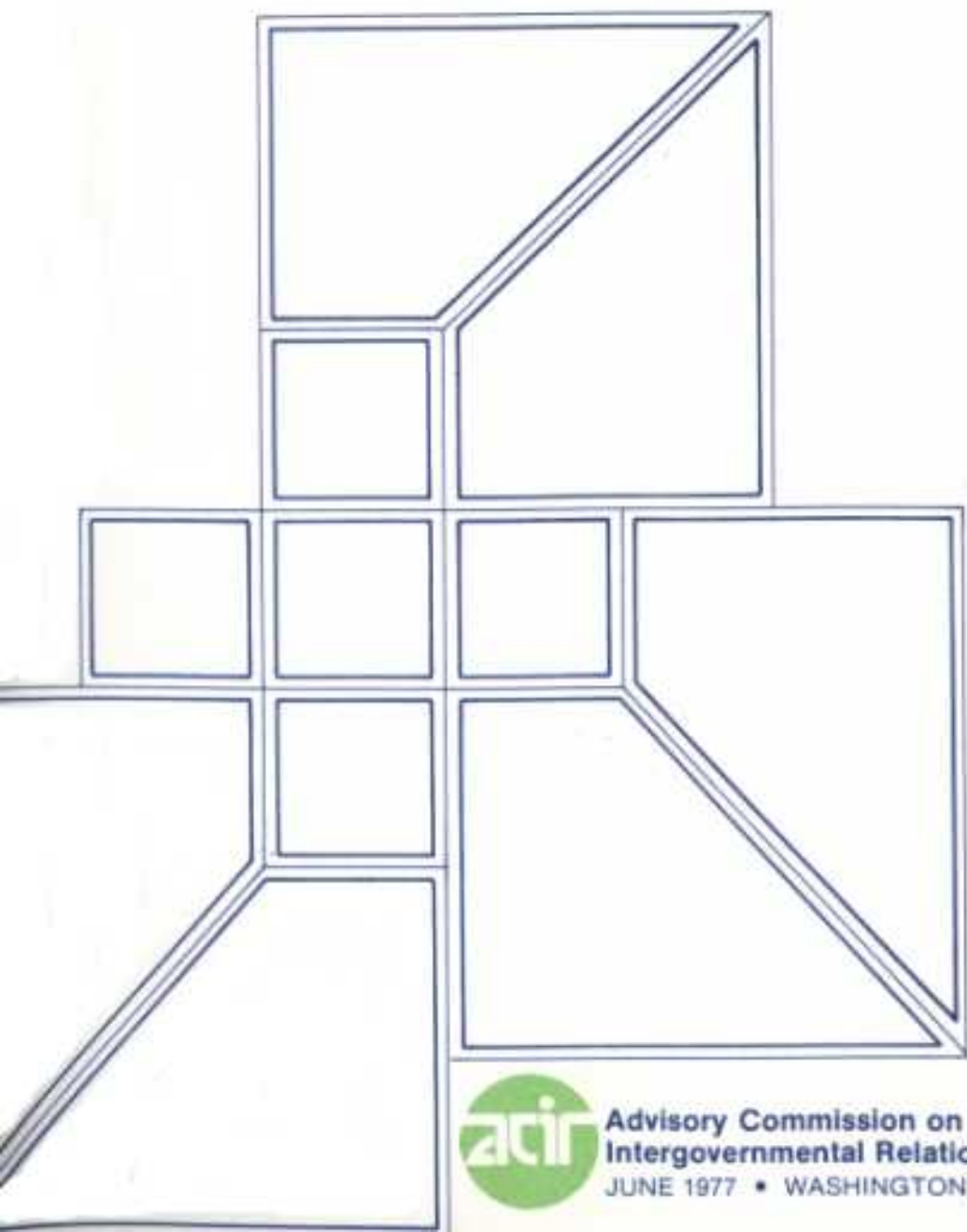


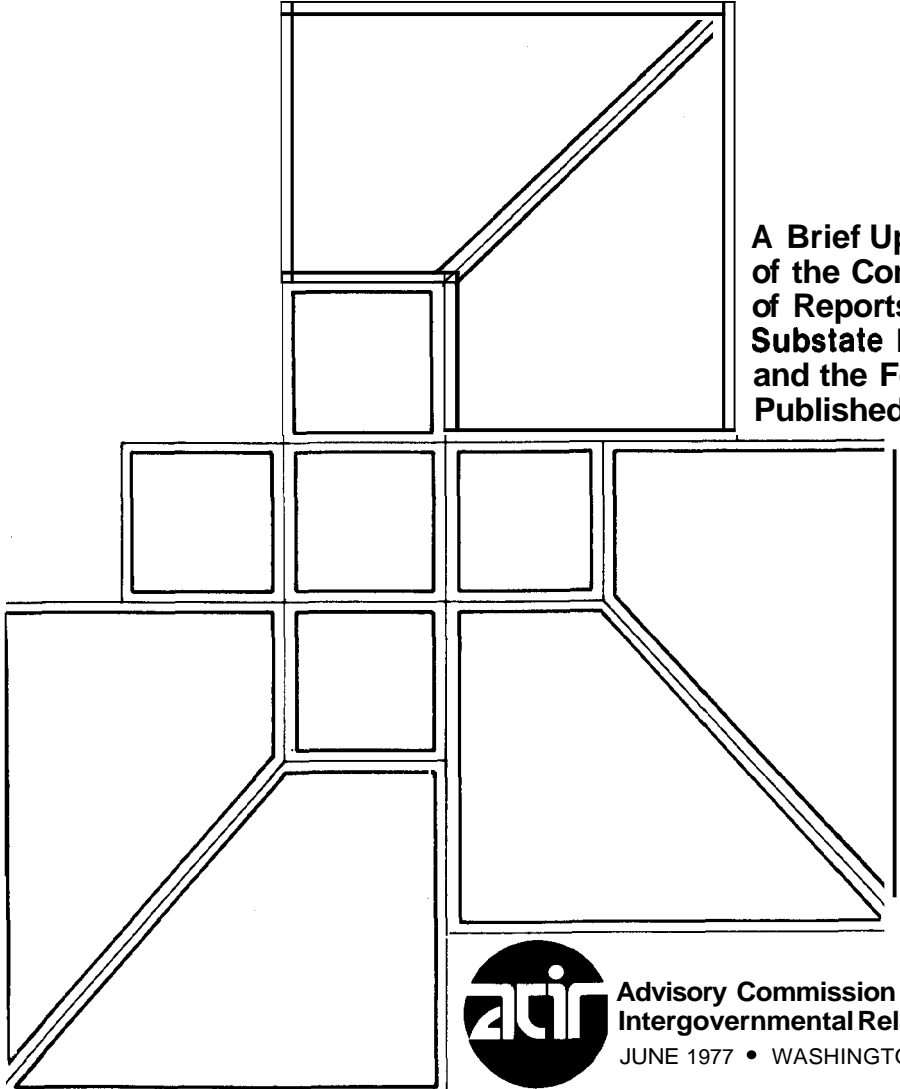
Regionalism Revisited: Recent Areawide and Local Responses



Advisory Commission on
Intergovernmental Relations

JUNE 1977 • WASHINGTON, D.C. 20575

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A Brief Update
of the Commission's Series
of Reports on
Substate Regionalism
and the Federal System,
Published 1973-1974



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Preface

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CIR's interest in substate regionalism dates back to 1961 and its report entitled, *Governmental Structure, Organization, and Planning in Metropolitan Areas*. This concern continued over the years with studies of municipal annexation, alternative approaches and voter reactions to governmental reorganization in metropolitan areas, metropolitan water supply and sewage disposal, Federal statistics for metropolitan areas, local and area-wide performance of urban functions, Federal impacts on local organization and planning, special districts, social and economic disparities between central cities and suburbs, interlocal agreements and contracts, metropolitan councils of governments, balanced growth policies, and commuter taxes. Then, in 1973 and 1974, the Commission issued a six-volume study of substate regionalism which built on these earlier reports, and went on to probe more recent Federal, state, and local developments in this area. Finally, the Commission extended its substate regionalism recommendations specifically to the field of transportation in a report adopted in December 1974 and entitled, *Toward More Balanced Transportation: New Intergovernmental Proposals*.

Substate regionalism is a rapidly developing phenomenon in the United States. As was pointed

out in the Commission's 1973 volume entitled, *Regional Decision Making: New Strategies for Substate Districts*, this type of regionalism is solidly established. Yet, its characteristics continue to change rapidly.

This brief update of the trends in substate regionalism is offered as a means of helping to keep ACIR's readers reasonably current on this subject. Significant changes have occurred in the past three to four years which carry meaning for implementation of the Commission's policy recommendations.

The information in this report was compiled largely from existing sources by Bruce D. McDowell, senior analyst. Given the scope of this updating effort, no original research was undertaken. The Commission doubtlessly will return to this subject with new research in the future.

Robert E. Merriam
Chairman

Wayne F. Anderson
Executive Director

David B. Walker
Assistant Director
Structure and Functions

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Chairman's Introduction

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In total, our American governments spent nearly \$576 billion in 1976, 34% of the gross national product. This is up from \$97 billion and 26% in 1954. Clearly, government is a growth industry. After excluding foreign aid, defense, and social security payments to individuals, about \$350 billion was spent by the nation's governments in domestic programs and activities. This amount was divided almost equally between the Federal government and the states and localities.

About 75% of the American people today live in metropolitan areas, those agglomerations of population created by transportation or job opportunities, or other factors. Most of these metropolitan areas are governed today by a host of balkanized local governments, archaic remnants of a past when a simpler economy and society made it tolerable to isolate government services into small independent—and sometimes conflicting—fiefdoms.

Over the years scholars have proposed alternative solutions for the nation's burgeoning area-wide (or regional) needs: city-county consolidation; metropolitan government, whether one-tier or two-tier; annexation; even statehood. But in the 170 years since the city of New Orleans and Orleans Parish marked the first major consolidation, there have been but 25 city-county consolidations. There are only a handful of metropolitan entities, from Dade County in the Miami area to

the Twin Cities Metropolitan Council covering Minneapolis and St. Paul, and few effective non-metropolitan regional entities.

Other than these scattered examples, there has been a total resistance to the concept of even limited governmental authority to deal with urbanized problems of both metropolitan and non-metropolitan areas.

Recognizing these dilemmas, in 1973 ACIR forged a new approach to this complex problem: The Commission said, "accept the facts of life about annexation and metropolitan government and consolidation, and find a mechanism which will achieve important results without intolerable political breakage." This proposed policy included needed actions by the Congress, the President, governors, state legislators, and local officials, but it represented—in the Commission's view—a doable, workable set of actions. The metropolitan area and substate regional program developed includes the following steps:

- 1) activate the state-created substate districts—then only on paper in many states—through state legislation and gubernatorial action;
- 2) confer legal status on these districts as an agency of local government;
- 3) require by state law that all local govern-

- ments within the district belong to it;
- 4) specify that at least 60% of the district membership be elected officials of general purpose local governments;
 - 5) provide an optimal one-person, one-vote procedure;
 - 6) designate the district as the A-95 review agency—with the power to “resolve” local differences;
 - 7) provide state funding, at least in part, of the district;
 - 8) require that state capital improvements and local programs affecting the region (i.e., waste disposal) be reviewed;
 - 9) give the district a policy role over all multijurisdictional special districts; and
 - 10) authorize the district to assume an operating role (when the majority agree) in areawide activities such as solid waste disposal, transportation, sewage treatment, water supply, and so on.

At the Federal level, ACIR recommendations for substate districts have been spelled out in legislation introduced by Senator Magnuson and Congressman Ashley.

In addition to recommending implementation of its substate regional strategy (umbrella multijurisdictional organizations), by Federal, state, and local action, ACIR urged the states to provide a fuller range of local and areawide governmental reorganization options, and to develop and apply a more systematic set of policies with respect to the drawing of local government boundaries and the assigning of local and areawide functions. In making this evaluation and pursuing these needs, the Commission proposed that each state create its own ACIR (roughly equivalent to the national one). In addition, the Commission suggested that each state should have a local government boundary commission to help simplify and rationalize the “just grew” patterns of municipal, county, and special district jurisdictions which currently exist and continue to proliferate.

ACIR also urged the local governments to do all in their power to build their own capacities for planning, managing, and delivering their services more efficiently, effectively, and equitably. This would make them better able to discharge their own local responsibilities and to realize the benefits obtainable through areawide cooperation—including the ability to meet areawide needs which

simply cannot be realized by individual localities acting alone. The Commission noted that local governments should seek to understand, to participate in, and to guide the activities of their regional councils and other areawide units.

Finally, ACIR strongly urged regional councils and other areawide units to use every means at their command to become more open, capable, and sensitive in the way they carry out their activities. Only by being open, accessible, and politically accountable, will these areawide units gain the understanding and political acceptability essential to their effectiveness. By showing extraordinary sensitivity to the intergovernmental nature of areawide activities, and to the existing jealousies engendered by separateness among local governments, state agencies, and Federal programs, pitfalls could be avoided and cooperation enhanced. And finally, the Commission noted that technical capability is essential, that regional councils are badly in need of creating a more substantial record of actual accomplishments, and that improved effectiveness and efficiency of services within their regions need to become demonstrated benefits resulting from regional council activities. This can be done, ACIR suggested, only with highly competent staff and practical approaches to problem solving through the regional program.

It is high time to get on with these tasks. The nation cannot afford to equivocate any longer. Resources are being wasted by boundary, jurisdictional, and program frictions which need not exist, and areawide needs simply are going unmet for the lack of effective regional units authorized to meet them. If local governments fail to solve these areawide problems, state and/or Federal authorities surely will step in to meet essential needs.

To further discussion and debate about these ACIR proposals (which some have considered weak while others have characterized as socialistic), I asked the staff to prepare this update, relating “new” developments in our metropolitan areas and other substate regions. As the report indicates, not enough has happened. Accordingly, I urge officials at all levels of government to take this issue even more seriously and to move now toward the goals set forth in ACIR reports and suggested legislation,

Robert E. Merriam
Chairman

Background

Regional governmental arrangements arise when (1) governmental functions or problems do not coincide with existing governmental boundaries, and (2) public policies and/or programs are planned and/or operated at the regional level. These two conditions have been met frequently in the United States, and the result is that regional organizations abound. Some are found in multi-state regions, encompassing major river basins or economic development areas larger than any single state, but smaller than the whole nation. Others are in substate regions, covering interrelated communities encompassing two or more local government jurisdictions in one or more states, but smaller than a whole state. Metropolitan areas (typically averaging about 90 local governments) are examples of substate regions, but multicounty nonmetropolitan regions also are common within states. This report deals only with the substate regions.

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Regional planning for metropolitan areas has roots which go back at least to the 1920s in the United States, and multijurisdictional special districts and authorities for providing services which transcend the boundaries of individual local governments have an even longer history. Local initiatives as well as state legislation and new Federal aid programs increasingly have provided interjurisdictional, even areawide, adaptations of governmental planning, decision making, and service delivery programs. The pace of these changes increased as the rapid urban growth of the last several decades spilled haphazardly across local

governmental boundaries, and as the nation's rural areas have been transformed increasingly from farming communities, where the individual farmer predominated, into areas dominated by agribusiness and non-farm employment accompanied by long distance commuter patterns. Through the interactions of these forces, substate regions now have come to cover nearly the entire nation, and they have been given significant roles in a number of essential governmental activities.

Nevertheless, recent changes in substate regionalism still embody significant cross currents. While substantial strengthening of substate regional activities has occurred in some respects, skepticism, uncertainty, and even opposition to these new ways of dealing with regional problems often are exhibited also. This report briefly documents the changes which are taking place.

ACIR's Three-Part Approach to Substate Regionalism

The continuing evolution of substate regions recounted here is measured against ACIR's policy recommendations adopted in its 1973-74 series of substate regionalism reports¹ and its 1974 report on transportation.² These recommendations suggest a three-part approach. The first part calls for strengthened regional councils in multijurisdictional areas where no other areawide unit of general purpose scope exists;³ the second recommends state authorization of local government reorganizations to create areawide local governments (or, at least, simplified and more effective patterns of local government within regions) through such techniques as annexation, incorporation, consolidation, or transfers of functions;⁴ and the third calls for state policies and programs which would more carefully and equitably assign local and areawide responsibilities among the units created under the first two parts of this strategy.⁵

The strengthened regional councils would be present in most regions, since those areas are multicounty already and highly unlikely to be transformed by the establishment of an areawide regional government achieved through county mergers.⁶ These regional councils would be federated bodies, responsible only for areawide planning and such areawide services as the existing cities and counties might ask it to perform. Their planning function, however, would be backed up

by substantial "review and conform" powers over activities of regional significance. Their strength would come from new state legislation and newly unified Federal policies governing those programs which support substate regional organizations and activities.

The local government reorganization and modernization part of ACIR's approach is particularly applicable to those substate districts or regions encompassed by a single county. In such cases — of which there are now about 100 in the nation's metropolitan areas — city-county consolidations, or transfers of areawide functions from cities to the county, can provide an areawide government where the state legislature or the voters of that area determine this to be the best approach. Such reorganizations, as well as the modernization of existing subregional local governments to make them more capable, may be the best means of performing local functions satisfactorily at the local level and reducing the number of activities and responsibilities which need to be dealt with interjurisdictionally by the strengthened regional councils recommended by ACIR. Areawide local governments and effective local governments below the regional level both need home rule powers and organizational forms which provide for unified executive or administrative leadership and clear accountability to the electorate. Where an areawide local government is established through city-county consolidation or transfers of functions, it would replace the otherwise required regional council.

