A COMMISSION REPORT

State and Local Roles in the Federal System

Advisory Commission on Intergovernmental Relations
Washington, D.C. 20575 •
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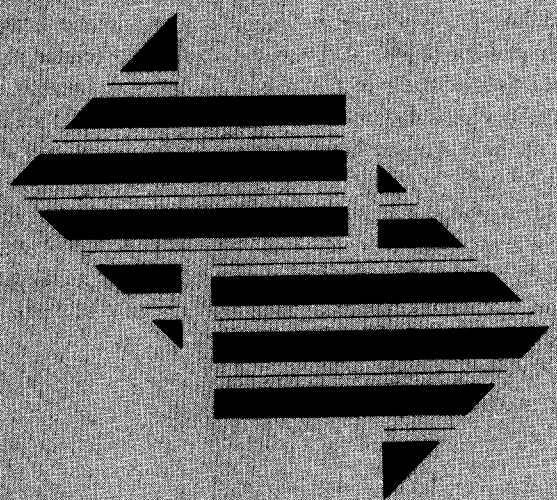

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Preface

In the 1976 legislation renewing the General Revenue Sharing program (P. L. 94–488), the Congress directed the Advisory Commission on Intergovernmental Relations to undertake a number of studies of the federal system. One of these, completed in 1980, is published in an 11-volume series titled *The Federal Role in the Federal System: The Dynamics of Growth* (ACIR reports A–77 through A–87). Another was to be an evaluation of "State and local governmental organization from both legal and operational viewpoints to determine how general local governments do and ought to relate to each other, to special districts, and to state governments in terms of service and financing responsibilities, as well as annexation and incorporation responsibilities." This volume, dealing with the nature and development of the functional roles of states and their local governments, is the first part of the Commission's response to that Congressional directive. The second part is the Commission's report, *The Federal Influence on State and Local Roles in the Federal System* (Report A–89).

In the present volume, the Commission offers 20 recommendations for improving the assignment of functions among the states and their political subdivisions. The Commission believes that these proposals, plus the numerous related recommendations made in earlier studies and summarized in the report, can help citizens and policymakers at all levels to develop an allocation or reallocation of functional responsibilities during the 1980s that will produce a more effective, efficient, equitable, and responsive federal system.

This report was approved by the Commission at its meetings of September 25 and 26, 1980, and January 15 and 16, 1981.

Abraham D. Beame
Chairman

Acknowledgments

This volume was prepared by the Government Structure and Functions section of the Commission staff under the general direction of Assistant Director David B. Walker. Albert J. Richter served as project director. The following staff members were responsible for individual chapters: *Chapters 1, 2,* and *4*—Richter; *Chapter 3*—Mavis Mann Reeves, senior resident and associate professor of government and politics at the University of Maryland; *Chapter 5*—Bruce D. McDowell; *Chapter 6*—Carol Monical; and *Chapter 7*—all of the above. The appendix of *Chapter 3* was prepared under contract by Robert M. Stein, assistant professor of political science, Rice University. ACIR's finance section staff and Jane Roberts, Wendy Blatt, Patricia Jaggers, and Patrick J. Chase assisted in research for *Chapter 3*. Patricia A. Koch provided library assistance. Secretarial services were rendered by Evelyn M. Hahn, Lynn Cara Schwalje, Kathleen M. Behringer, and Marvis Dancy.

Participating in a "thinkers' session" to review a working outline in the early stages of the study were William N. Cassella, Jr., Yong H. Cho, Lisa Dondick, James Fossett, Howard W. Hallman, Carole J. Herdina, Alan Heuerman, Joy Johnson, Sophie Korozyk, H. Milton Patton, Kenneth D. Rainey, Deirdre Reimer, Elizabeth G. Rott, Frank Sandifer, Jeff Stonecash, William Thurman, Deil W. Wright, and Joseph Zimmerman. Drafts of *Chapters 1, 2, 4,* and *7* were critiqued at a "critics' session" attended by William G. Colman, John Coleman, Rozann Rothman, Henry Coleman, John Bosley, David Gallagher, Delphis C. Goldberg, Barton Russell, and William Thurman. In addition, written responses were received from William G. Colman on *Chapters 2, 3, 4, 6* and *7,* and from Joseph Zimmerman on *Chapters 2, 3, 4,* and *6*. Other persons submitting written comments on selected chapters were: *Chapters 2* and *4*—George S. Blair, Russell W. Maddox, G. Ross Stephens, and Robert D. Thomas; *Chapter 3*—Thad H. Beyle, William N. Cassella, Jr., James W. Fesler, Patricia Florestano, James L. Garnett, Samuel K. Gove, Richard H. Leach, Marian Lief Palley, Jag C. Uppal, and Robert M. de Voursney; *Chapter 5*—Steven J. Berke, John Bosley, Jerry A. Coursey, Richard J. Dethmers, J. H. Fonkert, Richard G. Hartman, Byford E. Hoffman, Jonathan B. Howes, Page L. Ingraham, Leroy E. Johnson, Victor Jones, David Nikkel, Phillip D. Peters, James H. Pickford, J. Norman Reid, Lee Schoenecker, and James Tait; and *Chapter 6*—Diane Kincaid Blair, Herbert Sydney Duncombe, Richard L. Forstall, Linda K. Ganschinietz, and Robert Mayer. G. Ross Stephens and Susan A. MacManus reviewed a draft of the appendix of *Chapter 3*.

The Commission gratefully acknowledges the assistance of all those named above. Full responsibility for content and accuracy, of course, rests with the Commission staff.

Wayne F. Anderson
Executive Director
David B. Walker
Assistant Director

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Introduction

Congress' 1976 mandate to the ACIR to undertake this study of state and local governmental structure and the assignment of functions—the state and local roles in the federal system—grew out of Congressional concern that detailed information on certain aspects of the federal system of government was not available. Specifically, in reviewing the general revenue sharing program for possible renewal that year, the Senate Finance Committee felt that it did not have sufficiently detailed knowledge about the efficiency and equity aspects of the allocation of spending and taxing responsibilities among the three tiers of governments.[1]

The issue of the allocation of state and local functional responsibilities is not new to ACIR. In a 1963 study, the Commission sought to identify those urban functions which are most appropriately performed on an areawide basis and those which are better performed by individual local governments.[2] Using seven economic, administrative, and political criteria, the study offered guidance in evaluating the optimum performance of 15 governmental functions. In so doing, the study described the nature of each function as generally practiced throughout the country, the roles of the state and national governments in the performance of the function, and standards of service suggested by functional specialists and their preferred scale of performance. It concluded by applying the economic, administrative, and political criteria to the respective functions and by providing examples of experience with larger-area performance.

In a 1974 study that was part of a series on substate regionalism in the U.S., the Commission took another look at the broad assignment of functions issue.[3] The

study reviewed demographic, fiscal, and political developments since the earlier analysis and, while it again centered on the local vs. areawide issue, took cognizance of the role of the state governments vis-a-vis their political subdivisions. The seven evaluative criteria used in 1963 were also reexamined, modified, and regrouped into four criteria which then were employed to suggest a basis for assigning functions. In the 1974 report, the Commission made recommendations to the state and federal governments for action to facilitate a more rational allocation of functions.

Apart from these analyses of functional responsibilities more or less across-the-board, the Commission from time to time has addressed the issue to various degrees in the course of looking at individual functions, types of local government, or fiscal relations. It has examined water supply and sewage disposal in metropolitan areas,[4] the history and functioning of special districts,[5] the design and administration of building codes,[6] the various facets of the Johnson Administration's poverty program,[7] the early functioning of the Medicaid program,[8] the financing of education and public assistance (including medical assistance for the indigent),[9] state-local sharing of responsibility for criminal justice administration,[10] and the balancing of transportation needs and resources in metropolitan areas.[11]

An integral part of these studies of functional responsibilities at the state, substate regional, and local levels is an identification and assessment of the influence of the federal government—an influence which has expanded considerably in scope and intensity in the past 50 years. Until recently, however, the Commission has not focused on the issue of how functions are and should be assigned among all three levels—that is, taking into account the national as well as the state and local governments. The Commission recently closed this gap with publication of its 11-volume series, *The Federal Role in the Federal System: The Dynamics of Growth*.[12] With publication of those volumes and the earlier and present studies of the state and local roles, Commission reports now encompass findings and recommendations on the interrelated functional and financial responsibilities of each of the three partners in the American federal system.

While the state-local assignment of functions issue is not new to ACIR, the Commission never has addressed it in such a broad frame of reference as called for in the Congressional directive. Hence, this study:

- builds on the Commission's earlier reports, reflecting changes in service delivery and demographics at the state and local levels and recent procedural and structural efforts to adapt local and other substate governments to changing public needs;
- undertakes an in-depth analysis of state capability and the role of state government nationwide;
- gives increased emphasis to the state government role vis-a-vis localities and the differences in functional responsibilities of the various types of local unit, and less emphasis to the basic local vs. areawide issue;
- takes into account more specifically the pervasive influence of the federal grant-in-aid system, through a general survey of federal policies and programs affecting state and local roles and a special statistical analysis of the impact of federal grants on municipal functional transfers and assumptions (see companion ACIR, *The Federal Influence on State and Local Roles in the Federal System* (A–89)); and
- updates information on the status and activities of areawide organizations and state and local actions modifying functional assignments.

In sequence, using mainly fiscal data, *Chapter 2* describes the overall pattern of intergovernmental functional responsibilities as it now exists (1977 data) and the general trend over the past decade. It focuses on three sets of relationships: (1) the federal-state-local sharing of direct service responsibilities (only federal domestic services are included), (2) the state-local service and financing relationship, and (3) the distribution of functional responsibilities among the five basic types of local government. The local government picture is further differentiated between metropolitan and nonmetropolitan areas. Three typologies of state centralization-decentralization in fiscal matters are used to classify the 50 states on the basis of their general posture vis-a-vis their local governments. In all the state-local relationships, due attention is given to the large and changing influences of federal funding.

After establishing the current functional assignment pattern, the report addresses the three major actors, or groups of actors: the states, local governments—both general and special-purpose—and areawide organizations. The objective is to explore briefly the intertwined legal, historical, philosophical, and practical reasons each type has come to occupy its present position in the functional assignment pattern and to arrive at judgments concerning its capability to fulfill its current role or some other possible role. Such an understanding is essential to reaching conclusions on possible changes in functional

responsibilities.

Chapter 3 examines the changing state role, starting with state government's capability and including its role as architect of local government and the impact of federal actions on state-local relations.

Chapter 4 briefly looks at each of the five types of local government identified by the U.S. Bureau of the Census—municipalities, townships (towns), counties, school districts, and special districts—distinguishing their unique historical and legal backgrounds, their varied uses throughout the 50 states, and their relationship to one another in the performance of functions. Reflected in the discussion are the results of a current survey of the actual amounts and types of discretionary power exercised by local governments. (For a full discussion of the survey, see ACIR, *Measuring Local Government Discretionary Authority,* (M–131), 1981.)

In describing the evolution and current status of areawide organizations, *Chapter 5* focuses mainly on the spread of substate regional bodies such as regional councils that serve as important intergovernmental mechanisms below the state level yet generally without government decisionmaking authority.

In *Chapter 6,* the report takes cognizance of the many and continuing procedural and jurisdictional/structural efforts by state and local governments to adapt local governments to ever-changing servicing needs. These changes are placed in the context of the many reform movements stemming from or otherwise involving state and local government study commissions.

Chapter 7 summarizes major findings, identifies a summary general finding, and analyzes five major issues flowing from the background chapters: (1) Are there limits to intergovernmental fiscal transfers? (2) Is the diminished functional differentiation among local governments good or bad? (3) Are areawide (substate regional) organizations functionally still significant but structurally still weak? (4) Have the states assumed new, increasingly significant roles in the federal system? If so, are these roles recognized and accepted? (5) How valid are the criteria used by ACIR in 1963 and 1974 for the assignment of functions in 1980? The chapter concludes with a reiteration of previous relevant recommendations by the Commission and a presentation of 20 new recommendations grouped under five headings: excessive reliance on intergovernmental fiscal transfers, the process of determining "Who should do what?," local government reorganization, continued support for and strengthening of areawide organizations, and state governmental capacity.

FOOTNOTES

[1] *U.S. Code, Congressional and Administrative News,* 94th Cong., 2nd Sess., 1976, Vol. 5, p. 5185.

[2] ACIR, *Performance of Urban Functions: Local and Areawide* (M–21), Washington, DC, U.S. Government Printing Office, September 1963.

[3] ACIR, *Governmental Functions and Processes: Local and Areawide* (A–45), Washington, DC, U.S. Government Printing Office, February 1974.

[4] ACIR, *Intergovernmental Responsibilities for Water Supply and Sewage Disposal in Metropolitan Areas* (A–13), Washington, DC, U.S. Government Printing Office, October 1962.

[5] ACIR, *The Problem of Special Districts in American Government* (A–22), Washington, DC, U.S. Government Printing Office, May 1964.

[6] ACIR, *Building Codes: A Program for Intergovernmental Reform* (A–28), Washington, DC, U.S. Government Printing Office, January 1966.

[7] ACIR, *Intergovernmental Relations in the Poverty Program* (A–29), Washington, DC, U.S. Government Printing Office, April 1966.

[8] ACIR, *Intergovernmental Problems in Medicaid* (A–33), Washington, DC, U.S. Government Printing Office, September 1968.

[9] ACIR, *State Aid to Local Government* (A–34), Washington, DC, U.S. Government Printing Office, April 1969.

[10] ACIR, *State-Local Relations in the Criminal Justice System* (A–38), Washington, DC, U.S. Government Printing Office, August 1971.

[11] ACIR, *Toward More Balanced Transportation: New Intergovernmental Proposals* (A–49), Washington, DC, U.S. Government Printing Office, December 1974.

[12] ACIR (A–77 through A–87).

NOTE: ACIR has prepared drafts of suggested state legislation to implement the recommendations in this report that call for such legislation. Copies of these bills are available in slip bill form from the ACIR, 1111-20th St., N.W., Washington, DC, 20575 (202) 653-5544.

Chapter 2

The Current Pattern of Functional Assignment

This chapter identifies and describes the current assignment of functions among the states and the five general types of local government, primarily by using fiscal and public employment data gathered by the U.S. Bureau of the Census. The analysis consists of four parts: (1) a description of the nationwide pattern; (2) a more detailed delineation of the influence of intergovernmental aid flows in this pattern; (3) a brief look at state-by-state variations from the national average; and (4) a description of several typologies that have been developed to permit meaningful differentiation among the 50 state-local systems without undue complexity or oversimplification.

THE NATIONWIDE PATTERN

Several sets of fiscal data are used to construct a nationwide functional assignment picture. These relate to:

- the extent to which each governmental level—federal, state, or local—is responsible for direct provision of the various services;
- the extent to which each level is responsible for financing these services;
- the extent to which each of the five types of units at the local level is responsible for providing services, within and outside metropolitan areas; and
- which unit among the state and local governments is the "dominant provider" of each of the services.

Attention is first focused on the year of the most recent

Census of Governments, FY 1977. Then, it is directed toward the ten-year trend from 1967 to 1972 to 1977.

Following the description of the national functional assignment pattern using fiscal data, the section offers another perspective based on the numbers of employees in the federal, state, and several types of local governments.

Expenditure Responsibility: Federal, State, and Local

A government's direct expenditures for a function are generally accepted as a proxy for, and measurement of, the extent to which it provides that function. In FY 1977, 43% of all direct expenditures[1] for domestic governmental purposes was made by local governments. The states accounted for 27% and the federal government for 30% of the total (see *Table 1*).

Local governments were the foremost direct providers of local fire protection, sewerage, other sanitation (street cleaning and refuse collection and disposal), local parks and recreation, parking facilities, local education, libraries, police, and housing and urban renewal, and share with state government the lead in direct expenditures for hospital services. State governments led in spending for higher education, correction, highways, and noncash public welfare. The federal government was first in the domestic functions of natural resource development, water and air transport, education services other than local and higher education, health, and cash public welfare.[2]

TEN-YEAR TREND

When comparing similar data at the five-year intervals 1966–67, 1971–72, and 1976–77, certain significant changes as well as constancies emerge (see *Table 1*):

- The most dramatic change—in public welfare cash programs—was caused by the federal assumption of responsibility for the adult categories (the aged, blind, and disabled). In 1967 and 1972, the federal government had a 1% share of the total direct expenditure for this function; in 1977, 39%.
- Another marked shift occurred in "other" public welfare,[3] where the state's share rose from 40% in 1967 to 54% in 1972 and 1977. Undoubtedly, this change was traceable to increased state spending for social services and medical assistance for the poor (Medicaid), due in large part to expanded federal financing.[4]
- A sharp reduction in the federal share of health expenditures (excluding Medicaid)—from 57% to 41%—occurred between 1967 and 1972. Federal health expenditures actually increased in that period but at a more moderate rate than the rises in state and local governments. The federal share remained at 41% in 1977.
- The federal share dropped a similar 16% in water transport and terminals, with the offsetting increase being split fairly evenly between state and local levels.
- In highways, the federal government's direct expenditures remained negligible over the ten-year period (1%), but the state share dropped by 8% (which was picked up by local governments). The latter change was due to a shift from construction to maintenance—a more common local activity.
- In higher education, there was again a shift away from the states and to the local level—this time of 7%. This reflected decentralization and growing emphasis on community colleges.
- Five functions were provided entirely by local governments in 1977, as they had been in 1967: local fire protection, sewerage, other sanitation, local parks and recreation, and parking facilities. Local education continued to be 99% a local expenditure. The 1% state share came mainly from the highly centralized states of Hawaii and Alaska (particularly the former).
- In the remaining functions, there were changes in the federal/state/local shares but these were less marked than those already identified. They moved in the same direction from 1967 to 1972 and 1977 with one notable exception: housing/urban renewal. The local share of spending for this function declined from 61% to 51% and then rose to 57% in the ten-year period. Here, the federal share was generally the opposite: from 38% to 49% to 39%.

Overall, because of the offsetting movements among the different functional expenditures, the distribution of total direct expenditures among the three levels was fairly stable between 1967 and 1977, with just a slight shift from local to federal. In 1967, the federal/state/local sharing was 28-26-45%; in 1977, it was 30-27-43%. The most significant addition to the federal role—the adult categories of public assistance—was probably the most significant change of any kind in the federal/state/local assignment relationship system as measured by direct expenditure.

Table 1

PERCENT OF DIRECT GENERAL EXPENDITURE RESPONSIBILITY BY LEVEL OF GOVERNMENT AND SPECIFIC FUNCTION: 1966–67, 1971–72, 1976–77 (in percent)

Function	1976–77			1971–72			1966–67		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
Education: Local	—	1%	99%	—	1%	99%	—	1%	99%
Higher	—	81	19	—	84	16	—	88	12
Other	60%	40	—	61%	39	—	63%	37	—
Highways	1	59	40	2	66	32	1	67	32
Public Welfare: Cash	39	31	30	1	50	49	1	49	50
Other	25	54	21	19	54	28	27	40	33
Total	(30)	(46)	(24)	(11)	(52)	(37)	(14)	(45)	(41)
Hospitals	18	41	41	19	39	43	20	41	39
Health	41	28	30	41	25	33	57	20	24
Police	11	13	75	8	14	78	8	13	78
Local Fire Protection	—	—	100	—	—	100	—	—	100
Sewerage	—	—	100	—	—	100	—	—	100
Other Sanitation	—	—	100	—	—	100	—	—	100
Local Parks and Recreation	—	—	100	—	—	100	—	—	100
Natural Resources	79	17	4	78	17	5	77	18	5
Housing and Urban Renewal	39	3	57	49	1	51	38	1	61
Air Transportation	60	5	34	68	4	28	65	5	30
Water Transport and Terminals	67	11	22	77	7	16	83	6	11
Parking Facilities	—	—	100	—	—	100	—	—	100
Correction	5	60	35	5	59	36	5	62	33
Libraries	—	8	92	—	8	92	—	9	91
Other and Unallocable	51	20	29	58	15	27	64	14	22
Total Direct	30	27	43	27	27	46	28	26	45

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances*, 1966–67, 1971–72, and 1976–77, Washington, DC, U.S. Government Printing Office, 1968, 1973, 1978, Table 7 (1967, 1972), Table 11 (1977).

Table 2

DIRECT AND INTERGOVERNMENTAL EXPENDITURE RESPONSIBILITY BY LEVEL OF GOVERNMENT AND FUNCTION: 1966–67, 1971–72, AND 1976–77

Percent of Direct (D) or Direct and Intergovernmental (D, I) Expenditure Distributed at:

Function	1976–77			1971–72			1966–67		
	Federal Level	State Level	Local Level	Federal Level	State Level	Local Level	Federal Level	State Level	Local Level
Education (D)	7%	25%	68%	7%	25%	68%	6%	23%	71%
Education (D, I)	16	49	34	19	46	36	15	44	41
Highways (D)	1	59	40	2	66	32	1	67	32
Highways (D, I)	28	49	24	28	53	19	30	51	19
Public Welfare (D)	30	46	24	11	52	37	14	45	41
Public Welfare (D, I)	70	26	5	67	24	9	58	30	12
Health and Hospitals (D)	25	37	38	24	35	40	30	35	35
Health and Hospitals (D, I)	33	33	34	32	32	35	34	33	33
Natural Resources (D)	79	17	4	78	17	5	77	18	5
Natural Resources (D, I)	83	14	3	83	14	4	79	16	5
Housing/Renewal (D)	39	3	57	49	1	51	38	1	61
Housing/Renewal (D, I)	91	6	3	85	2	13	65	4	31
Air Transportation (D)	60	5	34	68	4	28	65	5	30
Air Transportation (D, I)	72	7	21	71	3	26	69	5	26
Total Above Functions (D)	20	33	47	18	33	48	18	32	49
Total Above Functions (D, I)	40	34	26	38	37	25	34	37	29

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Governmental Finances*, 1976–77, 1971–72, and 1966–67, Washington, DC, U.S. Government Printing Office, 1968, 1973, 1978, Table 6 (1967, 1972), Table 10 (1977).

Financing Responsibility: Federal, State, and Local

The other side of the coin from the direct provision of particular services is the responsibility for financing them, which reflects the flow of intergovernmental assistance. The various types of intergovernmental aid carry with them conditions imposing varying degrees of restraint on the recipient jurisdictions. The most restrictive are narrow categorical project grants; the least are general-support programs, such as federal General Revenue Sharing (GRS). The existence of these constraints means that the responsibility for performance of the aided function by the recipient jurisdiction is shared with the granting authority, with the degree of sharing depending on the breadth and detail of the conditions attached. Intergovernmental assistance thus complicates the assignment of functions picture, when functional responsibility is equated with responsibility for deciding the scope and manner of performance of a function.

The allocation of financing responsibility among the three levels for seven major functions is indicated by the net total of direct and intergovernmental (D, I) expenditures in *Table 2,* which also shows for contrast the direct expenditure responsibility (D).

The federal government was the chief financier of natural resources, public welfare (both cash and noncash), housing/urban renewal, and air transportation. States were the most prominent funder of education services and highways. Funding of health and hospitals was shared about equally among all three levels. As the major beneficiary of federal and state grants (including federal funds passed through by the state), local governments were the sole principal funding source of none of these functions.

In total, for the seven functions, the local governments dominated in direct expenditure (47%), the federal government dominated in financing (40%), and state governments were in the middle on both counts (33% and 34%, respectively).[5]

Over the ten-year period 1967–77, the following principal changes occurred:

- The sharing of education financing shifted somewhat from the local to the state level.
- There was a minor shift toward more local financing of highways.
- The federal government, already heavily involved in financing public welfare in 1967 (58%), bore even a larger share in 1977 (70%).
- The sharing of financing among the three levels remained stable in health and hospitals, natural resources, and air transportation.
- In the funding of housing/urban renewal, the federal government became increasingly dominant; the local role became correspondingly less; and the state share remained relatively insignificant, although it rose to 6% in 1977 from 2% in 1972.

It should be noted that the listing of seven functions in *Table 2* does not mean that these were the only functions aided by federal money. They happen to be the only ones separately identified in the Census Bureau source document. Others are shown in *Table 14*.

Direct Expenditure by Various Types of Local Unit

At the local level, services are provided by the five different types of local government unit identified by the Bureau of the Census: counties, municipalities, townships (towns), school districts, and special districts. Again using direct expenditure as a measure of direct services, *Table 3* shows—on a national aggregate basis—how these five types of local units share responsibility for the direct provision of services.

Municipalities dominated in 1977, leading in expenditures for highways, police, fire protection, sewerage, other sanitation, parks and recreation, housing/urban renewal, air transportation, parking facilities and libraries. For each of the remaining functions except local schools, moreover, they accounted for at least 15% of total local expenditures. Counties were the clear leader in public welfare, hospitals, health, correction, natural resources, and public buildings, and in addition represented at least 15% of local spending for highways, police, parks and recreation, air transportation and libraries. School districts, of course, were first in direct expenditures for local schools and higher education. Special districts were preeminent in water transport services and accounted for a significant share of expenditures for natural resources (46%), housing/urban renewal (43%), air transportation (36%), hospitals (26%), and sewerage (25%). Townships, which existed in only 20 states, played a relatively minor nationwide role in all functions, and were responsible for a double-digit percentage share of total expenditures only in highways (11%). In the 20 township states as a group, however, they accounted for substantially larger percentages of local government direct expenditures: highways—22%; fire protection and sanitation other than sewerage—13% each; parks and recreation—12%; and police and libraries—11% each.

(For differentiation between "strong" and "rural" township states, see *Chapter 4*.)

Though municipalities were dominant in the provision of local services in 1977, their position was not as strong as it had been ten years earlier. In that period, there was a major shift in relative expenditures toward the counties and away from municipalities. This happened in higher education, hospitals, health, police, fire protection, sewerage, other sanitation, parks and recreation, correction, and libraries. Other changes of note from 1967 to 1977 were:

- In hospitals, fire protection, sewerage, and libraries, a significant part of the relative decline in the municipal position was accounted for by the increased importance of special districts.
- Municipalities took on a larger share of local welfare spending at the expense of the counties. This was more a reflection of reduced county spending because of the shift of county expenditures to the state than an actual increase in municipal expenditures for that purpose.
- These municipal-to-county and county-to-municipal changes represented a fairly steady trend over the full ten-year period in welfare, fire protection, other sanitation, parks and recreation, and libraries. In the case of health and police, they

Table 3

PERCENT DISTRIBUTION OF LOCAL GOVERNMENT TYPE OF LOCAL GOVERNMENT BY FUNCTION:

Function	1976–77					
	Counties	Municipalities	Townships	School Districts	Special Districts	Counties
Local Schools	7%	10%	3%	80%	—	7%
Higher Education	14	15	—	71	—	15
Highways	41	46	11	—	2%	41
Public Welfare	61	38	—	—	—	65
Hospitals	47	28	—	—	26	41
Health	65	31	1	—	2	51
Police	22	72	6	—	—	17
Fire Protection	8	80	7	—	6	6
Sewerage	14	56	5	—	25	15
Other Sanitation	12	80	7	—	1	8
Parks and Recreation	21	64	5	—	9	19
Housing/Renewal	1	55	—	—	43	—
Air Transportation	21	51	—	—	27	17
Water Transport	3	31	—	—	65	—
Parking Facilities	3	88	1	—	7	—
Correction	77	23	—	—	—	71
Natural Resources	56	—[1]	—	—	44	54
Libraries	28	55	6	—	11	24
Public Buildings	51	45	4	—	—	47

[1]—Represents zero or rounds to zero.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1967, 1972, and 1977, *Vol. 4, Governmental Finances, No. 5, Compendium of Government Finances,* Washington, DC, U.S. Government Printing Office, 1969, 1974, and 1979, Table 8 (1967, 1972), Table 49 (1977).

occurred principally in the last five-year period, 1972–77. For hospitals and sewerage, the shift away from municipalities was steady over the ten years but the shift toward counties and special districts was more erratic.

IN METROPOLITAN AND NONMETROPOLITAN AREAS

On the face of it, one would expect differences between urban and nonurban areas in the distribution of responsibilities for services among the five basic types of local unit, particularly with regard to the role of municipalities. *Tables 4* and *5* bear out this expectation.

Essentially, the functional allocation pattern in metropolitan areas in 1977 was like that for the nationwide aggregate. By contrast, in nonmetropolitan areas counties had greater functional responsibilities—and municipalities less—than they had in metropolitan areas, as measured by their share of local direct expenditure. Municipalities surrendered the leading share to the counties in highways and libraries and took second place to special districts in the provision of housing/urban renewal services. Special districts also were the dominant local provider of natural resources services in nonmetropolitan areas.

Considered on a nationwide basis, townships were clearly the least important type of unit in nonmetropolitan

DIRECT GENERAL EXPENDITURE BY 1966–67, 1971–72, AND 1976–77

1971–72				1966–67				
Municipalities	Townships	School Districts	Special Districts	Counties	Municipalities	Townships	School Districts	Special Districts
11%	3%	79%	—	6%	10%	3%	80%	—
21	—	63	—	10	20	—	70	—
44	11	—	3%	43	45	11	—	2%
34	1	—	—	67	31	2	—	—
37	—	—	22	44	38	—	—	18
45	2	—	2	51	44	2	—	3
78	5	—	—	17	78	4	—	—
86	5	—	3	4	87	5	—	4
59	7	—	20	7	66	6	—	21
85	7	—	1	4	89	6	—	1
67	5	—	9	16	70	5	—	10
55	—	—	45	—	56	—	—	44
47	—	—	36	24	50	1	—	25
45	—	—	55	—	30	—	—	69
91	4	—	5	—	90	3	—	7
29	—	—	—	70	30	—	—	—
—	—	—	46	51	—	—	—	49
62	6	—	8	21	64	6	—	8
47	6	—	—	48	47	5	—	—

areas measured by share of direct expenditure—accounting for the same approximate share of total direct expenditure as in metropolitan areas for all functions except fire protection, where they were clearly more prominent than their counterparts in metropolitan areas. Among the 20 township states as a group, of course, townships represented a relatively larger share of local government expenditures than when viewed in the 50-state context. This was true of both metropolitan and nonmetropolitan areas.

The Ten-Year Trend

From 1967 to 1977, metropolitan area counties increased their relative shares of direct expenditure largely at the expense of municipalities. The county share increased in 14 of the 19 functions and the municipal share declined in the same number. The relative shares of townships, school districts, and special districts remained relatively stable, although the increase in hospital expenditure by special districts from a 14% to 22% share is worth noting.

In nonmetropolitan areas for the same ten-year period, the picture was essentially the same as in metropolitan areas. The counties were the principal growth unit in terms of shares of total local direct expenditure. They especially expanded their portions in higher education (school districts' dropped), sewerage, other sanitation, parks and recreation, natural resources, libraries, and public buildings. Corresponding declines were experienced in all of these functions by municipalities as a

Table 4

PERCENT DISTRIBUTION OF LOCAL GOVERNMENT DIRECT GENERAL BY FUNCTION: 1966–67,

Function	1976–77					
	Counties	Municipalities	Townships	School Districts	Special Districts	Counties
Local Schools	6%	12%	3%	79%	—	5%
Higher Education	12	18	—[1]	70	—	13
Highways	31	56	10	—	3%	32
Public Welfare	57	43	—	—	—	61
Hospitals	45	33	—	—	22	37
Health	62	35	1	—	2	45
Police	19	75	6	—	—	15
Fire Protection	8	82	5	—	5	6
Sewerage	15	55	5	—	25	16
Other Sanitation	10	82	7	—	1	7
Parks and Recreation	21	64	5	—	10	19
Housing/Renewal	1	59	—	—	39	—
Air Transportation	19	52	—	—	28	16
Water Transport	3	32	—	—	64	—
Parking Facilities	4	88	1	—	7	—
Correction	73	27	—	—	—	68
Natural Resources[2]						56
Libraries	25	59	6	—	10	22
Public Buildings	43	52	4	—	—	43

[1]— Represents zero or rounds to zero.
[2] Breakdown not available from 1977 Census of Governments.
SOURCE: U.S. Department of Commerce, Bureau of the Census, *Census of Governments*, 1967, 1972, and 1977, *Vol. 5, Local Government in Metropolitan Areas,* Washington, DC, U.S. Government Printing Office, 1969, 1974, and 1979, Table 9.

group, except for natural resources where county growth was at the expense of special districts. Special districts experienced a particularly marked expansion in sewerage expenditures.

The State and Its Local Governments: "Dominant Providers"

Focusing on the distribution of functional responsibility within the state-local governmental system—that is, among the state government and its five types of local governments—the dominant provider in each of the 50 states can be identified, where "dominant" is defined as accounting for at least 55% of total state-local direct expenditure. As seen in *Table 6* using this analysis, in 1977 state governments generally were dominant in direct service responsibility for highways, public welfare, hospitals, health, natural resources, and correction. They were a close second to municipalities in the provision of water transport and terminal services. Among services in which state governments played a minor or negligible role, no single unit predominated in two: (1) general control, and (2) general public buildings. Municipalities were the predominant provider of eight: police, fire protection, sewerage, other sanitation, parks and recreation, airports, parking, and water transportation.