The importance of an assignment-of-functions policy and program, as part of ACIR's approach to substate regionalism, centers in part around the need to define regionalism itself. A growing body of literature emphasizes the advantages of performing certain functions very locally — using even smaller and more directly responsive and accountable units than many of the larger of today's existing local governments. This is a significant counter-trend to the one creating the areawide units focused upon in this report, but these two trends are compatible. The case is made simultaneously for areawide (regional), local (city and county), and sublocal (neighborhood council) units to work side by side, sharing some functions and having relatively exclusive responsibilities for others. Where an activity does not have substantial impacts beyond the borders of an individual neighborhood or locality, and where a unit at that

level has the capability to perform satisfactorily (or to contract for adequate performance by others), the activity should remain there — even in the most intertwined metropolitan areas. The mere existence of a region with recognized areawide concerns, then, does not suggest necessarily that a single unified government for the whole area is the best arrangement. Regional, local, and neighborhood responsibilities need to be sorted out. ACIR recommends that the states use criteria of economic efficiency, fiscal equity, political accountability, and administrative effectiveness to accomplish this sorting out, and that the states establish boundary commissions and state ACIR's to involve appropriate state and local officials in the process.

New Challenges to the Regions

As recently as 1973 and 1974 when the Commission was completing its reports on substate regionalism and transportation, it was still believed that population was shifting disproportionately to the urban and metropolitan areas of the nation. Yet, it still was apparent that regionalism was needed in nonmetropolitan areas just as in metropolitan areas. The needs of these two types of areas clearly were somewhat different. The emphasis in metropolitan areas was on dealing with rapid growth and coordinating the diverse and sometimes conflicting activities of multiple governments, many of which were highly capable and better staffed than the areawide unit itself. Regional issues in nonmetropolitan America, on the other hand, tend more often to be related to population decline, economic stagnation, and the lack of local governmental capabilities to confront these issues effectively by themselves. In contrast to the situation in many metropolitan areas, the regional staffs in nonmetropolitan areas frequently possess greater professional, planning, and managerial expertise than the smaller individual local governments — and often these regional capabilities are the only ones available to the public in such areas. Most of EDA's economic development programs and Appalachia's local development work is carried out through nonmetropolitan regional districts, and Federal aid project reviews and comments (through **OMB** Circular A-95) depend upon them also.

Now, in the last two years, a new element has

been added. It has been revealed that since 1970 nonmetropolitan areas have been growing at a faster rate, on the average, than the metropolitan ones.⁷ So, many of these areas now are confronted increasingly with growth prospects with which they may be even less capable of dealing than were the metropolitan regions in the past. Some of this new growth is merely the exurban spillover from metropolitan areas, where commuter patterns have begun to extend beyond the bounds of metropolitan areas as currently defined. But much of it appears to center around even more explosive factors such as large scale recreation and retirement communities and major new investments in the energy field, such as large new power plants in pristine territories and the opening of new mines for the high priority extraction of needed energy resources. The "Energy Boom Town" is a phenomenon now being documented in the literature with varying degrees of horror and panic as the environmental and human problems connected with them are revealed.⁸ All this tends to strengthen the case for substate regionalism in nonmetropolitan areas.

Meanwhile, the social and economic disparities between central cities and suburbs in the nation's metropolitan areas, which the Commission first began measuring in 1965, continue to be of grave concern. In a new report just completed,⁹ the Commission analyzes these disparities with the aid of newly available data from 1972, 1973, and 1975. The figures document that many central cities have passed their peak population and are now characterized by residential decline. In the East and Midwest, where cities generally are unable to expand their boundaries, the central cities are becoming smaller and smaller portions of their total metropolitan areas, and their residential densities are reducing as the amount of residential land is reduced by shifts to other uses and by abandonment. While many major central cities in the past enjoyed a clear per capita income advantage over their surrounding jurisdictions, this was reversed quite generally by 1973; only in the South and West, where central city boundaries have expanded greatly during recent decades, were such advantages still significant. With respect to economic activities, the 1963 to 1972 trend shows that central cities which are unable to expand their boundaries have become less the locus of manufacturing activity in urban America and more the locus of other economic activities.

They also are experiencing greater unemployment. This, of course, affected the Northeast and Great Lakes cities more than their counterparts elsewhere. Moreover, retail trade volume in the major metropolitan areas grew much slower in the central cities than in the suburbs — dropping below half in most areas outside the South. Finally, despite the new Federal program of general revenue sharing, per capita non-school taxes of central city governments rose at a faster rate during the first three years of this program (1972-75) than the counterpart taxes of their overlying county governments in all regions except the South. This was true even though per capita general revenue sharing funds went to central cities in substantially greater volume than to counties and other governments outside the central cities.

6 While all the implications of these new figures are by no means clear, they do indicate that central city-suburban disparities continue to grow in important respects, despite variations between East, North, South and West. Such disparities present a major challenge to be grappled with by areawide bodies in metropolitan regions throughout the nation.

Crowing Numbers of Metropolitan Areas and local Jurisdictions

As the nation continues to grow, more urban places reach metropolitan size.¹⁰ The 243 metropolitan areas recognized in 1970 increased to 267 by 1972 and encompassed 69 percent of the nation's population. By 1975, the number of metropolitan areas had grown to 276, encompassing about 75 percent of the nation's population. In addition, by 1975 metropolitan areas had grown together to such an extent that 13 urban population concentrations were designated as standard consolidated statistical areas, each containing over 1,000,000 people. Thus, population growth continues to bring changes in boundaries even at the "areawide" level.

New area delineations for statistical purposes frequently precede political recognition of the need for governmental boundary changes, and this can cause consternation in the regionalism movement. For example, official modifications of the standard metropolitan statistical area (SMSA) boundaries in Minneapolis-St. Paul and Washing-

ton, DC, recently added areas beyond the recognized boundaries of their regional organizations. As a consequence, legislation (HR. 14274) was introduced in the 94th Congress to assure that SMSA boundaries will not necessarily affect the administration of Federal aid programs. Nevertheless, regional boundaries continue to present a moving target. While the boundaries of designated substate districts and regional councils stabilized somewhat in the **mid-1970s**, they probably never can be considered completely unchangeable.

The study of substate regionalism has been hampered by inadequate jurisdictional data in the past. The five-year *Census of Governments* has left evaluators guessing about the number and characteristics of local governments in the intervening years, and completely ignored the "quasi-governmental" category into which most substate regional organizations have been assigned in the past. Now, however, the need for sending general revenue sharing checks to local governments has produced annual tabulations of counties, municipalities, townships, Indian tribes, and Alaskan native villages. In addition, the regular *Census of Governments* scheduled for 1977 will include the first official survey of the broad range of substate regional organizations created by state action and by Federal aid programs. Previous surveys of such organizations by others have covered only one type or another, or have been done unofficially with a return rate of 25 percent considered good. The most ambitious inventory previously undertaken was the one administered by the **U.S.** Department of Agriculture, Economic Research Service," but it was limited to five types of development districts, and was abandoned after a few years. Now, along with the addition of substate regional bodies to the *Census of Governments*, it can be hoped that the Mid-Decade *Census of Population* (authorized to begin in 1985) will add significantly to the regular data available for evaluation of substate regions.

Scope of this Update

From the foregoing, it can be seen that the settlement patterns which create the need for substate regional approaches continue to change, and the statistical measures of these changes gradually are improving. This report briefly summarizes readily available information about th

changing governmental response to areawide needs. While it was not possible to perform new research for this quick update, enough information was available from continuing ACIR research and other sources to clarify recent trends in (1) the continuing development of regional councils and other similar areawide bodies, and (2) the related processes of modernizing local governments and shifting functions to and from them. The following two chapters deal with these interrelated topics.

FOOTNOTES

¹Advisory Commission on Intergovernmental Relations, *Substate Regionalism and the Federal System*, a six-volume series, Washington, DC: U.S. Government Printing Office, 1973-1974.

²Advisory Commission on Intergovernmental Relations, *Toward More Balanced Transportation: New Intergovernmental Proposals*, Report A-49, Washington, DC: U.S. Government Printing Office, 1974.

³Advisory Commission on Intergovernmental Relations, *Regional Decision Making: New Strategies for Substate Districts*, Report A-43, Volume I, Substate Regionalism and the Federal System, Washington, DC: U.S. Government Printing Office, 1974.

⁴Advisory Commission on Intergovernmental Relations, *The*

Challenge of Local Governmental Reorganization, Report A-44, Volume III, Substate Regionalism and the Federal System, Washington, DC: U.S. Government Printing Office, 1974.

⁵Advisory Commission on Intergovernmental Relations, *Governmental Functions and Processes: Local and Areawide*, Report A-45, Volume IV, Substate Regionalism and the Federal System, Washington, DC: U.S. Government Printing Office, 1974.

⁶County mergers occasionally do take place, but they cannot be counted as a major source of reform. The latest activity of this sort was the merger (effective January 1, 1977) through popular referendum of Jackson County, South Dakota, (population 1,531) with the previously "unorganized" county of Washabaugh (population 1,389). The latest previous county merger (also in South Dakota) was in 1952. See *National Civic Review*, January 1977, pp. 38-39.

⁷Brian J. L. Berry, "The Counter Urbanization Process: Urban America Since 1970," in Bryan J. L. Berry, Editor, *Urbanization and Counterurbanization*, Vol. II, Urban Affairs Annual Reviews, Beverly Hills, CA: Sage Publications, 1976, pp. 17-21.

⁸See, for example, U.S. Department of Housing and Urban Development, *Rapid Growth from Energy Projects*, Washington, DC: U.S. Government Printing Office, 1976.

⁹Advisory Commission on Intergovernmental Relations, *Trends in Metropolitan America*, Washington, DC: U.S. Government Printing Office, February, 1977.

¹⁰A "Standard Metropolitan Statistical Area" is defined by the U.S. Office of Management and Budget as an urban area of over 50,000 population together with the county or counties within which it is located.

¹¹Edward J. Smith, Jack Ben-Rubin, and Robert C. Peak, *Status of Multi-County Planning and Development Districts*, processed, loose-leaf, updated several times between August 1972 and June 1975 when the activity was terminated for budget reasons.

Regional Councils

Regional councils and similar areawide bodies, below the state but above the level of any single unit of municipal or county government, continue to grow in number and take on increasingly important functions. Much of this measured progress has come through the improvement of some statewide systems of substate districting. Yet, the ever changing influence of Federal programs has continued to be very significant over the past four years. This chapter examines these two dynamic forces in substate regionalism, and ends with two illustrative cases which contrast state and Federal roles in strengthening regional councils.

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Recent Substate Districting Developments

Since 1972, when ACIR found 40 states with officially delineated statewide systems of substate planning and development districts, the number of such systems has risen to 45. In the same time span, the number of districts rose from 488 to 530. Most significantly perhaps, the proportion of such districts having officially designated and functioning areawide organizations jumped from 56 percent to 95 percent. Furthermore, almost all of these operational bodies now are receiving either Federal or state financial assistance, or both, and most serve the A-95 Federal aid review and comment clearinghouse function.'

As significant as these numbers are, it is just as important to look at what is going on within some of the states, especially those where the most progress is being made. For example, Utah's substate districting system, which was established in **1970** and **1971**, became a significant part of the state's growth management process by mid-decade.² Each of the state's seven regions has an active multicounty association of governments (AOG), and the leaders of these organizations make **up** the Governor's Advisory Council on Local Affairs. The AOG's and the Office of State Planning Coordination are the state's **A-95** clearinghouses. Despite a relatively well developed state planning process, much of the state's planning begins with local initiatives which feed up through the AOG's and the Governor's Advisory Council on Local Affairs. This process has established a very effective intergovernmental coordination process which was launched and carefully nurtured by former Governor Calvin Rampton.

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Florida provides another innovative case study. Laws enacted in **1973**, **1974**, and **1975**, plus substantial follow-up action by the governor and various units within his administration, have created one of the best integrated local-regional-state planning and growth management processes in any state.³ Within this system, multi-county planning bodies have been established for each of the state's ten regional planning districts, and they have been given review authority over local land development decisions having regional impact. The legislation established deadlines for comprehensive plans to be prepared by the regional planning bodies as well as by all local governments. The state will prepare plans for those areas not meeting these deadlines, and may review and alter local land development decisions where regional impacts and state interests have not been properly accommodated.

In **1973**, California established regional as well as state coastal zone planning and land use regulation commissions. This was done by voter initiative. These regional bodies, although having boundaries different than other areawide bodies, actually have exercised land use permit controls since **1973**, and contributed substantially to the state's coastal zone plan which now has been adopted by the legislature. With its adoption, local governments are expected to manage developments within their borders in conformance with the plan.⁴

Finally, Colorado established, by executive order in **1974**, a new state planning system based on 13 existing planning and management regions, as a means of decentralizing state government operations in a coordinated way. This illustrates how substate districting can be used for state administrative purposes as well as for meeting areawide needs at the local level.

To these examples of positive state action leading to actual or potential improvements in substate districting can be added stories **of** state legislative and local efforts which have not yet succeeded. For example:

- The merger of several existing areawide agencies in the San Francisco Bay area under a directly elected or partly directly elected governing body has been under serious consideration in the California legislature for several years.
- In Minnesota, direct election of the governing body for the Metropolitan Council of the Twin Cities was one of the options considered in **1967** when that body was originally established, and it still receives serious consideration in the legislature each year despite narrow defeats each time.
- In **1975**, a bill was introduced in the Michigan legislature (**HB 5527**) which would have reconstituted the Council of Governments for the Detroit area, specifying that each local government in the area must be a member, and that the governing body would be composed half of elected officials from these local governments and half of directly elected metropolitan representatives. Its planning **powers** would be strengthened immediately, and a three-year study would follow to consider possible revisions in the way areawide service are delivered. The bill received hearings and will continue to be considered at future sessions.

The affairs of regional councils and substate districts clearly are not without problems. Most of them still are established voluntarily, and there are still instances where local governments refuse to join or withdraw their support after having been a member. In addition, only about eight of the **45** districted states have assigned **to** some or **all of**

their substate district organizations substantial authority for review of state aid programs. Still, the figures and examples cited above demonstrate that substate regionalism not only is here to stay but is growing rapidly toward near universal coverage of the nation. State actions by the legislature, by the governor, and by state agencies have spurred this growth.

Federal Influences

Specific Federal programs which encourage substate regional organizations and activities continue growing in number and changing their shape. At the same time, Federally established processes for coordinating these programs with each other — and with the planning processes at local, regional, and state levels — have become somewhat better established — at least in form, if not in substance. Nevertheless, these Federal programs and processes do not always pull in the same direction. And, there is still no effective Federal policy of consistency toward substate regionalism, even though Part IV of OMB Circular A-95 states this goal (see later discussion of this circular).

Programs Supporting Substate Regional Activities

As *Table 1* shows, there are 32 Federal programs (as of 1976) which hold substantial significance for substate regions. This compares with 24 such programs in 1972. These programs encompass two general purpose ones — the Federal aid review and comment process (A-95), and intergovernmental personnel grants (IPA) — plus 30 others which serve a range of specific functional purposes including community and economic development, environmental protection, transportation, social services, and protective services.

In comparing this new list of Federal programs with the Commission's 1972 list,⁵ five programs have been deleted from the 1972 roster, while 17 have been added. The deleted programs are:

- HUD — new communities; phasing out.
- USDA — water and sewer planning

grants for rural communities; no longer in the *Catalog of Domestic Assistance*.

- USDA — water and waste disposal systems grants for rural communities; no significant area-wide requirements.
- USDA — rural development planning grants; never funded.
- USDA — rural industrialization loans and grants; no significant areawide requirements.

The 17 new programs are:

- HUD — Section 8 housing, requires an areawide housing assistance plan and offers bonus grants for areas committed to fair share housing programs.
- HUD — Community development block grant (and, the subsequent court case in Hartford, Conn.), encourages an areawide housing assistance plan.
- EDA — The technical and planning assistance programs of the seven Title V economic development commissions. These funds can be used for the administrative support of substate districts. These economic development commissions include: Coastal Plains, Four Corners, New England, Ozarks, Upper Great Lakes, Old West, and Pacific Northwest. In addition, it is understood that California and Hawaii soon will apply for single state Title V commissions for their states.
- GSA — Surplus property program, permits state and local governments to acquire Federal property no longer needed before it is disposed of on the open market. Under recently revised rules, governmental units below the state level receive first priority, and regional councils are eligible.

28.002	Coastal Plains Technical and Planning Assistance	Coastal Plains Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
38.002	Four Corners Technical and Planning Assistance	Four Corners Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
48.002	New England Technical and Planning Assistance	New England Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
52.002	Ozarks Technical and Planning Assistance	Ozarks Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
63.002	Upper Great Lakes Technical and Planning Assistance	Upper Great Lakes Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
75.002	Old West Technical and Planning Assistance	Old West Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
76.002	Pacific Northwest Technical and Planning Assistance	Pacific Northwest Regional Commission	Discretionary	Categorical	Both	Varies	Planning/Demonstration/Training	Planning/Project Concurrency	Allowed
10.414 10.901	Resource Conservation and Development Loans and Grants	USDA/FHA/SCS	Discretionary	Categorical	Non-metropolitan	RC&D Committee	Planning/Project Concurrency	None	Discouraged

Table 1 (cont'd.)
FEDERAL PROGRAMS
SUPPORTING SUBSTATE REGIONAL ACTIVITIES
 Existing as of December 1976

Catalog Number	Program Name	Federal Agency	Discretionary or Formula	Block or Categorical	Types of Areas*	Areawide		State Role	Interstate Areawide Agencies
						Agency	Role		
—	Surplus Property	GSA	Discretionary	Categorical	Both	Varies	Potential Recipient	Review/Potential Recipient	Allowed
Environmental Protection									
66.001	Air Pollution Control Program, Grants	EPA	Discretionary	Categorical	Both	Varies	Varies	Determines Legal Responsibilities for Control Programs	Allowed
66.027	Solid Waste Planning Grants	EPA	Discretionary	Categorical	Both	208*** Agency	Varies	Planning	Allowed
16.426	Areawide Waste Treatment Management Planning Grants	EPA	Discretionary	Categorical	Both	208 Agency	Planning/Project Concurrence	Designates Areas and Areawide Agencies/Responsible for Rest of State	Required
11.418	Coastal Zone Management Planning Grants	Commerce/NOAA	Discretionary	Categorical	Both	Upto the Governors	Recipient	Recipient	Discouraged
Transportation									
20.103	Airport Systems Planning	DOT/FAA	Discretionary	Categorical	Metropolitan	MPO ⁴	Planning Advice	Project Concurrence	Required

20.205	Highway Program	DOT/FHWA				(in urban areas only)				
	Interstate		Discretionary	Categorical with Transferability to Transit	Metropolitan	MPO ⁴	Planning/Project Concurrency	Recipient of Federal Funds	Required	
	Primary		Formula	Categorical	Metropolitan	MPO ⁴	" "	" "	"	
	Secondary		Formula	Categorical	Metropolitan	MPO ⁴	" "	" "	"	
	Urban		Formula	Categorical with Transferability to Transit	Metropolitan	MPO ⁴	" "	Channels Planning Funds for Large Urban Areas	"	
20.500 20.505 20.507	Urban Mass Transportation Planning, Capital and Operating Grants	DOT/UMTA	Discretionary and Formula	Categorical	Metropolitan	MPO ⁴	Planning/Project Initiation	Project Concurrency	Required	
—	Rural Transit Assistance	DOT/UMTA	Discretionary	Categorical	Rural	Varies	Varies	Varies	Allowed	
Social Services										
13.210	Comprehensive Public Health Services	HEW	Formula	Block	Both	HSA ⁵	Planning/Project Concurrency	Planning/Project Concurrency	Encouraged	
13.284	Emergency Medical Services	HEW	Discretionary	Categorical	Both	Varies	Feasibility Studies and Operating Expenses; HSA Review	Planning Review/Recipient	Discouraged	

Table I (cont'd.)
FEDERAL PROGRAMS
SUPPORTING SUBSTATE REGIONAL ACTIVITIES
 Existing as of December 1976

Catalog Number	Program Name	Federal Agency	Discretionary or Formula	Block or Categorical	Types of Areas*	Areawide		State Role	Interstate Areawide Agencies
						Agency	Role		
13.633	Special Programs for the Aging	HEW	State Discretion	Block	Both	AAA ⁶	Varies	Basic Recipient by Formula/ Planning and Project Approval	Discouraged
13.754	Title XX Social Services	HEW	Formula	Block	Both	Varies	Varies	Planning/ Project Concurrence/ Recipient	Discouraged
17.232	CETA (Manpower)	Labor	Discretionary	Block	Both	Consortium of Governments Encouraged**	Planning and Action	Balance of State Program Power	Allowed
49.002	Community Action	Community Services Admin.	Discretionary	Block	Both	CAA**7	Planning/ Project Concurrence	Designates CAA's	Allowed
Protective Services									
10.662	Rural Community Fire Protection	USDA/ Forest Service	Discretionary	Categorical	Rural	Varies	Varies	Recipient/ Legal Project Negotiations	Discouraged

16.500 16.501	Law Enforcement Planning Grants	Justice/ LEAA	Formula and Discre-	Block	Both	Substate LE. Planning Regions	Planning Advice	Planning and Fund Allocation	Allowed
General Purposes									
—	Project Notification and Review Process (A-95)	OMB	NA	NA	Both	Areawide Clearing-houses	Project Notifications/ Reviews & Comments	State Clearing-houses	Required
27.012	Intergovernmental Personnel Grants	CSC	Discretionary	Cate- gorical	Both	Varies	Varies	Review	Allowed

*Metropolitan, nonmetropolitan (or rural), or both.

**These agencies may not be areawide, but they frequently span two or more local jurisdictions.

*** As this report went to press, administrative regulations were being drafted for this program which threw into question the type of areawide agency.

¹Areawide Planning Organization

^{*}Economic Development District

³Local Development District

¹Metropolitan Planning Organization

⁵Health Systems Agency

⁶Areawide Agency for the Aging

⁷Community Action Agency

- According to the National Association of Regional Councils, several regional councils — particularly those in the West and South — have benefited.
- Commerce — Coastal zone management, encourages the state to develop their programs through regional planning bodies.
- UMTA — Rural transportation assistance, makes substate regional bodies eligible for an application preparation role and permits them to be potential recipients of project implementation funds.
- HEW — Special programs for the aging, encourages areawide planning through area agencies on the aging.
- HEW — Social services, allows areawide social services planning.
- USDA/FS — Rural fire protection, allows rural communities having populations under 10,000 to join together in cooperative projects. Substate regional bodies are eligible applicants for such joint projects.
- HEW — Emergency medical services stipulates that substate regional bodies are eligible for planning and operating grants.
- CSC — Intergovernmental personnel program, includes substate regional bodies as possible eligible recipients for discretionary grants under which training and other activities may be funded.
- HEW — the community development block grant.
- HEW — the regional medical and comprehensive health planning programs were merged with the comprehensive public health services program.
- EPA — the water quality management planning grants were replaced by the areawide waste treatment management program.

Of the 32 programs on the new list, eight require an areawide approach even in interstate areas. These are:

- HUD — 701 planning assistance.
- HUD — Section 8 housing,
- HUD — Community Development block grant,
- DOT/FHWA — Highway programs in urban areas,
- DOT/UMTA — Mass transportation programs in urban areas,
- DOT/FAA — Airport systems planning in metropolitan areas,
- EPA — Areawide waste treatment management planning, and the
- OMB — Project notification and review process (A-95).

One program has increased its insistence on an areawide approach since 1972:

- EPA — The solid wastes management program was revised by Congress in 1976 and expanded into a much larger program patterned upon the Section 208 water pollution program enacted four years earlier. Under this new format, state and areawide plans are to be prepared, and there is substantial legislative history to the effect that the Section 208 water planning bodies should be utilized for the areawide planning.

In addition, five programs in the 1972 list which were consolidated into or superseded by new programs in the new list are encompassed within those programs. These are:

- HUD — the water and sewer facilities and open space grant programs were consolidated into

Three major legislative changes, since 1972, have substantially increased the decision-making roles of the designated regional planning bodies in their respective roles.

- DOT** — the urban highway and mass transportation programs both require that projects be included in the plan and program prepared by the designated metropolitan planning organization (MPO) before they can be eligible for Federal funds.
- EPA** — the areawide waste treatment management (water pollution) program also requires projects to be included in the regional plan and program before they become eligible for Federal assistance.

Two programs, on the other hand, have regressed in their insistence on an areawide approach since 1972:

- Labor** — the comprehensive employment and training assistance program (CETA) now relies primarily on individual local governments, either singly or in consortia, (or the states in non-urban areas) rather than on the former comprehensive areawide manpower planning system (CAMPS).
- HEW** — the former comprehensive health planning program which was based largely on substate planning districts similar to those in use in many other Federal aid programs, has been replaced by health systems agencies which frequently service totally different areas — the whole state, special health services areas based on minimum and maximum population criteria, or the balance of the state after subtracting special areas. Interstate areas have been split,

as well as metropolitan areas within a single state.

All this suggests a continuation of federally encouraged substate regional efforts, encompassing a widening range of specific functional areas, but with erosion of the regional role in a few programs and some strengthening innovations in a few others.

Coordinative Processes

Turning to federally sponsored coordinative processes, the foremost among these at the regional level is the **OMB Circular A-95** and its Federal aid review and comment process. This process initially grew out of the reviews required in individual programs in the early 1960s, and later a relatively broad physical development program review was instituted by the **Demonstration Cities and Metropolitan Development Act of 1966**. A government-wide review policy was called for by Title IV of the **Intergovernmental Cooperation Act of 1968**, requiring state and local governments as well as specific civil rights, environmental, and other groups to be notified of proposed Federal aid projects and given an opportunity to review and comment on them before they are acted upon by the appropriate Federal agency. Designated regional planning bodies perform this notification role and pass local reviews on to the Federal agency along with the regional body's own comments. This process provides an opportunity to coordinate federally assisted regional programs with each other and to coordinate local applications for Federal aid with regional planning.

Since ACIR's 1972 survey of regional A-95 clearinghouses, a number of changes have occurred in this process. First, the number of such clearinghouses has increased from 452 to about 500. As a result, nearly the whole Nation now is blanketed by such bodies. In addition, the number of Federal aid programs covered by this coordinative process has doubled from about 100 programs to more than 200. The physical development undertakings which once predominated now have been substantially balanced by social service programs and, most recently, Federal licensing and permit programs have been added. Moreover, those Federal agencies which administer programs subject to this process now must develop their own regulations for

implementing A-95. Federal agency compliance with the requirements of this OMB circular were once quite spotty, but compliance now is fairly widespread. This result was spurred initially by a court case in Texas a few years ago,⁶ and has been further reinforced by more recent cases in Oregon and Texas.⁷ These cases have upheld the right of an areawide clearinghouse to review projects before the Federal agency acts. To improve Federal agency compliance even more, OMB now requires the Federal regional councils to oversee departmental activities under the circular within their regions. And finally, communications in the A-95 process have been improved by requirements (1) that the clearinghouses append local comments to their own when communicating with the Federal agencies, (2) that Federal agencies notify the clearinghouses in writing of their reasons whenever they take action at variance with the clearinghouses' comments, and (3) that better reporting back to the state and local governments be provided for each project actually approved for Federal financial assistance.

To the more sanguine observers with a sense of history, these actions add up to a substantial record of improvement in the A-95 process over the past four years. The clearinghouses now are virtually all in place and familiar with the process, and the paperwork is flowing relatively routinely. What remains to be accomplished, very largely, is a fuller realization of the potential for applying well thought-out and officially adopted regional policies through this process; too often the A-95 reviews and comments have been provided on an ad hoc project-by-project basis, with little relation to the comprehensive planning process.

The more skeptical observers of this clearinghouse function, along with their hardboiled program (and occasional central management) allies, view these developments differently. While conceding some ostensible improvements in the communications and program coverage areas, these critics argue that the end result is largely a "papermill process" with little real impact on the flow of funds or on interprogram coordination. They contend that the areawide reviews vary widely in quality, are performed by bodies which lack authority, and often reflect a tendency to approve all projects of member governments. They stress the weakness and pro forma role of the state clearinghouses and cite the failure of most states to convert the process into a tool of state planning and

budgeting, viewing it merely as a necessary step to be taken to get Federal grant funds. Some in this group also emphasize that federally inspired efforts to achieve coordinated management improvements at the substate level through a process like A-95 are bound to produce non-substantive, sham-like results, unless basic local and regional structural problems are simultaneously attacked by both the states and Federal government. The critics, then, still need to be convinced, and the record to date has done little to diminish their skepticism.

The above analysis of Circular A-95, of course, deals only with Part I of the circular. Part IV also is of considerable importance to regional councils, since it requires maximum feasible use of the same geographic boundaries for areawide Federal aid programs in the same area, and coordination among any different regional agencies in the area which may have been established either for purposes of individual Federal aid programs or for other related purposes.

ACIR's 1972-73 examination of substate regionalism found that the boundaries of the then existing substate districts officially designated by the states for regional planning purposes were adhered to by only about one-third of the federally encouraged areawide units operating within these districts. It also revealed that the state-recognized planning organizations in these official substate districts were utilized by the Federal programs only about one-sixth of the time. In other words, Federal aid programs typically were creating overlapping and separate regional planning areas and organizations. The A-95 program was better than most in this respect, but still not outstanding. About 45 percent of the nonmetropolitan and metropolitan A-95 clearinghouses designated by the Federal government were the same organizations which the states recognized officially for regional planning purposes.

Though no comprehensive updating of these figures has been done, random evidence indicates continuing difficulties in successfully implementing Part IV of Circular A-95. A 1975 internal HUD survey of its 701 planning units, EPA's 208 areawide waste treatment management planning bodies, and DOT's metropolitan transportation planning organizations (MPO's) found that two-thirds of the then designated 208's and a little over three-fifths of the MPO's had received 701 planning funds in FY 1974. Put another way, in a third or more of the possible opportunities to utilize

the same regional unit, the DOT and EPA sponsored areawide bodies were separate and distinct bodies from the 701 HUD aided units, which generally are multipurpose regional councils. On another federally aided regional program front, a 1975 ACIR survey of the regional planning units (RPU) established by 43 states pursuant to the *Safe Streets Act of 1968* found, overall, that 57 percent of these units were created specifically and exclusively for areawide criminal justice planning purposes.⁸ This suggests somewhat more separatism in 1976 than was found in a 1970 poll — where 30 of the 45 states then utilizing RUPs had added their functions to those of existing areawide multipurpose bodies.

A draft report by the General Accounting Office, which is expected to be released early in 1977, documents the need for substantial improvements in Part IV of the circular and its administration. Too many different boundary designations and separate organizations still are involved in planning for and administering areawide Federal aid programs in the same regions. Substate districting efforts have not ended the separatist tendencies of program specialists. Confusion and duplication continue, while program coordination suffers.

Another coordinative process important to substate regionalism is joint funding. The *Joint Funding Simplification Act of 1974* formalizes and legislatively underpins OMB's experimental Integrated Grant Administration program under which several interrelated grants are awarded with a single contract and administered by a single lead Federal agency. Regional planning organizations have been the prime beneficiaries of this effort. While these funding packages may be difficult to initiate, their administrative and program coordination advantages can be substantial once the contract is approved. New regulations for joint funding became effective in 1976 in response to the 1974 act, and OMB is considering further guidance to the Federal Regional Councils in promoting use of this technique and overcoming the reluctance of individual agencies to participate. Devices being considered include OMB distribution to the FRCs of draft interagency agreements which establish common elements among various programs and publication in the *Federal Catalog of Domestic Assistance* of a list of programs suitable for joint funding.

On another front, the Federal Regional Councils have become a participant in the substate regional

drama since publication of ACIR's substate regionalism reports. Their roles, both in A-95 implementation and in joint funding administration, are new. Moreover, the number of Federal agencies incorporated into the FRCs has expanded steadily. Yet, recent studies by the Government Accounting Office⁹ and by ACIR¹⁰ both document a considerable gap between the promise and performance of these units. Presently they are even looser confederations than most of the areawide councils of governments. While the Federal agencies belonging to them are specifically designated, actual levels of participation are determined voluntarily, and FRC decisions are not binding. In addition, FRCs have no independent staff; they are served by designated employees of the participating departments and agencies, normally serving part time. Thus, substantial improvement is needed in FRCs before effective Federal field coordination of areawide programs can be expected.

OMB *Circular A-85* provides still another opportunity for strengthening consistent Federal approaches to areawide coordination. Under it, state and local governments, including regional councils when appropriate, may comment upon and attempt to influence new administrative regulations for Federal aid programs before they become final. This consultation process takes place before the draft regulations are published officially in the *Federal Register* for the general 30-day comment. Thus, A-85 provides additional time for reactions and an opportunity for face-to-face meetings if desired. Federal agency compliance with this process is improving, and the communication opportunities, (rather than the potentials for red tape and delay) are receiving greater attention. Nevertheless, efforts to circumvent this circular still arise much too frequently and, communication problems persist. In addition, the state and local governments generally have not availed themselves of the opportunities provided by this circular as fully as they might. It should be noted, however, that the National Association of Regional Councils (NARC) has participated better than most others in this process. When regionally oriented changes are proposed in regulations, NARC is notified and nearly always responds.

Finally, DOT, EPA, and HUD have joined together with NARC to pioneer in a new areawide coordinative process known as Regional Capital Improvement Programming (RCIP). Individual programs of these departments now require

specific programming of projects on a multiyear and annual budgeting basis. These programs include urban transportation (highways and transit), waste treatment facilities, and housing assistance. The novelty of RCIP is that it brings these separate functional programs together into an integrated capital improvements program related to the comprehensive development plan for a region. The case for including housing in this process — though it extends the process substantially beyond capital improvements by encompassing rent subsidies — has been strengthened recently by certain court cases, especially the Hartford case,¹¹ in which fair sharing of housing responsibilities among central city and suburban communities is required on an “expected to reside” basis as a prerequisite for receipt of community development block grants. The RCIP process has been tried out and found workable by a handful of metropolitan and nonmetropolitan regional councils,¹² and the Appalachian Regional Commission is trying the concept on a much broader scale which would tie together statewide and areawide action programs throughout its 13-state jurisdiction. Yet, whether the nation is at the threshold of installing such a process on a still broader scale clearly is a debatable question.

Continued Confusion vs. Unified Regional Policies

These various Federal activities affecting the coordination of areawide programs demonstrate a continuing Federal ambivalence toward substate regionalism. The goal of a coordinated set of regional activities is set forth in OMB *Circular A-95* and in the legislation upon which it is based. But separate programs still go their separate ways, and A-95 lacks effective means of implementation. While officials of HUD, DOT, EPA, the Economic Development Administration, the Appalachian Regional Commission, and other Federal agencies have been developing interagency agreements to foster common program elements and common areawide agency designations, HEW’s health planning, Labor’s manpower planning, and Justice’s Safe Streets planning programs have created larger numbers of separate regional organizations recently than they did in the past. Overall, it is not clear whether these conflicting trends have led to more or less use of a single “officially recognized”

regional planning organization by the Federal areawide programs in its area. Perhaps the 1977 Census of Governments or the recently launched OMB survey of the A-95 clearinghouses will answer that question.