School districts had major responsibility for education.[6] In 19 states, municipalities were the dominant providers of library services but in 18 no single unit dominated. "More than one provider" was the rule in

EXPENDITURE IN METROPOLITAN AREAS, BY TYPE OF LOCAL UNIT, 1971–72, AND 1976–77

1971–72				1966–67				
Municipalities	Townships	School Districts	Special Districts	Counties	Municipalities	Townships	School Districts	Special Districts
15%	3%	77%	—	5%	14%	3%	78%	1%
25	—	63	—	8	26	—	66	—
54	10	—	4%	32	56	9	—	3
38	1	—	—	60	38	2	—	—
44	1	—	18	39	47	—	—	14
52	1	—	2	45	51	2	—	2
80	5	—	—	15	81	4	—	—
87	4	—	3	4	88	4	—	4
57	6	—	21	8	63	6	—	23
85	6	—	1	4	89	6	—	1
67	5	—	10	16	69	4	—	10
59	—	—	40	—	60	1	—	39
46	—	—	38	23	50	1	—	27
47	—	—	52	—	34	—	—	66
91	4	—	5	—	90	3	—	7
32	—	—	—	65	35	—	—	—
—	—	—	44	56	—	—	—	44
65	6	—	7	18	68	6	—	8
51	6	—	—	45	51	4	—	—

a substantial number of states for hospitals, health, police, and parks and recreation services. Special districts and municipalities shared honors as dominant provider for housing/urban renewal. Nationwide, counties did not dominate any service.[7]

TEN-YEAR TREND

For 14 of the 19 functions, no appreciable changes in dominant provider are perceptible between 1967 and 1977. For the remaining five, various shifts occurred. State governments became the dominant providers of public welfare in a larger number of states during the ten-year period, with the offsetting decline felt mainly by counties (in only one state were counties the dominant provider of welfare in 1977). Hospital services shifted away from state, county, and municipal dominance toward a condition of "more than one provider." In housing/urban renewal, fewer states had the municipality as the dominant provider; more had diffused the function among several providers, usually municipalities and special districts. In police and sewerage, municipalities lost their dominant position in a number of states, with an increase mainly in "more than one provider." Finally, the county became increasingly the dominant provider in general public building expenditures in 1972, but by

Table 5

PERCENT DISTRIBUTION OF LOCAL GOVERNMENT DIRECT GENERAL BY FUNCTION: 1966–67,

Function	1976–77					
	Counties	Municipalities	Townships	School Districts	Special Districts	Counties
Local Schools	11%	3%	2%	84%	—	10%
Higher Education	24	1	—	75	—	29
Highways	60	27	13	1	—	59
Public Welfare	96	3	1	—	—	96
Hospitals	51	13	—	—	35%	53
Health	84	9	2	—	5	85
Police	36	57	8	—	—	30
Fire Protection	8	69	13	—	10	6
Sewerage	9	60	5	—	26	7
Other Sanitation	27	68	5	—	1	10
Parks and Recreation	25	65	6	—	5	18
Housing/Renewal	2	30	—	—	68	—
Air Transportation	36	45	3	—	18	32
Water Transport	2	22	2	—	78	—
Parking Facilities	—[1]	93	3	—	10	—
Correction	97	3	—	—	—	100
Natural Resources[2]						49
Libraries	47	36	4	—	15	37
Public Buildings	78	20	3	—	—	68

[1] — Represents zero or rounds to zero.
[2] Breakdown not available from 1977 Census of Governments.
SOURCE: Computed by ACIR staff from U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1967, 1972, and 1977, *Vol. 4, No. 5, Compendium of Government Finances,* Table 8 (1967 and 1972), Table 10 (1977), and *Vol. 5, Local Government in Metropolitan Areas,* Table 9, Washington, DC, U.S. Government Printing Office, 1969, 1974, and 1979.

1977 the pattern essentially had moved back to where it was in 1967.

Aggregating the dominant figures for all the functions for the three years 1967, 1972, and 1977 (50 states × 19 functions = 950 opportunities[8]) produces the following overall picture of *Table 7*.

In the first five-year period, there was a clear movement toward much greater use of the county and somewhat greater use of municipalities and a definite drop-off in the cases of "more than one provider." This trend was directly reversed from 1972 to 1977. In fact, counties dropped to where they were the dominant providers in fewer cases than they had been in 1967 and the erosion of municipal dominance was considerably greater. The turning away from counties and especially municipalities as dominant provider reflected the greatly increased tendency to rely on more than one provider for the delivery of services.

REGIONAL PATTERNS

One question that arises is whether any regions of the country display discernible patterns in their state-local and interlocal assignment of functions. Breaking down the "dominant provider" data into eight commonly used geographic regions reveals that the greatest tendencies

EXPENDITURES IN NONMETROPOLITAN AREAS, BY TYPE OF LOCAL UNIT, 1971–72, AND 1976–77

1971–72				1966–67				
Municipalities	Townships	School Districts	Special Districts	Counties	Municipalities	Townships	School Districts	Special Districts
3%	3%	83%	1%	10%	3%	2%	84%	—
—	—	71	—	15	1	—	83	—
27	14	—	1	60	26	14	—	1%
3	2	—	—	92	4	4	—	—
16	—	—	31	56	17	1	—	27
9	2	—	4	78	12	4	—	6
63	7	—	—	31	64	6	—	—
80	8	—	6	4	80	9	—	7
71	8	—	13	2	79	6	—	12
83	7	—	—	3	91	6	—	—
70	7	—	5	13	75	7	—	6
26	—	—	74	—	25	—	—	74
57	2	—	9	33	51	2	—	13
9	—	—	91	—	4	4	—	92
93	4	—	4	—	89	—	—	7
—	—	—	—	100	—	—	—	—
—	—	—	51	40	—	—	—	60
42	6	—	14	23	50	8	—	11
27	5	—	—	58	36	6	—	—

Table 6

DOMINANT SERVICE PROVIDER,* BY TYPE OF OF 50 STATES:

Type of Government	Education	Highways	Public Welfare	Hospitals	Health	Police	Fire Protection	Sewerage
State	1	39	43	24	30	—	—	—
County	2	—	1	4	4	—	—	1
Municipality	—	—	1	—	—	27	48	33
Townships	—	—	—	—	—	—	—	—
School Districts	37	—	—	—	—	—	—	—
Special Districts	—	—	—	1	—	—	—	4
More than One Provider*	10	11	5	21	16	23	2	12
State	1	48	39	27	27	—	—	—
County	3	—	8	8	7	—	—	2
Municipality	—	—	1	—	—	44	49	37
Townships	—	—	—	—	—	—	—	1
School Districts	40	—	—	—	—	—	—	—
Special Districts	—	—	—	2	—	—	—	2
More than One Provider*	6	2	2	13	16	6	1	8
State	1	49	36	31	31	—	—	—
County	3	—	10	6	2	—	—	—
Municipality	—	—	2	—	1	33	50	38
Townships	—	—	—	—	—	—	—	1
School Districts	37	—	—	—	—	—	—	—
Special Districts	—	—	—	1	—	—	—	3
More than One Provider*	9	1	2	12	16	17	—	8

* A dominant service provider is one that accounts for more than 55% of the direct general expenditure in a particular function. "More than one provider" indicates there is no dominant service provider.

** Only 42 state-local systems exhibited this function in 1967, 40 in 1972, and 47 in 1977.

GOVERNMENT AND FUNCTION, BY NUMBER 1967, 1972, AND 1977

Other Sanitation	Parks and Recreation	Natural Resources	Housing/ Renewal	Airports	Water Transport**	Parking	Correction	Libraries	General Control	General Public Buildings
1977										
—	3	48	3	6	16	—	46	2	7	5
1	1	—	—	9	3	—	1	9	1	8
44	24	—	16	26	20	47	—	19	—	1
2	—	—	—	—	1	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	2	—	21	5	6	1	—	2	—	—
3	20	2	10	4	1	2	3	18	42	36
1972										
—	—	49	4	7	16	—	46	2	7	6
—	2	—	—	8	—	—	2	12	26	19
48	43	—	17	25	16	48	—	26	1	7
1	—	—	—	—	—	1	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	1	—	26	7	8	1	—	3	—	—
1	4	1	3	3	—	—	2	7	16	18
1967										
—	—	49	3	5	17	—	49	1	4	5
—	1	—	—	6	—	—	—	6	7	7
48	44	—	22	27	15	47	—	21	—	1
1	—	—	—	—	—	1	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—
—	2	—	23	5	8	1	—	2	—	—
1	3	1	2	7	2	1	1	20	39	37

SOURCE: Derived from U.S. Bureau of the Census, Census of Governments, 1967, 1972, and 1977, *Vol. 4, Governmental Finances, No. 5, Compendium of Government Finances,* Washington, DC, U.S. Government Printing Office, 1969, 1974, and 1979, Tables 46 and 48 for 1967 and 1972, Tables 47 and 49 for 1977.

Table 7

AGGREGATE OF "DOMINANT PROVIDERS," 50 STATES, 19 FUNCTIONS: 1967, 1972, AND 1977

	State	County	Municipality	Township	School District	Special District	More Than One Provider
1967	281	48	349	3	37	45	179
1972	279	97	362	3	40	50	109
1977	273	45	306	3	37	42	241
Percent change, 1967–77	−3%	−6%	−12%	0%	0%	−7%	+35%

SOURCE: ACIR staff calculation using *Table 6* data.

Table 8

PERCENTAGE OF TOTAL SERVICE OPPORTUNITIES IN WHICH STATE OR TYPE OF LOCAL UNIT DOMINATED SERVICE, BY REGION, 1976–77

Region	State	County	Municipality	Township	School District	Special District	More Than One Provider	Total State-Local
New England	42%	1%	18%	3%	1%	3%	32%	100%
Mideast	24	8	22	—[1]	3	8	34	100
Great Lakes	23	5	39	—	4	5	23	100
Plains	21	1	42	—	5	6	24	100
Southeast	30	7	30	—	4	4	24	100
Southwest	25	1	47	—	5	4	17	100
Rocky Mountains	27	4	35	—	5	1	27	100
Far West	27	12	31	—	4	4	23	100
Unweighted average	27	5	33	—	4	4	26	100

[1] —Represents zero or rounds to zero.
SOURCE: ACIR staff computation.

for such patterns appear in the southeast (12 states), the plains (seven states), the southwest (four states), and the Rocky Mountain (five states) regions. For example, in the southeastern region predominant responsibility for police, fire protection, other sanitation than sewerage, parks and recreation, parking, and water supply is vested in municipalities in all 12 states, and in all 12 states the state government is the dominant provider of highways, natural resources, and corrections. The same type of similarity of functional assignment among the states of a region applies, to a somewhat lesser extent, in the three other regions identified above.

Regional analysis may also focus on the degree to which the states in the various regions favor the state government or the various types of local unit in the assignment of functions. Such analysis is based on the number of opportunities for assignment, which for each region is the product of the number of functions (19)[9] times the number of states in the region. *Table 8* shows, for each of the eight regions, the percentage of opportunities in which each of the governmental types (state, county, municipality, etc.) was the dominant provider in the region in 1977. For example, in the New England region, the state government was the dominant provider in 42% of the cases (48 instances out of a total of 114 functional opportunities (19 functions[10] × six states)). Some highlights of this analysis:

- In New England, the state and municipalities/townships were most prominent; counties drew almost a complete blank, reflecting their historically weak, or nonexistent position in that region.
- In the mideastern states, no single type stood out, a fact underscored by the high percentage of "more than one" dominant provider (34%).
- In the Great Lakes and plains states, municipalities had relatively high emphasis. In the latter, counties were rarely dominant providers.
- In the 12 states of the southeast, municipalities stood out, but so did the state government and counties compared to other regions.
- More than any other region, the southwest emphasized municipalities.
- The Rocky Mountain states showed no distinct difference from the patterns of the other regions—with a fairly representative distribution among the several units, as indicated by the low deviation from the unweighted regional average.
- The county was given the greatest emphasis in the far west, compared to its position in the other regions. (This may come as a surprise to those who think of the county as having its greatest importance in the southeast.)

Classifying Governments as "Significant Providers"

Another way of looking at the distribution of state-local functional responsibility is to analyze direct expenditure for the 19 functions according to a minimum level of "significance" rather than "dominance." This helps explain the "more than one provider" group more fully and thereby tells more about the degree of dispersion of responsibility instead of the degree of preference among the various types of governmental unit. *Table 9* presents the results of such an analysis, defining "significant" as 15% or more of the share of total state and local direct expenditures.

From this perspective, the county emerges as a more significant unit than it does when focusing on dominant provider. In 1977, it was a significant provider of eight services in over one-half the states: highways, hospitals, health, police, correction, libraries, general control, and general public buildings. This compared with 12 services for the states and 13 services for municipalities. Moreover, using this measure, during the ten-year period from 1967 to 1977, the county increased its performance of functions more than any of the other five types of government. This is shown in the following aggregation of figures on significant providers (*Table 10*).

Table 10 shows, for example, that out of 912 opportunities (48 states × 19 functions), counties were significant functional providers in 388 cases in 1977. Besides confirming the increasing significance of the county as provider, it shows that the spread of special districts proceeded at nearly as great a rate as that of the county.

On a regional basis, as shown in *Table 11*, the importance of counties as significant providers increased most in New England, the southeast, and the mideast. For special districts, growth was greatest in the plains, southwest, Great Lakes, and Rocky Mountain states, while their role actually declined in the mideast (Delaware, Maryland, New Jersey, New York, and Pennsylvania).

The Rates of Change in Local Direct Expenditure, 1967–72 and 1972–77

Table 12 illuminates an aspect of the ten-year trend

Table 9

SIGNIFICANT SERVICE PROVIDER,* BY TYPE OF GOVERNMENT AND FUNCTION, BY NUMBER OF STATES, 1967 AND 1977

Type of Government	Education	Highways	Public Welfare	Hospitals	Health	Police	Fire	Sewerage
State	48	50	49	49	50	37	—	2
County	5	25	13	28	36	34	9	16
Municipality	11	27	4	13	19	50	50	50
Township	4	7	—	—	2	7	8	6
School District	41	—	—	—	—	—	—	—
Special District	—	—	—	10	—	—	5	20
State	49	50	40	49	49	35	—	—
County	5	19	21	31	34	28	6	8
Municipality	11	11	5	10	17	50	50	50
Township	4	2	1	—	2	6	5	7
School District	41	—	—	—	—	—	—	—
Special District	—	1	—	6	1	—	3	16

* A significant service provider is one that accounts for 15% or more of state-local direct general expenditures in a particular function.
** Only 42 state-local systems exhibited this function in 1967 and 47 in 1977.

Table 9 (continued)

SIGNIFICANT SERVICE PROVIDER,* BY TYPE OF GOVERNMENT AND FUNCTION, BY NUMBER OF STATES, 1967 AND 1977

Other Sanitation	Parks and Recreation	Natural Resources	Housing/ Renewal	Airports	Water Transport**	Parking	Correction	Libraries	General Control	General Public Buildings
1977										
—	36	50	4	11	20	—	50	18	49	39
18	23	7	2	17	4	3	33	25	45	45
49	48	—	37	35	26	50	5	40	46	44
8	6	—	—	—	1	3	—	5	4	5
—	—	—	—	—	—	—	—	—	—	—
—	3	8	37	8	11	2	—	9	—	—
1967										
—	—	50	5	12	23	—	50	20	48	35
5	15	6	—	20	—	1	27	24	45	43
50	50	—	38	37	21	49	4	43	44	43
6	7	—	—	1	—	2	—	7	6	5
—	—	—	—	—	—	—	—	—	—	—
2	3	8	34	8	10	2	—	5	—	—

SOURCE: Derived from U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1967 and 1977, *Vol. 4, Governmental Finances, No. 5, Compendium of Government Finances,* Washington, DC, U.S. Government Printing Office, 1969 and 1979, Tables 46 and 48 for 1967 and Tables 47 and 49 for 1977.

Table 10

AGGREGATE OF "SIGNIFICANT PROVIDERS," 50 STATES, 19 FUNCTIONS, 1967–77

	State	County	Municipality	Township	School District	Special District
1967	515	338	583	61	41	99
1977	562	388	604	66	41	113
Percent increase 1967–77	9.1%	14.7%	3.6%	8.1%	—	14.1%

SOURCE: ACIR staff calculation from *Table 9* data.

in local government direct expenditure for various functions. It shows the different compound rates of change for each of the two five-year periods covering 1967 to 1977 by major function and type of local unit.

Overall, the average annual change rate from 1972 to 1977 was less than from 1967–72. Among individual functions and types of local unit, there were some countertrends:

- Counties exhibited higher change rates in the second five-year period in health and hospitals, highways, police, and correction.
- Township expenditure rose at a higher pace in the second period in highways, police, fire protection, and housing/urban renewal. Township expenditure for public welfare continued to decline in 1972–77, but at a slower rate than in the first five-year span.
- In municipalities, the rates of increase in the second period were greater for highways, sewerage, and government administration.
- The greatest increases were shown by special districts where the annual increase rate for fire protection went from 7.6% to 24.0%, for sewerage from 13.9% to 22.0%, and for transit systems from 16.1% to 22.7%.

The availability of federal categorical grants undoubtedly contributed to the rise in special district expenditures. Among the general-purpose units, the advent of

Table 11

PERCENT CHANGE IN NUMBER OF FUNCTIONS IN WHICH A GOVERNMENT WAS A "SIGNIFICANT PROVIDER," BY TYPE OF UNIT AND REGION, 1967–77

Region	State	County	Municipality	Township	School District	Special District
New England	6.6%	38.4%	4.2%	3.3%	—	8.3%
Mideast	14.8	20.5	−4.7	28.5	—	−33.3
Great Lakes	12.7	2.6	−3.2	—	—	33.3
Plains	10.6	9.5	6.5	—	—	62.5
Southeast	7.5	25.6	0.8	—	—	5.2
Southwest	12.2	12.0	8.3	—	—	53.3
Rocky Mountain	7.6	13.5	11.5	—	—	27.2
Far West	4.6	2.5	4.7	—	—	7.1

SOURCE: ACIR staff calculation.

Table 12

PERCENTAGE RATES OF CHANGE IN LOCAL DIRECT EXPENDITURE, BY TYPE OF LOCAL UNIT AND SELECTED FUNCTION, 1967–72 AND 1972–77

	Counties		Municipalities		Townships		School Districts		Special Districts	
	1972–77	1967–72	1972–77	1967–72	1972–77	1967–72	1972–77	1967–72	1972–77	1967–72
Total Direct Expenditure	11.6%	13.6%	9.6%	13.2%	10.9%	12.5%	9.7%	10.7%	10.1%	14.3%
Education	10.7	11.9	6.0	12.9	9.4	13.4	9.7	10.7	—	—
Social Services										
Public Welfare	5.5	17.2	8.7	19.1	−1.3	−8.2	—	—	—	—
Health-Hospitals	15.1	13.7	4.4	15.0	9.5	13.1	—	—	13.7	19.8
Transportation										
Highways	7.4	6.4	8.7	6.7	9.0	7.2	—	—	3.1	11.3
Public Safety										
Police	16.6	14.6	10.2	14.2	15.4	11.9	—	—	—	—
Fire Protection	18.2	19.3	9.9	11.2	18.0	11.6	—	—	24.0	7.6
Correction	16.1	15.1	9.3	15.5	NA	NA	—	—	—	—
Environment-Housing										
Sewerage	15.5	33.7	14.8	12.0	8.2	17.5	—	—	22.0	13.9
Housing/Urban Renewal			3.9	12.8	11.1	.4	—	—	2.6	13.8
Parks/Recreation	14.6	16.7	9.8	11.5	12.2	13.7	—	—	11.4	11.1
Government Administration	12.9	11.5	11.7	11.6	5.5	12.0	—	—	—	—

SOURCE: ACIR staff computation based on U.S. Department of Commerce, Bureau of the Census, *Governmental Finances* in 1966–67, 1971–72, and 1976–77, Washington, DC, U.S. Government Printing Office, 1968, 1973, and 1978.

Table 13

PERCENTAGE OF FULL-TIME EQUIVALENT EMPLOYMENT, BY LEVEL OF GOVERNMENT AND FUNCTION: OCTOBER 1967, OCTOBER 1972, AND OCTOBER 1977

Function	October 1977			October 1972			October 1967		
	Federal	State	Local	Federal	State	Local	Federal	State	Local
Education									
Local Schools	—[1]	—	99%	—	—	99%	—	—	99%
Higher Education	—	82%	18	1%	83%	16	—	87%	13
Other Education	16%	84	—	6	94	—	13%	87	—
Highways	1	47	52	1	51	49	1	51	48
Public Welfare	3	45	52	2	39	59	3	35	62
Hospitals	14	43	43	14	43	43	16	44	40
Health	27	33	40	30	30	39	30	28	43
Police	9	11	80	7	12	82	6	12	82
Local Fire Protection	—	—	100	—	—	100	—	—	100
Sewerage	—	—	100	—	—	100	—	—	100
Other Sanitation	—	—	100	—	—	100	—	—	100
Local Parks and Recreation	—	—	100	—	—	100	—	—	100
Natural Resources	59	35	6	59	35	6	61	33	7
Housing and Urban Renewal	18	—	82	21	—	79	27	—	73
Airports	76	—	24	78	—	22	80	—	20
Water Transport	56	19	25	61	17	22	69	9	22
Correction	4	59	37	4	61	35	4	61	35
Libraries	—	—	100	—	—	100	—	—	100
Financial Administration	28	31	41	33	29	38	32	30	39
General Control	11	20	69	15	16	70	15	12	73
Total	20%	22%	58%	23%	21%	56%	28%	19%	53%

[1]—Represents zero or rounds to zero.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1967, 1972, and 1977, *Vol. 3, Public Employment, No. 2, Compendium of Public Employment*, Washington, DC, U.S. Government Printing Office, 1969, 1974, 1979, Tables 3 and 5.

General Revenue Sharing spurred expansion in some of their functional expenditures (for the effect of GRS on townships particularly, see *Chapter 4*).

The exceptional cases of an increased pace of change in the second five-year period may be useful in suggesting functional areas where particular types of local government are, or will be, taking on a more active role, e.g., counties, and townships in some states.

Functional Responsibility Measured by Public Employment

Public employment figures provide an alternative to expenditures as a measure of a government's responsibility for the provision of services. In using employment data, however, one must take into account the fact that certain services—such as police, fire protection, education, and road maintenance—are labor intensive, whereas others—such as public welfare, social services, and highway construction—are more cash and capital intensive. In the state-local dichotomy, labor-intensive services tend to be local responsibilities, while cash-capital intensive services are typically at the state level.

Table 13 shows the distribution of full-time equivalent employment among the three levels of government. Focusing first on October 1977, the distributions for many functions are close to those for direct expenditures which were shown in *Table 1*. Exceptions include highways, public welfare, health, natural resources, housing/urban renewal, airports, and libraries. The capital/cash-labor difference accounts for many of these exceptions, as in highways, public welfare, and natural resources. In some cases where the federal expenditure figure is notably higher than its employment figure, however, the difference may be due to higher pay per employee, which in turn may be due to higher grades and/or higher salary scales. Higher grades are to some extent explained by the fact that the federal government administers many of its domestic functions through state and local governments via grants, and the federal grant-administering agencies are therefore headquarters-type agencies.

Turning to the ten-year trend, the cash-labor distinction is most clearly evident in public welfare. Despite the increase in the federal government's share of direct expenditure in the period, from 14% to 30% its share of employment remained at 3%. In 1972, the federal government took over basic financing and administration of the adult assistance categories from the states, but this was basically a check writing operation. The effect is shown most vividly in *Table 1*, where the federal government's share of direct expenditure for "public welfare-cash" went from 1% to 39% in the ten-year span; and in *Table 2*, where its financing share of public welfare grew from 58% to 70% in the same period. The expansion of the state share of full-time employee equivalents from 35% to 45%, on the other hand, mirrored the growth in the social services component of welfare, a labor intensive activity.

Table 14 shows the distribution of full-time equivalent employment among the five types of local government by function for the three years. It is comparable to *Table 3* on direct expenditures. There is a substantial difference in the two tables in the sharing of public welfare between counties and municipalities. Expenditures for 1976–77 show a 61% counties-38% municipalities split, while employment for October 1977 divides the two units by 78%-21%. Undoubtedly, much of this difference is due to New York City's dominance of this heavy cash program. (In 1976–77, New York State accounted for 35% of local governments' cash assistance expenditures nationwide; and in that state, the division was, respectively, 68%-32% between municipalities and counties, generally the reverse of the distribution in the other states.)

INTERGOVERNMENTAL INFLUENCE: FURTHER REFINEMENT

As noted earlier, the concept of functional responsibility includes responsibility for funding as well as actually providing services. The impact of financing was taken into account in the analysis of the federal-state-local division of responsibility. In this section, the impact is traced to the allocation of functions among the states and the five local types of government. In addition, by isolating the "passthrough" of federal funds by state government, the distinction between federal and state aid flows to local governments, and the impact of federal aid on state direct expenditure, are more accurately identified.

Table 15 shows the extent to which direct federal aid and state aid financed direct expenditure of each of the five types of local government in seven major functional areas in 1977. State aid includes funds from the federal government that are passed through to the localities. The percentages are related to the direct expenditure for each function, i.e., all expenditure other than intergovernmental expenditure.

Overall, the table shows that the percentage of direct expenditure financed by intergovernmental aid varies with the function and the type of unit, but it is apparent that the share is substantial for most of the types of

Table 14

PERCENT OF FULL-TIME EQUIVALENT EMPLOYMENT, BY TYPE OF LOCAL GOVERNMENT AND FUNCTION: OCTOBER 1967, OCTOBER 1972, AND OCTOBER 1977

Function	October 1967					
	Counties	Municipalities	Townships	School Districts	Special Districts	Counties
Education						
Local Schools	7%	10%	3%	81%	—	7%
Institutions of Higher Education	10	23	—	67	—	13
Highways	46	42	11	—	2%	45
Public Welfare	70	28	2	—	—	75
Hospitals	47	33	—	—	19	46
Health	52	44	2	—	3	53
Police	18	77	5	—	—	20
Fire Protection	4	90	4	—	2	5
Sewerage	7	74	4	—	17	10
Other Sanitation	3	93	3	—	—	4
Parks and Recreation	14	75	3	—	8	16
Natural Resources	52	—	—	—	48	48
Housing/Urban Renewal	—	46	—	—	51	2
Airports	18	55	—	—	18	20
Water Transport and Terminals	—	20	—	—	80	—
Correction	75	25	—	—	—	77
Libraries	18	68	4	—	8	22
Financial Administration	50	43	7	—	—	49
General Control	55	38	7	—	—	55
Other and Unallocable*	30	64	4	—	1	31
Total*	18	29	3	47	3	19

[1]—Represents zero or rounds to zero.
*Excluding utilities.
SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1967, 1972, and 1977, *Vol. 3, Public Employment, No. 2, Compendium of Public Employment*, Washington, DC, U.S. Government Printing Office, 1969, 1974, and 1979, Table 13.

Table 14 (continued)

PERCENT OF FULL-TIME EQUIVALENT EMPLOYMENT, BY TYPE OF LOCAL GOVERNMENT AND FUNCTION: OCTOBER 1967, OCTOBER 1972, AND OCTOBER 1977

October 1972				October 1977				
Municipalities	Townships	School Districts	Special Districts	Counties	Municipalities	Townships	School Districts	Special Districts
10%	3%	81%	—	7%	9%	3%	82%	—
20	—	67	—	15	11	—	73	—
43	11	—	2%	44	44	10	—	1%
25	1	—	—	78	21	1	—	—
29	—	—	24	49	27	—	—	24
42	1	—	2	64	31	1	—	3
75	5	—	—	23	72	6	—	—
88	4	—	3	7	85	5	—	3
69	3	—	18	10	66	4	—	21
92	4	—	—	9	87	4	—	—
71	4	—	10	20	69	3	—	8
—	—	—	48	48	7	—	—	41
47	—	—	50	4	48	—	—	48
53	—	—	27	22	56	—	—	22
38	—	—	63	—[1]	38	—	—	63
25	—	—	—	78	22	—	—	—
62	5	—	10	26	54	6	—	12
44	7	—	—	53	40	6	—	—
39	6	—	—	56	38	7	—	—
60	6	—	3	38	55	5	—	2
28	3	46	3	21	27	3	45	3

Table 15

DIRECT FEDERAL AID AND STATE AID[1], AS A PERCENT OF LOCAL DIRECT EXPENDITURE, BY TYPE OF LOCAL UNIT AND BY FUNCTION, 1976–77
(Dollar amounts in millions)

Function	Counties		Municipalities		Townships		School Districts		Special Districts	
	Amount	Percent of Expenditure	Amount	Percent of Expenditure	Amount	Percent of Expenditure	Amount	Percent of Expenditure	Amount	Percent of Expenditure
Education—Expenditure	$5,886		$7,614		$1,865		$60,256		$ 87	
Direct Federal	156	3	183	2	21	1	952	2	—	—
State	2,936	50	3,258	43	687	37	28,573	47	—	—
Total	3,092	53	3,441	45	708	38	29,525	49	—	—
Public Welfare—Expenditure	7,274		4,549		60		—		—	
Direct Federal	35	—	124	3	—	—	—	—	—	—
State	5,529	76	3,689	81	4	7	—	—	—	—
Total	5,564	76	3,813	84	4	7	—	—	—	—
Highways—Expenditure	3,755		4,231		1,019		—		201	
Direct Federal	26	—	62	1	2	—	—	—	—	—
State	1,947	52	1,306	31	179	18	—	—	—	—
Total	1,973	53	1,368	32	181	18	—	—	—	—
Health and Hospitals—Expenditure	6,043		3,366		70		—		2,352	
Direct Federal	89	1	83	2	1	1	—	—	13	1
State	1,007	17	359	11	1	1	—	—	38	2
Total	1,096	18	442	13	2	3	—	—	51	2
Housing/Urban Renewal—Expenditure	37		1,778		10		—		1,385	
Direct Federal	21	57	1,071	60	10	100	—	—	710	51
State	—	—	193	11	—	—	—	—	70	5
Total	21	57	1,264	71	10	100	—	—	780	56
Sewerage—Expenditure	957		3,812		321		—		1,722	
Direct Federal	—	—	—	—	—	—	—	—	173	10
State	44	5	264	7	21	7	—	—	124	7
Total	44	5	264	7	21	7	—	—	297	17
Correction and LEAA—Expenditure[2]	3,153		6,799		524		—		—	
Direct Federal	—	—	—	—	—	—	—	—	—	—
State	291	9	216	3	1	—	—	—	—	—
Total	291	9	216	3	—	—	—	—	—	—

— Represents zero or rounds to zero.
[1] Includes federal pass-through funds.
[2] Includes correction and police.

SOURCE: Expenditure—U.S. Department of Commerce, Bureau of the Census of Governments, 1977, *Vol. 4, Government Finances, No. 5, Compendium of Government Finances*, Washington, DC, U.S. Government Printing Office, 1979, Table 49. Aid Data—Census Bureau unpublished data.

government involved in the first five functions listed. Moreover, state aid (including federal passthrough money) is far more significant than direct federal aid. The two exceptions are (1) housing/urban renewal for all types of units affected, and (2) sewerage for special districts.

It should be noted, however, that the focus on traditional functions obscures the recent expansion of direct federal aid for some newer functions and for programs of general support. The Census Bureau reported the following direct federal-local moneys attributable to GRS and "all other" for 1976–77 (in millions):[11]

	GRS	All Other
Counties	$1,671	$1,737
Municipalities	2,390	4,900
Townships	335	114

"All other" includes the *Comprehensive Employment and Training Act* (CETA), a functional program not broken out in Census Bureau data, and the countercyclical

Table 16

FEDERAL AND STATE AID TO LOCAL GOVERNMENT ADJUSTED FOR ESTIMATED FEDERAL "PASSTHROUGH," BY FUNCTION, 1972 AND 1977 (In millions of dollars)

1977

Intergovernmental Aid Flow	Total Expenditure	Education	Highways	Public Welfare	Health and Hospitals	All Other
Nominal Federal Aid to States	$45,890	$ 9,205	$6,363	$18,723	$1,532	$10,237
Nominal Federal-Local Aid	16,509	1,306	96	159	204	14,744
Nominal State-Local Aid	60,260	36,546	3,491	9,236	1,430	9,647
Passthrough	12,262	5,164	232	4,971	413	1,482
Net Federal Aid to States	33,628	4,041	6,131	13,752	1,119	8,755
Net Federal-Local Aid	28,771	6,470	328	5,130	617	16,226
Net State-Local Aid	47,998	31,382	3,259	4,265	1,017	8,165
Percent Difference in Federal-Local Aid due to Passthrough	74.2%	395.4%	241.7%	3,126.4%	202.5%	10.1%
Passthrough as a Percent of Total Federal Aid	19.7%	49.1%	3.6%	26.3%	23.8%	5.9%

1972

Nominal Federal Aid to States	$26,791	$ 5,984	$4,871	$12,289	$601	$3,046
Nominal Federal-Local Aid	4,551	1,030	47	71	137	3,266
Nominal State-Local Aid	35,143	20,677	2,510	6,823	661	4,472
Passthrough	7,073	3,048	45	3,637	57	286
Net Federal Aid to States	19,718	2,936	4,826	8,652	544	2,760
Net Federal-Local Aid	11,624	4,078	92	3,708	194	3,552
Net State-Local Aid	28,070	17,629	2,465	3,186	604	2,186
Percent Difference in Federal-Local Aid due to Passthrough	155.4%	295.9%	95.7%	5,122.5%	41.6%	8.8%
Passthrough as a Percent of Total Federal Aid	22.6%	43.5%	0.9%	29.4%	7.7%	4.5%

Percent Change, 1972 to 1977

Nominal Federal Aid to States	71.3%	53.8%	30.6%	52.4%	154.9%	236.1%
Nominal Federal-Local Aid	262.8	26.8	104.2	123.9	148.9	351.4
Nominal State-Local Aid	71.5	76.7	39.1	35.4	116.3	115.7
Passthrough	73.4	69.4	415.6	36.7	624.6	418.2
Net Federal Aid to States	70.5	37.6	27.0	58.9	105.7	217.2
Net Federal-Local Aid	147.5	58.7	256.5	38.3	218.0	356.8
Net State-Local Aid	71.0	78.0	32.2	33.9	68.4	273.5

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Census of Governments, 1972 and 1977, Vol. 4, Government Finances, No. 5, Compendium of Finances*, Washington, DC, U.S. Government Printing Office, 1974 and 1979, Table 29 and Table 31, respectively; *State Government Finances in 1972 and 1977*, Washington, DC, U.S. Government Printing Office, 1973 and 1978, respectively; and computation by Metropolitan Studies Program, Maxwell School of Citizenship and Public Affairs, Syracuse University.

programs of Antirecession Fiscal Assistance (ARFA) and local public works. In 1977, these three grant programs amounted to $1,756, $1,699, and $577 millions, respectively.[12]

In *Table 16*, the separate influences of federal and state governments are more accurately represented by identification of the federal aid component of state aid. This, of course, is the federal aid which goes initially to state governments and is then "passed through" by them to their localities. The net figures for federal and state aid reflect the "passthrough."