On the fiscal front, Federal grant programs continue to provide the lion’s share of support for these substate regional bodies — whether multi- or single-purpose. Very few regional councils have their own financial base. Most of the Federal funds upon which they rely are in the form of discretionary project grants exhibiting wide variations in amounts and availability from year-to-year. Most recently, HUD’s Section 701 funds have been substantially reduced and redirected from general planning to specific land use and housing topics, while EPA has added a major new source of temporary planning funds. A recent study for the Congressional Budget Office has documented the uncertainties and difficulties — both administratively and financially — engendered by these types of grants when no special arrangements are made for advanced funding.¹³ Thus, in addition to the competition from other federally supported regional organizations and their voluntary-advisory underpinnings in state law, regional councils face the continuing challenge of funding instability.

Part of this difficulty, of course, relates to the failure of most states to provide adequate financial support for their substate districting organizations. Compared to the early seventies, things have improved somewhat on this front with three-fifths of the states now providing some financial assistance to their districting organizations. Yet, the overall figure came to only \$12.6 million in 1976, and five states accounted for one-third of this total. The upshot is that regional councils have great difficulty maintaining a stable and well balanced comprehensive planning program. Program priorities are distorted almost annually as the various Federal aid programs ebb and flow.

To ameliorate some of these districting problems, Senator Warren Magnuson and Representative Thomas Ludlow Ashley introduced in the 94th Congress the proposed *Intergovernmental Coordination Act of 1976* (S. 3075 and H.R. 14990). This measure would achieve many of the goals found in Recommendations 1 and 5 of ACIR’s 1973 report entitled *Regional Decision Making: New Strategies for Substate Districts*, by providing for the —

- 1) use of the state’s substate districts for

- administration and coordination of federally aided areawide planning programs;
- 2) eligibility of a single areawide planning agency in each substate region for all federally aided areawide planning programs — through waiver of divergent Federal aid requirements concerning the composition of areawide planning bodies;
 - 3) melding of all federally aided areawide planning programs in each region into a single coordinated work program;
 - 4) consistency of Federal aid projects in each region with areawide development planning;
 - 5) gubernatorial agreement on, or OMB designation of, the boundaries of interstate metropolitan areas;
 - 6) joint funding eligibility for all areawide Federal aid projects;
 - 7) authorization to spend areawide and statewide planning funds from any Federal aid program for support of the A-95 review process;
 - 8) review of federally required state plans — as well as proposals for Federal land acquisition, disposition and use — by the governor, areawide planning agencies, and local governments;
 - 9) biennial reports by the President on the administration of this act — in conjunction with the President's National Growth Report; and
 - 10) OMB rules and regulations appropriate for the effective administration of these rules.

The Commission has supported this bill in letters to both sponsors, to the appropriate Congressional committee chairmen, and to OMB. The measure has been reintroduced in the 95th Congress. But early passage and the subsequent achievement of a uniform Federal policy on substate regionalism will not be easy.

Two Illustrative Cases

This chapter has shown the benefits of, as well as the deficiencies in, state actions and Federal policies and programs relating to substate regionalism. While these two forces sometimes work together in

shaping the nation's regions, greater effort by one or the other in a given area can make that higher level government the primary influence in that area. For example, the GAO draft report on Federal planning assistance to regional bodies, cited earlier, found that in Atlanta where strong state legislation had channeled most Federal aid programs to a single organization (the Atlanta Regional Council), significant program coordination was achieved. On the other hand, it found far less coordination in Sacramento, Portland, and Seattle where the state role was much less prominent. Such differences can be seen even more clearly by comparing the state-dominated approach in the Twin Cities Metropolitan Council (Minneapolis-St. Paul) with the federally dominated scene in the Puget Sound Council of Governments (Seattle, WA) region.

Twin Cities Metropolitan Council

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This substate regional organization was established in 1967 by special legislation. The members of its governing body are appointed by the governor from districts within the region. Its legislation has been amended almost annually so that this council now has policy and budget control over the areawide special districts in its area, performs the functions of an areawide housing authority, and may require conformance of municipal, county and school district plans with its areawide development guides whenever there is a question of metropolitan significance. Although the council's structure diverges from the typical council of governments format now required by most Federal aid programs, the council has worked hard and succeeded in attaining recognition for most Federal aid program purposes. Its governmental advisory committees resemble COG boards of directors, and the openness of its operations and provisions for citizen participation are probably the foremost in the nation.¹⁴

This innovative process of involving political leaders and the whole community throughout the planning process has opened much of the work done by professional planners to public scrutiny. The council's comprehensive development policies were prepared over a two-year period from 1973 to 1975. Up until August of 1973, when John Boland was appointed chairman of the council, the planning had progressed in a fairly standard way, with planners doing their research and analysis,

and recommending a plan after they had completed their work. But with the appointment of the new chairman by the governor, the process became one with much more outside involvement. The policy-making council members themselves divided up into committees and began to meet weekly with the staff. Every week the staff had to produce a document to be discussed which would focus sharply on policy issues. This substantially changed the nature of the planning that was done. It changed the planners' writing style from one heavily laden with jargon, to one more understandable by laymen. It reoriented attention from undue concern with methodology and technical matters towards deeper analysis of policy impacts — what does a suggested policy do politically, economically, and socially? It also riveted attention upon the practicality of implementing what was suggested. With citizens and press looking on, the planners and politicians debated their assumptions, findings, and policy options.

The powers of the Metropolitan Council, and the planning process it has adopted, go well beyond the requirements of Federal aid programs. This has been possible because the citizens of the area and their political leaders wanted an effective process, and the state legislature provided it. The severe water pollution crisis which created the Metropolitan Council in 1967 has been surmounted, and the Twin Cities area ranks near the top of the list among good places to live in the United States.¹⁵

Puget Sound Council of Governments

The story has been quite different in the Seattle, WA, area. In the fall of 1975, three of the four counties in the Puget Sound COG withdrew their memberships, and the fourth threatened to do so on January 1, 1976.¹⁶ They charged that the organization was staff dominated, more responsive to Federal requirements than local needs, not returning adequate benefits for dues paid, and providing inadequate representation for counties. By the end of the year, the Northwest Federal Regional Council told the local governments in the Puget Sound area that they would have to come together again in a single regional agency by June 30, 1976, or face the loss of certain Federal funds and the A-95 responsibility.¹⁷ By August 1976 the local governments had negotiated a reorganization

of the COG which gave cities and counties equal representation, reduced the size of the staff, reoriented more of the work program toward local concerns, and maintained required Federal aid planning.¹⁸ The three counties which had withdrawn were back in the fold by September.¹⁹ What this case study suggests is that where a state has left COG membership on a voluntary basis and where dissatisfaction and self-interests build to the point of membership withdrawal, local dependence on Federal grants requiring a regional approach still can be significant enough to force localities into agreement on how they will cooperate regionally.

The overall regional council and districting record suggests that neither of these case studies is necessarily typical. The former, after all, represents the most creative example of state leadership on the regional front that the recent record can provide. And the latter demonstrates a show of Federal muscle that usually is hidden and untested. Both reveal a purposiveness which the overall record suggests is lacking more often than not at both of these higher levels of government. Ambivalence after all has been the prime general trait of the Federal and state policies regarding substate regionalism. In large part, this stems from the political inhibitions at these levels (as well as constitutional constraints from the Federal vantagepoint) regarding local government powers and prerogatives. Yet, increasingly over the past 15 years, some local governments themselves have confronted the regional challenge at the grass roots, and these efforts will be the focus of the next chapter.

FOOTNOTES

¹The updated figures referred to here are from a compilation by the Council of State Governments published in the following companion volume to the President's 1976 Report on *National Growth and Development*; Council of State Governments, *State Growth Management*, Washington, DC: U.S. Department of Housing and Urban Development, May 1976, pp. 39-43. ☞ the 530 delineated substate districts, in the new CSG count, 502 (95 percent) have operational organizations, and 492 (93 percent) have state and/or Federal funding.

²Utah State Planning Coordinator, *Intergovernmental Planning-Coordination: The Utah Experience*, Salt Lake City, UT, 1975. See also Council of State Governments, *State Growth Management*, p. 72.

³Advisory Commission on Intergovernmental Relations, *State Actions 1973: Toward Full Partnership*, Washington, DC: U.S. Government Printing Office, January 1974, p. 15. Joseph M.

Thomas and George Griffith, "DRI," Florida Environmental and Urban Issues, Vol. 1, No. 5, May 1974, pp. 1-5, 13. Advisory Commission on Intergovernmental Relations, State Actions in 1975, Washington, DC: U.S. Government Printing Office, July 1975, pp. 40-41.

⁴Advisory Commission on Intergovernmental Relations, *State Actions 1973: Toward Full Partnership*, Washington, DC: U.S. Government Printing Office, January 1974, p. 15. Advisory Commission on Intergovernmental Relations, State Actions in 1976, Washington, DC: U.S. Government Printing Office (forthcoming).

⁵Advisory Commission on Intergovernmental Relations, Regional Decision Making: New Strategies for Substate Districts, Report A-43, Vol. I, Substate Regionalism and the Federal System, Washington, DC: U.S. Government Printing Office, 1974, pp. 167-220.

⁶*Pearce Johnson, et al, v. Fred Russell (Acting U.S. Secretary of the Interior), et al*, Civil Action No. A-70-CA-136, U.S. District Court, Western Division of Texas, Austin Division, February 12, 1971.

⁷*Hood River County, et al, v. U.S.A. (Department of Labor)*, Civil Action No. 75-972, U.S. District Court for Oregon, December 1, 1975; and *State of Texas, U.S. District Court, Western District of Texas, Austin Division, v U.S.A. (Community Services Administration, et al)* Civil Action No. A-76-CA-182, October 23, 1976.

⁸Advisory Commission on Intergovernmental Relations, *Safe Streets Reconsidered: The Block Grant Experience, 1968-1975*, Washington, DC: U.S. Government Printing Office, 1977.

⁹The Comptroller General, *Assessment of Federal Regional Councils*, Washington, DC: U.S. General Accounting Office, January 31, 1974.

¹⁰Advisory Commission on Intergovernmental Relations, *Improving Federal Grants Management*, Washington, DC: U.S. Government Printing Office, 1977.

¹¹*City of Hartford, et al, v. Carla A. Hills, et al*, Civil No. H-75-258, U.S. District Court, District of Connecticut, January 28, 1976.

¹²*Regional Capital Improvement Programming: An Evaluation and Analysis*, Washington, DC: National Association of Regional Councils, February 1976.

¹³Peat, Marwick, Mitchell & Co., *The Effect of Advanced Federal Budgeting Upon State and Local Program Delivery (for the Congressional Budget Office)*, Washington, DC: Peat, Marwick, Mitchell & Co., 1976.

¹⁴Metropolitan Council of the Twin Cities Area, *The Politics and Planning of a Metropolitan Growth Policy for the Twin Cities: An Executive Summary*, St. Paul, MN: September 1976, and the two detailed companion volumes entitled *Regional Politics in the Twin Cities: A Report for Decision-Makers on the Politics and the Planning of Urban Growth Policy*, and *Growth Management in the Twin Cities Metropolitan Area: A Report for Planners on the Development Framework Planning Process*.

¹⁵Louis, Arthur M., "The Worst American City," *Harper's* January 1975, pp. 67-71.

¹⁶"County Withdrawals from Puget Sound COG Raise Fundamental Issues for Other Councils," *From a Regional Perspective*, October-November 1975, p. 1.

¹⁷"Feds Tell Puget Sound to Unite by June 30," *From a Regional Perspective*, February 1976, p. 1.

¹⁸"Puget Sound Negotiations Progress: Local Officials Work on Compromise," *From a Regional Perspective*, August 1976, p. 3.

¹⁹"Three Washington Counties Rejoin Seattle-Area Council," *From a Regional Perspective*, September 1976, p. 1.

Related Local Government Modernization And Functional Shifts

The pattern of local government in the United States continues to change. These changes concern numerical changes among the different types of local units, the structure and size of these units, and the functions they perform. Fragmentary data on these shifts are presented here. A more definitive update will have to await the 1977 Census of Governments.

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These local shifts are important to substate regionalism for several reasons. Obviously, if local governments become areawide through consolidation, merger, or annexation, or if an existing areawide unit (such as a county or an areawide servicing district) is assigned responsibility for all significant areawide functions, then there will be little or no need for a regional council type of organization in the area. It is apparent also that the larger and more competent the local governments in an area are, the fewer will be the tasks assigned to the areawide regional council. Thus, substate regionalism should be viewed within the context of prevailing patterns of local government.

The Number of local Governments

Reports from the Office of Revenue Sharing in the U.S. Department of Treasury show that the number of counties (as expected) remains almost steady, while the number of municipalities has grown each year by something less than 100

units.¹ Unpublished data of the governments division, U.S. Bureau of Census, indicate that there were 99 new incorporations in 1973 throughout the nation, 65 in 1974, and 62 in 1975. In addition, there were three new city-county separations in the State of Virginia during 1975. These were Manassas, Manassas Park, and Poquoson, all of which became independent cities (not included in a county). This brings the total number of independent cities in the nation to about 40.

The number of city-county consolidations now stands at 25. In 1975, the City of Anchorage and the Greater Anchorage Borough in Alaska consolidated. In the same year, the Nevada Legislature passed a consolidation bill for Las Vegas and Clark County, but the latter was overturned by a Nevada state court in 1976. Thus, the net gain in 1975 was one. In the 1976 November elections, two proposed city-county consolidations in Montana went before the voters: Butte-Silver Bow County and Anaconda-Deer Lodge County. Both were approved.

Some minor mergers also continue to take place. In the St. Louis area, Mary Ridge Village and St. Ann City merged, with St. Ann being the surviving unit. In addition, Pellam Village and North Pellam Village (in the State of New York) consolidated on June 1, 1976.

While these mergers were being approved, others were being turned down. In 1974, all five consolidation plans which went to referendum were defeated (in the areas of Portland, OR; Sacramento, CA; Durhan, NC; Evansville, IN; and Charleston, SC). In 1975, the merger of Salt Lake City and Salt Lake County was turned down by the voters in a March referendum, while the Ashland and Frankfort areas in Kentucky turned down city-county consolidations in the November elections. The consolidation of Missoula and Missoula County, MT, and Tallahassee and Leon County, FL, failed at the polls in 1976.

Studies of consolidation or two tier governmental reorganizations have been underway in the last few years in the following areas, among others: Rochester, NY; Tampa-St. Petersburg, FL; Denver, CO; Portland, OR; South Lake Tahoe-El Dorado County, CA; and Seattle-King County, WA. Despite all the studies and the votes taken, the actual number of consolidations remains small — with the earlier one-out-of-four success rate still pretty much holding.

Special district growth, on the other hand, has

continued at its traditionally rapid rate. The 23,886 such units identified by the Bureau of Census in 1972, has now passed the 25,000 mark, according to a preliminary count prepared by the governments division in preparation for the 1977 Census of Governments.

Overall, then, counties have experienced no numerical growth; municipalities, a modest hike; and special districts, a significant expansion. On the consolidation front, modest growth continues.

City and County Modernization Efforts

Municipalities continue to annex territory, while county governments continue to modernize. Both cities and counties continue to be granted new home rule powers and to adopt new and more effective forms of organization.

With respect to annexation, unpublished data from the governments division of the U.S. Bureau of Census record major annexations during 1975 in Houston, TX (involving a population of about 20,000), and over 10,000 each in Lynchburg and Roanoke, VA. Nationally, such action in places over 2,500 people encompassed a total population of 300,000 in 1974, when 800 square miles were annexed, and 220,000 people in 1975, when 500 square miles were annexed. As was pointed out earlier, most of the annexations have been taking place in the South and West, and this is clearly reflected in the central city-surburban data analysis compiled by ACIR in 1976.² Where major annexations have taken place, the health of central cities in terms of revenue base, employment, and retailing is much better than where this option has been foreclosed or unused. This, of course, highlights a major differentiating factor between the cities of the Northeast-Midwest and their counterparts elsewhere.

Despite continuing annexations, none have occurred since the Commission's substate regionalism report which have been massive enough to create de facto areawide governments. In fact, in Virginia where city annexations in the past have encompassed whole counties, the legislature placed a moratorium on such activities—as well as on new county charters and municipal consolidation and chartering.³ Thus, it appears that annexation may help more in maintaining healthy central

cities in limited portions of the country than in providing areawide governments either there or elsewhere.

Turning to home rule powers, charters, and local executive leadership, at least half of the states granted greater home rule to their local governments between 1970 and 1975. Two of the best examples are Pennsylvania and Montana. In 1972, Pennsylvania legislation authorized home rule for both counties and municipalities, and initiated the convening of 118 local government study commissions to write charters or choose among optional forms of government for their localities. Montana's new 1972 constitution initiated a similar but even broader effort.

In the Pennsylvania case, 88 of the local study commissions had reported by early 1975, recommending home rule charters in 68 cases and optional plans in 13.⁴ By that time, 34 home rule charters and seven optional plans had been approved by the voters, however, all of the county proposals were voted down.⁵

In Montana, all of its 126 municipalities and 56 counties were subjected to study. As a result, 32 changes in the form of local governments were completed as the process ended in 1976. In addition to the two successful city-county consolidations cited earlier, 15 municipalities adopted home rule while 11 others changed their form. Also, four counties adopted a new form of government and two chose home rule.⁶

The modern forms of local government to which increasing numbers of units are turning nationwide are the council-manager, mayor-council, or elected chief executive forms. Over 90 percent of the municipalities now have one of these forms of organization, while about 17 percent of the counties (representing a population of about 60,000,000) do. Among municipalities, the number having planning agencies responsible to the chief executive office has increased significantly over the last ten years, and about half of those over 50,000 now have some elements of a program budgeting system.

Another indication that counties increasingly are becoming urban service providers is that 76 of these units qualified for community development block grants from the Federal government in the first year of this new program. This required that they be empowered to undertake eminent domain, urban renewal, and publically assisted housing programs. Two important questions, still unan-

swered, are: how many of these modernized county governments exist in the some 100 single county SMSA's, and how many of these have taken on the areawide functions needed by those areas?

Transfers of Functions

The functional assignment question has major significance for substate regionalism. After all, it is the mismatch between the geography of certain functions and the geography of local jurisdictions that gave rise to substate regional developments in the first place. As county governments modernize, and where their boundaries approximate those of the real regions, they constitute prime candidates for delivering areawide services without creating a new level of government. This can be accomplished either through county home rule or transfers of functions from municipalities to counties. In multicounty areas, functions would have to be transferred to a strengthened regional council, a multipurpose servicing authority or some other form of multicounty unit above the county level.

According to a new ACIR survey 40 percent of the 3,300 municipalities responding indicated that they had either assumed a new function or transferred one or more functions to another level of government.⁷ The survey covered the period 1965 to 1975 and found that the most commonly transferred functions were (in order of frequency of transfer) solid waste collection and disposal, law enforcement, public health, sewage collection and treatment, taxation and assessment of property, social services, building and safety inspections, and planning. The favorite recipients of these transferred functions were counties and special districts. However, in the case of social services, the shift was most often made to the state. The three principal reasons cited for making these transfers were achievement of economies of scale, elimination of duplication, and lack of facilities and equipment. Responses to other survey items indicated that 45 percent of the municipalities believed that functional transfers had increased the need for modernized county government, and most felt that existing subcounty special districts and multicounty regional service agencies and councils of governments or regional planning commissions were needed in addition to reformed counties. Transfers to councils of governments were per-

ceived to produce more uniform service levels by only one-fourth of the respondents, compared to two-fifths of the respondents who believed that transfers to the county had such a result. Transfers to the state were least often perceived as resulting in more efficient use of capital resources, and were most often viewed as producing poorer quality service.

Despite this recent transfer of functions activity, and the plans of another 12 percent of responding municipalities to make additional transfers in the ensuing two years, few states have systematically studied the functional assignments among their various levels of government. One state which has is Maryland. In 1975, the Maryland Commission on the Functions of Government issued a report covering its three-year study of all the major functions of government in the state, except public education.⁸ Substate districting was covered, along with a very wide range of financing, health, licensing, public safety, planning, and development activities.

Among other recommendations, the Maryland commission proposed (1) minimum health service standards ensured by the state, (2) multijurisdictional water and waste water treatment coordination accompanied by state responsibility for the non-Federal share in funding facilities, (3) regional detention centers, (4) a more integrated local-regional-state planning process, (5) nonduplication of environmental permit and inspection requirements among state, local and regional agencies, (6) zero-based budgeting, and (7) a clearer division of tax bases.

Overall, the potentials for a clearer delineation and more creative sharing of functions remains largely untapped, because the pattern of function-

allfiscal assignments still is the product of ad hoc, largely crisis conditioned actions in practically all of the 50 state-local servicing systems.

FOOTNOTES

¹Department of the Treasury, Office of Revenue Sharing, *Annual Report*, Washington, DC: U.S. Government Printing Office, March 1, 1974, pp. 16-17. Department of the Treasury, Office of Revenue Sharing, *Payment Summary, Entitlement Periods 1 thru 5, with Entitlement Period 6 Estimate*, Washington, DC: U.S. Government Printing Office, July 30, 1975, p. 468. Department of the Treasury, Office of Revenue Sharing, *Payment Summary, Entitlement Periods 1 thru 6, with Entitlement Period 7 Estimate*, Washington, DC: U.S. Government Printing Office, July 30, 1976, p. 469. The township data in these reports fluctuate considerably, probably because of GRS eligibility rules rather than formal dissolution or creation of townships. Therefore, they are not used here.

²Advisory Commission in Intergovernmental Relations, *Trends in Metropolitan America*, Report M-108, Washington, DC: U.S. Government Printing Office, February 1977.

³"Virginia Legislature Delays Annexations," *National Civic Review*, April 1975, p. 195.

⁴"Pennsylvania Charter Score," *National Civic Review*, April 1975, p. 195.

⁵One was approved subsequently.

⁶Advisory Commission on Intergovernmental Relations, *State Actions in 1976*, Washington, DC: U.S. Government Printing Office, 1977.

⁷Advisory Commission on Intergovernmental Relations, *Pragmatic Federalism: The Reassignment of Functional Responsibility*, Washington, DC: U.S. Government Printing Office, July 1976, pp. 63-65.

⁸Maryland Commission on the Functions of Government, *Report of the Maryland Commission on the Functions of Government*, 5 Volumes, Annapolis, MD: July 1975.

Conclusion

The Range of Conflicting Strategies

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This regional council-substate districting-local government reorganization record has tended to produce five schools of thought regarding the future structure of substate governance. One group (*the public choice theorists*) adopts an even more pluralistic approach than exists most places now. They call for more flexibility in setting up special districts, in establishing interlocal agreements, in achieving functional transfers, and in contracting with the private sector. It applies a "free market" approach to public services, wherein a wide range of diverse units is viewed as the best means of meeting the governmental needs of our citizenry in the most accountable, economical, and efficient way which can be devised at any given point in time.

At the other extreme, are *the consolidationists* who see a full scale, local-regional merger as the best governmental means of achieving fiscal equity, efficient delivery of services, political accountability, and administrative professionalism. They point to Jacksonville, Nashville, and Indianapolis in support of their argument. While none of these examples constitutes a complete merger of all the local governments in the areas, they do represent substantial improvements over past fragmentation.

The city-county federation and state-supported regional council case studies, however, suggests a third alternative. Its adherents see in *the two-tier or three-tier federation approaches* a more politically feasible

yet appropriate way of sorting out areawide from purely local functions and powers, and of achieving an accountable, yet more acceptable, and administratively sensible approach to substate reorganization. The records of Dade County and Twin Cities' Metropolitan Council in areawide programs are cited to bolster their claims.

A fourth group rejects the claims of each of the previous three on grounds that the pattern and problems of substate governance are so varied that no single structural approach is adequate to cover them all. This band argues that the states should authorize various *voluntary reorganizational approaches*, and that the Federal government should support whatever structural reforms might emerge from the resulting local option process.

Finally, a fifth group of *pragmatists* focuses on the absence of an authoritative, accountable decision maker at the regional level, and is willing to settle for any reorganizational option (one, two, or three tier) that meets this deficiency. The diversity of the existing substate governance arrangements is fully recognized by this group, and varying local and regional traditions and problems are acknowledged. Hence, they stand flexible on reorganizational forms, but firm on their goal of achieving everywhere a responsible, responsive regional governing unit. In essence, this is the ACIR viewpoint.

On questions of tactics, the reform groups divide further. Most of them recognize that the role of the states is critical. However, some would largely "leave it to the locals," viewing state intervention as an irritant or a political impossibility. At the same time, they would urge enactment of an omnibus state measure that would authorize a range of reorganization alternatives with procedures for establishing metropolitan study commissions and with a requirement for popular referenda.

Others argue that the states always have had the legal authority, and now have some pressing motives, for taking strong action. Further fragmentation on the regional and local levels only pushes more controversial issues to the state level for settlement, they claim, and the burdens on the political and judicial branches of state government already are heavy enough. Paralleling the strategy of the first group, they feel that the states should take no action regarding specific reorganization proposals in any of their substate areas. But, they do sanction the mandating of a process that would

permit restructuring according to local needs and preferences, and they call for a state constitutional or statutory enactment that would require every metropolitan and nonmetropolitan area to undergo a reassessment process on a decennial or other regular basis. Major, minor or no reorganization recommendations could result from the study commission's efforts; and even if one of the authorized reorganization alternatives were proposed, the electorate still would have the final say. This approach, they point out, represents a sensible regional adaptation of a provision of Montana's new constitution.¹

Others, of course, advocate direct state or Federal intervention. They believe that it is essential to mandate reorganizations as the only sure means of effecting needed structural changes. Voluntarism, local option, and even a mandated process are ineffective, according to this view. Only a head-on confrontation at the state level with the real problems that disrupt metropolitan and nonmetropolitan areas will suffice; failing this, the Federal government must act. The avenues of Federal leverage are all in place, they point out, thanks to the expansion of regional aid programs. Concerted Federal initiatives involving a combined "carrot and stick" strategy probably would make the needed state action more likely to occur.

Facing Up to the Facts

In judging these various approaches to the future structure of substate governance, certain facts and forecasts must be confronted.

First, estimates of future population growth suggest (1) expansion of the existing metropolitan peripheries in expanding urban areas, (2) relative or even absolute declines in older urban areas, and (3) dynamic growth in some nonmetropolitan areas accompanied by continuing erosion in others. Despite such differences, areawide servicing difficulties will continue to be generated in each of these regional situations,

Second, intergovernmental fiscal transfers, especially from the Federal government, are and will continue to be critical in meeting the cost of areawide services. With these transfers

have come—and probably will continue to come—requirements for better regional institutions and coordinating procedures. Sometimes these are of a general purpose nature, but more frequently they have had a special purpose character.

Third, metropolitan areas will continue to differ greatly from each other: by size, by county composition (unicounty vs. multicounty), by numbers of municipalities and special districts, by state jurisdiction (intra-state vs. interstate), and by economic base (growing vs. stabilizing and even declining). The same can be said of nonmetropolitan areas.

Fourth, changes in county boundaries are hardly ever included in reform proposals for substate districts; without such changes, the reformed county can be a viable areawide option for only a minority of metropolitan areas, though it still can serve as a vital subregional “building block” in the remaining majority.

Fifth, analysis of servicing assignments suggests that some functions are areawide, some are more local, some are shared, and some are candidates for upward transfers (usually to the states, but sometimes to the Federal government).

Sixth, the very nature of most social services and income maintenance programs suggests that higher levels of government, rather than individual localities or regional units, must bear their fiscal burden; strongly redistributive programs are difficult to launch in any political setting, but the evidence suggests that local or even regional units are unlikely to be successful.

These half dozen findings and forecasts tend to place the earlier views about substate governance in perspective. They suggest the need for avoiding single formula solutions. They suggest that regionalism in one form or another is here to stay, dealing with continuing challenges of an areawide nature. They suggest that the fiscal facts associated with local and areawide government services are a crucial dimension of this development,

and that these are unlikely to change much. They suggest that certain activities already are regional or should be; that others are local and will continue to be, regardless of governmental reassignment efforts; and that still others, especially in some human resources areas, should be neither local nor regional, except perhaps in their implementation. Finally, they suggest a fear of general governmental power and a preference for, or at least a tolerance of, technocratic power in creating substate organizations.

Regarding this last inference, it does no harm to compare the United States with foreign countries having similar metropolitan challenges. In Canada and West Germany, among the Federal systems, and the United Kingdom, France, and Sweden, among the unitary ones, this democratic-technocratic ambivalence has not been as prominent a problem. Perhaps more than anything else in their respective political traditions, in contrast with our own, is their lesser reluctance to authorize the use of government authority. In the U.S., as various authorities have noted, the scope of governmental power has expanded without an accepted political philosophy to explain it. Instead, we have steadily resorted to quasi-governments. Independent regulatory commissions, school districts, and special districts are but part of this deceptive design whereby public activities are “kept out of politics.” The substate regional challenge has underscored the fact that areawide functions of government often have been turned over to technocrats who have not been open and accountable in discharging their public responsibilities. Greater involvement of elected public officials through general purpose regional bodies could help to overcome this problem in the same way it already is helping at the city and county levels. Real reform, however, is contingent on the degree to which this is really understood and accepted by the electorate.

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The Commission's Response to the Substate Regional Challenge

Divergent views, then, have emerged over the appropriate future structure of America's substate governance systems, and divergent tactical approaches have been adopted even among those who agree on the need for reform. This probably is

inevitable, given the existing and emerging functional, fiscal, and institutional challenges that confront most metropolitan and nonmetropolitan areas. Yet, more and more, it is at the regional level where the nation's future intergovernmental relations are being fashioned. As this brief report and its weightier six-volume predecessor indicate, most of the major issues facing the system are there: Should government be further centralized by expanding the roles of state and Federal units, or should it be decentralized through effective local modernization, regionalization and neighborhood involvement? Should the coordinative responsibilities of general purpose governments be encouraged, or should special purpose units each continue to be allowed to "do its own thing?" Should greater popular control be introduced to keep the administration of programs accountable, or should bureaucracies continue to be insulated from politics? Should local government fragmentation continue, or should the present pattern of numerous small local units be simplified? Should the abundance of special purpose governmental programs be maintained, or should program consolidations be effected? Can needed governmental changes be achieved incrementally, or is dramatic reform the only workable means of realizing significant change? These are critical issues, and their resolution clearly will affect the future course of American federalism in major ways.

The ACIR has confronted these issues and adopted a series of recommendations designed to resolve them.² The latter are rooted in an awareness of the dynamic and positive features revealed in the recent substate regional record and a conviction that the ambiguities of Federal, state and local policies, programs and attitudes concerning this topic should not be allowed to last much longer.

As stated at the outset, the Commission's policies add up to a three-part strategy designed to curb most of the current confusion in areawide districting activities, to link substate districting with local governmental modernization efforts, and to relate functional assignment efforts to both. In the Commission's judgement, districting reform should be considered as a basic part of a comprehensive effort to bring greater effectiveness, efficiency, and accountability to governmental operations at the areawide as well as at the local levels. Local government reorganization and the systematic reassignment of responsibility for performing various substate functions, in turn,

should be viewed as complementary, perhaps more long term, efforts to bring sense to the substate regional scene.

The Strengthened Regional Councils Recommendations

When the Commission took up the thorny substate districting issue in 1973, it concluded that what is missing in all but a few metropolitan and nonmetropolitan areas is a multi-purpose regional unit capable of linking areawide planning with program implementation, and of coordinating authoritatively the diverse activities of separate uni-functional substate districts. In short, it sought a politically viable unit—roughly comparable to the Twin Cities model—that could serve as an effective and responsible regional decision maker.

This judgment prompted adoption of a reformed regional council strategy as the focal point of the Commission's regional districting reform proposals,³ and nothing that has transpired since that time undercuts the foundations of this position. The Commission's approach now is incorporate in an ACIR model "Statewide Substate Districting Act" and in the Magnuson-Ashley Bill (the proposed **Intergovernmental Coordination Act**) discussed earlier.

Once launched, the strengthened regional councils called for would occupy a prime position at the substate regional level. While their functions would be heavily intergovernmental, they would be classed as agencies of local government. All general purpose local units would be required to be members of, and make financial contributions to, their regional council, and at least 60 percent of the governing board would consist of local elected officials appointed by their respective governments. Moreover, every state agency dividing the state into regions for its own planning, administration, or service delivery purposes would be required to conform these boundaries to those of the officially designated substate districts and to rely on the regional council for assistance and guidance unless the agency could demonstrate that compliance would be detrimental to the accomplishment of its purposes. Since the regional council would be responsible for certain decentralized state programs and activities, and would receive substantial state financial assistance, the governor would be empowered (a) to select a

modest number of officials to represent the state on its governing board, and (b) to override its policies if they conflicted demonstrably with state policies or the policies of another regional council.

The authorizing state legislation would require that the council use a dual voting system. Although the one-government, one-vote principle would apply to most issues, the council's bylaws would specify the circumstances under which any local member could bring a population-weighted voting procedure into effect, and would fix the formula to be used in determining the number of votes to be cast by counties and cities.

The strengthened regional council would possess most of the functions of existing councils of government, such as areawide planning, interlocal communications, research, and technical assistance. But unlike most of them, it would not have to do battle with other regional bodies for Federal and state areawide program assignments, local official participation, and public visibility. Instead, it would serve as the authoritative umbrella agency for its region. Flowing from a series of Federal, local, and especially state actions, it would be empowered to:

- encourage joint problem solving among counties and cities, and provide such technical assistance and services as these units may singly or in combination seek;
- adopt and publicize regional policies and plans, along with a program for their implementation;
- develop planning and programming inputs into the planning and budgeting process of their state;
- assume basic responsibility for implementing all Federal and state supported areawide planning, programming, coordinating, or districting programs;
- resolve differences between certain state agency and local government programs and projects that encroach upon adopted regional policies and plans;
- act as the policy board for all independent multijurisdictional special districts, thus converting them into subordinate units; and

- assume direct operating responsibilities for regional functions upon the affirmative vote of a majority of local members representing at least 60 percent of a district's population.

The ACIR's strengthened regional council strategy clearly relies on the raw materials now at hand at the substate level. But it goes far beyond the status quo, in all but a few regions, in its quest for an effective overarching agency that can deal with the growing demand for decisive decision-making in those programs and policies that necessarily are and should be areawide. **As** currently constituted, most councils of governments and regional planning bodies have not been equal to the tasks thrust upon them. They have become classic examples of organizations with responsibilities which far surpass their authority to carry them out. The problems which regional bodies are expected to solve typically are those which local jurisdictions, the states and the Federal government have found too difficult to manage, yet the powers to resolve the situations are denied to the region. Thus, past failures at the regional level should have been expected, and future ones surely remain in store for these bodies unless they are given greater authority.

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A New Reorganization Agenda

These proposals for strengthened regional councils are but one component in the Commission's overall substate regional strategy. Local and areawide governmental reorganization also very obviously must be dealt with, given its actual and potential regional impact.

In the third volume of the earlier series of reports, the Commission explored the relationship between its substate districting strategy and its continuing concern with local governmental modernization and areawide reorganization. Experience on the modernization front was probed, and proposals relating to local and areawide governmental reform were adopted.⁴ Again, nothing has occurred since 1973 to invalidate those proposals. Moreover, in the Commission's opinion, its strengthened regional council strategy and proposals for general local government reform still are fully complementary. Both areas need attention if the structure and functions of units below the state

level are to be brought to a point where they can cope with the citizen's current and future servicing needs in a more efficient, effective, and accountable fashion than now prevails generally.