In education, for instance, where in 1977 the passthrough constituted the highest percentage of federal aid of the four functions listed (49.1%), adjustment for the passthrough increased federal-local aid by $5.2 billion or 395%. In welfare, the adjustment was $5.0 billion or over 3,000%. In total, an estimated $12.3 billion—representing almost 20% of total federal aid to state and local governments and 16% of total nominal state aid to local governments—was passed through the state by the federal government. The existence of so much money with federal conditions attached, rather than strictly state money, indicates a large federal influence—deliberate or otherwise—on the performance of the local functions aided. From the standpoint of state performance, on the other hand, the passthrough represents a reduction of the indirect federal influence.

The "percent change" section of *Table 16* confirms the earlier observations about the expansion of "all other" direct federal programs. From 1972 to 1977, the net federal-local aid (that is, including state passthrough) for "all other" purposes went up by 356.8%. The actual dollar amounts are even more striking—the increase was from $3,552 million to $16,226 million, or $12,674 million.

INTERSTATE VARIATIONS IN PATTERNS OF FUNCTIONAL ASSIGNMENT

Up till this point, the description and analysis of the relative functional responsibilities of state and local governments have been in aggregate nationwide terms except for the brief regional references. This gives a general picture of the existing situation and recent trends but obscures the wide diversity of law and practice among the 50 states—a vital characteristic of the American federal system. One approach to developing the state-by-state picture is shown in *Table 17*, which expands, on a 50-state basis, the data shown in national aggregates for 1977 in *Table 6*. For each of the states, it depicts the dominant provider among the state government and five types of local government for each of 19 functions.[13]

TYPOLOGIES OF STATE-LOCAL FUNCTIONAL ASSIGNMENT

Perusal of *Table 17* readily suggests that, while dealing with national aggregates has limitations, looking at the functional assignment issue from the other extreme also has its drawbacks. The state-by-state approach promises a perception of reality in detail, but it raises problems for policymakers who are obliged to develop manageable ways of dealing with 50 different systems. A practical alternative is to group the states in such a way as to permit differentiating among the 50 on some meaningful and manageable basis.

A "Dominant Provider" Typology

Table 18 is one such typology, building upon the state-by-state dominant provider data in *Table 17*. The states are classified according to the type of unit in the state-local system that is the dominant provider for five or more of the 19 functions. Where more than one unit qualifies, the unit dominating the largest number of functions (five or more) is listed first in each class title. Thus, in 1977 the most frequent assignment pattern (ten states) was one in which a combination of municipal governments and state governments, in that order, were the dominant providers of the 19 functions. Next came (1) eight states in which municipalities dominated the most functions and in five or more functions no unit was dominant, and (2) five states in which the state and municipalities dominated an equal number of functions.

With so many classes (19), this typology does not appear to represent much of an advance over the state-by-state approach. It does make quickly apparent, however, that municipalities, state governments, and "more than one provider" are the dominant providers of state-local services from the standpoint of number of services provided. A more careful reading indicates that the order of dominance in 1977 was municipalities, states, and "more than one provider," but there was not a great margin between municipalities and state governments in this regard. Further, the ten-year span reveals a tendency toward a greater diffusion of expenditure responsibility among the various units as indicated by the increase in number of states in which no single type of unit was the dominant provider.

Table 17

DOMINANT STATE-LOCAL SERVICE PROVIDER,* BY TYPE OF GOVERNMENT, FUNCTION, AND STATE, 1977

Part A

(Number of Functions)

	Summary by Type of Government, by State						
	State	County	Municipality	Township	School District	Special District	More than One Provider
Alabama	6	1	8	—	1	1	2
Alaska	10	1	6	—	—	—	2
Arizona	3	—	9	—	1	—	6
Arkansas	5	—	6	—	1	1	6
California	—	3	7	—	1	—	8
Colorado	3	—	9	—	1	—	6
Connecticut	9	—	3	—	—	—	7
Delaware	8	3	3	—	1	1	3
Florida	5	2	4	—	1	—	7
Georgia	6	—	5	—	1	2	5
Hawaii	13	—	5	—	—	—	1
Idaho	5	—	8	—	1	1	4
Illinois	6	—	7	—	1	3	2
Indiana	6	—	8	—	1	—	4
Iowa	4	1	10	—	1	—	3
Kansas	4	—	8	—	1	—	6
Kentucky	6	2	5	—	1	—	5
Louisiana	7	1	7	—	1	—	3
Maine	7	—	3	1	—	—	8
Maryland	6	4	—	—	—	1	8
Massachusetts	8	—	4	—	—	1	6
Michigan	4	1	8	—	1	—	5
Minnesota	1	—	6	—	1	3	8
Mississippi	6	3	5	—	1	1	3
Missouri	4	—	8	—	1	2	4
Montana	6	1	4	—	1	—	6
Nebraska	3	—	8	—	1	2	5
Nevada	5	3	5	—	1	1	4
New Hampshire	9	1	4	—	—	1	4
New Jersey	3	1	3	—	1	2	9
New Mexico	6	—	10	—	1	—	2
New York	2	—	7	—	—	2	8
North Carolina	5	4	5	—	—	1	4
North Dakota	6	—	6	—	1	1	4
Ohio	3	1	6	—	1	2	6
Oklahoma	5	1	8	—	1	1	3
Oregon	4	2	4	—	1	1	7
Pennsylvania	4	—	8	—	1	2	4
Rhode Island	9	—	6	—	—	—	4
South Carolina	6	1	3	—	1	2	6
South Dakota	6	—	9	—	1	—	3
Tennessee	5	—	8	—	—	2	4
Texas	5	—	8	—	1	2	3
Utah	6	—	6	—	1	—	5
Vermont	9	—	1	2	1	1	5
Virginia	6	—	7	—	—	—	6
Washington	4	—	8	—	1	2	4
West Virginia	6	2	6	—	1	—	4
Wisconsin	3	3	8	—	—	—	5
Wyoming	5	3	6	—	1	—	4

Table 17 (Cont.)

DOMINANT STATE-LOCAL SERVICE PROVIDER,* BY TYPE OF GOVERNMENT, FUNCTION, AND STATE, 1977

Part B

Key

St - State **M - Municipality** **Sc - School District**
Co - County **T - Township** **Sp - Special District**
+ - More Than One Provider**

	Education	Highways	Public Welfare	Hospitals	Health	Police	Fire Protection	Sewerage	Other Sanitation	Parks and Recreation	Natural Resources	Housing Renewal	Airports	Water Transport	Parking	Correction	Libraries	General Control	General Public Buildings
Alabama	Sc	St	St	+	St	M	M	M	M	M	St	Sp	M	St	M	St	M	+	Co
Alaska	+	St	St	St	St	M	M	M	Co	M	St	St	St	M	M	St	+	St	St
Arizona	Sc	St	St	+	+	M	M	+	M	M	+	M	M	M	M	St	M	+	+
Arkansas	Sc	St	St	+	St	+	M	M	M	+	St	Sp	M	M	M	St	+	+	+
California	Sc	+	+	+	Co	M	M	+	M	M	+	+	M	M	M	Co	+	Co	+
Colorado	Sc	St	+	+	+	M	M	+	M	M	St	M	M	M	M	St	M	+	+
Connecticut	+	St	St	St	St	+	M	+	M	+	St	+	St	St	M	St	+	St	+
Delaware	Sc	St	St	St	St	+	M	Co	+	+	St	Sp	Co	M	M	St	Co	St	St
Florida	Sc	St	St	+	St	+	M	M	M	+	St	+	Co	+	M	St	Co	+	+
Georgia	Sc	St	St	Sp	St	+	M	M	M	+	St	Sp	M	St	M	St	+	+	+
Hawaii	St	St	St	St	St	M	M	M	M	+	St	St	St	St	M	St	St	St	St
Idaho	Sc	St	St	+	St	+	M	M	M	M	St	M	M	Sp	M	St	M	+	+
Illinois	Sc	St	St	St	+	M	M	Sp	M	Sp	St	Sp	M	St	M	St	M	+	M
Indiana	Sc	St	St	+	St	M	M	M	M	M	St	M	M	St	M	St	+	+	+
Iowa	Sc	+	St	St	Co	M	M	M	M	M	St	M	M	M	M	St	M	+	+
Kansas	Sc	St	St	+	+	M	M	M	M	M	St	+	M	M	M	St	+	+	+
Kentucky	Sc	St	St	+	St	+	M	M	M	St	St	M	Co	Co	M	St	+	+	+
Louisiana	Sc	St	St	St	St	+	M	M	M	M	St	M	M	St	M	St	Co	+	+
Maine	+	St	St	St	St	+	M	+	T	+	St	+	M	St	M	St	+	+	+
Maryland	Co	+	St	St	+	+	+	+	+	Co	St	Sp	St	St	+	St	Co	+	Co

Massachusetts	+	St	St	St	St	+	M	+	M	+	St	Sp	St	St	M	St	M	+	+
Michigan	Sc	+	St	+	+	M	M	M	M	M	St	M	Co	St	M	St	M	+	+
Minnesota	Sc	+	+	+	+	M	M	Sp	M	M	St	Sp	Sp	M	M	+	+	+	+
Mississippi	Sc	St	St	Co	St	+	M	M	M	St	St	Sp	M	Co	M	St	+	+	Co
Missouri	Sc	St	St	+	+	M	M	M	M	M	St	Sp	M	M	M	St	Sp	+	+
Montana	Sc	St	St	St	St	+	M	M	M	+	St	+	+	—	M	St	+	+	Co
Nebraska	Sc	+	St	+	+	M	M	M	M	M	St	Sp	Sp	M	M	St	M	+	+
Nevada	Sc	St	St	Co	St	+	M	M	M	+	St	Sp	Co	M	M	St	+	+	Co
New Hampshire	+	St	St	St	St	+	M	+	M	+	St	Sp	M	Co	M	St	St	St	St
New Jersey	Sc	+	+	St	+	M	M	Sp	M	+	St	Sp	Co	St	+	+	+	+	+
New Mexico	Sc	St	St	St	St	M	M	M	M	M	St	M	M	M	M	St	M	+	+
New York	+	+	M	+	+	M	M	+	M	+	St	M	Sp	Sp	M	St	M	+	+
North Carolina	Co	St	Co	St	Co	+	M	M	M	M	St	Sp	+	St	M	St	Co	+	+
North Dakota	Sc	St	St	St	St	M	M	M	M	Sp	St	+	+	—	M	St	M	+	+
Ohio	Sc	+	St	+	+	M	M	+	M	M	St	+	M	Sp	M	St	Sp	+	Co
Oklahoma	Sc	St	St	+	St	M	M	M	M	M	St	Sp	M	M	M	St	Co	+	+
Oregon	Sc	+	St	St	+	+	M	M	+	+	St	+	M	Sp	M	St	Co	+	Co
Pennsylvania	Sc	St	St	St	+	M	M	Sp	M	M	St	M	M	M	Sp	+	M	+	+
Rhode Island	+	St	St	St	St	M	M	M	M	+	St	+	St	St	M	St	M	St	+
South Carolina	Sc	St	St	+	St	+	M	+	M	+	St	Sp	Sp	St	M	St	Co	+	+
South Dakota	Sc	St	St	St	St	+	M	M	M	M	St	M	M	M	M	St	M	+	+
Tennessee	+	St	St	+	St	M	M	M	M	M	St	Sp	Sp	M	M	St	M	+	+
Texas	Sc	St	St	+	St	M	M	M	M	M	St	Sp	M	Sp	M	St	M	+	+
Utah	Sc	St	St	St	+	M	M	M	M	+	St	St	M	—	M	St	+	+	+
Vermont	Sc	St	St	St	St	+	+	+	T	St	St	Sp	+	T	M	St	+	St	St
Virginia	+	St	+	St	St	+	M	M	M	M	St	M	M	St	M	St	+	+	+
Washington	Sc	St	St	+	+	M	M	M	M	M	St	Sp	M	Sp	M	St	M	+	+
West Virginia	Sc	St	St	St	St	+	M	M	M	+	St	M	Co	M	M	St	+	+	Co
Wisconsin	+	+	St	Co	Co	M	M	M	M	+	St	M	Co	M	M	St	M	+	+
Wyoming	Sc	St	St	Co	St	+	M	M	M	+	St	M	Co	M	M	St	Co	+	+

(Table Continued)

Table 17 (Cont.)

SUMMARY OF DOMINANT STATE-LOCAL SERVICE PROVIDER,* BY TYPE OF GOVERNMENT, BY FUNCTION, 1977 (Number of States) Part C

	State	County	Municipality	Townships	School Districts	Special Districts	More Than One Provider**
Education	1	2	—	—	37	—	10
Highways	39	—	—	—	—	—	11
Public Welfare	43	1	1	—	—	—	5
Hospitals	24	4	—	—	—	1	21
Health	30	4	—	—	—	—	16
Police	—	—	27	—	—	—	23
Fire Protection	—	—	48	—	—	—	2
Sewerage	—	1	33	—	—	4	12
Other Sanitation	—	1	44	2	—	—	3
Parks & Recreation	3	1	24	—	—	2	20
Natural Resources	48	—	—	—	—	—	2
Housing/Renewal	3	—	16	—	—	21	10
Airports	6	9	26	—	—	5	4
Water Transport**	16	3	20	1	—	6	1
Parking	—	—	47	—	—	1	2
Correction	46	1	—	—	—	—	3
Libraries	2	9	19	—	—	2	18
General Control	7	1	—	—	—	—	42
General Public Buildings	5	8	1	—	—	—	36

*A dominant service provider is one that accounts for more than 55% of the state and local government direct general expenditures in a particular function.

**"More than one provider" inidicates there is no dominant service provider.

SOURCE: Derived from U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, Governmental Finances, Part 5, Compendium of Government Finances*, Washington, DC, U.S. Government Printing Office, 1979. Tables 47 and 49.

A "Significant Provider" Typology

A similar typology can be developed using the "significant provider" classification, in which "significant" is defined as representing 15% or more of state-local direct expenditures. Such a typology is presented in *Table 19*, using the data developed for *Table 8*.

As in the dominant provider typology of *Table 18*, the municipality-state combination is the most prevalent. The notable difference between the two approaches is in the appearance of the county as a significant provider, whereas it does not appear at all in the dominant provider typology. The county was a significant provider for ten or more functions in nine states in 1967 and in all 11 states in 1977.

Classification of State-Local Fiscal Systems

In recent years, several groups of scholars have developed typologies of state-local fiscal relationships, using expenditure and revenue data and reflecting intergovernmental aid flows in the latter. These typologies do not distinguish among types of local units, however;

Table 18

STATES CLASSIFIED ACCORDING TO TYPES OF STATE-LOCAL GOVERNMENT THAT ARE DOMINANT PROVIDERS* OF FIVE OR MORE OF 19 FUNCTIONS, 1967 AND 1977

Key:
Names of governmental units in left-hand column indicate dominant providers of five or more of the 19 functions. First name in multiple name is dominant provider of most functions, second name is dominant provider of next most numerous functions, etc., except that two units separated by an oblique (/) dominate the same number of functions. "Multiple" indicates no single type of unit is the dominant provider.

Dominant Providers of Five or More Functions	Number of States	
	1977	1967
Municipality-state	10—AL, ID, IL, IN, NM, OK, SD, TN, TX, WY	16—AL, FL, GA, IN, IA, KY, MI, MS, MO, NM, NC, ND, OK, OR, TN, UT
Municipality-multiple	8—AZ, CO, KS, MI, MN, NE, NY, WI	2—NY, WI
State/municipality	5—LA, NV, NC, ND, WV	5—DE, ID, SD, WA, WV
State-municipality	4—AK, HI, MS, RI	7—AK, HI, LA, RI, IL, SC, VT
State-multiple	4—CT, MA, MT, VT	0
Municipality	4—LA, MO, PA, WA	9—AZ, CA, CO, KS, MN, NB, OH, TX, WY
Multiple-state	3—FL, ME, MD	0
State	2—DE, NH	0
State-municipality/ multiple	2—GA, KY	2—ME, CT
Multiple	2—NJ, OR	1—NJ
State/multiple	1—SC	1—NV
State/municipality-multiple	1—UT	2—MD, MA
Municipality-state/ multiple	1—VA	1—AR
Municipality/multiple	1—OH	0
Municipality/multiple-state	1—AR	1—VA
Multiple-municipality	1—CA	0
State-municipality-multiple	0	1—NH
State/multiple-municipality	0	1—PA
Multiple-state/ municipality	0	1—MT

*A dominant provider is one that accounts for more than 55% of the state and local government direct general expenditures in a particular function.
SOURCE: ACIR staff calculation.

rather, they categorize states according to the degree to which fiscal relationships lean toward state or local dominance.

Two such typologies have been developed: (1) by the Metropolitan Studies Program of Syracuse University's School of Citizenship and Public Affairs for an ACIR report on federal grants,[14] and (2) by Prof. G. Ross Stephens and Gerald W. Olson of the University of Missouri in Kansas City.[15] While the two have certain common elements, they differ in some important respects.

SYRACUSE UNIVERSITY TYPOLOGY

This typology was developed to assess the impact of federal aid on state and local governments. Using expenditure and financing data, states are grouped according to three measures—state financing share of state-local direct expenditure, state expenditure share of state-local direct expenditure, and state-local per capita expenditure. The state financing share measures the relative state responsibility for raising money for state-local expenditures. The state expenditure ratio describes the final spending responsibilities, rather than the original source of finance. Per capita expenditure captures the scope, rather than the division, of fiscal responsibilities among the states.

The states are arrayed from high to low for each of the three measures. Then, with each measure sorting the states into three groups on the basis of the top 15, the bottom 15, and the middle 20, a composite position is developed which places the states with high financing, high expenditure, and high per capita expenditure responsibility at one extreme; those with the low ratings for each of the three measures at the other extreme; and the remainder of the states in the middle.

For purposes of this study, the Syracuse methodology is used with one modification: State financing responsibility is expressed as the state government's percentage of state-local own source revenues, rather than the ratio of state own-source revenues to state-local direct expenditures. It is felt that this gives a clearer definition of the revenue side.

The results of applying the Syracuse approach as modified are shown in *Table 20*. The high-extreme states are characterized by state government domination in terms of both expenditure responsibility and origin of financing. In 1977, these were Alaska, Delaware, Hawaii, North Dakota, Rhode Island, Alabama, Arkansas, Kentucky, South Carolina, and West Virginia. The low-extreme states were dominated by local government and exhibited low state financing and expenditure responsibilities—California, Colorado, Nevada, New York, Nebraska, New Jersey, Ohio, Florida, and Missouri. The remaining states are mixed, in that their fiscal systems show a more balanced responsibility between state and local units.

To ascertain whether there had been any movement in the degree of state dominance from 1972 to 1977, the states' shares of financing and expenditure for the two years were compared. In financing, 39 states evidenced an increase in state government share, while in expenditure, only 22 states' shares went up in comparison with 1972. Thus, the five-year period showed a clear increase in state dominance on the revenue side but diminished dominance on the expenditure side. Clearly, states were raising more of the state-local money but were transferring more of it to their local governments for actual spending.

THE STEPHENS-OLSON CLASSIFICATION

The Stephens-Olson typology is similar to the Syracuse typology in using expenditures as a measure of service delivery and revenues as a measure of the funding of state and local public services. Stephens-Olson add a third element—the distribution of personnel. As was noted earlier, local services are considerably more labor-intensive than state services. The personnel distribution therefore is adjusted for the different labor input characteristics on the two levels of government.

The Stephens-Olson approach differs from the Syracuse methodology in another respect. The latter looked at the 50 states solely in relation to the relative standing of the whole group. This means that analyzing the states in the same manner in two different years enables one to ascertain the shifts that occurred in a state's standing relative to all other states during the period, but not the shifts that occurred relative to an absolute measure of state or local dominance. The Stephens-Olson approach provides this reference to an absolute measure.

The Stephens-Olson analysis found that in 1977, the 50 states were centralized to the greatest extent in terms of financial responsibility; fairly well balanced with regard to service delivery system; and least centralized in terms of personnel. Their composite index of centralization-decentralization, incorporating all three measures, placed states in five groups: 39.9 or less—decentralized; 40.0-44.9—local services; 45.0-54.9—balanced; 55.0-59.9—state services; and 60.0+ —centralized. Since the basic figures are related to constant totals over time (expenditures, financing, and employment), the index marks movement over time.

Table 21 presents the results of the Stephens-Olson methodology, showing the categories of state centrali-

Table 19

STATES CLASSIFIED ACCORDING TO TYPES OF STATE-LOCAL GOVERNMENT THAT ARE SIGNIFICANT PROVIDERS* OF 10 OR MORE OF 19 FUNCTIONS, 1967 AND 1977

Key:

Names of governmental units in left-hand column indicate significant providers of 10 or more of the 19 functions. First name is significant provider of most functions, second name is significant provider of next most numerous functions, etc., except that units separated by an oblique (/) are significant providers of the same number of functions.

Significant Providers of Ten or More Functions	Number of States	
	1977	1967
Municipality-state	15 - AL, AZ, AR, CO, ID, IL, IA, MN, MO, NE, OK, OR, PA, TX, VA	11 - AR, CO, IL, IA, LA, MS, NC, OK, PA, TN, WA
State-municipality	8 - AK, IN, KY, NH, ND, SC, UT, WV	7 - CT, DE, ID, NM, SD, VT, WY
State/municipality	7 - ME, MI, NM, RI, SD, WA, WY	9 - AL, FL, GA, IN, KY, NH, ND, RI, WV
State	3 - DE, HI, MS	3 - AK, HI, SC
Municipality	3 - NJ, NV, OH	8 - AZ, KS, MO, NE, NJ, NY, OH, TX
Municipality-county	3 - CA, KS, NY	2 - MN, OR
Municipality-state/ county	2 - TN, WI	2 - MI, WI
Municipality-state-township	2 - CT, MA	0
State-municipality/ county	1 - GA	0
State/municipality/ county	1 - LA	1 - UT
State-township	1 - VT	0
County-state	1 - MT	0
County-state-municipality	1 - MD	0
County-municipality-state	1 - NC	0
Municipality/county-state	1 - FL	0
State-county-municipality	0	1 - CA
State/county	0	1 - MT
State-municipality/ township	0	1 - ME
County-municipality	0	1 - NV
Municipality-state/ county	0	1 - VA
Municipality-county-state	0	1 - MD
Municipality-township-state	0	1 - MA

*A significant provider is a type of governmental unit that accounts for 15% or more of state-local direct expenditures.

SOURCE: ACIR staff calculation.

zation by the three constituent elements as well as the composite index for five different dates ending in 1977. The movement over time is evidenced by the fact that according to the 1913 estimate one state leaned toward a decentralized system and the remaining 47 were decentralized. In 1977, on the other hand, nine states were centralized and none were decentralized. Overall, then, using the composite of the three measures, there has been a clear movement toward centralization in the state-local relationship from 1913 to 1977. Looking at the service

Table 20

CLASSIFICATION OF STATE-LOCAL FISCAL SYSTEMS: TOTAL EXPENDITURES AND OWN-SOURCE REVENUE OF STATE AND LOCAL GOVERNMENTS, 1977

(Figures in parentheses are per capita state-local expenditures in dollars, 1977)

	High State Expenditure Responsibility	Moderate State Expenditure Responsibility	Low State Expenditure Responsibility
High State Financing Responsibility			
High expenditure per capita	Alaska ($3,275) Delaware ($1,458) Hawaii ($1,915)		
Moderate expenditure per capita	North Dakota ($1,308) Rhode Island ($1,283)	Maine ($1,120) New Mexico ($1,177)	
Low expenditure per capita	Alabama ($1,002) Arkansas ($876) Kentucky ($1,006) South Carolina ($979) West Virginia ($1,083)	Mississippi ($1,018) North Carolina ($982) Oklahoma ($1,045)	
Moderate State Financing Responsibility			
High expenditure per capita		Washington ($1,357) Wyoming ($1,572)	Maryland ($1,453) Minnesota ($1,460) Michigan ($1,390)
Moderate expenditure per capita	Louisiana ($1,207) Utah ($1,201) Vermont ($1,279)	Connecticut ($1,152) Idaho ($1,141) Illinois ($1,266) Iowa ($1,235) Kansas ($1,139) Pennsylvania ($1,166)	Arizona ($1,242) Wisconsin ($1,322)
Low expenditure per capita		Tennessee ($992) Texas ($1,003) Virginia ($1,105)	Indiana ($953)
Low State Financing Responsibility			
High expenditure per capita		Massachusetts ($1,278) Montana ($1,409) Oregon ($1,414)	California ($1,486) Colorado ($1,346) Nevada ($1,470) New York ($1,795)
Moderate expenditure per capita	New Hampshire ($1,116) South Dakota ($1,180)		Nebraska ($1,158) New Jersey ($1,327) Ohio ($1,109)
Low expenditure per capita		Georgia ($1,003)	Florida ($1,099) Missouri ($942)

SOURCE: ACIR staff computation, based on data supplied by Syracuse University's School of Citizenship and Public Affairs.

Table 21

STATE CENTRALIZATION, 1913 TO 1977[1]

Categories of State Centralization	Number of States									
	Raw Personnel Data					Adjusted Personnel Data[2]				
	1913 estimated	1957[3]	1969	1972	1977	1913 estimated	1957[3]	1969	1972	1977
Centralized	—	2	1	1	1	—	2	4	4	5
State Services	—	1	—	1	1	—	1	1	2	4
Balanced	—	—	3	2	2	—	15	17	17	22
Local Services	—	2	1	3	4	1	11	12	10	9
Decentralized	48	45	45	43	42	47	21	16	17	10
Average State's Percent of State/Local	15%	25%	27%	33%	33%	19%	42%	45%	45%	48%
	Service Delivery System					State Financial Responsibility				
	1913 estimated	1957[3]	1969	1972	1977	1913 estimated	1957[3]	1969	1972	1977
Centralized	—	3	5	6	8	—	16	22	26	29
State Services	—	7	8	11	8	—	14	15	13	13
Balanced	—	16	20	19	23	2	14	12	11	8
Local Services	1	6	8	10	7	—	2	1	—	—
Decentralized	47	18	9	4	4	46	4	—	—	—
Average State's Percent of State/Local	18%	44%	49%	51%	52%	21%	57%	61%	62%	63%

	Composite Index of State Centralization[4]				
	1913 estimated	1957[3]	1969	1972	1977
Centralized, 60.0+	—	4	6	8	9
State Services, 55.0–59.9	—	5	9	11	12
Balanced, 45.0–54.9	—	20	24	23	25
Local Services, 40.0–44.9	1	8	6	6	4
Decentralized, 39.9 or less	47	13	5	2	—
Average State's Percent of State/Local	19%	47%	52%	53%	54%

[1] The data available for 1913 are not as detailed and in some ways not strictly comparable to those available for later years, but enough data are available to give a good estimate of the situation that existed at that time. Relationships for 1913 are almost identical to those for 1902. (*Historical Statistics of the United States; Colonial Times to 1957,* Washington, DC, U. S. Government Printing Office, 1960, pp. 726–730.)

[2] State and local services are different in terms of inputs—labor, capital, and cash. These are adjusted personnel data, taking into account differences in labor intensity of state and local services.

[3] Includes Alaska and Hawaii even though they had not been admitted to the Union at this time.

[4] This is simply an unweighted average of each state's rating for adjusted personnel, service delivery systems, and financial responsibility.

SOURCE: G. Ross Stephens and Gerald W. Olson, *Passthrough Federal Aid and Interlevel Finance in the American Federal System, 1957 to 1977, Vol. I.* A report to the National Science Foundation on Research into Passthrough Federal Aids, Kansas City, MO, University of Missouri-Kansas City, 1979, Table IV-1.

delivery system alone, as measured by the relative shares of expenditures, it is clear that state-local government was much more centralized in 1977 than it was 20 years earlier: eight centralized states compared to three in 1957, eight leaning toward centralization as against seven, and 23 balanced compared to 16, or a total in all three categories of 39 compared to 26.

REGIONAL ORGANIZATIONS

The Census Bureau's definition of local governments as including counties, municipalities, townships, school districts, and special districts omits one additional kind of substate entity that has particular relevance to issues of functional assignment. This is the substate regional organization, either general-purpose or special-purpose. Examples of the former are regional planning councils, councils of government (COGs), and economic development districts. Special-purpose regional bodies include such units as community action agencies (CAAs), area agencies on aging (AAAs), and health system agencies (HSAs).

The Census Bureau endeavored to count regional organizations for the first time in the 1977 census of governments, but not as governments. Three organizational criteria had to be met for an organization to be included in the count: the unit had to (1) possess governmental characteristics but not be classified by the Census Bureau as a government or part of a government; (2) be multijurisdictional—that is, composed of or serve more than one local jurisdiction; and (3) perform both planning and service functions.[16]

While regional organizations as a group are not currently classified by the Census Bureau as a government or as a part of a government, their existence must be recognized in any study of state-local government functional assignment. First, several regional bodies do possess the characteristics of a government used by the Census Bureau. Examples are the Metropolitan Council of the Twin Cities (Minnesota) area and the Metropolitan Service District of the Portland, OR, metropolitan area. Second, regional organizations numbered 1,569 in 1977 and existed in every state. Third, they receive about 98% of their revenues from federal, state, and local governments and in a few cases have the power to tax. Fourth, they perform functions of a governmental character. And fifth, their regional nature gives them a potentially key role in questions of functional assignment and reassignment.

These points are developed in full detail in *Chapter 5* below. At this juncture, they are accepted as suggesting that regional organizations may have a significant role to play in the allocation of functions, and it therefore becomes appropriate to describe certain of their characteristics in order to round out the full picture of functional assignment at the substate level. This is the objective of *Table 22*, which shows fiscal, functional, and employment data for regional bodies in the aggregate.

Measured by expenditure, revenue, and full-time equivalent employment, regional bodies are of slight impact on the state-local scene. Their work force (converted to an estimated full-time equivalent) is about 1% of the state-local total shown in the exhibit column at the right; revenue and expenditure are about one-half that ratio. By their nature, of course, regional units are heavily dependent on federal, state, and local governments for their fiscal sustenance.

Their expenditures are predominantly for current operations. Human resources are by far the primary purpose of expenditures. The three identified special-purpose types of regional units are in the human resources field: community action, aging, and health systems agencies. These agencies made over two-thirds of all regional organization expenditures. The general-purpose regional units likewise emphasized human resource expenditures, but also gave significant attention to other functional purposes: land use and conservation, environment, economic and community development, and transportation.

SUMMARY

The assignment of governmental functions among the state and its local governments is marked by a pervasive sharing of responsibility, as evidenced by expenditure, financing, and employment data presented in this chapter. This sharing, varying from function to function, pertains not only to the state and local governments but also to the federal government, particularly with regard to financing. Probably the best single set of data demonstrating the point is *Table 2*, "Direct and Intergovernmental Expenditure Responsibility by Level of Government and Function: 1967, 1972, and 1977"—even though data limitations restrict the number of functions included.

Apart from this basic finding, this chapter shows, on a nationwide aggregate basis, the relative importance of the three levels and the five types of local units in providing and financing the range of governmental services. This is done from several different vantage points, as evidenced in *Table 23*, which assembles in one place the pertinent parts of various tables in the chapter. The differences in perspective relate to the levels and units of government included and the basis of comparison (direct expenditure, financing, or employment). Among the

comparisons based on expenditure, there are also differences in the measure used to determine which level or unit of government is the primary provider of the function. The primary provider in all but one of the comparisons is the jurisdiction which accounts for a substantial plurality of total expenditures. The one exception is the "dominant service provider" comparisons, where the primary provider is the one responsible for 55% or more of direct expenditure.

From the various perspectives afforded by this complex comparison, several general conclusions seem clear:

- Each of the three levels has primary responsibility for providing a substantial number of domestic governmental services. Of the 17 services shown in the federal-state-local comparison of direct expenditure, the federal government is paramount in four (health, natural resources, air transportation, and water transport), and parts of two others (education and public welfare); the state government is primary in two (highways and correction), and parts of two others (education and public welfare), and shares the lead in one other function (hospitals); and local government leads in eight functions (police, fire protection, sewerage, other sanitation, local parks and recreation, housing/urban renewal, parking facilities, and libraries), and part of one function (education), and shares the lead with state government in one other (hospitals).

- When the source of financing is taken into account—reflecting intergovernmental expenditure as well as direct expenditure—the picture of primary responsibility is modified, but only slightly, toward larger federal and state roles. Despite the shift, the impact of intergovernmental revenue flows on the actual interlevel sharing of decisionmaking responsibility in the various functional areas undoubtedly is still understated.

- Measuring functional responsibility by full-time equivalent employment alters the pattern somewhat in a different direction—toward a larger local role—because of the differences among the federal, state, and local levels in their use of labor, cash, and capital in the performance of certain heavily intergovernmental functions.

- In the state-local sharing of functional responsibility nationwide, municipalities and state governments, in that order, have primary responsibility for almost all of the listed services.

- Among local governments nationwide, municipalities are the leading provider of the greatest number of services. In metropolitan areas the pattern is basically the same as nationwide, but outside of metropolitan areas there is a slight shift to the county and the special district.

However, looked at from the standpoint of "significant" providers, that is, those accounting for 15% or more of total direct expenditure, the county emerges as a more important actor. It was a significant provider of eight services in over one-half of the states.

Beyond these broad conclusions, grasping the essence of the current assignment of functions is a difficult task. Already cited is the matter of looking at the source of financing as an important factor in the actual decisionmaking process affecting the provision of particular services. The financing source itself is not entirely clear on its face, inasmuch as one-fifth of the money nominally regarded as coming from the state actually is federal money being passed through to localities by the state.

To speak in terms of "the" nationwide pattern of functional assignment is misleading, moreover, inasmuch as the individual political, social, and economic histories of the 50 states have conditioned their respective intergovernmental relationships. The obvious alternative is separate treatment of each of the 50 state-local systems, but this approach raises serious problems of manageability and usefulness for nationwide decisionmaking purposes. Regional analysis is sometimes used, but the relationship of the traditional regions to differences in functional allocation is not entirely clear. Another alternative is the employment of typologies that enable dealing with states organized into groups on the basis of significant discriminating factors. The studies cited in this chapter provide examples of this approach. Their value for this analysis is limited, however, by their focus on the overall state-local government fiscal relationship rather than on the pattern of allocation of responsibility for specific functions between the state government and its various types of local governments.

The chapter has endeavored to paint this overall picture of functional assignment, giving due attention to the complexities entailed as well as to the need for providing broad-brush strokes of generalization. Interest has focused not only on the picture as it stood in 1977, but also on alterations in the topography over the past ten years. Among the principal changes noted in this period were:

- In the federal-state-local trichotomy, the most dramatic change was federal assumption of responsibility for the adult public assistance pro-

Table 22

REGIONAL ORGANIZATIONS IN THE UNITED STATES: EXPENDITURE, REVENUE, AND NUMBER OF EMPLOYEES, BY TYPE OF REGIONAL ORGANIZATION, FY 1977 (Dollar amounts in millions)

Item	Total	General Purpose	Special Purpose					Exhibit: Total State and Local
			Total	Community Action Agencies	Area Agencies on Aging	Health Systems Agencies	Other	
Total Revenue	$1,326	$372	$953	$798	$71	$53	$32	$223,221[1]
From Federal Government	1,157	283	875	739	62	47	27	
From State Government	76	35	41	33	3	2	2	
From Local Government	66	46	20	13	3	2	3	
From Other Sources	26	9	18	12	3	2	—	
Total Expenditure	1,278	374	904	760	66	48	30	273,002[2]
By Type:								
Current Operations	1,160	285	876	748	57	47	24	
Capital Outlay	16	7	9	5	2	2	—	
Transfer Payments	102	82	19	7	7	—	6	
By Purpose:								
Land Use and Conservation	41	41	—	—	—	—	—	
Environment	62	59	3	—	—	—	3	
Human Resources	1,008	132	875	760	66	48	1	
Economic and Community Development	79	59	20	—	—	—	20	
Transportation	52	52	—	—	—	—	—	
Other	36	31	6	—	—	—	6	
Total Employment (July 1977)	147,852	21,611	126,241	120,280	2,634	2,583	744	10,591,000[3]
Full-Time	83,380	13,724	69,656	64,974	1,568	2,452	662	
Part-Time	64,472	7,887	56,585	55,306	1,066	131	82	

—Represents zero or rounds to zero.
[1] General revenue from own sources.
[2] Direct general expenditure.
[3] Full-time equivalent employees.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 6, Topical Studies, No. 6, Regional Organizations,* Washington, DC, U.S. Government Printing Office, 1978, Table 2; Bureau of the Census, *Governmental Finances in 1976–77,* Washington, DC, U.S. Government Printing Office, 1978, Tables 3 and 10; and Bureau of the Census, Census of Governments, 1977, *Vol. 3, Public Employment, No. 2, Compendium of Public Employment,* Washington, DC, U.S. Government Printing Office, 1979, Table 1.

Table 23

SUMMARY OF PRIMARY PROVIDERS OF FUNCTIONS AMONG VARIOUS COMBINATIONS OF LEVELS AND UNITS OF GOVERNMENT, MEASURED BY EXPENDITURE, FINANCING OR EMPLOYMENT, 1977

Key: Primary provider—responsible for substantial plurality of expenditure, financing or employment, except for "dominant service provider," for which see *Table 6.*

X—X = equal or substantially equal
F = Federal
S = State
L = Local

Function	Federal-State-Local									State-Local							Local–	
	Direct Expenditure			Financing			Full-time Equivalent Employment			Dominant Service Provider							Direct	
	F	S	L	F	S	L	F	S	L	St	Co	Mun	Twp	Sch Dist	Spec Dist	More Than One	Co	Mun
Education: Local			X						X					X				
Education: Higher		X			X			X										
Education: Other	X							X										
Highways		X			X				X	X								X
Public Welfare:																		
Cash	X																	
Other		X																
Total		X		X					X	X							X	
Hospitals		X	X	X				X	X	X							X	
Health	X								X	X							X	
Police			X						X			X						X
Local Fire Protection			X						X			X						X
Sewerage			X						X			X						X
Other Sanitation			X						X			X						X
Local Parks and Recreation			X						X			X						X
Natural Resources	X			X			X			X							X	
Housing/Urban Renewal			X	X					X			X			X			X
Air Transportation	X			X			X					X						X
Water Transport	X						X			X		X						
Parking Facilities			X									X						X
Correction		X						X		X							X	
Libraries			X						X			X				X		X
Table Reference	1			2			13			6								

SOURCE: See *Table* reference.

Table 23 (continued)

SUMMARY OF PRIMARY PROVIDERS OF FUNCTIONS AMONG VARIOUS COMBINATIONS OF LEVELS AND UNITS OF GOVERNMENT, MEASURED BY EXPENDITURE, FINANCING OR EMPLOYMENT, 1977

Key: Primary provider—responsible for substantial plurality of expenditure, financing or employment, except for "dominant service provider," for which see *Table 6*.

X—X = equal or substantially equal
F = Federal
S = State
L = Local

–Total								Local SMSAs Only					Local Outside SMSAs				
Expenditure			Full-time Equivalent Employment					Direct Expenditure					Direct Expenditure				
Twp	Sch Dist	Spec Dist	Co	Mun	Twp	Sch Dist	Spec Dist	Co	Mun	Twp	Sch Dist	Spec Dist	Co	Mun	Twp	Sch Dist	Spec Dist
	X					X					X					X	
	X					X					X					X	
			X—X						X				X				
			X					X					X				
			X					X					X				
			X					X					X				
				X					X					X			
				X					X					X			
				X					X					X			
				X					X					X			
			X														
				X—X					X								X
				X					X					X			
		X					X					X					X
									X					X			
			X					X					X				
				X					X					X			
3				14					4					5			

grams. The change affected both expenditure and financing.

- Another movement of significance was the increased federal financing of housing/urban renewal and a corresponding diminution of the local role.
- Among the state government and its localities, states increasingly became dominant providers of public welfare, generally with an offsetting decline in the role of counties. Municipalities surrendered their expenditure dominance in many states in housing/urban renewal, police, and sewerage, usually to more than one local provider type.
- At the local level, the major shift in direct expenditure was toward counties and away from municipalities. Special districts also increased their relative share of total expenditures.

FOOTNOTES

[1] The Census Bureau defines direct expenditure as "payments to employees, suppliers, contractors, beneficiaries, and other fiscal recipients of government payments, i.e., all expenditures other than intergovernmental expenditures." U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1966–77*, Washington, DC, U.S. Government Printing Office, 1978, p. 71.

[2] See *Appendix B* for Census Bureau definitions of functions.

[3] "Other" public welfare includes vendor payments under various public welfare programs, including the federally supported medical care program commonly known as Medicaid, as well as institutional care for the needy, and administration of welfare activities.

[4] In states where social services and Medicaid were substantial local responsibilities, the increased state involvement also could be traced to the inability of local tax sources to keep pace. Two of these states—New York and California—together accounted for 65% of local public welfare spending in 1976–77.

[5] The nationwide picture of state-local sharing of public welfare expenditures was distorted by the atypical pattern of heavy local expenditures in California and New York, noted earlier.

[6] But if higher education is separated from local schools, the state is the dominant provider in all 50 states. In fact, it provides all or virtually all higher education in over one-half of the states.

[7] In its financial reports, the Census Bureau classifies 57 city-counties as municipalities. The effect on the dominant provider picture of removing these jurisdictions from the municipality class in the 16 states where they are found is shown in *Appendix A* of this chapter.

[8] Actually less than 950 because water transport was not provided in all 50 states.

[9] Except for water transport in a few states.

[10] *Ibid.*

[11] U.S. Department of Commerce, Bureau of the Census, Census of Government, 1977, *Vol. 4, No. 5, Compendium of Government Finances*, Washington, DC, U.S. Government Printing Office, 1979, Table 31.

[12] U.S. Office of Management and Budget, *Special Analyses, Budget of the U.S. Government, FY 1979*, Washington, DC, U.S. Government Printing Office, 1979, Analysis H. For further data and discussion on direct federal-local aid, see ACIR, *Recent Trends in Federal and State Aid to Local Governments* (M-118), Washington, DC, U.S. Government Printing Office, July 1980, especially Appendix Tables A–6 through A–10.

[13] For the dominant provider picture modified to show the effect of excluding city-counties from the municipality category, see *Appendix A* of this chapter.

[14] ACIR, *Federal Grants: Their Effects on State-Local Expenditures, Employment Levels, Wage Rates* (A-61), Washington, DC, U.S. Government Printing Office, February 1977.

[15] G. Ross Stephens and Gerald W. Olson, *Passthrough Federal Aid and Interlevel Finance in the American Federal System, 1957 to 1977, Vol. I*, A report to the National Science Foundation on Research into Passthrough Federal Aids, Kansas City, Mo, University of Missouri-Kansas City, 1979, Table IV-1.

[16] U.S. Bureau of the Census, Census of Governments, 1977, *Vol. 6, Topical Studies, No. 6, Regional Organizations*, Washington, DC, U.S. Government Printing Office, 1978, p. 1.

APPENDIX A

City-Counties and the Dominant Provider Picture

In its financial reports, the Census Bureau classifies 57 city-counties as municipalities.[1] It can be argued that this distorts the picture of municipal dominance, particularly since some of the city-counties are among the nation's largest jurisdictions, e.g., New York City, Philadelphia, Boston, Baltimore, and St. Louis. *Tables A-1* and *A-2* show how removing the city-counties from the comparison alters the picture for 1977.

For the 16 states in which the city-counties are located, the tables show the dominant provider distribution with the city-counties included and excluded. The comparison is limited to the 14 functions for which the Census Bureau reports data (the five excluded from the 19 shown in *Chapter 2* are natural resources, airports, water transportation, parking, and correction). *Table A-1* shows dominant provider by state and by type of governmental unit. The effect of the exclusion is particularly noticeable in Maryland (Baltimore excluded), where the state and the county become more prominent and "more than one provider" becomes less so; and in New York (New York City), where the shift is definitely away from the municipality as dominant provider.

Table A-1

DOMINANT STATE-LOCAL PROVIDER* FOR 14 FUNCTIONS IN 16 STATES WITH COMBINED CITY-COUNTIES, BY STATE AND TYPE OF LOCAL GOVERNMENT, 1977

	Including Combined City-Counties (as municipalities)							Excluding Combined City-Counties						
	State	County	Municipality	Township	School District	Special District	More than One Provider**	State	County	Municipality	Township	School District	Special District	More than One Provider**
Alaska	7	1	4	—	—	—	2	8	2	2	—	—	—	2
California	—	2	4	—	1	—	7	—	2	4	—	1	—	7
Colorado	1	—	6	—	1	—	6	3	1	4	—	1	1	4
Florida	3	1	3	—	1	—	6	3	1	3	—	1	1	5
Georgia	3	—	3	—	1	2	5	3	—	3	—	1	2	5
Hawaii	9	—	4	—	—	—	1	10	4	—	—	—	—	—
Indiana	3	—	6	—	1	—	4	3	1	5	—	1	—	4
Kentucky	4	—	4	—	1	—	5	5	—	4	—	1	—	4
Louisiana	4	1	5	—	1	—	3	4	2	4	—	1	—	3
Maryland	2	4	—	—	—	1	7	4	7	—	—	—	2	1
Massachusetts	4	—	3	—	—	1	6	4	—	1	—	—	1	8
Missouri	2	—	5	—	1	2	4	2	—	5	—	1	2	4
New York	—	—	6	—	—	—	8	1	1	2	—	—	—	10
Pennsylvania	3	—	6	—	1	1	3	3	—	3	—	1	1	6
Tennessee	3	—	6	—	—	1	4	4	1	6	—	—	1	2
Virginia	3	—	5	—	—	—	6	4	6	1	—	—	—	3
	51	9	70	—	9	8	77	61	28	47	—	9	11	68

* A dominant service provider is one that accounts for more than 55% of the state and local government direct general expenditures in a particular function.

** "More than one provider" indicates there is no dominant service provider.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, Governmental Finances, Part 5, Compendium of Government Finances,* Washington, DC, U.S. Government Printing Office, 1979, Tables 47 and 49, and *City Government Finances in 1976–77,* Washington, DC, U.S. Government Printing Office, 1979, Table 5.

Table A-2 analyzes the data by function, by type of governmental unit. The impact of the exclusion is most evident in the police function, with the state, county, and "more than one provider" picking up dominance from the municipality in five states.

From both tables the shift from the municipality and "more than one provider" to the county and state as dominant provider is clear.

FOOTNOTE

Anchorage, San Francisco, Denver, Jacksonville, Columbus (GA), Honolulu, Indianapolis, Lexington, Baton Rouge, New Orleans, Baltimore City, Boston, St. Louis City, New York City, Philadelphia, Nashville-Davidson, and 41 independent cities in Virginia.

Table A-2

DOMINANT STATE-LOCAL SERVICE PROVIDER* FOR 14 FUNCTIONS IN 16 STATES WITH COMBINED CITY-COUNTIES, BY FUNCTION AND TYPE OF LOCAL GOVERNMENT, 1977

	Education	Highways	Public Welfare	Hospitals	Health	Police	Fire Protection	Sewerage	Other Sanitation	Parks and Recreation	Housing/ Urban Renewal	Libraries	General Control	General Public Buildings	Total
Including Combined City-Counties (As Municipalities)															
State	1	13	12	7	10	—	—	—	—	1	2	1	2	2	51
County	1	—	—	—	1	—	—	—	1	1	—	3	1	1	9
Municipality	—	—	1	—	—	9	15	10	14	9	7	5	—	—	70
Township	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
School District	9	—	—	—	—	—	—	—	—	—	—	—	—	—	9
Special District	—	—	—	1	—	—	—	1	—	—	5	1	—	—	8
More than One Provider**	5	3	3	8	5	7	1	5	1	5	2	6	13	13	77
Excluding Combined City-Counties															
State	1	14	14	9	11	1	—	—	—	2	2	1	2	4	61
County	1	—	1	1	2	2	3	2	4	2	—	5	1	4	28
Municipality	—	—	—	—	—	4	12	8	11	5	5	2	—	—	47
Township	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
School District	9	—	—	—	—	—	—	—	—	—	—	—	—	—	9
Special District	—	—	—	1	—	—	—	3	—	—	6	1	—	—	11
More than One Provider**	5	2	1	5	3	9	1	3	1	7	3	7	13	8	68

* A dominant service provider is one that accounts for more than 55% of the state and local government direct general expenditures in a particular function.

** "More than one provider" indicates there is no dominant service provider.

SOURCE: U. S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, Governmental Finances, Part 5, Compendium of Government Finances,* Washington, DC, U. S. Government Printing Office, 1979, Tables 47 and 49, and *City Government Finances in 1976–77,* Washington, DC, U. S. Government Printing Office, 1979, Table 5.

APPENDIX B

U. S. Bureau of the Census Definitions of Functions[1]

Air Transportation—For state and local governments, comprises provision of airports and related activities. Includes also federal subsidies and aids to air transportation.

Correction—Confinement and correction of adults and minors convicted of offenses against the law, and pardon, probation, and parole activities. Detention pending trial, as in municipal jails, is classed under *Police Protection*.

Education—Provision or support of schools and other educational facilities and services. The *Local schools* category comprises all direct expenditure by local governments for education, other than any direct spending for institutions of higher education, and any direct state government spending for operation of, or facilities and supplies for, elementary and secondary public schools. *Institutions of higher education* include facilities and activities of all educational institutions beyond the high school level operated by state or local governments, except that agricultural experiment stations and agricultural extension services are classed under natural resources, and university-operated hospitals serving the public are classed under hospitals. These educational categories include related services such as pupil transportation, school milk and lunch programs, cafeterias, health and recreational programs. Revenue and expenditure for school lunch services, dormitories, athletic events, and other auxiliary services are included on a gross basis. *Other education* includes all federal expenditure for education, state supervision of schools and colleges, and state tuition grants, fellowships, aid to private schools, and educational programs for the handicapped, adults, veterans, and other special classes.

General Control—Governing body, courts, office of the chief executive, and central staff services and agencies concerned with personnel administration, law, recording, planning and zoning, and the like.

General Expenditure—All expenditure of a government other than utility expenditure, liquor stores expenditures, and insurance-trust expenditure.

General Public Buildings (State-Local)—Public buildings not allocated to particular functions. This category is not applied in reporting federal data.

General Revenue—All revenue of a government except utility revenue, liquor stores revenue, and insurance-trust revenue. All tax revenue and all intergovernmental revenue even if designated for employee-retirement or local utility purposes, is classed as general revenue.

General Revenue Sharing—Funds distributed to states and local general purpose governments by the federal government under the *State and Local Fiscal Assistance Act of 1972*.

Health—Health services, other than hospital care, including health research, clinics, nursing, immunization, and other categorical, environmental, and general public health activities. School health services provided by health agencies (rather than school agencies) are included here.

Highways—Streets, highways, and structures necessary for their use, street lighting, snow and ice removal, toll highway and bridge facilities, and ferries.

Hospitals—Establishment and operation of hospital facilities, provision of hospital care, and support of public or private hospitals. However, see *Public Welfare* concerning vendor payments under welfare programs.

Housing and Urban Renewal—Housing and redevelopment projects and any promotion or support of private housing and redevelopment activities.

Libraries—Public libraries operated by state and local governments and support of other library services.

Local Parks and Recreation—Local government parks, playgrounds, and playfields, swimming pools and bathing beaches, and special facilities for recreation and cultural-scientific activities, such as auditoriums, museums, stadiums, zoos, auto camps, recreation piers, and boat harbors. See also *Natural Resources*.

Natural Resources—Conservation and development of agriculture, fish and game, forestry, and other soil and water resources, including irrigation, drainage, flood control, and the like. Includes federal and state parks, agricultural experiment stations and extension services, and federal programs relating to farm price stabilization programs, farm insurance and credit activities, and multipurpose power and reclamation projects. See also *Local Parks and Recreation*.

Parking Facilities—Provision for and any direct operation by local governments of public-use garages and other parking facilities, including purchase and maintenance of on-street and off-street parking meters.

Police Protection—Preservation of law and order and traffic safety. Includes highway police patrols, crime prevention activities, police communications, detention and custody of persons awaiting trial, traffic safety, and

vehicular inspection.

Public Welfare—Support of and assistance to needy persons contingent upon their need. Excludes pensions to former employees and other benefits not contingent on need. Expenditures under this heading include: cash assistance payments directly to needy persons under categorical and other welfare programs; vendor payments made directly to private purveyors for medical care, burials, and other services provided under welfare programs; welfare institutions; and any intergovernmental or other direct expenditure for welfare purposes. Any services provided directly by the government through its hospitals and health agencies are classed under those headings.

Sanitation—Local government activities relating to sewerage, consisting of the provision of sanitary and storm sewers and sewage disposal facilities and services, and sanitation other than sewerage, which comprises street cleaning and collection and disposal of garbage and other waste. Sanitary engineering, and activities to limit air and water pollution are classed under *Health*.

Water Transport and Terminals—Provision, operation, and support of canals and other waterways, harbors, docks, wharves, and related terminal facilities. Includes federal subsidies and other aids for ship construction, merchant marine operations, and other water transportation activities.

FOOTNOTE

[1] U.S. Department of Commerce, Bureau of the Census, *Governmental Finances in 1976–77*, Washington, DC, U.S. Government Printing Office, 1978, pp. 71–73.

Chapter 3

The State Role and State Capability

Writing during the depression period of the 1930s when states appeared to be unable to meet the needs of their citizens, Luther H. Gulick raised the question of whether the state is "the appropriate instrumentality for discharging these sovereign functions." He answered his own query by announcing the death of the states in these words:

> The answer is not a matter of conjecture or delicate appraisal. It is a matter of brutal record. The American state is finished. I do not predict that the states will go, but affirm that they have gone.[1]

Other observers shared this pessimism about the condition of the states, referring to these units as the "weak sisters," "fallen arches," and "weakest links" of the federal system. As recently as the early 1970s, there were calls for the replacement of states with large regional units.[2]

Some of the disenchantment with the states still persists despite the recent upsurge of comments favorable to the states. Ira Sharkansky rejects much of the criticism, referring to states as "maligned."[3] Daniel J. Elazar speaks of the "quite revolution" that is underway in state government and Parris N. Glendening says that rather than being the "fallen arch" of American federalism, today states may be referred to more properly as the "keystone" of federalism.[4]

Obviously, from the vista of the 1980s, the states did not die. Gulick, of course, long ago recognized this fact.[5] States have prospered, in fact, and continue to perform important functions. The position taken here is that, far

from being the "fallen arches" of the federal system, states are actually the "arch supports" of American federalism because of the functions they perform and the increased capacity they have developed. Reformed and revitalized in the past two decades, they prop up the operations of American government. They do this by the performance of their own functions as well as by playing an essential role that involves federal and local activities as well. Their increasingly important tasks as managers of federal grants-in-aid passed through to local governments make them essential to the successful operations of federal assistance programs. Moreover, the growth of state responsibilities in federal program management has altered the emphasis given by states to their traditional activities. Their role as middlemen in the federal system has become an important preoccupation. Nevertheless, their traditional role remains strong.

The Traditional State Role

Traditionally, states have been the repositories of the reserved powers under the Constitution and, thus, the chief resisters to centralization of governmental powers and functions in national hands. They have been powerful representatives of their differing electorates. Through our uncentralized political parties, they have played a strategic role in the selection of national officials and the maintenance of political balance in the federal system. In addition, they have been: (1) the foremost instruments of public choice in certain areas, such as public morals; (2) direct service providers in their own right, particularly in the fields of criminal justice, health and hospitals, transportation, higher education, and business relations through commercial codes; (3) prime regulators in guarding the public health, safety, welfare, good order, and convenience of their citizens through the use of their police power; (4) architects and empowerers of local governments; (5) innovators in public policies; and (6) to some degree, middlemen in federal grant-in-aid programs.

Changes in the State Role

State roles have evolved over time. Samuel Beer points out that modernizing forces in society have resulted in modifications in the American federal system, changing intergovernmental relations and the role of state government. According to his theory, advances in science and the democratization of wants resulted in states evolving from the principal mechanisms for social choice during the Jacksonian era to "laboratories of experimentation" during the period of Republican control. Then, under the New Deal, the federal government assumed the ascendancy as the primary innovator and as the main instrument of social choice. States function now as planners and controllers of large intergovernmental programs and as mobilizers for political consent. They use their intermediate position in the federal system toward these ends.[6]

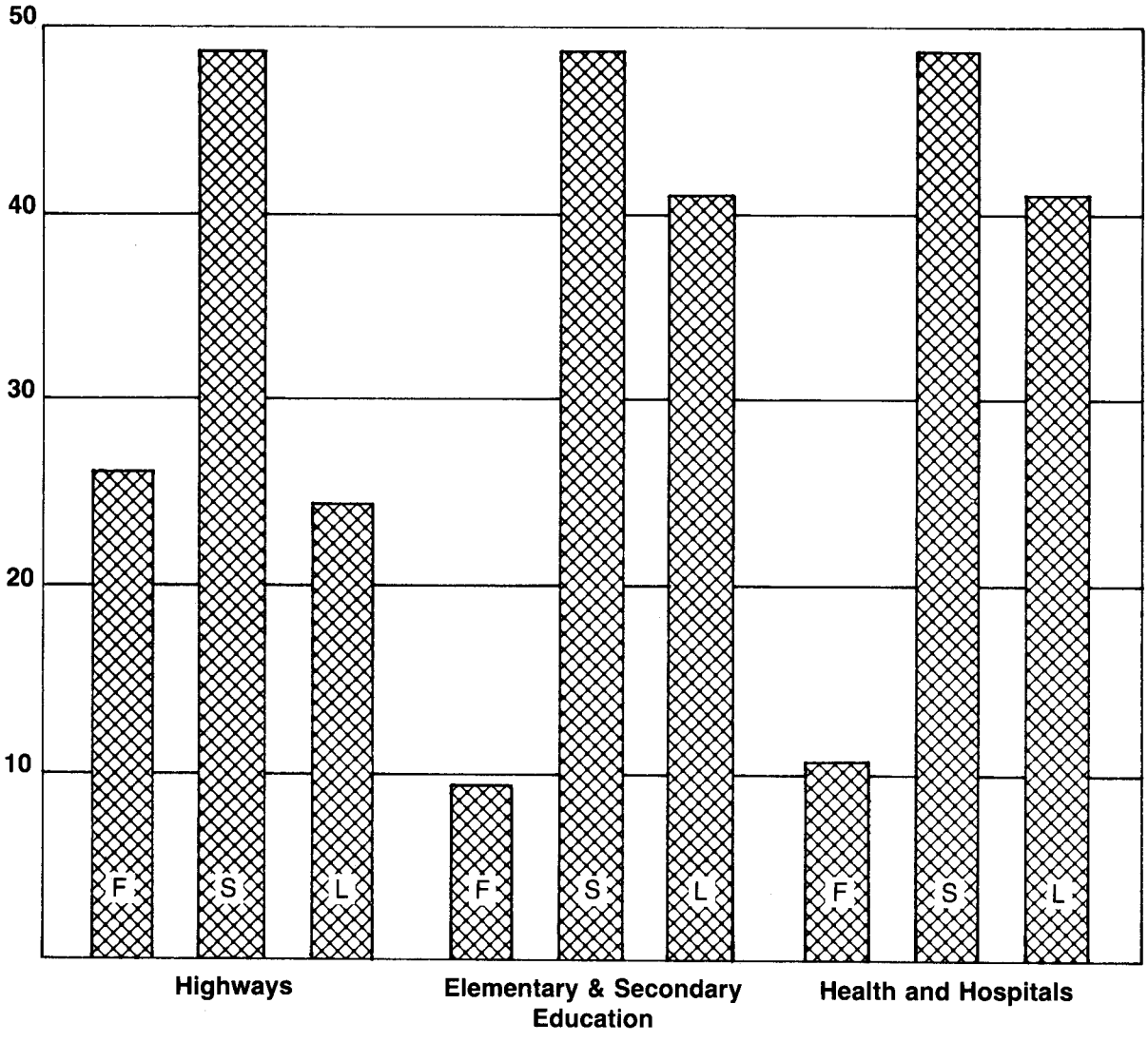
Certainly in the past two decades, states have taken on new importance as middlemen in the intergovernmental system. As the decade of the 1980s begins, states engage more heavily as intergovernmental bankers, regulators, and administrators than ever before. This is not to say that most of the intergovernmental money comes from the states' own-source revenues (although they provide the bulk of intergovernmental financial assistance to local governments), but rather that states are the principal recipients and disbursers of federal fiscal aid as well as local financial backers in their own right. Although these are not new roles for them, the extent and intensity of current state involvement makes these jurisdictions more critical to the management of today's intergovernmental system than they were to its predecessor of a generation ago. Then, they directed some federal programs and exercised traditional administrative controls over their local units. Today, the federal government relies on them to superintend an even greater number of federally aided—and in some cases heavily state-matched—activities, some of which are more properly national in nature. While many factors, including the modernization thrust cited by Beer, contributed to the changes in the states' role, the impact of federal grants-in-aid, mandates and other requirements—as well as state initiatives—appear to have been especially significant and will be examined here.

THE INFLUENCE OF FEDERAL GRANTS-IN-AID

Grants-in-aid from the federal government to state and local governments have grown, both in number and dollar amounts. The number of federal fiscal assistance programs rose from 160 in 1962 to 379 in 1967, had reached 498 by 1978, and probably numbered well over 500 by 1980.[7] In dollar amounts, they now exceed 11 times what they were in 1962, and they have more than tripled since 1970. Federal grants totaled $7.9 billion (current dollars) in 1962, increased to $24.0 billion in 1970 and to $9.15 billion by 1980.[8] In constant (1972) dollars, this amounted to a rise from $12.1 billion in 1962 to $26.9 billion in 1970 and $48.4 billion in 1980.

Figure 1

EXPENDITURES BY GOVERNMENTAL SOURCE, 1977–78, SELECTED FUNCTIONS, BY PERCENTAGE



SOURCE: Based on data from ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, 1980.

States provide large sums of money to match federal grants; or, if one considers the level of government traditionally performing the function, it might be said that the federal government matches state outlays. In education, highways, hospitals, and some other functional areas, federal grants have supplemented the larger state outlays already provided for these programs. *Figure 1* illustrates this.

At the same time, federal grants constitute a rising portion of state and local budgets. In 1950, grants provided about 10.4% of state-local expenditures. By 1970, this had increased to 19.4%, and by 1980 to 23.6%.[9]

States pass through to their local governments almost 20% of the federal funds they receive. This amounted to $12.3 billion in 1976–77 as compared to $7.3 billion in 1971–72.[10] With the passthrough comes the responsibility for state management to ensure that local governments account for the money received and comply with federal standards and conditions.

As far as state revenues are concerned, the national government's aid equalled 36.8% of the funds states raised from their own sources in FY 1979, a rise from 20.9% in 1955 and 32.3% in 1965.[11] The increases since 1955 can be seen in *Table 24*.

Diversification of federal grants over the years also increased state involvement. Federal assistance moved from an earlier domination by income security and transportation functions in the 1960s. Although awards in these areas continued to grow, they fell to less than one-third of the total by 1980 as grants for social programs (including health, education, training, employment, and social services) became the big money categories—comprising more than 40% of the total. *Table 25* reflects this development.

In addition, federal grants pervade state administrations to a greater extent than they once did. According to the State Administrators Survey for 1974 and 1978, the proportion of state agency heads reporting that their agencies received federal aid was 74% in 1978, up from 63% in 1974. Furthermore, more than one-third of the ultimate recipients got aid from three or more agencies and 15% of them depended on aid for more than three-fourths of their budgets.[12] These developments mean that the responsibilities of the states for the expenditure of federal monies, either directly or by passthrough to local jurisdictions, substantially exceed those of past decades. The proliferation and diversification of grant programs and the increase in the amount of funds all necessitate

Table 24

STATE INTERGOVERNMENTAL REVENUE FROM FEDERAL GOVERNMENT, 1955–79

Fiscal Year	Intergovernmental Revenue (in millions)	As a Percentage of General Revenue From Own Sources
1955	$ 2,762	20.9%
1960[1]	6,382	31.0
1965[1]	9,874	32.3
1970[1]	19,252	33.5
1971[1]	22,754	37.1
1972	26,791	37.9
1973	31,353	39.0
1974	31,632	35.5
1975	36,148	37.3
1976	42,013	39.1
1977	45,938	37.9
1978	50,200	37.0
1979	53,500	36.8

[1] Partially estimated.
SOURCE: Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, October 1980, Table 108, p. 165.

more attention to the handling of federal money. States have had to hire more employees and devote more time and funds to the management of federally sponsored and aided programs. Federal funds frequently pay for these.