This is not an "either/or" situation, then. However, the recommended policies apply differently depending upon the size and jurisdictional complexity of the various regions. In some large substate regions the strengthened regional council would be the only politically feasible areawide reform proposal—either now or in the future. Yet, governmental modernization at the subregional level would still be possible and needed to facilitate many of the regional council's difficult assignments. In other smaller and less complicated areas, the council might be only a short range response to the immediate problems of mushrooming districts, while areawide governmental reorganization efforts emerge—to the point that some type of areawide local government might eventually supersede it. In a few substate regions, an areawide local government now exists, and no regional council would be necessary. Obviously, the many differences among substate regions as to size, jurisdictional complexity, political attitudes, and servicing problems bar any flat generalizations as to the specific relationship between regional council and local governmental modernization proposals.

At the same time, four points need to be underscored.

- all substate districts need an authoritative regional decision maker, whether a strengthened regional council or an areawide local government;
- all but a tiny minority of these areas require a strengthening of their existing subregional local units;
- most of them confront major difficulties attaining areawide governmental reform in the near future; and
- all of the interstate metropolitan areas face unusually difficult hurdles in terms of all the normal reorganization alternatives—with only the strengthened regional council or multipurpose servicing authority serving as conceivable options.

These basic facts provide the connection between the regional council and local governmental modernization parts of the Commission's three-part substate regional strategy. To follow-up this

strategy ACIR's program for local and areawide governmental reform includes a modernization agenda with a half-dozen broad, but interrelated goals.

First, this agenda seeks to place the clear sanction of state statutory authority behind a set of enforceable standards relating to municipal incorporation, local governmental reorganization, and annexation.

Second, it recommends that states establish local government boundary commissions to apply these standards on a case-by-case basis and to assume a continuing responsibility in such matters as modification of substate district and county boundaries and the dissolution or merger of special districts and non-viable general local governmental units.

Third, it includes a packet of nine reform proposals geared to revamping the structure of county governments, to sorting out and reconciling county and municipal servicing responsibilities, and to defining a state role that is supportive of better county planning, transfers of functions, and service mergers.

Fourth, it urges state enactment of permissive legislation authorizing five different regional home rule options—multicounty consolidation, city-county merger, the modernized county, and multipurpose regional service corporation, and conversion of a regional council into a general purpose government. The distinctive features of each of these governmental options are designed to meet the special problems of differing types of substate regions. Adoption of any one, however, could only come about by popular referendum.

Fifth, it provides for the establishment, where lacking, of broadly representative, permanent state advisory commissions on intergovernmental relations to probe and propose changes in the structure, functions, finances, and relationships of lower tier, middle tier, and state governments.

Finally, it urges the Executive Branch of the Federal government and the Congress to adapt Federal policies and programs in a way that accommodates state and local efforts to reorganize governments at the substate regional and local levels.

A New Approach to Functional Assignments

When deliberating on the servicing component of this substate regional strategy, the Commission

focused on the general finding that the present pattern of functional assignments at the state, areawide, and local levels is largely a patchwork product of uncoordinated, separate actions taken by all levels, including the Federal government. To achieve a more consistent and logical determination of responsibilities and to round out its strengthened regional council and local reorganization proposals, the Commission in early 1974 called upon the states to enact legislation creating an ongoing assignment of functions policy and process.⁵

This process would begin with the formulation of general servicing criteria—such as economic efficiency, fiscal equity, manageability and accountability—to help provide more balanced and systematic answers to a range of assignment questions. It then would proceed to the tough task of hammering out classification standards on a function-by-function basis. These standards would be designed to help sort out the levels of government and responsibilities which should go together. The Commission urged that a state-local unit, preferably a state ACIR, be assigned the sensitive job of developing these criteria and classification standards. In addition, this broadly representative unit would be empowered to issue "intergovernmental impact statements" on Federal, state or local proposals involving significant changes in service assignment responsibilities; and, in light of its research, it would recommend specific functional reassignment policies to appropriate decision-making bodies.

In Retrospect

To sum up, the Commission believes its three-part substate regional strategy is as relevant and sound today as it was in 1973-74. Practically all of the trends identified in the earlier period have continued, and the more recent developments recounted in this volume only underscore the strategy's continuing relevance. Substate districting continues to evolve. DOT and EPA efforts to achieve stronger, more authoritative regional

planning units have added a new dimension to the unfolding drama. The great difficulties of voluntary councils of government in assuming these new roles are apparent for all to see. A counterpoint effort by counties to assume a broader regional role has emerged. And the increasing importance of special districts as regional service providers, and as determiners of urban development, is still very much a part of the substate regional scene.

For these and other reasons, the Commission commends its findings, recommendations, and draft bills⁶ to policy-makers at all levels as well as to the public at large. While they may be controversial, they are—after all—reformist rather than standpattist in their thrust. Above all, they are geared to meeting—not covering over—the existing and emerging functional, fiscal, and institutional needs in the Nation's metropolitan and nonmetropolitan areas.

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FOOTNOTES

¹The results of this provision are summarized in *Chapter III*.

²Advisory Commission on Intergovernmental Relations, *Regional Decision Making: New Strategies for Substate Districts*, Report **A-43**, Vol. I, October 1973; *Governmental Functions and Processes: Local and Areawide*, Report **A-45**, Vol. IV, February 1974; *The Challenge of Local Governmental Reorganization*, Report **A-44**, Vol. III, Washington, DC: U.S. Government Printing Office, February 1976.

³Advisory Commission on Intergovernmental Relations, *Regional Decision Making: New Strategies for Substate Districts*, Report **A-43**, Vol. I, Washington, DC: U.S. Government Printing Office, October 1973, pp. 347-374.

⁴Advisory Commission on Intergovernmental Relations, *The Challenge of Local Governmental Reorganization*, Report **A-44**, Vol. III, Washington, DC: U.S. Government Printing Office, February 1974, pp. 151-173.

⁵Advisory Commission on Intergovernmental Relations, *Governmental Functions and Processes: Local and Areawide*, Report **A-45**, Vol. IV, Washington, DC: U.S. Government Printing Office, February 1974, pp. 19-25.

⁶Advisory Commission on Intergovernmental Relations, *State Legislative Program*, "Part 2. Local Government Modernization," Washington, DC: U.S. Government Printing Office, November 1975.

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- A. **Contents** — *ACIR State Legislative Program, Part II, “Local Government Modernization.”*
- B. **Index of Major Topics** — *Substate Regionalism and the Federal System, five volumes, 1973-74.*
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ACIR State Legislative Program"

LOCAL GOVERNMENT MODERNIZATION

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(Single copies of one or more of the following five volumes may be ordered from Advisory Commission on Intergovernmental Relations, 726 Jackson Place, N.W., Washington, D.C. 20575. Multiple copies may be ordered from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.)

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- Vol. I *Regional Decision Making: New Strategies for Substate Districts*, (Report A-45).
 Vol. II *Regional Governance: Promise and Performance*, (Report A-41).
 Vol. III *The Challenge of Local Governmental Reorganization*, (Report A-44).
 Vol. IV *Governmental Functions and Processes: Local and Areawide*, (Report A-45).
 Vol. V *A Look to the North: Canadian Regional Experience*, (Report A-46).

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Substate Regionalism Recommendations of ACIR

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- C.1. Recommendations from *Regional Decision Making: New Strategies for Substate Districts, Substate Regionalism and the Federal System*, Vol. I.

- C.2. Recommendations from *The Challenge of Local Governmental Reorganization, Substate Regionalism and the Federal System*, Vol. III.

- C.3. Recommendations from *Governmental Functions and Processes: Local and Areawide, Substate Regionalism and the Federal System*, Vol. IV.

- C.4. Recommendations from *Toward More Balanced Transportation: New Intergovernmental Proposals*.

C.1. Recommendations from

Regional Decision Making: New Strategies for Substate Districts, Substate Regionalism and the Federal System, Vol. I

Recent developments relating to special districts and authorities, Federally encouraged districting programs, State-mandated substate districting systems, regional councils and similar bodies, as well as the A-95 review process, clearly have generated a marked increase in activity at the substate regional level. Some of this activity has been constructive; some of it, confused; and most of it, without a clear sense of overall regional purposes. The five recommendations that follow are geared to ending the confusion, strengthening the bases for developing a balanced perspective on regional goals, and making existing areawide efforts even more constructive.

INTRASTATE DISTRICTING MECHANISMS, PROCEDURES, AND PLANNING

Recommendation I. The Federal Role: A Uniform, Comprehensive Policy

The Commission finds that the national government, in fact, has assumed a prime role, especially during the past decade, in substate regional planning, programming, coordination, and institution-building developments both in rural and urban areas within the States. It believes that most of these efforts, along with new ones even now on the horizon, are likely to continue. Yet the Commission is aware of the adverse effects on State and local governments as well as on substate regional instrumentalities that have arisen from the overlap, inconsistencies, and absence of concerted purpose and policy among the existing two dozen Federal programs with an areawide thrust. Hence . . .

The Commission recommends that Congress and the President enunciate a consistent, comprehensive Federal substate regional policy geared to providing a common framework for and a general purpose to existing and future Federal assistance programs—whether in the categorical, block grant, or special revenue sharing sectors—having substate regional planning, programming, coordination, and/or districting provisions. With reference to the specific components of this policy, the Commission recognizes that some may be achieved by Executive Order, but others will require Congressional enactment. The Commission believes that such a national policy, at a minimum, should include the following:

A. A firm requirement, set forth in an amended

Office of Management and Budget (OMB) Circular A-95, that, to the extent practicable, all existing and future categorical and block grants and, potentially, special revenue sharing programs which encourage or mandate areawide planning, programming, coordination, and/or districting, rely in each substate region on an umbrella multi-jurisdictional organization officially designated by the State and/or its localities or, when both fail to act, by OMB for implementation and/or areawide policy-development purposes; where statutory requirements relating to the composition of areawide bodies conflict with this goal, adoption of a binding OMB policy that permits specially constituted advisory councils to the multi-jurisdictional organization to satisfy the requirements of the law.¹

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B. Energetic encouragement of all States, save perhaps for the smallest in area and the most sparsely settled, to adopt a substate districting system whose boundaries recognize topographical, economic, social, communication, political, and jurisdictional factors, and whose purposes and district organizations are geared at least as much to State and local substate regional needs as they are to those of Federally assisted areawide programs; and positive assurance, in the form of a strengthened Part IV of OMB Circular A-95 and effective OMB follow-up action, that such Federal programs will align their boundaries to conform to or be consistent with those of State-delineated substate regions and rely primarily on officially designated district multi-jurisdictional organizations to permit maximum Federal-State-Local coordination of these joint undertakings

C. Enactment of legislation that revamps and consolidates all areawide planning requirements associated with Federal categorical and block grants, and potentially special revenue sharing programs, with a view toward achieving a clear focus on:

1. substate districts as the primary substate areal concept,

¹Governor Evans did not concur in that portion of this component which provides for an ultimate OMB designating role in this process.

2. the preferred multi-jurisdictional organization within each substate region as the basic policy-developing and/or, where designated by law, implementing institution, and
3. the linkage of comprehensive and functional planning as a means of achieving a better balance among and blending of areawide activities that most often, at present, are not consistent with each other.

D. Enactment with bonus provisions for State buying-in of a consolidated grant program of general planning, programming, and coordinative management assistance to officially designated umbrella multi-jurisdictional organizations and a corresponding repeal of existing comprehensive and functional areawide planning assistance programs.

E. Amendment of Section 402 of the Intergovernmental Cooperation Act of 1968 to give officially designated umbrella multi-jurisdictional organizations the power to review and approve or disapprove grant applications covered by the A-95 process which emanate from multi-jurisdictional special districts and authorities operating within these organizations' respective substate regions.

F. Amendment of the Intergovernmental Cooperation Act of 1968 to give officially designated umbrella multi-jurisdictional organizations the authority to review grant applications covered by the A-95 process emanating from units of general local government within each organization's jurisdiction and to resolve any inconsistencies between such applications and officially adopted regional policies or plans, such applications to be processed by the pertinent Federal departments and agencies only when these inconsistencies have been resolved. The umbrella organization should exercise a similar role with reference to grant applications of State agencies for major capital facilities not having a multi-regional impact located within each organization's substate region.

G. Amendment of the Intergovernmental Cooperation Act of 1968 to require that any major capital facilities projects having a pronounced areawide impact or intergovernmental effect, whether sponsored by a State agency, a multi-jurisdictional agency or authority, or a unit of general local government, must be reviewed and any inconsistencies between such projects and officially adopted regional policies or plans must be resolved by the officially designated umbrella multi-jurisdictional organization in the substate region wherein the project is scheduled to be located, provided Federal funds from block grants, or potentially from special revenue sharing programs, are involved.'

Recommendation 2. The State Role: A Comprehensive Consistent Substate Districting Policy

The Commission concludes that the role of the States in substate regional developments has become pivotal. As a partner, albeit the lesser one in far too many instances with approximately two-thirds of the Federally assisted programs having an areawide component] as the prime giver of life to special districts and authorities, as the paramount drafter of the governmental map at the local and substate regional levels, and as the ultimate arbiter of the governmental functions and powers conferred on the jurisdictions at these levels, the States are in a strategic position to help clarify, reconcile] and resolve the public policy and public administration questions raised by the substate regional planning, programming, coordination, and districting undertakings of the past 10 years. Hence. . .

The Commission recommends that the governors and legislatures of all applicable States, after appropriate and adequate consultation with representatives of units of general local government and their respective State associations, develop and enact a consistent, comprehensive statewide policy to provide a common framework and a clear set of State and local purposes for existing and future substate regional planning, programming, coordination, and districting undertaking. The Commission further recommends that, at a minimum, such State action should provide for. . .³

A. The establishment of a formal procedure, involving participation by units of general local government, for delineating and revising the boundaries of substate regions, relying on specific topographical, economic, social, communication, political, and jurisdictional criteria specified in legislation

B. The required use of substate regional boundaries, insofar as is practicable, established pursuant to legislation by all State agencies to the extent that their implementation of State and/or Federally assisted State programs requires the geographic division of the State for administrative or other purposes.

C. A specific process, involving the governor and the units of general local government in a substate region, which results ultimately in the designation by the governor of a single umbrella

'Governor Evans dissented to that portion of this component which covers State agency projects on grounds that such projects may be part of an interregional or statewide program.

³Secretary Weinberger abstained from voting on all components of this recommendation on the grounds that they are primarily matters for State and local determination.

multi-jurisdictional organization in each region, with such designation conferring the legal status of an agency of local governments

D. A membership formula which requires that there be State representation on each umbrella multi-jurisdictional organization but that at least 60 percent of the membership of each such organization be composed of elected officials of units of general local government within the substate region and that all such units must belong to their officially designated umbrella multi-jurisdictional organization

E. A voting formula which requires a dual system involving the application of the one-government, one-vote principle in most voting matters, but permitting certain larger local constituent jurisdictions to overrule this procedure on certain issues, thus bringing a proportionate or weighted voting procedure into operation.

F. Adoption and publication by each officially designated umbrella multi-jurisdictional organization of regional policies or plans and of a program for their implementation.

G. Reliance by all State departments and agencies on the officially designated umbrella multi-jurisdictional organizations for any substate regional planning, programming, coordinative management, and districting activities in which they might engage pursuant to their assigned responsibilities under State or Federally-aided State programs.

H. Planning and programming inputs into the State planning and budgeting process on a systematic basis from officially designated umbrella multi-jurisdictional organizations.

I. State designation of all official umbrella multi-jurisdictional organizations as the A-95 clearinghouse for their respective substate regions.

J. Conferring on all officially designated umbrella multi-jurisdictional organizations the power to review and approve, in light of adopted regional policies and plans, all proposed major capital facility projects of State departments and agencies which are slated for location in the organizations' respective substate regions.

K. Review and comment by officially designated umbrella multi-jurisdictional organizations on locally funded major capital facility projects proposed or authorized by units of general local government within their respective substate regions

L. Assignment to each officially designated umbrella multi-jurisdictional organization of a policy controlling role with respect to the operations of multi-jurisdictional special districts and authorities functioning within their respective substate regions to assure conformance with adopted regional policies and plans

M. Promotion of mutual problem solving by officially designated umbrella multi-jurisdictional organizations and rendering by these organizations of such services as may be requested individually or jointly by member units of general local government.

N. Authorization for officially designated multi-jurisdictional organizations to assume a region-wide operating responsibility with financing as provided in State legislation, subject to approval of a majority of member units of general local government representing at least 60 percent of the substate region's population.⁴

O. A State program of financial assistance, on an on-going basis, to officially designated umbrella multi-jurisdictional organizations.

P. Gubernatorial authority to disapprove any actions of an officially designated umbrella multi-jurisdictional organization after making a finding that such actions are in conflict with officially adopted State plans, policies, or actions having a statewide impact or in conflict with officially adopted plans, policies, or actions of another umbrella multi-jurisdictional organization.

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Recommendation 3.

The Local Government Role: Official Substate Regional Policies for Local Governments

The Commission believes that the cities and counties in most States have a major role to play in developing an immediate intergovernmental strategy for coping with substate regional planning, programming, coordination, and districting difficulties. In the final analysis, the activities of these governments are as much—if not more—affected by these substate regional efforts as those of any other level. Hence . . .

The Commission recommends that cities and counties, where relevant, adopt official policies that:

A. Support establishment of and participation in umbrella multi-jurisdictional organizations in their respective substate regions as an effective vehicle through which their area's elected officials of units of general local government can exercise a direct role in Federally assisted and State planning, programming, coordination, and districting efforts.