As far as state-local expenditures are concerned, a study of the effects of grants-in-aid indicates that for every dollar of federal assistance received in 1972, the funds spent at the state-local levels increased significantly.[13] The study also found a direct relationship between federal grants and state-local employment levels. Higher levels of federal grants are associated with higher levels of employment.[14] It should be kept in mind that different types of grants have different impacts.

Recent actions by state legislatures attest to the increased attention and time devoted to federal aid programs. Following the Pennsylvania legislature's successful effort, during the 1970s, to establish control over grants-in-aid awarded the state, over three-fourths of the states now exercise some control over federal grants. At least eight of these actively appropriate the money received.[15] That is, they make detailed itemization of all federal funds in appropriations acts, set legislative priorities for expenditure of block grants and general revenue sharing monies, and establish some mechanism for providing approval when the legislature is not in session.

STATE FINANCIAL ASSISTANCE TO LOCAL GOVERNMENTS

On their own initiative, states provided more financial resources for their local units in the past two decades. Although the percentage increase did not equal that of federal largesse, total state aid (including passthrough federal aid) grew from $5.7 billion in 1954 to an estimated $71.5 billion in 1979, as set out in *Table 26*. Relative to local revenue, state funds increased from 41.7% of local own-source revenues in 1954 to 60.8% in 1979.

When federal passthrough funds are eliminated from state aid, the total declines, although it is still a substantial sum. *Tables 27* and *28* break out the passthrough funds both as to percentage and dollar amount.

States assumed fiscal responsibility for at least 90% of the state-local welfare costs in at least 24 states and paid more than 80% of the aggregate costs nationwide. They also became the senior partners in the funding of public elementary and secondary education on a nationwide aggregate basis and outspent local governments for this function in 27 states.[16]

States have assisted local governments financially in other ways, as well. Their cash grants have been sup-

Table 25

GRANT-IN-AID OUTLAYS OF $1 BILLION OR MORE, BY FUNCTION, SELECTED YEARS, 1950–80 (in millions of dollars)

Function	1950	1955	1960	1965	1970	1975	1980
Income Security	$1,335	$1,715	$2,648	$3,530	$5,813	$9,279	$18,364
Commerce and Transportation	—	—	3,001	4,100	4,545	5,872	11,520
Education, Training, Employment and Social Services	—	—	—	—	5,745	11,638	21,865
Health	—	—	—	—	3,831	8,810	16,209
Community and Regional Development	—	—	—	—	2,428	3,335	5,786
Revenue Sharing and General Purpose Fiscal Assistance	—	—	—	—	—	6,971	8,763
Natural Resources, Environment, and Energy	—	—	—	—	—	2,479	5,293
Total	$2,253	$3,207	$7,020	$10,904	$24,018	$49,723	$88,945

SOURCE: U.S. Office of Management and Budget, "Federal Government Finances," unpublished tables, January 1976, pp. 51–53, and *1981 Budget,* Special Analysis 1–1, p. 251, as presented in Advisory Commission on Intergovernmental Relations, *A Crisis of Confidence and Competence* (Report A–73), Washington, DC, U.S. Government Printing Office, July 1980, p. 70.

Table 26

STATE AID OUTLAY IN RELATION TO LOCAL OWN SOURCE REVENUE, 1954, 1964, AND 1969 THROUGH 1979 (dollars in millions)

Fiscal Year	Total State Aid: Amount	Total State Aid: As a Percent of Local General Revenue From Own Sources	General Local Government Support	Education	Highways	Public Welfare	All Other
1954	$5,679	41.7%	$600	$2,930	$871	$1,004	$274
1964	12,968	42.9	1,053	7,664	1,524	2,108	619
1969	24,779	54.0	2,135	14,858	2,109	4,402	1,275
1970	28,892	56.2	2,958	17,085	2,439	5,003	1,408
1971	32,640	57.3	3,258	19,292	2,507	5,760	1,823
1972	36,759	57.0	3,752	21,195	2,633	6,944	2,235
1973	40,822	57.9	4,280	23,316	2,953	7,532	2,742
1974	45,600	59.4	4,805	27,107	3,211	7,369	3,108
1975	51,004	60.5	5,129	31,110	3,225	7,136	4,404
1976	56,678	60.8	5,674	34,084	3,241	8,307	5,372
1977	61,084	59.9	6,373	36,975	3,631	8,756	5,349
1978	65,815	59.4	6,819	40,125	3,821	8,586	6,464
1979 Estimate	71,500	60.8	7,400	43,200	4,150	8,950	7,800
			Annual Percentage Increase or Decrease (–)				
1954	—	—	—	—	—	—	—
1964	8.6%[1]	—	5.8%[1]	10.1%[1]	5.8%[1]	7.7%[1]	8.5%[1]
1969	13.8[2]	—	15.2[2]	14.2[2]	6.7[2]	15.9[2]	15.6[2]
1970	16.6	—	38.5	15.0	15.6	13.7	10.4
1971	13.0	—	10.1	12.9	2.8	15.1	29.5
1972	12.6	—	15.2	9.9	5.0	20.6	22.6
1973	11.1	—	14.1	10.0	12.2	8.5	22.7
1974	11.7	—	12.3	16.3	8.7	–2.2	13.3
1975	11.9	—	6.7	14.8	0.4	3.2	41.7
1976	11.1	—	10.6	9.6	0.5	16.4	22.0
1977	7.8	—	12.3	8.5	12.0	5.5	–0.4
1978	7.7	—	7.0	8.5	5.2	–1.9	20.8
1979 Estimate	8.6	—	8.5	7.7	8.6	4.2	20.7
			Percentage Distribution				
1954	100%	—	10.6%	51.6%	15.3%	17.7%	4.8%
1964	100	—	8.1	59.1	11.8	16.3	4.8
1974	100	—	10.5	59.4	7.0	16.2	6.8
1978	100	—	10.4	61.0	5.8	13.0	9.8
1979 Estimate	100	—	10.3	60.4	5.8	12.5	10.9

[1] Annual average increase 1954 to 1964.
[2] Annual average increase 1964 to 1969.
SOURCE: ACIR staff compilation based on U.S. Bureau of the Census, *Government Finances*, various years; and ACIR staff estimates. Advisory Commission on Intergovernmental Relations, *Significant Features of Fiscal Federalism* (Report M–123), Washington, DC, U.S. Government Printing Office, October 1980, p. 169.

Table 27

CHANGES IN INTERGOVERNMENTAL AID TO LOCAL GOVERNMENTS: IN AMOUNT AND PERCENT OF CHANGE, 1971–1972 to 1967–77

Intergovernmental Aid Flows	Amount of Change (dollar amounts millions)			Percent of Change		
	All	Education	Non-education	All	Education	Non-education
Nominal Federal Aid to States	$19,099	$ 3,051	$16,048	71.3%	51.0%	77.1%
Nominal Federal-Local Aid	12,003	276	11,727	263.7	26.8	333.1
Nominal State-Local Aid	25,141	15,779	9,362	71.5	76.3	64.7
Pass-through	4,977	2,116	2,861	68.3	69.4	67.5
Net Federal Aid to States	14,122	935	13,187	72.4	31.8	79.6
Net Federal-Local Aid	16,980	2,392	14,588	143.4	58.7	188.0
Net State-Local Aid	20,164	13,663	6,501	72.4	77.5	63.6

Table 28

INTERGOVERNMENTAL AID AND THE FEDERAL COMPONENT OF STATE AID TO LOCAL GOVERNMENT: NATIONAL TOTALS, 1977 (dollar amounts millions)

Intergovernmental Aid Flows	Expenditure Function					
	Total Expenditure	Education	Highways	Public Welfare	Health and Hospitals	All Other
Nominal Federal Aid to States	$45,890	$ 9,035	$6,363	$18,723	$1,532	$10,237
Nominal Federal-Local Aid	16,554	1,312	98	162	206	14,776
Nominal State-Local Aid	60,277	36,428	3,467	9,243	1,411	9,728
Pass-through	12,262	5,164	232	4,971	413	1,482
Net Federal Aid to States	33,628	3,871	6,131	13,752	1,119	8,755
Net Federal-Local Aid	28,816	6,476	330	5,133	619	16,258
Net State-Local Aid	48,015	31,264	3,235	4,272	998	8,246
Percent Difference in Federal-Local Aid Due to Pass-through	74.1%	393.6%	236.7%	3,068.5%	200.5%	10.0%
Pass-through as a Percent of Total Federal Aid	19.6	49.9	3.6	26.3	23.8	5.9

SOURCE: *Tables 27* and *28* from Advisory Commission on Intergovernmental Relations, *Recent Trends in Federal and State Aid to Local Governments* (Report M–118), Washington, DC, U.S. Government Printing Office, July 1980, p. 10.

plemented by payments in kind, gifts of state real and personal property, and the sharing of facilities. Additionally, some states have made payments in lieu of property taxes to local jurisdictions in which state facilities are located.

INCREASED FEDERAL AND STATE REGULATION

As federal grants have multiplied, so have the requirements and regulations attached to them, except that the increase in the latter has been all out of proportion to the number of programs adopted. The following testimony before a U.S. Senate committee indicates what has happened in regard to federal regulatory activity in general:

> . . . 67 federal agencies, departments, and bureaus having rulemaking authority, adopted 7,596 new or amended regulations, while Congress during the same period enacted 404 public laws, a ratio of 18 to 1.[17]

Further evidence of expansion of federal regulatory activity is reflected in the increase in the number of pages in the *Federal Register*, in which proposed regulations are listed, and in the *Code of Federal Regulations*, in which those adopted appear. *Table 29* indicates the growth. All of these, of course, do not relate directly to state and local governments. Many are directed at the private sector. Nevertheless, the state and local share is significant and growing, thus complicating administration and increasing costs at those levels.[18]

Most regulations associated with grant programs are specific to one program or project. However, numerous crosscutting requirements exist, that apply to all federal assistance programs, even to General Revenue Sharing (GRS), which was intended to be entirely discretionary with the recipient government. Depending on how one counts, from 34 to 59 regulations apply to all federal grant programs. These include: (1) prohibitions against use of the funds for lobbying; (2) restrictions on use of the funds for debt retirement; (3) compliance with the prevailing wage standards under the *Davis-Bacon Act;* (4) requirements for citizen participation; (5) restrictions against discrimination in recruitment and employment against various sectors of the population including minorities, women, various ethnic groups, the handicapped, and others; (6) prohibitions against discrimination by subcontractors; and (7) restrictions on discrimination in the provision of municipal services.[19] (See *Table 30.*) The U.S. Office of Management and Budget reports that of the 37 crosscutting regulations involving socioeconomic factors, 32 are based in public law and five in executive orders.[20]

Table 29

PAGES CONTAINED IN THE FEDERAL REGISTER AND CODE OF FEDERAL REGULATIONS, SELECTED YEARS, 1936–75

Year	Federal Register	Code of Federal Regulations
1936	2,355	—
1946	14,736	—
1956	10,528	—
1966	16,850	—
1970	20,036	54,105
1971	25,447	54,487
1972	28,928	61,035
1973	35,592	64,852
1974	42,422	69,270
1975	60,221	72,200

SOURCE: Morris P. Fiorina, *Congress: Keystone of the Washington Establishment,* New Haven, CT, Yale University Press, 1977, p. 93; and *The Public Interest,* No. 47, National Affairs, Inc., New York, NY, Spring 1977, p. 50, as included in Advisory Commission on Intergovernmental Relations, *A Crisis of Confidence and Competence* (Report A–77), Washington, DC, U.S. Government Printing Office, July 1980, p. 119.

A recent study identified approximately 1,260 federal mandates. Of this number, 223 were direct orders and 1,036 were conditions of grants-in-aid.[21] *Table 31* shows the growth of mandates in the five states covered in the study. Both federal and state mandates are included.

As major managers of federal programs and as conduits for the passthrough of federal funds, states are adding their own requirements to "passthrough" federal aid as well as to their own grant programs. *Table 31* shows a parallel increase in state conditions of aid and the federal pattern. While this in itself does not establish a causal relationship, there is ample evidence of state requirements added to federal programs. Research on wastewater treatment grants in Maryland, for example, reveals that that state's Environmental Health Administration sets priorities determining which local governments will qualify for the federal funds.[22] Similarly, the state added a host of new regulations to the requirements for funds from the federal Law Enforcement Assistance Administration.

Table 30

MAJOR SOURCES OF GENERAL NATIONAL POLICY OBJECTIVES APPLICABLE TO GRANT PROGRAMS, 1980

Nondiscrimination

Age Discrimination in Employment Act of 1967
Architectural Barriers Act of 1968
Civil Rights Act of 1964, Title VI, VII
Education Amendments of 1972, Title IX
Education for All Handicapped Children Act of 1975
Equal Pay Act of 1963
Executive Orders 11141 (1963) and 11246 (1965), Nondiscrimination in Employment by Government Contractors and Subcontractors
Executive Order 11764, Nondiscrimination in Federally Assisted Programs, 1968
Executive Order 11914, Nondiscrimination with Respect to the Handicapped in Federally Assisted Programs, 1976
Rehabilitation Services Act of 1973, Section 504
State and Local Fiscal Assistance Act of 1972
Urban Mass Transportation Act of 1964, as amended 1970, Section 16

Environmental Protection

Clean Air Act of 1970, Section 306, and *Federal Water Pollution Control Act,* Section 508, 1970
Endangered Species Act of 1973
Flood Disaster Protection Act of 1973
National Environmental Policy Act (NEPA), 1969
National Historic Preservation Act of 1966

Planning and Project Coordination

Demonstration Cities and Metropolitan Development Act of 1966, Section 204
Intergovernmental Cooperation Act of 1968, Title IV

Relocation and Real Property Acquisition

Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970

Labor and Procurement Standards

Davis-Bacon Act, 1931, (as incorporated into individual grants when enacted)
Office of Federal Procurement Policy Act, 1974
Urban Mass Transportation Act of 1964, as amended, Section 13c
Work Hours Act of 1962

Public Employee Standards

Anti-Kickback (Copeland) *Act* (1934,'46, '60)
Hatch Act (1939, '40, '42, '44, '46, '62)
Intergovernmental Personnel Act of 1970

Access to Government Information and Decision Processes

Citizen Participation (numerous grant programs in past three decades)
Family Educational Rights and Privacy Act of 1974 (Buckley Amendment)
Freedom on Information Act, 1974
Privacy Act of 1974

SOURCES: *The Federal Grants Reporter.* National Reporter Systems, Inc., 1976; Evelyn Idelson, "1976 Perspective of Title VII," *County News,* Washington, DC, National Association of Counties, April 19, 1976, p. 9; updated for Advisory Commission on Intergovernmental Relations, *A Crisis of Confidence and Competence* (Report A-77), Washington, DC, U.S. Government Printing Office, July 1980, p. 86.

Table 31

NUMBER OF FEDERAL AND STATE MANDATES BY ESTIMATED YEAR OF IMPOSITION, BY DIRECT ORDERS AND CONDITIONS OF AID, (DO and COA) IN FIVE STATES,* 1941–78

	Federal		State	
Years	**COA**	**DO**	**COA**	**DO**
1941–1945	0	0	1	77
1946–1950	0	8	0	276
1951–1955	2	0	0	99
1956–1960	2	2	1	79
1961–1965	24	5	2	250
1966–1970	92	43	38	365
1971–1975	559	109	53	1040
1976–1978	354	57	30	625

* The states are: California, New Jersey, North Carolina, Washington, and Wisconsin.

SOURCE: Catherine H. Lovell, Robert Kneisel, Max Neiman, Adam Z. Rose, and Charles A. Tobin, *Federal and State Mandating on Local Governments: An Exploration of Issues and Impacts,* Riverside, CA, Graduate School of Public Administration, University of California, Riverside, June 20, 1979, p. 71.

State budget officers were questioned about the attachment of state requirements to federal passthrough funds in a 1975 survey by ACIR and the International City Management Association. When asked whether there were any passthrough funds on which the state did *not* add *procedural* conditions—such as auditing, reporting, or accounting requirements—14 answered "yes" and 20 answered "no," indicating that the practice of adding procedural requirements is fairly prevalent. The reverse was true of performance standards. When asked if there were any passthrough funds on which the state did *not* add program performance standards, 19 answered "yes" and 14 "no." This indicates that, while a significant number of states add performance standards, more were likely to attach procedural requirements. The respondents who replied that their states had not imposed procedural or performance requirements were asked to estimate the percentage of the total passthrough funds on which the state had refrained from attaching conditions. The 16 responding reported that an average (mean) of 39% of their passthrough funds contained no additional state-imposed conditions. Replies indicated that new requirements were more likely to be added to project grants than to formula-based grants.[23]

FEDERAL PROVISION FOR A STATE MANAGEMENT ROLE

Recent federal statutes and regulations often specify directly an intergovernmental management role for the states. In regard to education, for example, the process began with the *Elementary and Secondary Education Act* in 1965. Title I provided a role for the states in the administration of programs under the act. States were to direct local school agencies in determining which schools among eligible areas having high concentrations of low-income families would receive Title I services. They also were directed to supervise the development of programs for eligible children. More recently, the 1978 amendments to this legislation created monitoring and enforcement functions for state educational agencies that previously had not exercised that kind of authority.[24] They are expected to make regular inspections of the practices of local school districts and to insure that an audit is conducted every two years.[25] In another instance, Section 504 of the *Rehabilitation Act of 1973,* which prohibits discrimination against the handicapped, holds state educational agencies responsible for the compliance of all local jurisdictions.

In the area of environmental protection, the Environmental Protection Agency operates in a highly decentralized fashion. It often asks states to assume difficult administrative and regulatory environmental functions, especially those it does not want or cannot perform. As a consequence, the volume of responsibility thrust upon the states often exceeds the volume of funds. For example, EPA has promulgated tough sanitary landfill standards under the federal *Resource Conservation and Recovery Act.* [26] To comply with the "Criteria for Classification of Solid Waste Disposal Facilities and Practices," established under section 4004, appropriate departments of state government will be required to inspect, inventory, and grade all solid waste disposal facilities in the state. Any local government maintaining a site that receives a failing grade will be forced to close it or required to meet a compliance schedule for bringing the facility up to standard.

The federal government encouraged states to take on the responsibility for development and enforcement of health and safety standards under the *Occupational Safety and Health Act of 1970.*[27] State standards must meet federal standards and are subject to the approval of the Secretary of Labor. Similarly, the *Surface Mining Control and Reclamation Act* (1977) attempts to stimulate state regulatory action in regard to strip mining.[28] Requirements for state planning are widespread, having been incorporated in programs ranging from law en-

forcement[29] to Crippled Children's Services.[30] Many of the "plans" are employed to acquire federal funds and do not necessarily reflect state priorities and needs or serve as management tools. All too often they do not. According to a 1976 report, the then Department of Health, Education, and Welfare required each state receiving funds under its 46 Formula Grant Programs "to submit or annually update 24 separate state plans."[31] Other management provisions in other functional areas exist as well.

The Contemporary Role

States currently exercise important functions as intergovernmental middlemen. They are heavily involved in intergovernmental financing, regulating, and managing—functions some see as predominating in their roster of activities.

Meanwhile, the states' performance of their more traditional role remains strong. Politically, the states still are the balance wheels of the federal system, helping to maintain the equilibrium between national and subnational interests. They constitute the prime impediments to centralization at the national level. Even in an era when federal largesse is welcomed, resistance is still marked. State reactions to the U.S. Department of Education's directive regarding institutions of higher learning are cases in point.

Although managerial, administrative, and other factors contribute, the ability of states to act as balance wheels is based largely on their political power in a system characterized by plural power bases. This pluralism results from the uncentralized political party system in the U.S., state responsibilities in regard to enfranchisement of voters and the conduct of elections, the power states wield in the presidential nominating conventions and in the electoral college, the attention given to their Governors (individually or singly) and legislatures when they speak out on public issues, and state potential for amending the constitution by petitioning the Congress to call a convention for that purpose.

Several recent developments have compromised state political strength to some extent. The Supreme Court's decision on *Cousins v. Wygoda* (1975)[32] gave precedence to the rules of the Democratic National Convention over the Illinois statutes regarding the selection of that state's delegates to the convention, thus abrogating state control of party matters and moving toward centralization of party control at the national level. State control of elections was weakened further by a 1981 Supreme Court decision that upheld the National Democratic Party's right to restrict participation in Democratic presidential preference primaries to party members.[33] At issue was Wisconsin's open primary in which voters could participate regardless of party affiliation. Party reforms relating to selection of delegates undercut state party power along with the *1965 Voting Rights Act* and the 18-year-old vote amendment also infringed on state powers to control the franchise and conduct elections.

Moreover, in case after case, the Supreme Court's decisions to place individual rights under the due process and equal rights clauses of the 14th Amendment ahead of states' rights, have undercut state authority. In cases involving racial justice, equity, civil liberties, and criminal justice, the Court has invoked the amendment in a manner that has diminished state authority. The *Brown v. Board of Education*[34] case in 1954 stimulated a wave of cases aimed at racial justice. *Reynolds v. Sims* (1964)[35] and subsequent reapportionment cases limited state options in drawing district lines for representation in legislative bodies. *Roe v. Wade* (1973)[36] restricted state authority to ban abortions. *Gideon v. Wainwright* (1963)[37] established the right of the accused in criminal cases to counsel, thus, in effect, requiring states to provide it. Employment of personnel on a patronage basis came under attack in *Elrod v. Burns* (1976),[38] when the Court held their First and 14th Amendments rights were violated when they were discharged for partisan reasons. *Branti v. Finkel* (1980)[39] followed this reasoning. The major significant victory for states occurred when the Court decided in *National League of Cities v. Usery* (1976)[40] that Congress did not have the authority to extend to state and local employees provisions of the *Fair Labor Standards Act* relating to overtime hours and wages. While none of these court decisions has destroyed the pluralism inherent in the American system, each has whittled away at the core of state political power.

Nevertheless, the states remain the repositories of much of the political power in the nation. A factor in maintaining this is the revitalization of their political processes, thanks in an ironic way to the reapportionment decision of the Supreme Court and the voting rights legislation of Congress. These processes now are more open, more competitive, and characterized by broader participation than ever before. And from them are formed 50 different representational systems, whose varying values, policy and program preferences, fiscal arrangements, and approaches to local governments suggest other than a managerial intergovernmental program role.

States, for example, still provide their citizens ample opportunity for choice among key public policies. Witness the diversity of public assistance support, legislation on punishment for capital offenses, funding for abor-

tions, ratification of the equal rights amendment, as well as public sector collective bargaining and right-to-work laws. Opportunity for choice among values diffuses opposition to government and builds support for the regime.

The differing roles of states as direct service providers continue substantially intact, although sharing of functions is greater and governmental services in general are more intergovernmentalized. States are the dominant service providers, providing more than 55% of the expenditures in most of the states in highways, state-local public welfare, hospitals, health, natural resources, and corrections. In addition, they now pay most of the court and school costs. In other areas, such as water transportation, they often provide most of the financing (see *Table 6* in *Chapter 2*) and they have become increasingly important in mass transit services. Even when their traditional functions—such as highways and health—are heavily assisted by federal grants, states continue to support them with large outlays.

If one looks only at broad functional areas and not at their components, the picture is clouded and there is a resultant diminution of the importance of state participation in service delivery. States provide some components of activities that are financed primarily by other governments. In the functional area of education, for example, where major responsibility for financing until recently rested with local governments, states have been major deliverers in public higher education. Similarly, within the general area of police protection, states provide crime laboratories.

Often overlooked are the major state responsibilities in the provision of criminal justice and the regulation of business. States are the prime designers of the criminal justice system and determine state and local responsibilities within it. Their courts handle more than 90% of the cases tried in the United States. They also provide other related services—such as prisons and correctional institutions, state police, and financial and technical assistance—for local activities in this area.

State responsibilities for the regulation of business encompass almost every phase of business activity and include the enactment of commercial codes governing business relations; entrance into business; laws on contracts; legal provisions for property ownership, use, and disposal; taxation; sale of securities; and unfair business practices. They regulate closely certain businesses such as utilities, banks, common carriers, and insurance companies license professions and occupations; and institute certain provisions relating to labor and employment. Moreover, to a limited degree, states themselves engage in business. They may sell alcoholic beverages, operate toll roads, bridges, and wharfs, run lotteries, or maintain funds for malpractice insurance—for example North Dakota goes farthest in this connection, operating a bank as well as a mill and grain elevators, and maintaining a casualty and bonding insurance business.[41] Moreover, states do all kinds of other things that affect the quality of life of their citizens—particularly in the exercise of the police power to protect the public—and theirs is likely to be the first response to major emergencies and disasters.

Although federal preemption has siphoned off some of the regulatory powers of the states, their overall regulatory capacity remains strong. While they were losing some authority to the federal government, they took on other areas of activity. Among the new areas are surface mining regulation, consumer protection, hazardous waste disposal, and land-use regulation (especially wetlands), to name only a few. In other areas, they increased both the scope and intensity of their regulations. Their traditional role in licensing professions has expanded to include new occupations and activities. They do more in environmental protection, both on their own and at the instigation of the federal government. They have moved to prescribe standards for both mobile and modular home construction, nuclear waste disposal, and nursing homes, for example, and have prohibited such actions as the use of children for pornographic pictures and job discrimination between sexes.

All of these activities, and many more, follow different patterns, for the most part, in each of the 50 systems. This reflects the diverse compromises reached within each state as a result of differing political and societal values and economic resources.

States remain the architects and empowerers of local governments within their boundaries with substantially undiminished control. Only insofar as GRS and direct federal grants to local governments have shored up local political power has their position changed in this respect.

Long called the "laboratories of democracy," states today are making a reality of this textbook description, which applied only in a limited sense in the period from the late 1920s to the early 1960s. Actually, states do not ordinarily engage in calculated experiments with programs in the scientific sense. They undertake innovations in order to solve the different problems they face and such initiatives broaden the scope of choices for policymakers at all levels and enable small-scale testing of untried programs and procedures. Such innovations as sunset legislation, zero-based budgeting, equal housing, no-fault insurance, and the U.S. Senior Executive Service had their beginnings in the states. Pioneering actions in gun control, pregnancy benefits for working women, limited-access highways, education for handicapped

children, auto pollution standards, and energy assistance for the poor are only a few instances of other innovative state actions. There is no reason to believe that such resourcefulness will not continue, but again within 50 different laboratories.

These numerous "independent" actions suggest that the states have not scrapped the traditional role that stems from their being differentiated political and representational systems. If anything, some would argue that this role has been revitalized in the past decade-and-a-half, even as the role of planner, partial banker, and coordinator of big, largely intergovernmentally financed, programs emerged.

There are at least two basic roles, then, which the states now have assumed, and neither eclipses the other. Sometimes they complement one another (as when the national government is looking for new policies that have been "tested" or when federal grant programs require cost-sharing or a differentiated approach to implementation). But in other instances, they conflict with one another, as with federal mandates, intrusive conditions attached to grant programs, and other federal actions that undermine the very political processes that federal actions in the mid-1960s did so much to reform.

To sum up, the states have assumed a major coordinative, planning, and funding role in big domestic programs, and they have reasserted themselves as vital representatives of 50 varying political, social, and fiscal value systems. The two combined, whether complementary or in conflict, suggest a major revitalization of the states' overall functional role in the federal system. They have become its arch supports.

STATE CAPABILITY

> The governments of the states deserve to be objects of their citizens' concern. They seldom are. And when they are, the concern is about their powers—that they are being robbed of powers by the national government or that they are robbing cities and towns of powers appropriately local. Few worry constructively about how well the states use the powers they have. Yet if the states fail the test of competence, of capacity for use of power, they weaken their claims to repossess powers lost to the national government, to retain powers now in hand, and to expand powers over complex urban area problems.[42]

This statement by James W. Fesler, in introducing the background papers for the American Assembly on *The Forty-eight States: Their Tasks as Policy Makers and Administrators* in 1955, points up a truism in regard to concern with state governments. Attention usually has been devoted to what states ought to do and not toward their ability to do it. During the mid-1960s, nonetheless, attention began to be focused more intently on the states' capacity to carry out their responsibilities, largely as a result of urban problems. The argument was that the federal government had to deal directly with local jurisdictions because states were incapable of carrying out their functions. Roscoe C. Martin made this charge in the following words:

> If a federal system, and specifically the American system, is to function properly all members of the partnership must be strong and vigorous. It is a central conviction of this study that this precondition to success does not now obtain in America in that the states have not been able or willing to assume their share of federal responsibilities, particularly during the last three decades, and that the national government has been compelled to develop active relations with local governments in order to make the American system operationally effective.[43]

Albert L. Sturm chronicled complaints more directly related to the competence of state government while discussing the constitution of West Virginia a few years earlier. He listed the following problems engendered by poorly devised state constitutions:

- a cumbersome, unrepresentative legislature, inadequately staffed to perform the lawmaking function intelligently, with excessively restricted powers, often unresponsive to public needs, especially in urban areas, and subject to manipulation by selfish interests;
- a disintegrated and enfeebled executive with power widely dispersed and responsibility divided among a large number of elective officials on all levels, and an administrative structure of great complexity featured by duplication, overlapping, inefficiency, and waste;
- a diffused, complicated, and largely uncoordinated judiciary, often lacking independence, with judges selected on a political basis and frequently without professional qualifications on the lower levels;
- rigid restrictions on local government that seriously impede home rule;

- a long ballot listing a bewildering array of candidates and issues and rendering the task of even the most intelligent voter exceedingly difficult;
- provisions for amendment and revision so rigid, in some constitutions, as practically to deprive the people of the opportunity to alter their basic law, and, in others, so lax as to encourage too frequent changes; and
- inclusion of a mass of detail in the constitution, blurring the distinction between constitutional and statutory law, and necessitating frequent amendments.[44]

Even the National Commission on Intergovernmental Relations—better known by the name of its chairman, Meyer Kestnbaum, appointed by a Republican President to determine what functions should be returned to the states—criticized these jurisdictions.[45]

Stung by widespread criticism of their operations, states undertook to correct their deficiencies during the 1960s and, in the words of one scholar, "are entering the 1980s in their strongest position since the 1850s. From many perspectives, the states increasingly appear to be the strongest tier of the federal arrangement."[46]

Yet, concerns about state capability continue. As Fesler wrote in 1980:

> Generalizations about the capacities of all the state governments or all local governments are risky and the evidence is given diverse interpretations. The central tendency takes this form: the capabilities have been poor; they are improving; there is a long way to go. A 16-agency federal committee said in 1975, "there remain many doubts in the federal government as to whether many if not most state and local governments actually have sufficient capacity (in) policy management, needs assessment, goal-setting and evaluation, and resource management."[47]

An examination of recent changes affecting the major institutions and processes of state government should help to explain why favorable assessments are occurring more frequently as well as why doubts remain. It also should assist in determining whether the states are capable of effectively performing their roles in the federal system. This section will examine the alterations made in state constitutions, executives, legislatures, administrative structures, court systems, central management, openness, and finance to see the scope and direction of the changes that have been made in the quarter century since Fesler wrote and the Kestnbaum Commission reported.

Any attempt to evaluate state government on the basis of these reforms is complicated by the lack of agreement on the kinds of standards that are needed for evaluation, by the diversity of the states and their governmental systems, and by the paucity of data in some areas. Moreover, the question arises as to whether the changes that have occurred—and there have been many—have made a real difference in the quality of life and the satisfaction of the citizens. How can one say, for example, that a state without a "professional" legislature is not as well governed as a state with such an institution, particularly if the citizens of the first state do not want to spend the money to buy the resources that professionalism involves? And does it mean that a state has a more efficient or effective government simply because it has reorganized its executive branch or adopted a new constitution? Change is not always for the best as the shift from the early, short state constitutions to later documents riddled with restraints demonstrates. And what works well in the political climate of one state may prove ineffective for another.

Consequently, the standards used here for evaluation will be general ones on which ACIR relied for a previous study of functional distribution among levels of government—economic efficiency, fiscal equity, political accountability, and administrative effectiveness. *Economic efficiency* means the supplying of a service at the lowest possible cost. *Fiscal equity* involves the financing of a function with the greatest possible fiscal equalization. *Political accountability* refers to adequate popular fiscal control. *Administrative effectiveness* relates to authoritative, technically proficient, and cooperative administration.[48] Because of the paucity of information and the diverse needs of the respective states, no attempt will be made to determine if the changes that states have made produce better policies or outcomes. Emphasis will be on the *capacities* of the states to improve their performance. In other words, the study will try to determine if states are stronger in terms of their ability to operate with greater efficiency, equity, accountability, and administrative effectiveness, whether or not they in fact do.

The criteria against which the capacity of each component of the state governments will be judged are those gathered from political science literature and from the recommendations of knowledgeable groups concerned with state governments. Some of these may conflict, and others certainly have not been universally accepted as desirable. No attempt will be made to rank states on the basis of these standards, although the quantity of alter-

ations could be considered an indicator of state willingness to seek improvement.

State Constitutions

The political life of each state takes place within the boundaries established by the federal and state Constitutions. These fundamental documents provide the basic rules by which the game of politics is played and according to which governments operate. Their provisions handicap some individuals and interests and offer advantages to others. Since the national Constitution leaves to the states or to the people all powers not denied the states or granted to the national government, either directly or by implication, the state constitutions impose the major legal restraints on state action.

A constitution determines the structure of government in a state to a substantial degree. It is here that the decision is made as to whether the legislature will be bicameral or unicameral, whether judges will be appointed or elected, and what other elective officers there will be. It is here that the basic local government structure often is set out and where the powers of government are distributed among levels, branches, and agencies according to the prevailing theory as to how they should be divided.

CONSTITUTIONAL DEVELOPMENT

Early state constitutions were brief, rarely exceeding 5,000 words, and did not provide fully for all aspects of government. In general, they vested almost all basic powers of government in state legislatures. The paucity of authority granted to the Governor reflected the fear of a strong executive resulting from the colonial experience. In later years, particularly during the 19th Century, more and more restrictions were placed on the representative bodies, particularly as antidotes to the legislative excesses of the Reconstruction Period and the financial scandals of the pre-1900 decades. The end result was legislative inability to do much, wrong or right, and a general ineffectiveness in these bodies. While Governors grew in strength, they were hobbled by the emergence of elected or legislatively appointed boards and commissions that fractionated their executive authority and competed with them for control of the administrative machinery of the state.

Substantial constitutional revision occurred during the decades of the 1850s and 1860s, but thereafter constitutional changes resulted largely from piecemeal amendment until 1950 when efforts at comprehensive constitutional revision began to yield results. (See *Figure 2.*) In the 60 years between 1900 and 1960, only eight new constitutions were adopted, although about one-fourth of the states held conventions. The decades between 1910 and 1940 were particularly unproductive, with only one state adopting a revised constitution: Louisiana rewrote its constitution twice. On the other hand, states were not slackers in the use of piecemeal amendments. In the first two decades of the 20th Century, approximately 1,500 constitutional amendments were proposed and 900 adopted. Many of these prohibited action and cumulatively added to state government difficulties.

By 1920, many states operated under the handicap of out-of-date, restrictive constitutions that impaired their ability to meet the crisis imposed by the Great Depression of the 1930s. The emphasis in constitutional change had been on restricting state action rather than on facilitating problem solution. When constitutional deficiencies were coupled with unrepresentative state legislatures, weak Governors, and financial distress, the states lost public confidence and were ripe for reform. Nevertheless, during the almost quarter-of-a-century from 1921 to 1945, no state adopted a new constitution; however, Virginia (1928) and New York (1938) did make extensive revisions.[49]

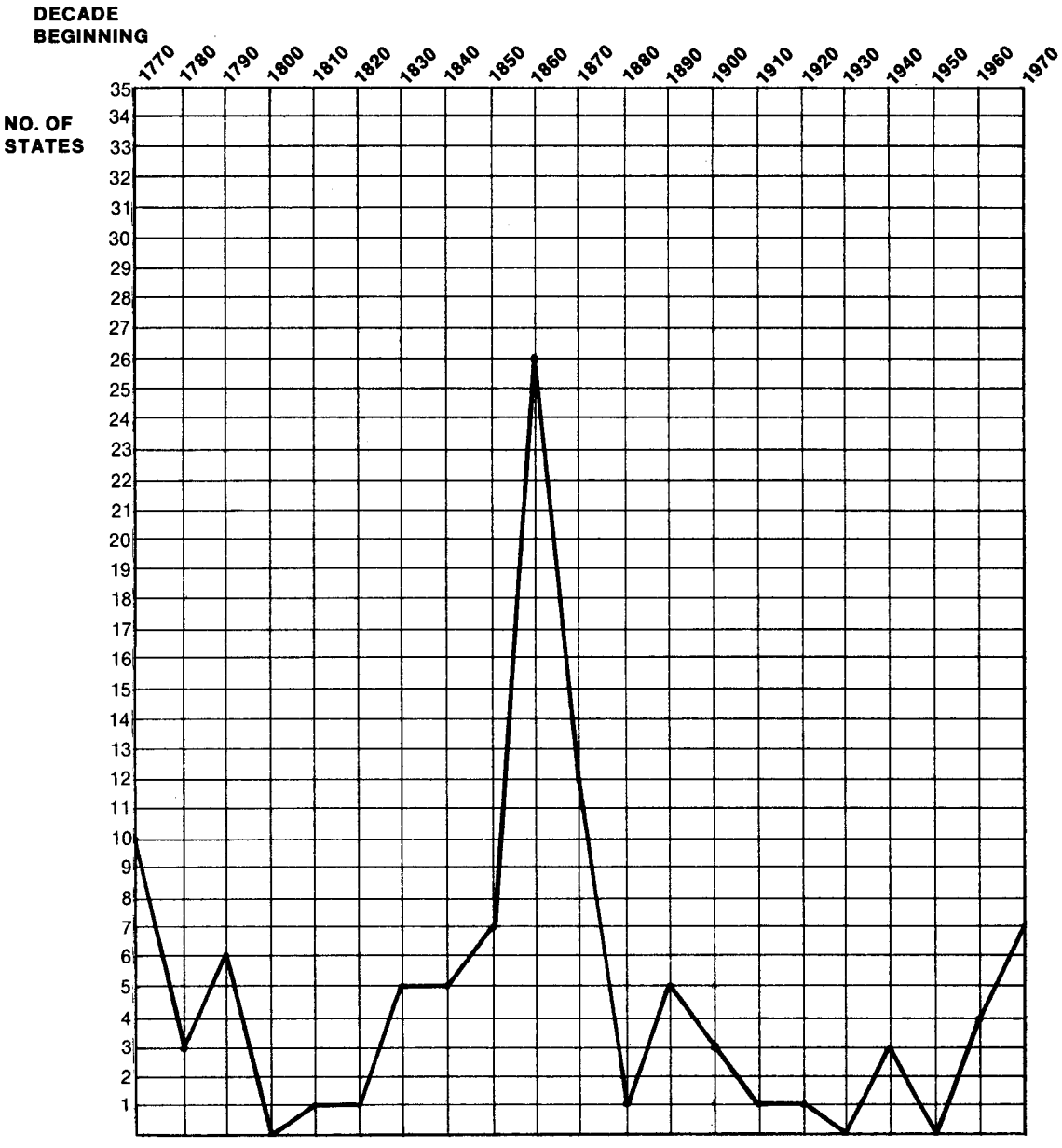
Georgia and Missouri finally broke the seeming impasse with new constitutions in 1945, followed by New Jersey in 1947. Nevertheless, state constitutions still were in need of revision when the Kestnbaum Commission completed its work in 1955. It reported to the President that:

> . . . many state constitutions restrict the scope, effectiveness, and adaptability of state and local action. These self-imposed constitutional limitations make it difficult for many states to perform all of the services their citizens required, and consequently have frequently been the underlying cause of state and municipal pleas for federal assistance. . . .
>
> The commission believes that most states would benefit from a fundamental review and revision of their constitutions to make sure that they provide for vigorous and responsible government, not forbid it.[50]

The commission was only one of many voices urging reform of state fundamental charters. For example, the National Municipal League designed its first Model State Constitution in 1921 and continued its advocacy of revision through research publications and by offering assistance to those concerned. The American Assembly, meeting at Columbia University in 1955, recommended:

Figure 2

State Constitutional Revision by Decade 1776-1970*



* Does not include adopting of original constitution.

SOURCE: The Council of State Governments, *The Book of the States 1980-81,* Lexington, KY, 1980, p. 16. Hawaii was added to the decade of the 1970s because of the extensive 1978 revision to its 1950 constitution.

> . . . those states which have not already done so, should take steps to secure a modernized, short, basic state constitution; further, that in every state citizens be given the right to call constitutional conventions at periodic intervals.[51]

The Committee on Economic Development, the National Governors' Association, the Council of State Governments, the Public Administration Service, state Leagues of Women Voters, other citizens' groups, and individual Governors and other leaders added their voices to the clamor for constitutional modernization. Writing in 1967, Terry Sanford, former Governor of North Carolina, recommended in his influential book, *Storm Over the States*, that:

> State constitutions, for so long the drag anchors of state progress, and permanent cloaks for the protection of special interests and points of view, should be revised or rewritten into more concise statements of principle.[52]

Interest in constitutional revision in this period did not arise overnight, nor was it primarily the outcome of the Kestnbaum recommendations. It resulted from a convergence of forces from many different directions and culminated years of effort to achieve reform. To some degree, it appeared to be compelled by the U.S. Supreme Court's decisions on reapportionment in the early 1960s. The "one man, one vote" requirements established by the Court necessitated state constitutional change. In at least one state, Hawaii, the question of calling a constitutional convention was ordered to be placed on the ballot by a federal judge who ruled that apportionment of that state's senate was invalid. The voters approved the call in 1966, and Hawaii's relatively new constitution was revised extensively.[53] In New Jersey, the state supreme court was credited with precipitating the constitution convention of 1966.[54] Another consequence of reapportionment, in the opinion of John Bebout, a longtime advocate of governmental reform, was the removal of some of the resistance to constitutional change on the part of those who had opposed revision in the past for fear it would lead to alteration in existing legislative apportionment.[55] With reapportionment mandated, other changes appeared less threatening.

RECENT REVISION EFFORTS

In the quarter-of-a-century since the Kestnbaum Commission pointed up the weaknesses of state constitutions, there has been almost frenzied activity in the realm of state constitutional revision. While the number of states adopting revised constitutions did not reach the peak of the 1770s or 1860s, Sturm wrote in 1977 that there had been "official action to modernize constitutions in more than four-fifths of the states since mid-century."[56] Since 1955, a total of 10 states, excluding Alaska still operating under its original document of 1956, have adopted new, revised constitutions. These are: Connecticut (1965), Florida (1968), Georgia (1976), Illinois (1970), Louisiana (1974), Michigan (1963), Montana (1972), North Carolina (1970), Pennsylvania (1968), and Virginia (1970). Hawaii's constitution can be considered significantly revised since it adopted 34 amendments proposed by convention in 1978. In addition, New Hampshire completed the process of considering 27 amendments submitted in a series beginning in 1974 and culminating in 1980.[57]

These figures do not reflect all of the efforts at constitutional reform. While in some states efforts to convene conventions were unsuccessful, most states had constitutional commissions at work during the period, and conventions were held in a large number of states. The work of conventions in Arkansas, Florida, Maryland, New Jersey, New York, New Mexico, North Dakota, Rhode Island, and Virginia was rejected at the polls and efforts of constitutional commissions sometimes came to naught. Diligence was frequently rewarded, nonetheless, as portions of the rejected documents were submitted piecemeal by the legislature and adopted. These frequently revised entire articles and contained major reforms.

CRITERIA FOR AN EFFECTIVE STATE CONSTITUTION

> Strictly speaking, there can be no such thing as a Model State Constitution because there is no model state.

These words from the introduction to the National Municipal League's *Model State Constitution*[58] point up the problem of setting out criteria for constitutions in all states. Each state has its own political culture and constitutional variations throughout the country often reflect this. Nevertheless, there are some generally accepted principles that have been developed as a result of what has and has not worked in the past. Prominent among them are those advanced by the National Municipal League, which has been preparing and publishing model state constitutions since 1921. Drafted by committees of practitioners and scholars, these serve as guidelines for constitution drafters and reflect basic principles of effective constitutions.

In general, state constitutions are best when they are brief and written in simple, clear language; when they include provisions of lasting duration rather than those which are transitory in nature; and when they are unencumbered by restraints on the state government that are unlikely to be needed. In addition, each should provide for adjustment to emerging conditions by orderly change through amendment and revision.

Specific suggestions, often reflecting the concerns of ACIR and the National Municipal League, as well as the Governors, were set out in the *1967 Report to the National Governors' Conference* (now Association) by its Study Committee on Constitutional Revision and Government Reorganization. As stated in the report, these are:

> 1. The state constitution should express only fundamental law and principle and omit procedural details except, of course, for procedural provisions in the bill of rights.
>
> 2. Outmoded, obsolete detail should be removed from the constitution, and material relating to a common subject should be placed in the same article.
>
> 3. A constitution commission composed of persons representing the public as well as government is the best instrument for studying and recommending revision under (1) and (2) above.
>
> 4. Revision of the executive, legislative, and judicial articles should be on the basis of a "whole article" rather than a piecemeal approach.
>
> 5. The legislature should be permitted to meet in annual sessions of unlimited length.
>
> 6. More authority, fiscal and otherwise, should be granted to local governments, in order to allow governors and legislatures to concentrate on state problems.
>
> 7. The amendment process should be liberalized to allow legislatures to submit more amendments of greater scope and with more frequency; submission of whole articles dealing with the same subject would permit more rapid constitutional improvement.
>
> 8. One of the most challenging areas of constitutional reform is the fiscal article, which is often a jungle of lengthy and tangled provisions and restrictions; this article should have high priority in revision, and the legislature should be allowed the widest possible range of tax and appropriation alternatives.
>
> 9. There should be provision, in addition to legislative option, for placing before the voters at stated intervals the question of whether a constitutional convention shall be called; voters should also have the power, through the initiative process, to call a convention and propose amendments.[59]

These principles can be used as one yardstick for measuring the progress states have made in revising their constitutions to provide for more effective government.

REVISION OUTCOMES

Has all the revision activity of the past quarter-century followed these precepts? Do states have significantly improved constitutions as a result of the revision and amendment processes?

An exact assessment is impossible to make. The sheer volume of amendments precludes a careful comparison with the material they replaced. Moreover, differing political cultures and circumstances among the states may make an advance in one setting a regression in another. In addition, the results are mixed. While some states undoubtedly have more workable documents, changes in others added further shackles.

Nevertheless, in general, present-day constitutions conform more closely to the general principles of brevity, simplicity, basic provisions, lack of encumbering restraints, and a reasonable process for amendment or revision, as well as to the more explicit standards of the National Governors' Conference set out above. An examination of the alterations in terms of these standards clarifies the picture.

1. *"The state constitution should express only fundamental law and principle and omit procedural details except, of course, for procedural provisions in the bill of rights."*

The states still have a long way to go in divesting state constitutions of procedural details. Yet, some progress has been made, particularly in the revised constitutions. Six out of ten of those referred to above have substantially fewer words. More than 200,000 words were deleted in the Louisiana revision alone. On the other hand, the unrevised documents tend to be longer and more detailed than they were in 1969, largely as a result of continuing amendment over the decade. More than half of them are longer. States are making an effort, nonetheless. Eleven states with older constitutions managed to eliminate considerable detail by piecemeal amendment. All of these trends are reflected in *Table 32*.

2. *"Outmoded, obsolete detail should be removed from the constitution, and material relating to a common subject should be placed in the same article."*

Many outmoded details fell by the wayside in the new constitutions adopted since 1955, and approval of new or revised documents provided an opportunity for incorporating into unified articles all material previously scattered through numerous amendments. Both Georgia and North Carolina edited and rearranged their entire documents. Often editing is a prelude to article-by-article revision such as that now underway in Georgia.

Examination of the older charters reveals improvements as well. For example, a staff report of the California Joint Interim Committee on Constitutional Revision, prepared in 1947–48, is reported to have listed as obsolete 81 provisions of that state's constituion.[60] Many of these were removed in the early 1970s. Included were prohibitions against slavery (Art. I, Sec. 18), sections dealing with the Emergency Relief Administration in the 1930 Depression (Art. XVI, Sec. 10), San Francisco's powers in regard to the 1915 World Fair (Art. XI, Sec. 8a), and the assessment of property damaged by the earthquake of 1933 (Art. XIII, Sec. 8a).

In addition, several states deleted references to male suffrage that are contrary to the 19th Amendment to the federal Constitution, as well as reducing the age for voting from 21 to 18 to conform to the 26th Amendment. Moreover, such provisions as West Virginia's prohibition against salaried officers of railroads serving in the legislature—a measure incorporated at a time when frauds associated with the granting of rights of way for railroads were prevalent—fell victim to revision, as did New York's reference to feudal land tenures. New Hampshire removed an authorization for towns to support "protestant teachers of piety, religion, and morality," which spoke to another age, as did the deleted Oklahoma section defining races of people. Tennessee dropped its prohibition against interracial marriage and other states eliminated sections relating to slavery, dueling, and other anachronisms. A check of obsolete provisions cited by David Fellman in a study published in 1960[61] revealed that, by 1980, states had pared many of them out of their constitutions.

3. *"A constitutional commission composed of persons representing the public as well as the government is the best instrument for studying and recommending revisions under (1) and (2) above."*

On this point, the states score high. Constitutional commissions have been used extensively during the past quarter-of-a-century. During the period from 1955 to 1969, a total of 52 commissions were in operation.[62] Twenty operated during the 1970s.[63] In addition, Utah established a permanent statutory commission, and the 1968 Florida constitution mandated the establishment of a commission ten years following its adoption. This first revision commission with constitutional status was authorized to submit amendments directly to the voters.[64]

4. *"Revision of the executive, legislative, and judicial articles should be on the basis of a 'whole article' rather than a piecemeal approach."*

Performance here is mixed, although states have made efforts to revise entire articles. Such article-by-article revision is now underway in Georgia. Whole-article revision has most often been used to improve the judiciary article since the adoption of unified court systems usually involved major changes. With most states reforming their judiciaries in the last 20 years, states get good marks on this aspect of entire-article revision. Several states have also adopted new executive articles. For the most part, however, only parts of legislative and executive articles have been affected by the amendments.

5. *"The legislature should be permitted to meet in annual sessions of unlimited length."*

Progress has been marked in regard to state legislatures. A total of 37 states allow annual sessions. Of these, 14 instituted annual sessions during the last ten years. Furthermore, 28 legislatures can call themselves into special session.[65] In some instances, the length of legislative sessions has increased, but, for the most part, state legislatures are still limited to a specified number of days. Overall, they have more control over their meetings and are spending more time in session than was previously the case. Legislatures will be discussed in detail later in this chapter.

6. *"More authority, fiscal and otherwise, should be granted to local governments, in order to allow Governors and legislatures to concentrate on state problems."*

State performance in regard to this recommendation is mixed. Although recent actions by states generally have loosened the apron strings attached to local units—especially counties—in terms of home rule and general authority, they have tightened financial controls. Forty-one states now have constitutional home rule for at least some classes of cities and 28 states give similar authority to counties.[66] In addition, there has been greater devolution of powers; that is, the authority to exercise all powers not denied them. The 1978 Iowa constitutional amendment granting home rule authority to cities did so by the devolution of powers approach.[67]

Table 32

COMPARISON OF STATE CONSTITUTIONS BY LENGTH, 1969 AND 1979

	Effective Date of Present Constitution	Shorter (−) Longer (+) About Same (0)	Estimated Length (number of words)		Number of Amendments	
			1969	1979	1969	1979
Alabama	1901	+	95,000	129,000	284	383
Alaska	1959	+	12,000	12,880	2	16
Arizona	1912	−	24,500	23,825	65	88
Arkansas	1874	−	45,900	38,654[a]	60	66
California	1879	−	62,000	34,000	227	424
Colorado	1876	+	32,800	45,600		98
Connecticut	1965	0	7,960	7,900	0	12
Delaware	1897	−	20,000	18,700	48	101
Florida	1969	−	39,000	25,000	152	21
Georgia	1977	0	47,500	48,000[b]	654	81
Hawaii	1959	+	15,000	17,255[a]	28	71
Idaho	1890	+	000	21,323[a]	81	92
Illinois	1971	−	21,700	13,200	14	0
Indiana	1851	0	10,400	10,225[a]	22	7,534
Iowa	1857	+	11,300	12,500	29	43
Kansas	1861	+	8,500	11,865	56	77
Kentucky	1891	+	21,500	23,500	18	24
Louisiana	1974	−	253,800	35,387[a]	530	4
Maine	1819	+	12,950	13,500	110	140
Maryland	1867	+	40,368	41,031	125	185
Massachusetts	1780	+	17,200	34,000[c]	91	113
Michigan	1964	0	19,510	20,000	3	13
Minnesota	1858	−	15,065	9,491[a]	92	102
Mississippi	1890	0	22,268	23,500	44	48
Missouri	1945	+	30,951	40,134[a]	22	49
Montana	1973	−	22,000	11,363	37	6

Nebraska	1875	0	19,000	18,802[a]	125	173
Nevada	1864	+	17,000	19,735	78	86
New Hampshire	1784	–	12,200	9,450	60	71
New Jersey	1948	+	15,000	16,980	12	23
New Mexico	1912	+	24,000	27,066	73	95
New York	1895	–	50,000	41,000	168	195
North Carolina	1971	–	19,375	13,250	69	18
North Dakota	1889	+	20,000	30,000	90	106
Ohio	1851	+	32,400	36,300	57	129
Oklahoma	1907	+	63,170	68,500	79	102
Oregon	1859	+	23,400	24,700	132	163
Pennsylvania	1968	+	13,750	21,675	84	12
Rhode Island	1843	+	16,000	19,026[a,c]	30	43
South Carolina	1896	–	33,000	22,500[d]	330	441
South Dakota	1889	–	25,000	23,250	75	87
Tennessee	1870	+	11,500	15,300	18	31
Texas	1876	+	46,000	61,000	191	235
Utah	1896	–	20,600	17,300	65	62
Vermont	1793	+	5,000	6,600	44	52
Virginia	1971	–	35,000	18,500	35	9
Washington	1889	–	30,000	29,350	54	70
West Virginia	1872	+	22,600	25,550[a]	39	51
Wisconsin	1848	+	11,000	13,435	99	112
Wyoming	1890	+	15,600	27,600	32	46
American Samoa	1967		6,000			7
Northern Mariana Islands	1977		9,281[a]			6
Puerto Rico	1952					

[a] Actual word count.
[b] This figure includes provisions of statewide applicability only; if sections relating to individual local jurisdictions were included, the estimated total would be 600,000 words.
[c] The printed constitution includes many provisions that have been annulled. The length of the effective provisions is: in Massachusetts, estimated 21,555 words (12,445 annulled); in Rhode Island, 11,399 words (7,627 annulled).
[d] Of the estimated length, approximately two-thirds are of general statewide effect; the remaining are local amendments.
SOURCE: *Book of the States, 1980–81,* Lexington, KY, The Council of State Governments, 1980.

Tax limitation fervor accompanying the 1978 adoption of California's popularly initiated Proposition 13, which severely restricted state and local taxes, led to stricter state control over local spending in a number of states. In 1978 alone, constitutional propositions relating to local tax or spending limitations were on the November ballot in seven states and were adopted in four: Alabama, Michigan, Missouri, and Nevada. Similar proposals were defeated in Colorado, Nebraska, and Oregon, and Michigan voters turned down one of two proposals.[68] Voters in the 1980 elections added local constitutional fiscal restraints in Massachusetts and Arkansas, while seven other states rejected similar measures.[69] Imposition of financial limitations will be discussed in greater detail later in this chapter.

7. *"The amendment process should be liberalized to allow legislatures to submit more amendments of greater scope and with more frequency; submission of whole articles dealing with the same subject would permit more rapid constitutional improvement."*

Procedures for legislative submission of amendments have been liberalized in recent years. Montana eliminated its constitutional limitations on the number of amendments that could be submitted at any one election and Kentucky raised its ceiling from two to four. By 1980, only four states—Illinois, Arkansas, Kansas, and Kentucky—and Puerto Rico put limits on the number that could be placed on the ballot in any one year. Moreover, Vermont reduced the intervals for submission of amendments from ten to four years and West Virginia allowed referenda on amendments at special elections. In a slight modification, Illinois lowered the legislative vote required for proposal from two-thirds to three-fifths. Nationwide, since 1966, constitutional revision by all means has been made easier in 28 states.

8. *"One of the most challenging areas of constitutional reform is the fiscal article, which is often a jungle of lengthy and tangled provisions and restrictions; this article should have high priority in revision, and the legislature should be allowed the widest possible range of tax and appropriation alternatives."*

No one can say that states neglected fiscal matters when amending their constitutions in recent years. A glance at *Table 33* will confirm that more constitutional amendments during the 1970s related to taxation and finance than to any other subject. On the average, the states enacted about four amendments apiece concerning fiscal matters during the decade. Although authorizations for a state income tax provided more options for the legislature in securing revenues, the existence of this new alternative was overshadowed by limits placed on taxes or spending discussed under item 6 above. In total, state constitutions probably became more restrictive in this area during the 1970s.

9. *"There should be provision, in addition to legislative option, for placing before the voters at stated intervals the question of whether a constitutional convention should be called; voters should also have the power, through the initiative process, to call a convention and propose amendments."*

Despite the fact that the states made progress in conforming to the first part of this standard, more than half of them still do not conform. Three states added a provision for periodic submission of the convention question to the electorate during the 1970s, bringing the total to 14. Rhode Island adopted a requirement for a vote on calling a convention every ten years, and Illinois and Montana specify submission of the question at 20-year intervals.

At the present time, no state constitution includes a provision for the voters to initiate the call for a constitutional convention. Voters in 17 states, however, can initiate single amendments. Illinois (for the legislative article only), Montana, and South Dakota added this device during the last decade.

AN ASSESSMENT

Some changes would elicit condemnation by constitutional reformers. By most standards, however, states, overall, have made progress in constitutional reform in the quarter of a century since the Kestnbaum Commission report. Most of the completely revised constitutions are significantly better than their predecessors. As a whole they are shorter, more clearly written, modernized, less encumbered with restrictions, more basic in content, and have more reasonable amending processes. They also establish improved governmental structures.

In their study of constitutional conventions held between 1964 and 1970, Cornwell, Goodman, and Swanson devised a scale of constitutional reform, based on the National Municipal League's *Model State Constitution*, against which they analyzed the documents produced by the conventions. All seven proposed constitutions were deemed to be an improvement on the documents they would replace. Some states were unprepared for this much change, however, and proposed constitutions in Rhode Island, New York, Maryland, New Mexico, and Arkansas were not approved at referendum. Citizens of Hawaii and Illinois ratified the proposed documents.[70]

Table 33

SUBSTANTIVE CHANGES IN STATE CONSTITUTIONS PROPOSED AND ADOPTED, 1970–71, 1972–73, 1974–75, 1976–77, 1978–79

	Total Proposed					Total Adopted					Percentage Adopted				
Subject Matter	1970 –71	1972 –73	1974 –75	1976 –77	1978 –79	1970 –71	1972 –73	1974 –75	1976 –77	1978 –79	1970 –71	1972 –73	1974 –75	1976 –77	1978 –79
Proposals of Statewide Applicability	300	389	253	283	295	176	275	171	189	200	58.2	70.7	67.6	66.8	67.8
Bill of Rights	13	26	9	10	17	11	22	6	6	15	84.6	84.6	66.7	60.0	88.2
Suffrage and Elections	39	34	23	17	12	23	24	20	14	9	59.0	70.6	86.9	82.4	75.0
Legislative Branch	42	46	40	40	37	19	25	27	18	25	45.2	54.3	67.5	45.0	67.6
Executive Branch	27	36	34	32	16	22	25	20	23	12	81.5	69.4	58.8	71.9	75.0
Judicial Branch	17	35	20	34	25	11	26	18	32	19	64.7	74.3	90.0	94.1	76.0
Local Government	21	30	13	7	27	15	23	12	3	13	71.4	76.7	92.3	42.9	48.1
Taxation and Finance	50	85	49	56	68	29	56	33	41	39	58.0	65.9	67.3	73.2	57.4
State and Local Debt	25	24	18	36	19	10	15	6	20	9	40.0	62.5	33.3	55.6	47.4
State Functions	46	40	23	42	31	26	36	16	25	24	56.5	90.0	69.6	59.5	77.4
Amendment and Revision	13	19	8	2	11	7	12	7	1	10	53.8	63.1	87.5	50.0	90.9
General Revision Proposals	7	2	12	1	1	3	1	33	1	1	42.9	50.0	25.0	100.0	100.0
Miscellaneous Proposals	*	12	4	6	31	*	10	33	5	25	*	83.3	75.0	83.3	80.6
Local Amendments	103	141	99	116	100	48	93	85	91	77	46.6	65.9	85.9	78.4	77.0

* Not compiled for 1970–71.

SOURCE: The Council of State Governments, *The Book of the States, 1980–81*, Lexington, KY, The Council of State Governments, 1980, p. 5.

Samuel W. Witwer, President of the 1969 Illinois Constitutional Convention, in a ten-year retrospective on that document, commented:

> . . . as we "fathers and mothers" of the new Constitution hold our reunion, I think we can celebrate more than just the tenth anniversary of the convening of our nine-month adventure in constitutional revision. We can also celebrate the document itself.[71]

Witwer pointed particularly to the salutary effect of the abolition of the personal property tax, the home-rule provisions for cities and counties, the new nondiscriminatory provision of the bill of rights, ethics provisions requiring public disclosure of assets by public officials, and the new initiative provision in regard to the legislative article of the constitution. He also cited numerous other constitutional changes that had been beneficial to Illinois citizens.

While documents not subject to a total revision process have not improved to the same extent as those completely rewritten, on the whole they, too, are more workable documents. Many continue to be too detailed and outmoded and need editing and to be shorn of legislative-type detail, and some place undue roadblocks to effective government. Nevertheless, improvements have been substantial.

Many of those who have studied constitutional reform and followed developments carefully in this field tend to agree with this assessment. Writing about developments during the period from 1959 to 1976, Leach said:

> A great deal was indeed accomplished—state and local governments were generally revivified and redirected, if not in every detail, in many. Conspicuous for the advances made in state government as a result of constitutional revision were Connecticut, Hawaii, and Illinois. And the ideas generated by and expounded in the debates of the conventions and commissions are still very much alive, producing the likelihood that more changes is still in store. . . . It is possible to conclude that American states have gone a long way toward modernizing the bases of their governments since 1959, continuing a trend begun long before that.[72]

Leach also pointed out that, "There are not many constitutional horrors left."[73]

Another constitutional authority, Sturm, also writing in the mid-1970s, agreed that there had been progress but noted:

> Since midcentury, more official attention has been given to revising state constitutions than during any comparable period since the Reconstruction Era. Yet, despite effective constitutional reform in approximately one third of the states during the last two decades, major weaknesses remain in others that seriously handicap the states in effectively discharging their responsibilities in a federal system.[74]

Neal Peirce, one of the respected commentators on state government, after pointing up the unprecedented state efforts to reform their basic charters during the 1960s and 1970s, wrote:

> Comparatively speaking, the weight of constitutional restriction on action by state and local governments, while still formidable, is only fractionally as great as it was 10 to 20 years ago.[75]

Fairly general agreement exists as to the direction the reform efforts took. They dealt with most of the deficiencies of state constitutions outlined earlier by Sturm. Although certainly not all of these shortcomings were eliminated, the changes:

- reduced constitutional detail;
- improved the amending process;
- strengthened the executive powers of the Governor by eliminating some other elective officials, allowing the Governor to serve successive terms, lengthening the gubernatorial terms, and providing for team election of Governor and Lieutenant Governor;
- established unified court systems in many states;
- improved legislative capability by providing for regular apportionment, annual legislative sessions in most states, and greater legislative control over the time and length of sessions; and
- extended home rule and tax authority for local governments.

All constitutional changes during the period since Kestnbaum were not advances for state and local governments and much remains to be done. Nevertheless, it is fairly safe to say that significant progress was made in revising basic documents to improve state and local capability in many states. Details of changes as they apply to specific institutions and processes of state government will be discussed in later sections of this chapter.

Legislatures

Perhaps more than any other state institution, state legislatures have been criticized for their real and imagined shortcomings. They have borne the brunt of the abuse heaped upon the states. In 1966, Vanderbilt University Chancellor Alexander Heard pointed to their failings, commenting:

> State legislatures may be our most extreme example of institutional lag. In their formal qualities they are largely 19th-Century organizations and they must, or should, address themselves to 20th-Century problems.[76]

Much of the criticism was deserved. Legislatures were unrepresentative, in the sense that each member did not represent an equal number of individuals, largely because many of the bodies refused to reapportion themselves to meet population shifts. This condition existed until the 1960s when reapportionment was forced as a result of the U.S. Supreme Court's decision in *Baker v. Carr* (1962)[77] and subsequent cases. Prior to the court-mandated reapportionment, several states had missed a number of decennial redistrictings. Vermont, for example, with its legislative composition written into its constitution, had not reapportioned since 1793. Connecticut's last redistricting of both houses dated back to 1818, Mississippi's to 1890, Delaware's to 1897, and Alabama's to 1901.[78] Other states also lagged, and many had undergone major population growth and shifts. As a consequence of underrepresentation of urban areas, the needs of these communities often were ignored or casually treated.

Other shortcomings also could be laid at the door of the legislatures. While the amount of corruption was often blown out of proportion by the press, those who had the inclination to engage in unethical or corrupt practices were rarely deterred by codes of ethics, conflict-of-interest statutes, or financial disclosure legislation, since such laws were nonexistent in many states. Legislatures also operated as "sometime governments," meeting only for limited periods once every two years in most instances and suffering from frequent turnover in membership. Moreover, they tolerated clumsy and inefficient operations, discouraging to those who wanted to get things done.