⁴ Senator Brown, Representative Kurfess, and Mayor Lugar dissent from that portion of this component which calls for an extraordinary majority vote of approval, noting that a majority vote of the member units representing 51 percent of the region's population should suffice.

B. Provide for regular financial contributions to their umbrella multi-jurisdictional organization.

C. Encourage designation of their respective umbrella multi-jurisdictional organization as the policy board of any and all multi-jurisdictional efforts organized pursuant to State interlocal cooperation or contracting legislation, and the use of the organization's staff to perform services incident thereto.

D. Fully recognize any policies or plans officially adopted by their designated multi-jurisdictional organization as a guide for the programming, planning, and implementation activities of their pertinent departments and agencies.

E. Require, where applicable, their representatives on the boards of any multi-jurisdictional special district or authority to seek designation of the substate region's official umbrella multi-jurisdictional organization as the policy board of any such district or authority.

46 Recommendation 4. Direct Local Action in Establishing a Designated Umbrella Multi-jurisdictional Organization

The Commission believes that the cities and counties in the Nation's substate regions should be empowered to take the initiative in achieving official designation of their multi-jurisdictional organizations as the preferred areawide instrumentality for Federal programs having a substate regional thrust. This by-passing of the States, however, should only occur when the States have failed to take action in this area. Hence. . .

The Commission recommends that in instances where the States have failed to develop and enact a comprehensive substate regional statute and where a majority of the counties and cities accounting for two-thirds of the population within a proposed substate region join in petitioning for an alternative course of action, the Congress and the President should include in the Federal substate regional policy provisions that would:

A. Permit such units of general local government to join collectively and designate their **own preferred umbrella multi-jurisdictional organization**;

B. Grant to such locally initiated umbrella multi-jurisdictional organizations the **same** rights and benefits that are conferred on umbrella multi-jurisdictional organizations' designated under State-adopted substate districting systems.

INTERSTATE METROPOLITAN DISTRICTING: MECHANISMS AND PROCEDURES

Recommendation 5: A Joint Federal-State-Local Strategy

The Commission finds that a special set of areawide difficulties arises as a consequence of transecting State boundaries within over 30 of the Nation's metropolitan areas. The Commission concludes that both the Federal and State governments in their respective areawide planning, programming, coordination, and districting undertakings have given inadequate attention to the unique problems associated with this jurisdictional fact. Hence. . .

The Commission recommends that:

A. The Federal government and the affected States join with the localities involved in developing a strategy leading to agreement on the boundaries of the interstate metropolitan areas and to establishment of a single officially designated umbrella multi-jurisdictional organization in each of these areas

B. The affected States formally recognize in their substate districting statutes the existence and integrity of interstate metropolitan areas and specifically consider these factors when delineating the boundaries of substate regional districts.

C. The Resident initiate changes in OMB's Circular A-95 to require conformance, to the maximum extent possible, of all Federally assisted areawide planning, programming, coordination, and districting programs in interstate metropolitan areas to the boundaries resulting from joint Federal-State-local action; and the Resident mandate a policy of relying on the officially designated interstate umbrella organization as the sole policy board for those Federally assisted undertakings that are interstate metropolitan in scope and as the ultimate policy review and coordination board for those assisted activities which focus **more** on single State portions of the metropolitan area, provided that until the pertinent States have joined in designating such an organization, this policy would permit a majority **of** the counties and cities accounting for **two-thirds** of the population in the affected interstate metropolitan region to join in establishing their **own preferred** interstate umbrella organization and to request its official OMB designation for the purposes cited above.

D. The affected States initiate and Congress subsequently approve amendments to all interstate compacts whose implementation **has an** interstate metropolitan area impact with a view **toward** conferring on the officially designated interstate umbrella Organization the power to review and approve all capital facility programs and projects initiated by interstate compact bodies.

E. Congress amend the Intergovernmental Cooperation Act of 1968 to give officially designated interstate umbrella organizations, including locally

initiated umbrella organizations,⁵ in metropolitan areas the power to approve or disapprove grant applications for major capital facilities assistance emanating from multi-jurisdictional special districts and authorities operating either within a single State's portion of or across state boundaries in an interstate metropolitan area and from units of general local government in the area.

F. The Federal government and the affected States, after appropriate consultation with the localities involved, join in drafting and enacting Federal-multistate compacts which define the legal status of umbrella multi-jurisdictional organizations operating in interstate metropolitan areas; spell out their general planning, programming, coordinative management, and other pertinent powers and functions; detail a membership formula which

takes into consideration appropriate local, State, and Federal representation.

G. The Federal government and the affected States make adequate provisions for the fiscal support of officially designated umbrella multi-jurisdictional organizations in interstate metropolitan areas, including locally initiated umbrella organizations by stipulating such support in the Federal-multistate compacts establishing such organizations and by earmarking for such organizations an appropriate portion of a general Federal-State block grant program of planning, programming, and coordinative management assistance to all interstate as well as intrastate organizations. In instances where localities have been obliged to initiate their own preferred interstate umbrella organization, the Federal government should make arrangements for direct provision of financial support to such organizations

⁵ As provided in Component (C).

C.2. Recommendations from

The Challenge of Local Governmental Reorganization, Substate Regionalism and the Federal System, Vol. 111.

With the following pair of recommendations, the Commission seeks to chart a sensible course toward local and areawide governmental reorganization in light of the continuing intergovernmental challenge at the substate regional level. The focus here is chiefly on the States and localities, given the former's prime constitutional role and responsibilities *vis-a-vis* local governments and the latter's vital concern with actions that are taken on this front. The Federal government's assignment is largely a complementary one.

48 Over the past dozen years in eight different reports, this Commission has urged State adoption of more than 25 separate non-fiscal recommendations relating to the strengthening and restructuring of the nation's counties and cities. The proposals advanced here build on this foundation.

In urging this agenda for reform, the Commission is fully cognizant of the wide variations in local governmental forms, functions, and finances within and among the States. The Commission also recognizes that no single reform option could possibly apply to all substate regions and all local governments, that effective umbrella multi-jurisdictional organizations may be the most suitable and feasible option in many instances, that local reorganization efforts may be as crucial as areawide ones, that the timing of implementation of reform options will vary, and that no across-the-board formula can or should be devised to cover all the ways the States can assume a positive role in this vital process. Hence, this agenda incorporates considerable flexibility while providing a clear direction and consistent basic purposes. Specific proposals will require State-by-State adaptations. But the prime goal of a more responsive system of local and areawide governance should not be lost sight of in this adaptive process.

The State Role

Recommendation 1. A Comprehensive State Policy and Process

The Commission concludes that the time has come for all States to adopt a comprehensive, long range policy with respect to the structure and functions of their local governments and the relationships of such governments to one another, the State, and official umbrella multi-jurisdictional organi-

zations established pursuant to substate districting statutes. It notes that existing State policies in this pivotal area for the most part have been piecemeal, partial, and out-dated. It finds that continuing urbanization and technological change have strained the capacity of most local governments within substate regions to effectively plan, administer, and finance needed public services.

At this point then, the Commission believes that the States in conjunction with their localities must devise a strategy designed to help local governments meet the structural, functional, and fiscal challenges of substate regionalism. This policy should be developed in a systematic, comprehensive fashion, considering distinctive State, non-metropolitan, and metropolitan jurisdictional problems. Hence . . .

The Commission recommends that States through statutory, and, where necessary, constitutional action adopt a comprehensive local government structure and functions policy involving immediate goals as well as an on-going process for their implementation and updating. This policy should be geared (a) to structuring the system of local governments so as to make it more responsive and adaptable to the areawide as well as local needs of individual communities, (b) to interrelating substate regional districting and related activities with local governmental reform efforts, and (c) to striking a balance between State initiative and local as well as areawide self-determination in achieving the above two goals.

The Commission recommends that, at a minimum, such State legislation and, where necessary, constitutional enactments should, . . .

A. Set specific standards for —

(1) assessing the structural, functional, fiscal, and geographic viability of all existing and proposed local governments — special districts and school districts as well as units of general government — using such factors as (a) their capacity to raise revenues adequately and equitably, (b) their mix of residential, industrial or other tax base components, (c) their population and geographic size, and socio-economic and racial composition, and (d) the assignment of areawide and local governmental functions, including components

thereof, to appropriate and accountable units of government.

(2) governing the orderly and equitable extension of municipal boundaries to embrace unincorporated territory, including procedures for —(a) assignment of initiating authority to municipal governing bodies as well as to residents in an unincorporated area seeking to be annexed; and (b) elimination of any absolute power on the part of inhabitants of outlying unincorporated areas, which are proposed to be annexed, to veto a proposed annexation meeting statutory standards, including the provision of urban services.

B. Establish a broadly representative local government boundary commission at the State and/or local level(s). In addition to exercising those powers regulating municipal incorporations, non-viable units of general local government, special districts, and interlocal servicing agreements that were recommended in previous Commission reports,² the boundary commission(s) should be authorized to . . .

(1) oversee the implementation of the statutory standards; cited above, and apply them, where pertinent, to individual boundary decision cases that come before it;

(2) recommend modification of substate district boundaries, subject to action by the appropriate State authority;

(3) recommend modification of individual county boundaries in light of changing settlement and servicing patterns;.

(4) monitor, recommend, and, where appropriate, facilitate municipal annexations of adjacent unincorporated areas;

(5) develop in conjunction with affected local jurisdictions, including counties, “spheres of influence” or “staged expansion limits” that delimit the ultimate boundaries of existing individual municipalities and help identify areas of potential municipal incorporation;

(6) make annual reports with recommendations to the governor and legislature on efforts to strengthen the basic pattern of local government.

C. Provide for a complete package of county

structural reform options and initiatives that, in addition to an optional forms authorization,³ includes at a minimum:

(1) the requirement that any county embracing the predominant portion of a metropolitan area’s population shall have a full-time executive officer, either appointed by the county board or popularly elected;

(2) placing county officers on a statutory rather than a constitutional basis;

(3) empowering the governing bodies of contiguous counties within substate regions to consolidate identical or comparable county offices and functions;

(4) authorizing the governing bodies of contiguous counties within substate regions to execute a multicounty consolidation, subject to a simple concurrent majority of the votes in a referendum in each of the counties encompassed in the proposed merger.

D. Clarify and systematize the functional responsibilities and relationships of counties and municipalities, by establishing the county as the basic service provider for its unincorporated areas,⁴ in addition to performing basic county functions, and by . . .

(1) authorizing counties to perform urban functions⁵ in order to eliminate situations where they are barred from providing such services when (a) the service is being provided by a countywide or less than countywide special district, (b) a constituent municipality requests the county to perform the service, or (c) the public expresses through a popular referendum a preference for the county to perform the service on a countywide basis, and requiring that such functions when undertaken in incorporated areas meet performance standards developed by the county and affected municipalities and be set forth in a county ordinance;

(2) requiring that in instances where counties undertake to perform functions already provided by their constituent municipalities,

³Recommended in Report No. A-12, p. 71.

⁴Recommended in Report Nos. A-12, pp. 67-68, and A-22, pp. 82-83, respectively.

⁵Urban functions may include: fire protection, basic police protection, parking, sewer constructions, refuse collection, animal control, parks and recreation, planning, zoning, code enforcement, subdivision control, public housing, urban renewal, industrial development, water supply, and manpower.

²Combines, parallels and slightly modifies separate recommendations adopted in Commission Report Nos. A-5 and A-11, pp. 21 and 64, respectively,

²See Report No. A-22, pp. 75-76, 77 and 80, and Report No. A-31, Vol. 11, p. 14.

such counties either enhance the quality or scope of such services or make proportionate payments to their municipalities in lieu thereof pursuant to a joint agreement;

(3) delineating uniform procedures for transferring functions between and among municipalities, counties, and multi-county regional bodies including officially designated umbrella multi-jurisdictional organizations; at a minimum, such procedures should (a) involve the repeal of State constitutional and statutory provisions requiring voter approval of proposed transfers,⁶ (b) authorize revocation of a transfer when its performance falls below standards initially agreed to in the transfer, and (c) empower a jointly agreed upon body to determine whether a transferred function has not met such performance standards.⁷

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E. Strengthen the State's supportive role in the functional assignment area by:

(1) requiring counties having unincorporated territory **or** municipalities contiguous to such areas to develop within a specified period effective planning, zoning, and subdivision regulations for such areas, where such do not now exist, provided that where such regulations have not been adopted within the time span stipulated an appropriate State agency would assume the responsibility; and

(2) establishing a program of State technical and fiscal assistance to counties and municipalities for (a) management feasibility studies on transferring and consolidating functions and (b) extraordinary initial costs incurred in actual transfers **or** consolidations.

F. Permit, where the electorate by referendum chooses, the establishment of governmental units capable of providing areawide services. The Commission does not necessarily recommend affirmative action with respect to any of the following options in any specific situation, but believes the people should have available to them a range of choices, which would include:

(1) Multi-county consolidation and assign-

ment to it of all areawide functions and—where its geographic scope is adequate—of all umbrella multi-jurisdictional organization functions:

(2) City-county consolidation wherein all areawide and local functions are assigned to the new government and special districts are either merged with or are subordinated to it;

(3) The modernized county, possessing all of the structural, functional, and fiscal powers detailed in Components C and D, with such powers embodied in a new county charter:

(4) The possibility of converting a substate region's officially designated umbrella multi-jurisdictional organization into a general purpose government with a directly elected council or a bicameral council, one chamber popularly elected and the other composed of representatives of constituent units of general government:

(5) The right to create a regional service corporation (a) subsuming all existing and proposed areawide special districts, (b) having responsibility for certain areawide functions including, but not limited to, areawide comprehensive planning and land use, transportation, waste disposal, and water supply, which heretofore may or may not have been performed on a regional basis, and (c) with popular election of its policy body.

Such enabling legislation should require that all of the above options would involve approval in a popular referendum by simple concurrent majorities in the central city or cities and in the outlying area or areas in metropolitan areas, by a simple concurrent majority in each of the counties involved in non-metropolitan areas or districts, **or** by a simple areawide majority.

Such legislation also should stipulate that such referenda could be initiated by any of the following within a substate region:

(1) a single or concurrent resolution of one **or** more units of general local government comprising a certain percentage of the region's population;

(2) petition of a certain percentage of the eligible voters in the area proposed for inclusion within a new regional unit; or

(3) direct action by the State legislature

⁶Congressman Brown dissented from the decision to include this provision in this subcomponent.

⁷County Executive Michaelian favored inclusion of an additional provision requiring full State financing of newly mandated or of major expansions of existing State mandated programs.

G. Provide for a broadly representative, permanent Advisory Commission on Intergovernmental Relations to be constituted with adequate staff and funding and charged with studying and reporting on:

- (1) *the current pattern of local governmental structure and substate regional organization and their viability;*
- (2) *the powers and functions of local governments and substate regional bodies, including their fiscal powers;*
- (3) *the existing, necessary, and desirable relationships between and among local governments and substate regional organizations, including official umbrella multi-jurisdictional organizations;*
- (4) *the existing, necessary, and desirable allocation of State-local fiscal resources;*
- (5) *the existing, necessary, and desirable roles of the State as the creator of the local governmental and substate regional governance systems;*
- (6) *the special problems in interstate areas facing their general local governments, intrastate regional units, and areawide bodies, such studies where possible to be conducted in conjunction with those of a pertinent sister State commission(s); and*
- (7) *any constitutional amendments and*

statutory enactments required to implement appropriate commission recommendations.

Such commission shall render separate reports on individual topics covered under one or more of these broad subject areas, including whatever recommendations might be agreed upon, with specific bills and proposed constitutional amendments, where needed, being appended to them; in addition, it shall submit an annual report to the governor, legislature, local governments, substate regional units, and the citizenry.

The Federal Role

Recommendation 2. A Supportive Role

The Commission notes that actions of the Federal government directly affect local governmental institutions and the development of effective substate regional systems. Hence, *the Commission recommends that the Executive Branch of the Federal government and the Congress adopt policies which accommodate State and local actions to reorganize governments at the substate regional and local levels.*

C.3. Recommendations from *Governmental Functions and Processes: Local and Areawide, Substate Regionalism and the Federal System, Vol. IV.*

FUNCTIONAL ASSIGNMENT RECOMMENDATIONS

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

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

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

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

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

B. develop on a case-by-case basis specific functional classification standards based on the above criteria for determining the State, areawide or local nature of a function or components thereof, with emphasis on (1) local assignment of functions and activities that have a minimal impact on neighboring jurisdictions or would benefit from service competition, or do not require uniform levels of service, or do require a high degree of political accountability for satisfactory performance, (2) areawide assignment of functions and activities that are primarily redistributive or require a high degree of technical efficiency, or would benefit from regional economies of scale, or would necessitate a large geographic area for uniform or satisfactory implementation, (3) joint or shared regional-local assignment of functions having both areawide and local dimensions and requiring substantial interlevel cooperation for satisfactory performance, and (4) State assignment of functions and activities that require direct Statewide administration or that are beyond the capacity of local or areawide units to perform,

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

D. prepare an intergovernmental impact statement concerning any State or locally developed assignment or reassignment proposal or Federal action or proposal affecting State-local service delivery systems. Such statement should evaluate these assignment or reassign-

ment proposals or actions according to the general criteria and functional classifications developed in (A) and (B) above.

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

Recommendation 2: Complementary Federal Actions

The Commission finds that the planning and districting requirements, administrative regulations, and grant-in-aid policies of various Federal programs have not helped States develop a flexible yet balanced functional assignment policy. Some Federally encouraged substate districts can serve as implementation mechanisms while others are confined to being planning and grant management instrumentalities. Some districts have been encouraged to combine with generalist, locally controlled regional councils while others have remained separate, adding a confusing element to substate functional assignments. Federal aid programs often rigidify functional assignments by their funding eligibility requirements.