Other criticisms were less deserved and sometimes resulted from constitutional requirements or constraints difficult to change. For the most part, however, the problem probably rested with publics that did not allow their legislatures to do very much. Witness the explanation of the Citizens Conference on State Legislatures:

> . . . if legislatures have functioned largely as a "drag" upon state government, it is not because the things they have done have been so bad; rather it is because they have not done very much. And this for the most part is the way the public seems to regard them: as institutions whose existence they are only faintly aware of and whose impact upon their lives, to the extent they feel it at all, is extraordinarily feeble.[79]

"We have never really wanted our state legislatures to amount to much," the Citizens Conference points out, "and they have obliged us."[80]

REFORM EFFORTS

Efforts to reform state legislatures—aimed at making them represent all citizens equally, follow democratic practices, and become decisionmaking bodies able to respond effectively to the needs of the citizens of their respective states—have been underway for a long time. These efforts became particularly intense during the 1960s and 1970s and continue today.

Many individuals and groups have been involved. The American Assembly, ACIR, the American Political Science Association, the Citizens Conference on State Legislatures,[81] the Council of State Governments, and the National Conference of State Legislatures, among others, have advocated and worked for changes.

Despite the variations among the proponents of reform, the programs they have proposed reflect remarkable similarity. A leading legislative scholar summarizes the recommendations as follows:

1) elimination of many constitutional limitations on the authority of state legislatures, including limits on the taxing power, earmarking of revenues, requirements on referenda, and legislator compensation;
2) increase in the frequency and length of legislative sessions, without limitation of time or subject;
3) reduction of the size of legislative bodies, so that they are no larger than fair representation requires;
4) increase in compensation and related benefits, with expenses of legislative service fully reimbursed;
5) the adoption of more rigorous standards of conduct, by means of codes of ethics and conflict of interest, disclosure, and lobbying legislation,

as well as ethics committees or commissions with some enforcement powers;

6) adequate space and facilities for committees and individual members, including electronic data processing and roll-call voting equipment;
7) improvement of legislative operations, to ensure efficiency in the consideration of bills and the widespread dissemination of procedural and substantive information;
8) strengthening of standing committees, by reducing their number, defining their jurisdictions, and improving their procedures; and
9) increasing the number and competence of legislative staff, including staff for the leadership, committees, and rank-and-file members.[82]

CITIZENS CONFERENCE CRITERIA AND STATE PERFORMANCE

The Citizens Conference on State Legislatures conducted a major study of state legislatures in 1969–70, evaluating each and making both general and specific recommendations for improvement.[83] Unfortunately for the present study, no comprehensive follow-up evaluation has been made. Data assembled from a variety of sources, however, indicate that substantial progress has been made in the last decade. Throughout the country, states moved to unleash and modernize their representative bodies.

This section will examine a number of the more important of the 72 general recommendations contained in the Citizens Conference study and indicate the extent of reform that has occurred, if any. Importance to the legislative process and data availability determined the selection. The lack of information on some points produced gaps.

1. *Reduce the overall size of the legislature.*

The conference justified this recommendation in the following words:

> Ideally, a legislature should be large enough to represent and reflect the diverse elements of its constituency, and small enough to get things done. A legislative body that is too large usually finds it difficult to function without strict discipline, or an extremely centralized operation, either of which defeats the purpose of a large membership—to be accurately representative of the varying views and interests of all the people. . . . The larger the membership, the less time there is for genuine debate and deliberation, the less chance there is for each member to make his views known and his voice heard.[84]

It recommended that membership in the most populous chamber, called here the house of representatives for purposes of convenience, should not exceed 100 and that the combined membership of both houses should be between 100 and 150.

Since all state senates are small enough for the expeditious conduct of business—with the largest in Minnesota numbering 67 in both 1969 and in 1979—attention will focus on the houses of representatives.

Here, progress has been slight. Houses of representatives are still too large for effective deliberation and operation. Partially as a result of reapportionment, seats were added during the 1960s. To avoid the controversies that occur when some areas lose representatives and some legislators must sacrifice seats, legislatures in several states expanded their membership rather than oust colleagues. Others used the occasion to reduce the size of their houses of representatives somewhat. Among the changes made during this period were:

Up	
Nebraska	43–49 (Senate)
Delaware	17–22
Florida	95–112 (House)
	38–43 (Senate)
Maryland	123–142
New Mexico	66–77
Down	
Iowa	108–99
Mississippi	140–122

In addition, Illinois reduced the size of its House from 177 to 118 in 1980.

Overall, the change in size between 1969 and 1979 has been slight. As the states entered the decade of the 1980s, 22 had houses of representatives that exceeded the recommended size of 100 as compared to 23 in 1969. Currently, the states having house memberships in excess of 100 are: Alabama, Connecticut, Florida, Georgia, Illinois, Kansas, Louisiana, Maine, Maryland, Michigan, Minnesota, Mississippi, Missouri, New Hampshire, New York, North Carolina, Oklahoma, Pennsylvania, South Carolina, Texas, and Vermont. Alaska and Nevada have the smallest chambers with 20 members each.[85] New Hampshire takes the obesity prize, with 400 members—a situation that led one experienced observer of that body to tell the citizens conference that "about 15 members really determined things."[86] A total of 18 states exceeded the recommended combined membership of 150 in 1979 in contrast to 20 in 1969.[87]

Despite the paucity of recent reductions in size, some improvements can be detected if a longer time period is

surveyed. *Table 34* below shows a comparison of the size range of houses of representatives in 1951 compared with 1979.

2. *Remove constitutional restrictions on session and interim time.*

> The legislature should have authority to function throughout a two-year term; ideally, this authority should provide a flexible biennial session pattern that permits the legislature to convene, recess, and reconvene as it deems desirable. The legislature should be able to meet in general session or conduct interim work as it deems necessary at any time throughout the period.[88]

Past practice limited legislatures in most states to biennial meetings with sharply limited sessions (60 to 90 days). In 1951, for example, only ten states allowed annual sessions. By 1969 the figure had risen to 26. By 1979, in addition to the California legislature which meets year-round, 36 states had provided for annual sessions and many had provisions for session extension. A total of 15 states, in addition to California, had annual sessions unrestricted in length. These were Arizona (rules require adjournment), Arkansas, Colorado, Idaho, Illinois, Iowa, Massachusetts, Michigan, New Jersey, New York, Ohio, Pennsylvania, South Carolina, Vermont, and Wisconsin.[89]

Table 34

SIZE RANGE OF LOWER HOUSES*

	1951	1979
50 or less	2 states	2 states
51 to 100	22 states	24 states
101 to 150	14 states	15 states
151 to 200	3 states	5 states
201 to 300	5 states	1 state
301 to 400	1 state	1 state

* Alaska and Hawaii, with 40 and 51 members respectively, are excluded from the 1979 figures for comparative purposes. The Illinois change from 177 to 118 in 1980 is not reflected here.

SOURCES: The 1951 figures are from W. Brooke Graves, *American State Government*, Boston, MA, D.C. Heath, 1953, p. 210 and the 1979 figures are from *Book of the States, 1980–81*, Lexington, KY, Council of State Governments, 1980, p. 85.

The number of legislative days increased as well, although the exact number is difficult to compute because states are inconsistent in reporting sessions in calendar or legislative days. The 19 states that reported legislative days for both 1969 and 1979 showed a 16% increase in days met. On the basis of both annual sessions and length of sessions, the states appear to be conforming more closely to the recommendation.

3. *Legislative power to call special sessions.*

> Amend the constitution to permit the legislature to convene special sessions either by petition of a majority of the members of both houses or the call of the presiding officer of each house.[90]

Until recently, most state constitutions restricted the ability of the legislature to convene special sessions, bestowing that authority on the Governor instead. Governors often were reluctant to call an extraordinary session, preferring the freedom from interference afforded when legislators were back in their districts. This recommendation is aimed at enhancing the legislature's authority to manage its own affairs.

As recently as 1963, a total of 36 states did not permit their legislatures to convene special sessions, and those that did often required an extraordinary vote (exceeding a majority) to do so. By 1969, the number had been reduced to 32. The pace of reform moved faster in the next decade; and when the 1979 legislatures met, less than half the states (22) still had this restriction. Most of those without this restriction required an extraordinary vote to convene the session.

4. *Power to expand special session agenda.*

> Amend the constitution to permit the legislature to broaden the subject matter of a Governor's call of a special session by a majority vote in each house, or prohibit the restriction of the agenda by the Governor.[91]

In the past, state constitutions often limited legislative authority by allowing the Governor to restrict the business considered at a special session to those matters set out in the call for the session. In 1963, slightly more than half of the states permitted their legislatures to determine matters to be considered at a special session. By 1969, a total of 31 states had given the legislature such authority and by 1979 the figure had grown to 35, including Arkansas, where the legislature can extend an extraordinary session by a two-thirds vote for consideration of its own program.[92]

In a related matter, fewer states placed limitations on the length of special sessions. Only 16 did so by 1979.

5. *Bill carry-over.*

> Amend the Constitution to permit the carry-over of bills from one session to the next within the same term.[93]

Since annual sessions were not prevalent until recently, it is understandable that provisions for carrying over bills from one session to another, as the Congress does, were rare. Yet, by 1979, one-half of the states allowed this practice.[94]

6. *Reduce the number of committees.*

> Ideally, there should be from ten to 15 committees in each house, parallel in jurisdiction. This would reduce the general complexity of the legislature and would permit reducing the number of committee assignments per member.[95]

Change here has been substantial. The number of committees has declined markedly over the years, now amounting to fewer than half the number that existed in 1931.[96] More recently, the number of house committees declined from a total of 1,226 in 1963 to 942 in 1969 and to 877 by 1979. Similarly, states decreased senate committees from 1,039 in 1963 to 834 in 1969 and to 688 by 1979.[97]

More than three-fourths of the states (39) reduced the number of house committees between 1963 and 1979. Of the other states, seven increased the number, and three made no change. Nebraska, with a unicameral legislature called the Senate, has no house of representatives, and Connecticut and Maine use only joint committees. An even larger number of states (42) *collapsed* the number of senate committees, while three increased them and the other five made no changes. The average number of house committees fell from 25.0 in 1963 to 19.2 in 1969, and 17.9 by 1979. For the same period, the average number of senate committees dropped by three to 13.7. In a few states, at least, the decline was accompanied by an increase in the number of subcommittees, thus mitigating the effectiveness of the changes to some extent.

7. *Reduce the number of committee assignments.*

> In order to make it possible for members to concentrate their attention and contribute effectively, there should be no more than three committee assignments for each member of the lower house and four committee assignments for each member of the senate. Multiplicity of assignments introduces problems of scheduling, strains the focus of attention on the part of members, and creates an inordinately heavy workload for members if committees are as active as they should be.[98]

Comparative figures as to the number of committee assignments are not available; however, for the most part, members currently are assigned to relatively few committees. In both senates and houses of representatives, members may serve on one to seven, with house members serving on three or fewer committees in 42 states and senators serving on three or fewer in 21 states. Depending on the committee and on subcommittee assignments, this may be an overload nonetheless.[99]

8. *Open committees.*

> The rules of each house should prohibit secret meetings except in matters which affect the security of the state, or which could unnecessarily damage the reputation of individuals in personnel matters. Such exceptions should be sparingly and responsibly employed.[100]

The states earned an "A+" on this recommendation: All of the states now require open meetings. In Connecticut and North Carolina, certain matters specified by statute can be discussed in executive session. Connecticut requires approval of two-thirds of the members present and voting and the stating of the reasons for the closed meeting. In North Carolina, the appropriation committees are required to sit jointly in open session.[101]

9. *Notice of meetings.*

> The rules should require a minimum notice of five legislative days for committee meetings and hearings, with widely disseminated announcement of schedule, location, agenda, and availability of public participation.[102]

Here, again, state legislatures do well. While comparable data are not available, most states do require advance notice of committee meetings and hearings, although the time varies with the importance of the bills. Thirty-five state houses of representatives and 33 senates give advance notice.[103]

10. *Uniform committee rules.*

> There should be uniform, published rules of committee procedure in both chambers.

Approximately two-thirds of the states now have uniform rules of procedure that apply to all committees. As

of 1979, 36 states had uniform committee rules in their houses of representatives and 32 had them for their state senates. In addition, nine of the 15 legislatures with joint committees had adopted uniform rules.

11. *Record and publish proceedings of committees.*

> Record and publish the vote record of committee hearings, proceedings, and votes.

12. *Publish committee roll calls.*

> The committee report of action on bills to the respective houses should include roll calls taken, showing how each member voted. These committee reports should be available to the press and public. Roll calls should be published for those bills recommended for approval as well as bills killed.

Action on these recommendations is uncertain. In 1970, a total of 20 state legislatures never published committee proceedings and only nine always did. No comparable figures are available for 1979. In that year, however, 29 states recorded roll-call votes.

13. *Quantity of bills introduced.*

> An extraordinarily high number of bill introductions inevitably clogs the entire legislative machinery and should be reduced. One alternative would be to use short bill forms (as done in Hawaii); another would be to require multiple authorship of bills rather than permit the introduction of identical bills by separate authors. The short-form bill has certain advantages in that it permits a member to introduce a statement describing the intent of the legislation which he proposes, but it is not drafted in legal language. Under this system the committees to which such short-form bills are referred have the obligation of combining them into omnibus legislation sponsored by the committee itself.

The number of bills introduced in American state legislatures boggles the mind. In the 1977–78 session, a total of 198,824 were placed in the hopper. Of this number nearly one-quarter, or 44,319, were enacted.[104] While the quantity varies both among legislatures and between sessions of the same body, in most states even reading them would be a formidable task. New York legislators, faced with almost 20,000 bills in the 1977–78 session, must have been forced to abdicate their responsibility completely to consider most of them.

Numerical limits on the number of bills introduced are in effect in four states—Nebraska, Indiana, Colorado, and Tennessee. The provisions differ in their operation, with Nebraska's the most stringent. There, each member is limited to 17 each biennium, while standing committees may introduce ten each. Six states provide for the short-form bills recommended in the above recommendation; however, Connecticut is the only state in which it is used extensively. There appears to be little evidence that most legislatures have taken themselves in hand to stop the clogging of legislative machinery with frivolous bills.

14. *Bill deadlines.*

> The orderly flow of work through the legislature depends upon the existence of a series of deadlines at various critical stages throughout the legislative process. These deadlines should be adopted as part of the rules and should be consistently enforced.

States have performed creditably in establishing deadlines for the introduction of bills. While compliance with this recommendation is not universal, 35 states have fixed time periods for the introduction of legislation. In addition, Alaska has a deadline for the second session of the biennium only. Another 22 states have cutoff dates for bill drafting requests made of their legal staffs.

The most detailed deadline system establish cutoff dates for drafting requests, bill introduction, committee action in the house of origin, final action in the house of origin, and similar steps in the second chamber. Oklahoma's is an example of this type of requirement.[105]

Presession Bill Filing. Another measure for ensuring more orderly legislative activity and maximization of legislative service agencies is the provision for filing of bills before the legislature convenes. Although the Citizens Conference on State Legislatures did not recommend presession bill filing, it is closely related to bill deadlines.

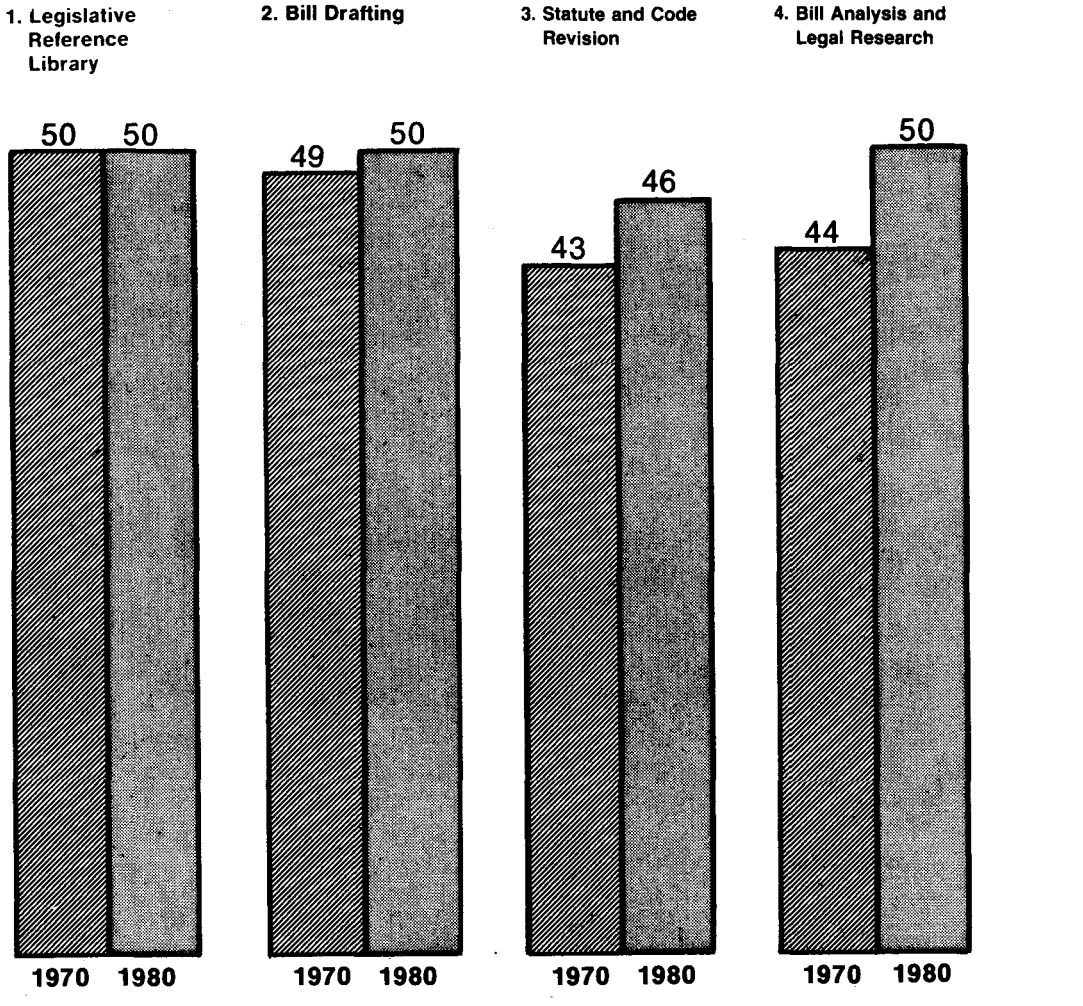
A total of 43 states have provisions for prefiling in their houses of representatives, up from 25 in 1969. In addition, Idaho provides for presession filing in the senate only and Nebraska for its unicameral body (senate). Fewer states (33) make provision for prefiling for the second session of the biennium than for the first.[106]

15. *Require roll call on passage of bills.*

> A recorded roll call should be required on final passage of any legislative measure, and it should require a constitutional majority to pass any bill on final action by either house.

Figure 3

State Legislative Services, 1970–80



1970—Reference Library Facilities
1980—Legislative Reference Library Facilities

1970—Bill Drafting for Legislature
1980—Bill Drafting

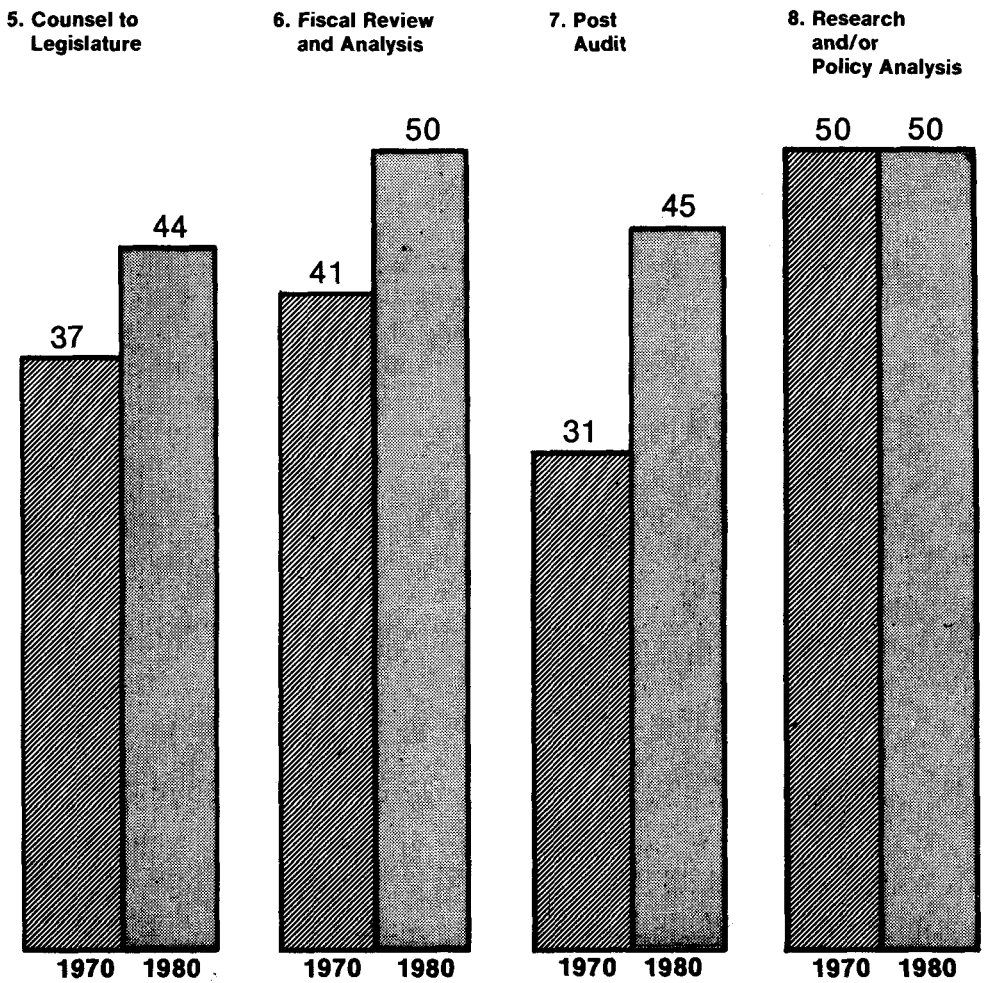
1970—Statutory Revision
1980—Statute and Code Revision

1970—Prepares Bill and Law Summary and Recommends Substantive Legislative Program
1980—Bill Analysis and Legal Research

SOURCE: Prepared by Leonard Shanks from *Book of the States, 1970–71* and *Book of the States, 1980–81*, Lexington, KY, The Council of State Governments, 1970, 1980.

Figure 3 (continued)

State Legislative Services, 1970–80



1970—Legal Counseling for Legislators
1980—Counsel to Legislature

1970—Continuous Study of State Revenues and Expenditures and Budgetary Review and Analysis
1980—Fiscal Review and Analysis

1970—Legislative Post Audit
1980—Post Audit

1970—Prepares Research Reports and Spot Research
1980—Research and/or Policy Analysis

16. *Electric roll-call recorder.*

> There should be an electric roll-call recorder in each house. This is recommended not simply because it will speed up the proceedings (worthwhile as this may be), but because it is an efficient method of producing an error-free record of roll-call votes.

Some progress seems to have occurred in regard to requiring roll calls on the passage of bills or recording votes by electric recorder since the citizens council issued its recommendations to this effect. In 1979, 32 state senates and 31 houses of representatives required roll calls on all bills, up seven and six respectively, since 1969. The situation improved even more for electric recording of votes, with both houses using these devices in 11 states in 1969, 24 requring them for the house only, and one for the senate only. By 1977, 22 senates and 42 houses voted electronically.[107]

17. *Strengthen staff support.*

> Legislative research, fiscal, legal, and planning agencies should be adequately staffed to full utility and at suitable salary levels for professional qualification. Professional staffing should be at a level to enable the legislature to conduct continuous, year-round examination of state resources and expenditures as well as program review and evaluation of state agencies. This staff should also prepare fiscal notes accompanying all appropriation bills, evaluating their fiscal impact over the short and long term. Staff agencies should be upgraded to the level at which competent and timely service can be provided to every member of the legislature.

While data on the quality of staff services are not available, there is information on what legislative service agencies exist and what they do. *Figure 3* indicates the number of states having the various kinds of legislative service agencies and the increase in the number of these agencies since 1969. It will be noted that all states now have legislative reference libraries, bill analysis and legal research, fiscal review and analysis, and policy research and analysis. Given the variation existing among the states in most matters, considerable variation in quality is likely to be the case here, also.

18. *Committee staffing.*

> Standing committees should be staffed on a permanent, year-round basis.

In making this recommendation, the Citizens Conference on State Legislatures wrote:

> Most legislatures have extremely small professional staffs which must perform a wide variety of tasks and whose services are, for the most part, available only to the leadership of each house and to leaders and majority members of the two or three most important committees. The main result is that legislators and committees must rely almost exclusively on information supplied by the very executive agencies and lobbyists affected by their decisions.[108]

Since the report was issued, committee staffing has improved. All states now have professional staffing for some senate committees and 39 have professional staff for all senate committees, (although in Missouri and Wyoming it was provided on a pool basis). In five states—Alabama, Idaho, Missouri, Nevada, and North Dakota—there is staffing for the finance committee only. A similar situation exists for house committees, except that in Michigan only some house committees have professional staffing. In three—Connecticut, Maine, and Massachusetts—standing committees are joint committees. All have professional staffs.[109]

Standing committees in almost all states have clerical staffs also. Illustrative of exceptions are Colorado, which does not provide clerical staffs for committees in either house, and Indiana, which has no clerical staff for house committees.[110]

19. *Strengthen staff (rank-and-file members).*

> Rank-and-file members (majority and minority party on an equal basis) should be provided with individual staff assistance consisting of a minimum of an administrative assistant at the professional level and a secretary. Eventually, this should increase to the stated level of support both in the capitol and in the district office.

Staffs also have been strengthened for individual members. Only Idaho, Kentucky, and South Dakota provide none. In 26 state senates, there are personal staff members for each senator, 19 employed year-round and seven during the session only. Fewer individual house members have staffs. Twelve states provide year-round staff assistance to each member and seven others employ them for the session only.

The remaining states provide staffs on a shared basis in both houses with most of them serving during the session only. In addition, district staff assistance for senators is provided year-round in 13 states while Arkansas

provides it in the interim only. House members in 11 states get staff assistance and in nine states it is provided year-round.[111]

20. *Individual offices.*

> Provide private, individual offices for every member of the legislatures, ...

An individual office for each member is another aid to improving legislative performance. There, too, the states are doing better. *Table 35* reflects the extent of such facilities as of 1979.

21. *Legislative salaries.*

> Legislative salaries should be set by statute and paid in equal monthly installments throughout the biennium, and all unvouchered expense allowances should be incorporated into an annual salary. Actual and necessary expenses incurred in the process of carrying out legislative duties should be reimbursed upon submission and approval of properly vouchered evidence of expenditures.

22. *Increase legislative compensation.*

> No legislative salaries in the United States should be below the $10,000-a-year level. Compensation of legislators in the larger states should range from $20,000 to $30,000 a year.

23. *Expense allowances.*

> Members of the legislature should be allowed an expense reimbursement covering their travel and living costs while engaged in carrying out their legislative duties. The same allowance should obtain during the interim for days in attendance at interim committee meetings or other official and authorized legislative business. These allowances should be provided by statute.

24. *Retirement benefits for legislators.*

> A system of retirement benefits should be adopted for members of the legislature that is at least as favorable as that provided for state employees generally.

In the past, legislators have been poorly paid for the most part. Such a condition limits legislative offices to the relatively affluent and increases turnover—thus removing experienced members—and prevents most legislators from devoting full time to their legislative duties. It could increase the temptations to bribery as well.

Table 35

PRIVATE OFFICE SPACE

	Senate	House
All members	26	18
President/Speaker	23	30
President/Speaker Pro Tem	13	11
Majority Leader	18	23
Minority Leader/Whip	19	23
All Committee Chairmen	4	10
Some Committee Chairmen	4	5
Shared Office Space		
All members	9	11
Some members	2	5

SOURCE: "The Legislatures," *Book of the States, 1980–81*, Lexington, KY, The Council of State Governments, 1980, pp. 126–127.

Moreover, many legislators have had to reach into their own pockets for funds for necessary expenses, a sacrifice public servants should not be called upon to make.

Legislative compensation is a complicated matter, with some states paying on an annual basis while others compensate on a per-diem rate. In the latter case, calendar days are used in some states and legislative days in others. Furthermore, the states vary in providing additional compensation for officers, unvouchered expense accounts, travel reimbursement, as well as insurance and retirements benefits. In some states, compensation is set in the constitution while in others it is specified by statute or left to a compensation commission to recommend.

There is no doubt that compensation has increased markedly in current dollars. *Table 36* shows 1980 compensation figures. When the figures here—for the 38 states paying annual salaries—are compared to estimated compensation for January 1970, a decrease in the number of states paying below the recommended $10,000 minimum is reflected. In 1970, 39 states were below the recommended floor (and this followed a dramatic increase in salaries), while only 19 states were under this figure in 1980. If the figures are adjusted for inflation, however, using the consumer price index, the $10,000 limit would have to be raised to $20,052 to reflect constant dollars.[112] When this occurs, 31 states still pay below the recommended amount, leaving improvement in eight states. Where the practice of naming almost every majority party member to a leadership post pre-

Table 36

LEGISLATIVE COMPENSATION: REGULAR AND SPECIAL SESSIONS, 1980

State or other jurisdiction	Salaries				
	Regular sessions			Special sessions	
	Amount per day	Limit on days	Annual salaries	Amount per day	Limit on days
Alabama	$10	105C	...	$10	30C
Alaska	...	...	$11,750	...	...
Arizona	...	...	$6,000	...	...
Arkansas	$20	None	$7,500	$20	None
California	...	...	$25,555	...	...
			$28,110 (1981)	...	...
Colorado	...	...	$12,000	...	...
Connecticut	...	...	$8,500 (1979) $6,500 (1980)	...	...
Delaware	...	...	$9,630	...	...
Florida	...	...	$12,000	...	...
Georgia	...	...	$7,200	...	...
Hawaii	...	...	$12,000	...	...
Idaho	...	...	$4,200	...	...
Illinois	...	...	$25,000 (1979) $28,000 (1980)	...	...
Indiana	...	...	$6,000	$35	30L
Iowa	...	...	$12,000 (1980) $12,800 (1981) $13,700 (1982)	$40	None
Kansas	$35 (1980) $40 (1981) (b)	None (odd) 90C (even)	...	$35	None
Kentucky	$50	60L(c)	...	$50	None
Louisiana	$50	60L(d)	...	$50	30C
Maine	...	...	$4,500 (1979) $2,500 (1980)	...	...
Maryland	...	...	$16,000 (1979) $16,750 (1980) $17,600 (1981) $18,500 (1982)	...	...
Massachusetts	...	...	$17,840 (1979) $20,334 (1980) $21,050 (1981) $21,764 (1982)	...	...
Michigan	...	...	$25,500 (1979) $27,000 (1980)	...	...
Minnesota	...	...	$16,500 (1979) $18,500 (1980)	... ...	... ...
Mississippi	...	...	$8,100	$50	...
Missouri	...	...	$15,000	...	...
Montana	$35.50	90L	...	$35.50	None
Nebraska	...	...	$4,800	...	...
Nevada	$80	60L	...	$80	20L
New Hampshire	...	...	$100	$3	15L

Table 36 (continued)

LEGISLATIVE COMPENSATION: REGULAR AND SPECIAL SESSIONS, 1980

Travel allowance		
Per mile	Round trips home to capitol	Living expenses per day
10¢	One	$65 up to 105C [unvouchered]
25¢	One	$55 [unvouchered]
17¢ by car, 25¢ by air	Unlimited	$40 ($20 for legislators from Maricopa County) for first 120 days of regular session; after that, $20 and $10 respectively [vouchered]
18¢	Weekly	$308 per week [vouchered]
15¢(a)	One	$46 per 7-day week except when in recess 4 or more days [unvouchered]
14¢	Weekly	$20 ($10 for legislators from Denver metro area) [unvouchered]
15¢	Unlimited	. . .
15¢	Unlimited	. . .
14¢	Weekly	$35 per 7-day week [unvouchered]
15¢	Weekly	$44 per 7-day week [unvouchered]
20¢	Unlimited	$20 for legislators from outside Oahu [unvouchered]
15¢	Five	$44 each calendar day of session if residence in capital ($25 if lives at home) [unvouchered]
20¢	Weekly	$36 per L day [unvouchered]
16¢	Weekly	$44 per 7-day week [unvouchered]
15¢	Weekly	$30 per 7-day week for 120 days in odd years and for 100 days in even years [unvouchered]
20¢ (1981)		
17¢	Weekly	$44 ($50 in 1981) per 7-day week [unvouchered]
16¢	11	$75 per 7-day week [unvouchered]
19¢	Weekly	. . .
18¢	Weekly	$25 meals & housing or $12 per day meals; mileage up to $13 per day [vouchered] (e)
14¢	Daily if not lodging; weekly if lodging	$50 max. meals & lodging ($20 max. for meals); out of state: $75 per diem max. lodging & meals actual & necessary for travel [vouchered]
Varies	Unlimited	Each member, depending on residence, receives per diem allowance for mileage, meals and lodging from $2 to $32 per L day [unvouchered]
17¢	Weekly	$4,900 max. ($5,200 in 1981) [vouchered]
19¢	Weekly	$17 metro; $27 out-of-state [unvouchered]
12¢	Weekly	$30 actual daily attendance [unvouchered]
17¢	Weekly	$35 actual daily attendance [unvouchered]
17¢	Two	$40 per 7-day week [unvouchered]
16¢ if at state's convenience, 12¢ at employee's convenience	One	. . .
17¢	One	$44 per C day [unvouchered]
30¢ 1st 45 mi.; 15¢ in excess of 45 mi. to max. 40C days (f)	Unlimited	. . .