Witness the independent institutional strength that various regional water pollution control districts have gained from receiving substantial Federal aid. Moreover, Federal legislation and regulations often promote functional assignments—through eligibility and pass-through provisions—that neither reflect existing State and local governments' responsibilities nor a well developed assignment of functions rationale. Only through selected provisions of the Intergovernmental Cooperation Act and OMB Circular A-95 has the national government sought to pursue a uniform policy of disbursing technical and financial assistance to governments designated as service providers by State and general purpose local governments. The Commission believes, therefore, that the Federal government should respect the systematic functional assignment policies developed by State and local governments. In light of these findings,

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

C.4. Recommendations from

Toward More Balanced Transportation: New Intergovernmental Proposals.

Recommendation 1. Strengthening Areawide Transportation Planning and Decision Making

The Commission finds that areawide transportation planning and decision making should be strengthened in both metropolitan and non-metropolitan areas. This strengthening should be achieved by means consistent with the Commission's recent series of reports and recommendations on *Substate Regionalism and the Federal System*. Thus, in many areas the most feasible approach would be to start with existing regional councils and regional planning commissions, recognize them officially for all areawide Federal aid and state transportation planning purposes, and strengthen their decision making powers. A second approach arises in cases where areawide local government reorganizations have taken place; here the strategy would be to use these areawide jurisdictions for regional transportation programs. A third possible approach, using state agencies with local ties, arises where the states are already major providers of transportation in metropolitan areas. Hence.. .

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A. *The Commission recommends that all Federal aid transportation programs requiring, based upon, or supporting areawide planning rely primarily on designated areawide local governments, where such have been established, or where none exists, on the single designated general purpose regional body in each area established for purposes of OMB Circular A-95 by (1) the statewide systems of substate districts in intrastate areas where the states have set up such systems, or (2) joint action of the local governments in intrastate areas where the states have not acted, or (3) joint Federal-multistate compacts, or interlocal agreements in interstate areas.' In order to facilitate this action, the Federal Aid Highway Act should be amended to modify the "urbanized area" definition of the geographic basis for areawide transportation planning and urban systems funding to permit consistency with Part IV of*

¹These interstate mechanisms are recommended for those metropolitan areas (currently numbering 38) which cross state lines. This recommendation is consistent with Recommendation No. 5 of the Commission's report entitled *Regional Decision Making: New Strategies for Substate Districts* (1973).

OMB Circular A-95. Transportation programs for rural and small urban systems and non-metropolitan areas should be subject to the same type of areawide regional planning and decision making single organization designations and geographic criteria.

B. *The Commission also recommends that in those intrastate cases where the governor of a state determines by specific findings that the state has an overriding interest in and commitment to the regional transportation system of one or more designated substate areas, by reason of state agency activities and substantial state financial involvement, and where the state has a strong intermodal department of transportation and intermodal flexibility in using its transportation funds in accordance with overall state policies approved by the governor,² a comprehensive multimodal state transportation agency may be established in such areas to assume required Federal aid transportation planning and decision making functions with the assistance of a coordinating committee of focal elected officials, provided, of course, that any resulting plan or plans shall be subject to review and concurrence by the appropriate areawide A-95 clearinghouse.*

C. *The Commission further recommends that the areawide or state units, designated for multimodal Federal aid transportation planning and decision making in accordance with components A and B of this recommendation, should be empowered, but not necessarily limited, by Federal and state laws and administrative regulations to:³*

(1) develop a unified intermodal planning and decision making work program in conjunction with other appropriate planning and implementation agencies;

(2) plan all transportation facilities, routes, services, and operations – of whatever mode – within its geographic jurisdiction which have multijurisdictional or areawide impact, in-

²In accordance with Recommendation No. 5 of this report.

³The planning and decision making elements enumerated here are consistent with current Federal laws and regulations governing Federal aid transportation systems. The intent here is to support these practices and recommend parallel state laws and regulations.

cluding annual revision and adoption or re-adoption of such plans;

(3) resolve – or, in the case of a state unit designated pursuant to component B of this recommendation, help to resolve – any inconsistencies between such transportation plans and other areawide plans for community development, other public facilities, and related servicing programs;

(4) develop a multi-year program of specific transportation projects and services which would implement the transportation plan;

(5) initiate, review, approve or disapprove, and/or modify all transportation projects of whatever mode having multijurisdictional or areawide impact which are not part of a statewide or national system of transportation before such projects may be funded or implemented;

(6) review and concur in any transportation project proposed for the area which would be part of a statewide or national system of transportation, provided however that the governor(s) of the state(s)⁴ involved may override an adverse decision of the areawide body by a written finding that such decision is in conflict with officially adopted state plans, policies, or action having a statewide impact or in conflict with officially adopted plans, policies, or actions of another such areawide unit;

(7) monitor and participate in regulatory proceedings affecting the provision of transportation services in its area and related development, mobility, and accessibility issues;

(8) in the case of a unit designated under component A of this recommendation, provide or contract for the provision of areawide or inter-jurisdictional transportation facilities and programs; provided that where such a unit is not an areawide local government such action must be agreed upon by more than fifty (50) percent of the designated general purpose regional body's constituent local governments representing at least sixty (60) percent of the population; and

(9) study and consider the present and potential roles of private sector transportation providers – including transit, taxi, trucking, parking, railroad, airline, shipping, and pipeline companies – as well as public implementation and fi-

nance units, and provide for their needs as may be appropriate to encourage and facilitate needed and desirable participation by them in the coordinated provision of transportation services in the area.

Recommendation 2. Improving Areawide Transportation Delivery

The Commission finds that responsibilities for implementing transportation plans and providing transportation services in many metropolitan and rural areas are currently divided among a very large number of independent private and governmental organizations, making it very difficult to unify intermodal transportation services to serve effectively and efficiently the needs of the public. Hence.. .

The Commission recommends that states, local governments, and policy units designated pursuant to Recommendation No. 1 develop broader and more systematic institutional approaches to the delivery of areawide transportation services. Specifically, the Commission recommends that states enact legislation which:

A. *establishes* or provides for designation by the instrumentality called for in Recommendation No. 1 of an areawide multimodal transportation authority to provide directly, coordinate, or assist in financing existing and needed areawide transportation services, and to consolidate or otherwise integrate the transportation activities of existing areawide transportation operating

B. *authorizes* a range of possible forms for areawide transportation authorities, including:

(1) a reorganized county containing seventy (70) percent or more of a metropolitan or non-metropolitan area's population,

(2) a city acting extraterritorially when it already performs the bulk of the area's non-highway transportation services,

(3) a joint city-county transportation department whose jurisdiction contains seventy (70) percent or more of the metropolitan or non-metropolitan area's population,

(4) a multipurpose or multimodal regional service authority,

(5) a state department of transportation or a state subordinate multimodal regional transportation agency, or

⁴More than one state, and therefore more than one governor, would be involved in interstate areas for which a single areawide planning and decision making body is designated pursuant to component A of this recommendation.

(6) the instrumentality designated pursuant to Recommendation No. 1;

C. authorizes financing of the areawide transportation authority's operations through a combination of areawide taxes, assessments of constituent local governments, fees, and service charges;

D. authorizes the areawide transportation authority to:

(1) designate, concurrently with the instrumentality called for in Recommendation No. 1, major urban and rural regional transportation routes and set the conditions for transport operations along these routes,

(2) reserve, develop, and maintain (a) exclusive or priority travel routes for mass transit, and (b) sites for areawide transport facilities;

56 E. authorizes general policy control over the designated areawide transportation authority by the planning and decisionmaking units called for in Recommendation No. 1;

F. authorizes delivery of supplementary local transportation services by all units of general purpose local government in metropolitan and rural areas either directly, jointly, or by contract, provided that such services have not been assumed by the designated areawide transportation authority, and provided further that the plans and programs for such services be reviewed by the instrumentality called for in Recommendation No. 1 in order to resolve any inconsistencies between such plans and programs and the officially adopted areawide transportation policies and plans.

Recommendation 3. Providing More Balanced Federal Financing for Regional Transportation Systems

The Commission finds that the present financing of transportation in urban and rural areas lacks adequate flexibility to meet the multimodal fiscal requirements of these areas. In particular, the Commission finds that mass transportation modes have suffered from this lack of flexibility. The Commission also finds that the current Federal transportation grants-in-aid to urban and rural areas are often complex to administer, not always properly allocated, and fail to provide adequate discretion to urban and rural officials. Hence. . .

The Commission recommends that Federal transportation finance policies be substantially revised to provide more flexible intermodal funding of regional transportation systems. Specifically, the Commission recommends that the Federal government revise its transportation funding policies by:⁵

A. enacting a unified multimodal regional transportation program⁶ which is:

(1) funded by earmarking of the Highway Trust Fund supplemented with funds appropriated from general revenues;

(2) provided with funds for intrastate regions channeled to those states' which have

(a) strong multimodal departments of transportation, and

(b) substantial intermodal funding from their own sources for regional transportation,' or otherwise directly to the policy units called for in Recommendation No. 1; and in the case of funds for interstate regions channeled directly to the policy units called for in Recommendation No. 1;

(3) allocated among the states, with the exception of 15 percent which shall remain as a discretionary fund for use by the Secretary of

⁵Congressman Fountain dissents from the parts of this recommendation favoring the diversion of Federal Highway Trust Funds to a regional transportation block grant and the removal of all restrictions against the use of Federal urban and rural transportation systems funds for operation and maintenance programs.

⁶This program would consolidate the urban system portion of the Highway Trust Fund and the UMTA capital grants program in urban areas, and those portions of the Federally aided state highway systems which serve only the internal circulation of non-metropolitan regions in rural areas. It would not include the other existing Federal aid highway systems, Federal railroad assistance, the airports trust fund program, or the water transport programs of the Corps of Engineers. This consolidated program could be used for projects of any transportation mode not funded by another Federal aid transportation program.

⁷Governor Evans supports the creation and use of effective state departments of transportation. However, he believes that the Federal aid funds provided for in this recommendation should be channeled to the states in all cases, even though such a department may not yet have been created. Therefore, he dissents from those portions of this recommendation which make channeling conditional.

⁸In accordance with Recommendation No. 5 of this report.

⁹This builds upon previous Commission recommendations in its *State Aid to Local Government* (1969) and *Federal Approaches to Aid State and Local Capital Financing* reports (1970).

Transportation in regions with special transportation needs, primarily according to the relative population of the states;

(4) allocated among the regions

(a) in states that qualify for channeling, by a formula developed by the states in collaboration with the policy unit(s) called for in Recommendation No. 7 and approved by the Secretary of Transportation, such formulas to take into account factors similar to those in the Federal formula – provided that 15 percent of all such state area funds be reserved for use at the Governor's discretion in regions with special transportation needs – and

(b) in interstate regions and in states not qualified for channeling, by a Federal formula taking into account the same factors as the formula used for state area allocations – provided that 15 percent of the funds available in these areas in accordance with the formula for allocation of funds among the states may remain as a discretionary fund for use by the Secretary of Transportation in those regions in this group having special transportation needs;

(5) allocated within regions among eligible provider organizations, both public and private, by the policy unit called for in Recommendation No. 1 for projects and programs that conform to this unit's officially adopted policies, plans and programs;¹⁰

B. removing all restrictions against the use of Federal urban and rural transportation system funds for operation and maintenance programs.

Recommendation 4. Improving State and Local Transportation Financing Policies.

State and local governments together finance about two-thirds of all transportation outlays. However, the Commission finds that state and local units frequently face fiscal, structural, and legal constraints that prevent them from targeting their fiscal resources on their most urgent transportation needs. The Commission believes that the time has come to remove these financial shackles from state and local governments so that they can develop more flexible transportation finance policies. Hence. . .

¹⁰Subject, of course, to the state override noted in Recommendation No. 1.C.(6) of this report.

Consistent with its past reports on this subject, the Commission urges the states to modernize their transportation finance programs through appropriate constitutional and statutory enactments which would:

A. permit flexible use of state highway user revenues in order to achieve better funding balance among different transportation modes.¹¹ In light of developments since adoption of this Commission's report entitled **State Aid to Local Government**, the Commission also urges states to consider the creation of an expanded multimodal transportation trust fund permitting recipient units to spend such assistance for any transportation project that is in conformance with the areawide transportation plan adopted by the policy unit called for in Recommendation No. 1;

B. expand the state financial role in directly aiding a full range of *non-highway* transportation services including, as appropriate, but not necessarily limited to, airports, mass transit, water, and rail transport;

C. authorize an appropriate state **agency**¹² to review and approve the transportation revenue bond issues of all state, areawide, and local units of government in order to avoid any type of revenue bond obligation which would cause (a) excessive service charges for the use of transportation facilities, or (b) impediments to the development of a balanced system of transportation facilities;

D. authorize state, areawide, and local governments to divert, to the extent that existing indentures allow or can be amended to allow diversion, the surplus revenues of dependent and independent transportation special districts within their jurisdiction for the support of transportation programs that are operating at a deficit; provided that the state government guarantees the bonds of any transportation districts which have had their surplus revenues so diverted;

E. authorize local and state governments to provide financial subsidies to private transportation providers and consumers.

¹¹This builds upon recommendations already made in the Commission's report, *State Aid to Local Government* (1969).

¹²This agency might be the one already called for in the Commission's report, *City Financial Emergencies: The Intergovernmental Dimensions* (1973) to supervise local financial management responsibilities.

Furthermore, the Commission recommends that, with state authorization where appropriate, local governments revise their transportation financing policies by adopting transportation pricing programs — parking taxes, group fares for taxis, airport landing fees, congestion tolls for urban *highways*, and the like — that would contribute to more *effective* use of these transport modes in reducing congestion, protecting the environment, and promoting the most efficient use of the nation's energy resources.¹³

Recommendation 5. Modernizing State Transportation Planning and Decision Making.

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The Commission finds that the transportation programs of most states are still predominantly oriented to highways, and that even in many of those states having multimodal departments of transportation strong and effective coordination among the modes has not been achieved. In addition, many states influence their urban and rural regional transportation systems without the benefit of an adequate intermodal perspective. Though these deficiencies at the state level arise partly from the lack of financial flexibility referred to in *Recommendations No. 3 and 4*, a substantial share of it comes from certain structural inadequacies within state governments. Hence. . .

The Commission recommends that each state enact legislation establishing a broad intermodal "Department of Transportation," if it has not already done so, and that all such departments now existing or hereafter created should be headed by a chief administrator:

- (1) appointed by and responsible to the Governor of the state, with appointment subject to legislative confirmation where that is the state practice;*
- (2) directly vested with strong and effective intermodal planning, policy making and budgeting capabilities; and*
- (3) supported by adequate staff to enable him to*

¹³The commission previously has urged that local governments support the finances of general purpose regional planning and decision making bodies that would have a major role in planning more efficient transportation systems. See Recommendation No. 3 in Volume I of the Commission's 1973 report on *Substate Regionalism and the Federal System*.

carry out these responsibilities; provided that policy decisions concerning regional transportation plans and projects made by the state DOT shall be subject to approval by the Governor acting with the advice of the state's comprehensive planning agency and A-95 clearinghouse and such other state agencies and appropriate local and regional advisory groups as he may designate, and that no applications shall be submitted by the state for Federal regional transportation funds without his approval.

Recommendation 6. Reforming Independent Regulatory Bodies to Better Meet Areawide Intermodal Transportation Needs.

The Commission finds that the regulation of routes, fares and other operational aspects of transportation services has too frequently been based on narrow economic objectives, and that the widespread use of separate regulatory agencies for the different transportation modes has hindered solutions to the broader problems of modal productivity and efficiency, intermodal competition and coordination, energy conservation, community development, environmental protection, mobility and access. The Commission also finds that regulations governing land use, the environment and human rights vitally affect the success of transportation programs, but too frequently have been exercised on a different basis than has been used for the regulation of transportation systems. Hence.. .

The Commission recommends that the Congress and state legislatures consider amending their respective laws and interstate compacts establishing the independent transportation regulatory bodies with a view toward (1) consolidating them to combine separate transportation modes, where appropriate, in independent intermodal regulatory bodies; and (2) broadening the public policy objectives which shall be considered and promoted to the extent possible by these independent regulatory bodies to include — in addition to the traditional ones of safety and economics — modal productivity and efficiency, energy conservation, desired community development, environmental protection, enhanced mobility, and unhindered access.

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(MAY 1977)

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what is ACIR?

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

The Commission is composed of 26 members—nine representing the Federal government, 14 representing state and local government, and three representing the public. The President appoints 20—three private citizens and three Federal executive officials directly and four governors, three state legislators, four mayors, and three elected county officials from slates nominated by the National Governors' Conference, the Council of State Governments, the National League of Cities/U.S. Conference of Mayors, and the National Association of Counties. The three Senators are chosen by the President of the Senate and the three Congressmen by the Speaker of the House.

Each Commission member serves a two year term and may be reappointed.

As a continuing body, the Commission approaches its work by addressing itself to specific issues and problems, the resolution of which would produce improved cooperation among the levels of government and more effective functioning of the federal system. In addition to dealing with the all important functional and structural relationships among the various governments, the Commission has also extensively studied critical stresses currently being placed on traditional governmental taxing practices. One of the long range efforts of the Commission has been to seek ways to improve Federal, state, and local governmental taxing practices and policies to achieve equitable allocation of resources, increased efficiency in collection and administration, and reduced compliance burdens upon the taxpayers.

Studies undertaken by the Commission have dealt with subjects as diverse as transportation and as specific as state taxation of out-of-state depositories; as wide ranging as substate regionalism to the more specialized issue of local revenue diversification. In selecting items for the work program, the Commission considers the relative importance and urgency of the problem, its manageability from the point of view of finances and staff available to ACIR and the extent to which the Commission can make a fruitful contribution toward the solution of the problem.

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