Table 36 (continued)

LEGISLATIVE COMPENSATION: REGULAR AND SPECIAL SESSIONS, 1980

State or other jurisdiction	Salaries				
	Regular sessions			Special sessions	
	Amount per day	Limit on days	Annual salaries	Amount per day	Limit on days
New Jersey	. . .	. . .	$10,000 (1979) $18,000 (1980)	. . . $40	. . .
New Mexico	$40	60C (odd) 30C (even)	. . . . . .		30C
New York	. . .	. . .	$23,500	. . .	. . .
North Carolina	. . .	. . .	$6,000	. . .	. . .
North Dakota	$5	80N	. . .	$5	None
Ohio	. . .	. . .	$22,500	. . .	. . .
Oklahoma	. . .	. . .	$12,948	. . .	. . .
Oregon	. . .	. . .	$7,848	. . .	. . .
Pennsylvania	. . .	. . .	$25,000	. . .	. . .
Rhode Island	$5	60L	. . .	. . .	. . .
South Carolina	$250	40L	. . .	$250	None
South Dakota	. . .	. . .	$3,600 (1979) $2,400 (1980)	$80	None
Tennessee	. . .	. . .	$8,308	. . .	. . .
Texas	. . .	. . .	$7,200	. . .	. . .
Utah	$25	60C (odd) 20C (even)	. . .	$25	30C
Vermont	. . .	. . .	$7,500 (1979) (g) $2,000 (1980)(g)	. . .	. . .
Virginia	. . .	. . .	$8,000 (1980)	. . .	. . .
Washington	. . .	. . .	$9,800	. . .	. . .
West Virginia	. . .	. . .	$5,136	$35	None
Wisconsin	. . .	. . .	$19,767	. . .	. . .
Wyoming	$30	40L (odd) 20L (even)	. . .	$30	None
Guam	. . .	. . .	$18,000	. . .	. . .
Puerto Rico	. . .	. . .	$9,600	. . .	. . .
Virgin Islands	. . .	. . .	$15,000	. . .	. . .

Key:
C—Calendar day
L—Legislative day
N—Natural day (24 hours)

(a) Members are furnished a leased car up to $220 per month, including gasoline and maintenance. Actual and necessary expenses for commercial air fare.

(b) Salary will be adjusted to the nearest dollar by the average percent increase of salary adjustment provided by state civil service pay plan.

Table 36 (continued)

LEGISLATIVE COMPENSATION: REGULAR AND SPECIAL SESSIONS, 1980

Travel allowance		
Per mile	Round trips home to capitol	Living expenses per day
Railroad pass for interstate travel	. . .	. . .
10¢	One	. . .
16¢	Weekly	$25 per day on business part of day outside NYC; $40 per day on business overnight outside NYC; $50 per day on business overnight in NYC or out of state [vouchered]
17¢	Weekly	$44 per 7-day week [unvouchered]
10¢	Weekly	$70 per 7-day week [unvouchered]
15¢	Weekly	. . .
12¢	Weekly	$35 per 4-day week paid only to legislators spending the night [unvouchered]
. . .	. . .	$44 per 7-day week [unvouchered]
15¢	Weekly	$7,500 max. [vouchered]
8¢	Each day of attendance	. . .
18¢	Weekly	$35 [vouchered]
18¢ (1979) 19¢ (1980)	Weekly	$50 per 5-day week [unvouchered]
19.96¢	Weekly	$66.47 per 90L days plus up to 15 organization days [unvouchered]
20¢ by car 25¢ by air	Weekly	$30 per 7-day week [unvouchered]
18¢	Unlimited	$15 per 7-day week [unvouchered]
17¢	Weekly	$17.50 if lives at home; $37.50 if housed in capitol [unvouchered]
15¢	Weekly	Up to $50 but no more than is allowed as a nonvouchered expense by the federal Internal Revenue Service ($44) [unvouchered]
10¢	One	$44 per L day [unvouchered]
17¢	Weekly	$30 per 7-day week lodging or up to $30 travel expenses if commuting [vouchered]; legislators living in Charleston, $20 for meals but may not receive travel and lodging expenses [unvouchered]
18¢	Weekly	$30 outside Madison; $15 inside Madison [unvouchered]
12¢	One	$36 per 7-day week [unvouchered]
. . .	. . .	. . .
30¢ per km. and no less than $20	Weekly	$35 if in residence within 50 km. of capitol; $45 if over 50 km. [unvouchered]
Legislative cars	Unlimited	$30 for senators who must engage in interstate travel to attend sessions [vouchered]

(c) Paid on calendar day basis.
(d) Within an 85C day period.
(e) Effective 1981: $35 meals and housing or $17 per day meals; mileage up to $20 per day [vouchered].
(f) Effective December 1980: 38¢ first 45 miles; 19¢ in excess of 45 miles.
(g) Up to this amount depending on length of session.
SOURCE: *Book of the States, 1980–81*, Lexington, KY, Council of State Governments, 1980, pp. 90–91.

vails, stipends attached to those positions boost the compensation of many members.

Compensation is still set by constitutions in nine states and these states cluster in the lower pay ranges. Alabama, Arkansas, Nebraska, New Hampshire, New Mexico, North Dakota, Rhode Island, Texas, and Utah have constitutional provisions. Seven states—Arizona, Hawaii, Idaho, Maryland, Michigan, Oklahoma, and West Virginia—employ compensation commissions, and the remaining states operate under statutory provisions.

Most states now provide both health and life insurance for legislators and all but six states—Nebraska, Nevada, North Carolina, South Dakota, Vermont, and Wyoming—have retirement systems. In most of the systems, the state contributes to the retirement fund. As *Table 36* indicates, provisions for expenses vary considerably.

Overall, the states appear to have done somewhat better in upgrading legislative compensation as it relates to direct payments and have also upgraded the so-called fringe benefits. To what extent this has reduced turnover or enabled a broader cross section of the population to serve is not known.

25. *Conflict-of-interest laws, special provisions.*

In addition to standard laws governing criminal behavior, there should be special provisions regulating legislative conflicts of interest.

Several types of restrictions and requirements could be placed on legislators to try to ensure proper behavior. The most important of these relate to conflict of interest. Most states have taken some action in this respect. All but nine states have special legislation pertaining to financial disclosure and conflict of interest for state legislators, but the effects of these laws is unknown and perhaps unknowable. Arizona, Arkansas, Delaware, Georgia, Idaho, New Hampshire, Utah, Vermont, and Wyoming do not. *Table 37* shows the pattern. The provisions of the laws are not uniform, with statutes including codes of ethics, prohibiting certain actions, requiring the disclosure of finances, and mandating disclosure of conflict of interest in varying combinations. Data on enforcement efforts are not available.

26. *Regulation of lobbyists.*

> The independence of the legislature and public confidence in its processes require the regulation of special interest advocates. Lobbyists should be required to register with an agency of the legislature, and should be required to disclose who employs them, on behalf of what objectives, how much they are paid, and how much they spend and on whom. This information should be available to the press and the public. There should be specific and automatic penalties for failure to comply with these requirements.

All states have laws requiring lobbyists to register and most require activity and expenditure reports. *Table 38* shows the extent of these. These data do not reveal the effectiveness of the legislation, however, and that is almost impossible to determine. Disclosure appears to be the most effective method of dealing with the problem of undue influence by special interests.

27. *Transfer audit function to the legislature.*

> A significant part of the legislature's ability to exercise oversight over executive departments and administrative agencies depends upon the power and capacity to conduct audits (financial and functional) of these units of the state government. These functions and responsibilities should be removed from the duties and resources of the office of auditor and should be established under a legislative auditor.

While state legislatures have traditionally exercised oversight of state finances through the legislative budget process and some postaudit activity, in recent years they have broadened their oversight activities. Legislatures in 40 states now exercise responsibility for the audit process, and many of these include program evaluation and review of federal funds allotted to the states (discussed below).[113]

OTHER LEGISLATIVE DEVELOPMENTS

State legislatures have undergone changes in addition to acting on those recommended by the Conference on State Legislatures. Undoubtedly the most important is their growing representativeness—both in terms of geographic areas and the proportion of their members that reflect various components of the population. In addition, they have moved to reassert their positions as equal branches of state government by enacting sunset legislation and by appropriating federal grant-in-aid funds to ensure their control over state programs and expenditures.

Representativeness

Along with a fairer geographic representativeness, as the result of reapportionments mandated by *Reynolds v. Sims* (1964)[114] and related cases, legislatures now reflect more

Table 37

COVERAGE AND SCOPE OF STATE PROVISIONS IN FINANCIAL DISCLOSURE/ CONFLICT OF INTEREST, 1980

State	Coverage: State legislators	Coverage: Employees of state legislature	Coverage: Elected state officials	Coverage: Appointed state officials	Coverage: State employees	Coverage: Members of state commissions	Coverage: Candidates for state office	Coverage: State judges	Scope: Includes a code of ethics	Scope: Lists prohibited acts	Scope: Financial disclosure required	Scope: Notice of conflict of interest required
Alabama	*	●	*	*	●	*	*	*	...	*	*	*
Alaska	*	...	*	●	...	●	*	*	...	*	*	...
Arizona	...	*	*	*	*	*	*	*	...	*	*	*
Arkansas	...	...	...	...	...	...	...	...	...	...	...	...
California	*	*	*	*	*	*	*	*	*	*	*	*
Colorado	*	...	*	*	*	*	*	*	*	*	*	*
Connecticut	*	*	*	*	...	●	*	...	*	*	*	...
Delaware	...	...	...	*	...	...	...	...	*	*	*	...
Florida	*	●	*	*	●	*	*	*	*	*	*	*
Georgia	...	...	...	...	...	...	*	...	...	...	...	...
Hawaii	*	*	*	*	*	*	*	...	*	*	*	*
Idaho	...	...	...	...	...	...	...	...	...	...	...	...
Illinois	*	●	*	●	●	●	*	*	*	*	*	...
Indiana	*	*	*	*	*	*	*	*	*	...	*	...
Iowa	*	*	*	*	*	*	*	*	*(a)	*	*	*
Kansas	*	●	*	●	●	*	*	...	...	*	*	*
Kentucky	*	...	●	●	●	●	●	*	*(b)	*	...	*(b)
Louisiana	*	*	*	...	*	...	*	*	*	*	*	*
Maine	*	...	...	...	●	...	...	...	...	*	*(b)	...
Maryland	*	●	...	●	●	●	●	*	*	*	*	*
Massachusetts	*	●	...	●	●	●	*	*	*	*	*	...
Michigan	*	*	*	*	*	*	...	*	*	*	(c)	*
Minnesota	*	●	*	●	●	●	*	...	...	...	*	*
Mississippi	*	...	●	...	...	*	*	*	...	*	*	*
Missouri	*	...	*	...	...	...	●	...	...	*	*	*(b)
Montana	*	*	*	*	*	*	...	*	*	*	...	...
Nebraska	*	...	*	●	●	●	...	...	...	*	*	...
Nevada	*	●	*	●	●	*	*	...	*	*	*	*
New Hampshire	...	...	...	...	...	...	...	...	...	...	...	...
New Jersey	*	*	*	*	*	*	...	...	*	...	...	*
New Mexico	*	...	*	●	●	●	*	*	...	*	*	*
New York	*	*	*	*	*	*	*	*	*	*	*	*
North Carolina	*	...	...	*	*	*	*	...	...	*	*	*
North Dakota	*	...	*	*	...	*	*	*	...	*	...	...
Ohio	*	●	*	*	●	●	*	*	*	*	*	*
Oklahoma	*	*	*	*	*	*	...	*	*	*	...	...
Oregon	*	●	●	*	●	●	*	*	*	*	(c)	...
Pennsylvania	*	●	*	●	●	●	*	*	...	*	*	...
Rhode Island	*	...	*	*	...	*	...	*	...	*	*	...
South Carolina	*	●	*	●	●	...	*	*	*	*	*	*
South Dakota	*	*	*	*	*	*	*	*	...	*	*	...
Tennessee	*	...	*	*	●	●	*	*	...	...	*	...
Texas	*	*(d)	*	*	*(d)	*	*	*	*	*	*	*
Utah	...	...	*	*	●	...	●	*	...	*	*	*
Vermont	...	...	...	...	...	...	...	...	...	...	...	...
Virginia	*	*	*	*	*	*	*	*	*	*	*	*
Washington	*	*	*	*	*	*	*	*	*	*	*	...
West Virginia	*	...	*	*	*	*	...	*	...	...	...	*
Wisconsin	*	*	*	*	*	*	*	*	*	*	*	*
Wyoming	...	...	...	...	...	...	...	...	...	...	...	...

Key:
* All
● Some
... None

(a) Within the legislative ethics committee.
(b) For legislators only.
(c) Required of some.
(d) Employees subject to conflict-of-interest provisions but not financial disclosure.

SOURCE: *Book of the States, 1980–81*, Lexington, KY, Council of State Governments, 1980, p. 32.

Table 38

REGISTRATION OF LOBBYISTS, 1980

State	Lobbyist registers with	Activity reports: Filed with
Alabama	Ethics Commission	Ethics Commission
Alaska	Public Offices Commission	Public Offices Commission
Arizona	Secretary of State	Secretary of State
Arkansas	Clerk of House, Secy. of Senate	. . .
California	Secretary of State	Secretary of State
Colorado	Secretary of State	Secretary of State
Connecticut	Ethics Commission	Ethics Commission
Delaware	Legislative Council	Legislative Council
Florida	Clerk of House, Secy. of Senate	Clerk of House, Secy of Senate
Georgia	Secretary of State	. . .
Hawaii	Clerk of either house	Ethics Commission
Idaho	Secretary of State	Secretary of State
Illinois	Secretary of State	Secretary of State
Indiana	Secretary of State	Secretary of State
Iowa	Clerk of House, Secy. of Senate	Clerk of House, Secy. of Senate
Kansas	Secretary of State	Secretary of State
Kentucky	Attorney General	Attorney General
Louisiana	Clerk of House, Secy. of State	. . .
Maine	Secretary of State	Secretary of State
Maryland	Ethics Commission	Ethics Commission
Massachusetts	Secretary of State	Secretary of State
Michigan	Secretary of State	Secretary of State(j)
Minnesota	Ethical Practices Board	Ethical Practices Board
Mississippi	Secretary of State	Secretary of State
Missouri	Clerk of House, Secy. of Senate	Clerk of House, Secy. of Senate
Montana	Secretary of State	. . .
Nebraska	Clerk of Legislature	Clerk of Legislature
Nevada	Legis. Council Bureau	Legis. Council Bureau
New Hampshire	Secretary of State	Secretary of State
New Jersey	Attorney General	Attorney General
New Mexico	Secretary of State	Secretary of State
New York	N.Y. Temporary State Commission on Regulation of Lobbying	N.Y. Temporary State Commission on Regulation of Lobbying
North Carolina	Secretary of State	Secretary of State
North Dakota	Secretary of State	Secretary of State

Table 38 (continued)

REGISTRATION OF LOBBYISTS, 1980

Frequency	Expenditures reported	Penalties for noncompliance
Monthly (a, b)	*	Fine of not more than $10,000 or more than 10 years imprisonment, or both.
Monthly (c)	*	Fine of not more than $1,000 or more than 1 year imprisonment, or both, civil penalty of $10 per day.
Annually (d, e)	*	Prosecuted as a misdemeanor.
. . .	. . .	None specified.
Monthly (d)	*	Prosecuted as a misdemeanor, subject to civil fines and 4-year prohibition from public office following conviction.
Monthly (f)	*	Fine of not more than $5,000 or 1 year imprisonment, or both; registration may be revoked.
Quarterly	*	Fine of not more than $1,000 or more than 1 year imprisonment, or both.
Quarterly	*	Prosecuted as a Class C misdemeanor.
Monthly (g); Semiannually	*	Reprimand, censure, or prohibit from lobbying (h).
. . .	. . .	Prosecuted as a misdemeanor.
Biannually	*	Prosecuted as a misdemeanor.
Quarterly (c)	*	Prosecuted as a misdemeanor subject to civil fines and possible per diem penalty.
Jan., April & July (during session)(n)	*	Prosecuted as a Class 3 felony.
Following session	*	Prosecuted as a felony.
Monthly	*	House: suspension from lobbying. Senate: cancellation of registration.
Jan.-April (i)	*	Prosecuted as a Class B misdemeanor.
Following session	*	Fine up to $5,000 or up to 5 years imprisonment, or both.
. . .	. . .	. . .
Monthly following session & annually	*	Fine of not more than $1,000 nor more than 11 months imprisonment, or both.
Semiannually	*	Prosecuted as a misdemeanor.
Semiannually	*	Fine of not less than $100 or more than $5,000.
. . .	. . .	Prosecuted as a felony.
Four times yearly	*	Fine of $5 per business day to maximum of $100 and prosecuted as a misdemeanor.
Following session	*	Fine of not more than $1,000 or 6 months in county jail for first offense, or both.
Three times per session	*	Prosecuted as a misdemeanor.
. . .	. . .	Prosecuted as a misdemeanor.
Monthly	*	Prosecuted as a misdemeanor.
Monthly	*	Prosecuted as a misdemeanor; failure to file final report is a felony.
Following session	*	Prosecuted as a misdemeanor.
Quarterly	*	Prosecuted as a misdemeanor.
(k)	*	Prosecuted as a misdemeanor; revocation of registration and prohibited from lobbying.
Following session	*	Prosecuted as a misdemeanor.
Annually	*	Prosecuted as a misdemeanor.
Annually	*	Prosecuted as a Class B misdemeanor.

Table 38 (continued)

REGISTRATION OF LOBBYISTS, 1980

State	Lobbyist registers with	Activity reports: Filed with
Ohio	Senate Clerk	Senate Clerk
Oklahoma	Joint Legis. Ethics Committee.	Joint Legis. Ethics Committee.
Oregon	Ethics Commission	Ethics Commission
Pennsylvania	Clerk of House, Secy. of Senate	Clerk of House, Secy. of Senate
Rhode Island	Secretary of State	Secretary of State
South Carolina	Secretary of State	Secretary of State
South Dakota	Secretary of State	Secretary of State
Tennessee	State Library & Archives	State Library & Archives
Texas	Secretary of State	Secretary of State
Utah	Secretary of State	. . .
Vermont	Secretary of State	Secretary of State
Virginia	Secretary of Commonwealth	Secretary of Commonwealth
Washington	Public Disclosure Commission	Public Disclosure Commission
West Virginia	Clerk of House, Clerk of Senate	Clerk of House, Clerk of Senate
Wisconsin	Secretary of State	Secretary of State
Wyoming	Director, Legislative Service Office	. . .

(a) Established by secretary of state.
(b) During session.
(c) In months when lobbying occurs.
(d) During session; quarterly during interim.
(e) Supplemental reports shall be filed monthly, on or before the tenth day of the following month, to list any expenditures in excess of $25 occurring during the month and which must be reported pursuant to this section.
(f) Plus cumulative statement yearly.
(g) For senate only.

Table 38 (continued)

REGISTRATION OF LOBBYISTS, 1980

Frequency	Expenditures reported	Penalties for noncompliance
Jan. & July	*	Prosecuted as a first or fourth degree misdemeanor.
Annually	*	Prosecuted as a misdemeanor.
Quarterly	*	Civil penalty for individuals not to exceed $250; for other than individual, not to exceed $1,000.
Biannually	*	Prosecuted as a third degree misdemeanor.
Three times per session	*	Fine of not less than $100 or more than $1,000.
Annually	*	Prosecuted as a misdemeanor.
Annually (l)	*	Fine of not more than $1,000 or 1 year imprisonment, or both.
Following session	*	Prosecuted as a misdemeanor.
Monthly (d)	*	Prosecuted as a Class A misdemeanor and subject to additional fine: prosecuted as third-degree felony if compensation contingent upon passage, defeat, approval, or veto of a bill.
. . .	. . .	Prosecuted as a Class C misdemeanor.
Annually (m)	*	Fine of not less than $100 or more than $500.
Following session	*	Penalty of $50 per day for late filing for lobbyist and employer individually.
Monthly	*	Prosecuted as a civil offense. Fine of not more than $10,000. Registration can be revoked.
Following session	*	None specified.
Semiannually	*	Fine of not more than $5,000 depending on offense.
. . .	. . .	Prosecuted as a misdemeanor. Subject to fine of not more than $200.

(h) For house only.
(i) Quarterly basis thereafter; only when required expenses are made.
(j) Name and address of person retaining records (lobbyist, his employer, or agent).
(k) Upon filing of registration statement and prior to the sixtieth day after the end of any regular or special session.
(l) Following year of registration.
(m) And after 2 months of session.
(n) And within 20 days after special session.

SOURCE: *Book of the States, 1980–81*. Lexington, KY, Council of State Governments, 1980, pp. 140–141.

varied major population groups. While there is a long way to go toward equalization, more blacks and women now sit among the lawmakers and there is a greater balance in occupational distribution. Blacks held 307 of the seats in 1979, up from 168 in 1970.[115] As of 1979, women held 10% of all seats, as compared to 8% in 1976. They are most highly represented in the Northeast, constituting 15% of the legislators in that area; and not surprisingly—given its traditional bent—is lowest in the South, at 6% (see *Table 39*). Women are twice as likely to be found in the house of representatives as in the senate.[116] The 1980 election further increased female representation. A total of 880 women legislators were elected, raising their proportion of legislative seats to 12%.[117] Their number is almost four times what it was in 1951.[118]

While lawyers are still the dominant occupational group, their number is on the decline (see *Table 40*). Lawyers made up 26% of all state lawmakers in 1966. By 1979, they constituted only 20%. Their percentage is highest in the South, at 29%, and fewest in the West, where they make up only 12%. The largest number of lawyers serves in Virginia, where attorneys constitute 53% of the legislature. Delaware is the only state which has none.[119] *Table 41* presents the distribution of occupations.

Sunset Legislation: Evaluation of Administration

Reacting to pressures both from inside and outside their own chambers, legislatures have sought to reassert their status as equal branches of state government by improving their oversight of existing programs and agencies. Beginning with Colorado in 1976, state after state adopted "sunset" legislation that would force legislative evaluation of an agency or program by establishing a specific date for its termination. Actually, as legislative management devices, sunset laws were not intended to abolish organizations or activities in most instances, but to improve evaluation of them. They are summed up in a report by the Texas Sunset Advisory Commission:

> The acceptance of this concept (sunset) has been aided by a general agreement that unless legislative bodies are forced to act, no systematic review will be directed toward the efficiency and effectiveness with which governmental programs are carried out. The sunset process is, then, an attempt to institutionalize change and to provide a process by which this can be accomplished on a regular systematic basis.[120]

Table 39

WOMEN LEGISLATORS INCREASING

	1976	1979
Northeast	12%	15%
North Central	7	9
South	5	6
West	10	12
Total U.S.	8	10

Table 40

LAWYER-LAWMAKERS DECLINING

	1976	1979
Northeast	19%	17%
North Central	18	16
South	32	29
West	14	12
Total U.S.	22	20

SOURCE: *Tables 39* and *40*, from Insurance Information Institute as reported in "Women, Educators Gain Ground in Statehouses," *U.S. News and World Report*, Washington, DC, December 17, 1979, p. 74.

By 1980, a total of 35 states had initiated some form of sunset legislation.

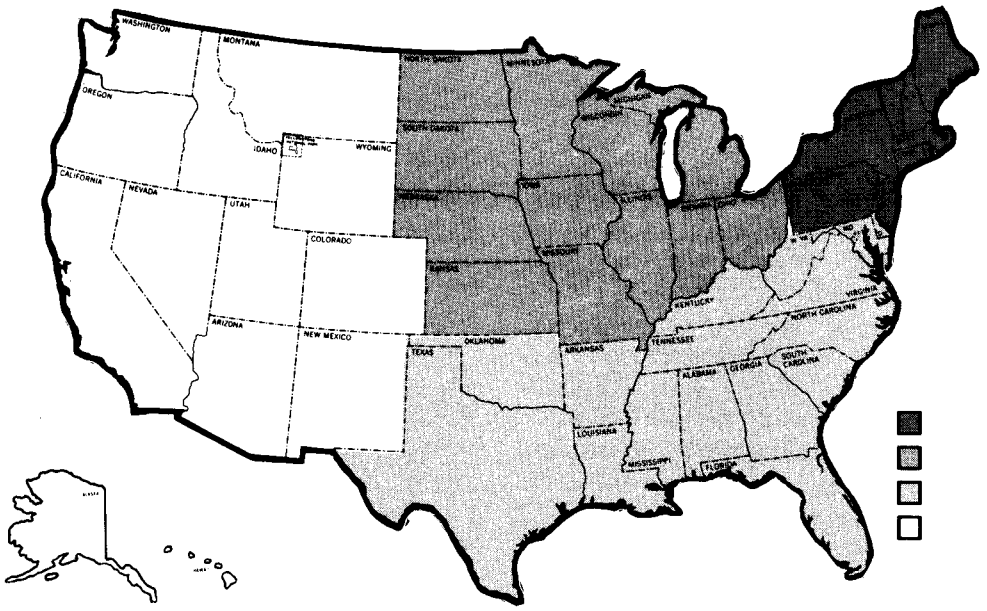
Following the lead of Colorado, there was a tendency to focus coverage on regulatory activities. Common Cause, the principal champion of the process, advocated beginning with regulatory agencies (public utilities commissions and occupational and professional licensing boards) because,

> . . . they have a heavy cost impact on the economy and are a source of much citizen dissatisfaction with government. In addition, regulatory agencies are given little scrutiny in the budget process because they generally involve little in direct state appropriations.[121]

A short trial period has produced mixed results from

Table 41

Occupations Of Your Region's Legislators



	North-east	North Central	South	West	TOTAL U.S.
Lawyers	17%	16%	29%	12%	20%
Other professionals	7	6	6	9	7
Owners, self-employed	15	12	17	14	15
Executives, managers	6	7	6	6	6
Agriculture	4	18	8	16	11
Insurance	8	5	7	4	5
Real estate, construction	6	5	8	6	6
Communications, arts	2	3	2	4	3
Other business jobs	5	4	2	6	5
Education	8	10	8	12	10
Government employees	3	4	3	4	4
Labor unions and non-profit organizations	1	2	1	1	1
Homemakers, students	2	3	2	3	3
Information not available	2	5	1	3	4

SOURCE: Insurance Information Institute, as reported in "Women, Educators Gain Ground in Statehouses," *U.S. News and World Report,* Washington, DC, December 17, 1979, p. 74.

sunset legislation. According to William Pound of the National Conference of State Legislatures, "significant agency modifications have occurred in a few states and a number of small agencies or programs, lacking active constituencies, have been terminated."[122] Nevertheless, some legislators have become disenchanted with the returns on the considerable time and effort involved, and moves to eliminate sunset processes have surfaced.

Appropriation of Federal Grants

Legislators long have been concerned with the handling of federal grant-in-aid moneys. They sought to assure legislative rather than executive priorities in the spending of state funds; to guard against excess commitment of future state dollars for matching programs without legislative approval; and to guarantee effective delivery of programs.

Others also have been troubled by the lack of legislative appropriation of federal grants-in-aid. As early as 1967, ACIR recommended state constitutional and statutory action to provide that a gubernatorial budget, covering all estimated revenues and expenditures of the state government, be submitted to each legislative session. It specifically urged that all federal funds to be spent by the state government be incorporated in the Governor's budget, because "only through such a process can the state's fiscal situation be correctly presented and understood."[123]

In 1976, the Commission again spoke to the subject, recommending that

> . . . state legislatures take much more active roles in state decisionmaking relating to the receipt and expenditure of federal grants to the states. Specifically, the Commission recommends that legislatures take action to provide for: inclusion of anticipated federal grants in appropriation or authorization bills; prohibition of receipt or expenditure of federal grants above the amount appropriated without the approval of the legislature or its delegates; establishment of subprogram allocations, where state discretion is afforded in formula-based categorical and block grants, in order to specify priorities. . .[124]

Meanwhile, state legislatures had begun action to reassert their authority. South Dakota, Pennsylvania, Oregon, and California legislatures moved to appropriate federal grant-in-aid funds during the mid-1970s. According to the National Conference of State Legislatures, over three-fourths of the states now have some provision for legislative review of federal funds received by state agencies. At least eight of these "actively" appropriate federal funds. This means they have made detailed itemization of all federal funds in appropriations acts; set legislative priorities for expenditure of block grants and General Revenue Sharing money in the appropriations acts; and have some interim authority provided to deal with approval when the legislature is not in session.[125] Other states, including New York, Rhode Island, and Wisconsin, are much less thorough in oversight of federal funds: federal appropriations are automatically appropriated to a few agencies in a nonspecific manner and there are few or no arrangements for interim review of federal funds.[126] Most states are in between these extremes. Many have one or two elements of "active" oversight, but do not go as far as itemized appropriations.

The results of these actions vary, both among the states and among the kinds of oversight exercised. In some states, legislative appropriation generated conflict between the executive and the legislature, as in Pennsylvania, when the Governor and legislature clashed over the issue.[127] The Governor sought to protect executive authority in the implementation of federally aided programs, while the legislature attempted to reassert its prerogative to determine the programs pursued by the state. It wanted to prevent state agencies from avoiding the state appropriation process. Without legislative appropriation of federal aid funds, agencies could continue or undertake programs the legislature had disallowed by substituting federal for state moneys. In addition to the legislative-executive conflict, there has been, in some instances, a substitution of legislative for federal priorities. This involves those who believe that federal dollars should be spent the way the Congress, not the state legislatures, decides.

Oversight also brought about a reduction in implied commitments by the states to provide for the future of federal programs, should the federal government decide to terminate its financial assistance. For example, in Oregon—where legislative scrutiny tends to be intense on programs that will commit the state in the future and in those areas in which the state is already active—the state turned down $20 million in *Aid to Families with Dependent Children* funds, deciding to operate the program on its own with the $20 million that would have been used to match the federal funds. Federal money was refused because the attached requirements prevented the state from tailoring the program to its needs.[128]

Other impacts of legislative oversight have included an increased visibility for federal grants in the states, increased paperwork, and a siphoning off of a substantial amount of the legislatures' time. The latter two effects

resulted in modification of the oversight arrangements in some states. Nonetheless, a report by the Department of Health, Education, and Welfare found few instances of serious delay or other problems.[129]

AN ASSESSMENT OF CHANGE

In sum, state legislatures are quite different bodies than they were 20 or even ten years ago. While the changes have been uneven and some states have participated only slightly, the overall pattern is in the direction of greater professionalism, increased openness, enhanced representativeness, and improved efficiency. The effectiveness of the reforms they have made will have to be judged in another forum. There is no adequate comprehensive evidence as to the effects of these changes.

Interestingly, the public appears to be aware of some legislative progress: A 1979 Harris poll rated state legislatures more improved than state courts or the executive branch.[130] Moreover, the poll showed legislatures outscoring the Congress on eight measures: (1) overseeing of day-to-day business of government; (2) being less wasteful; (3) inspiring trust; (4) doing a better job of dealing with inflation; (5) giving taxpayers greater value for their money; (6) doing a better job of dealing with the energy crisis; (7) keeping in touch with what people think; and (8) staying closer to the people.[131] The percentages are set out in *Table 42*.

Not surprisingly, given the above responses, respondents gave state legislatures a higher job performance rating than the Congress. *Table 43* reflects this assessment. Despite ranking them ahead of the Congress, however, less than one-third of the public was inclined to rate them as excellent or pretty good. Either the public is unaware of the magnitude of the progress made, or the changes have not resulted in greater public satisfaction with their work.

Table 42

PUBLIC ASSESSMENT OF STATE LEGISLATURES AND CONGRESS ON SELECTED CRITERIA, 1979

	RESPONSE (in percent)				
	State Legislature	Federal Congress	No Difference	Not Sure	Total
Does a better job of dealing with the energy crisis	40	33	15	12	100
Gives taxpayers less value for tax dollars	22	56	5	16	99
Is closer to the people	77	13	4	6	100
Does a better job dealing with inflation	36	28	21	15	100
Can be trusted more	46	19	22	13	100
Is more out of touch with what people think	17	68	6	8	99
Is more wasteful	11	71	9	9	100
Is better at overseeing the day-to-day business of government	57	23	5	14	99

SOURCE: Louis Harris and Associates poll, June-July, 1979, as reported in *State Legislatures*, Denver, CO, National Conference of State Legislatures, November, 1979, p. 23.

Table 43

PUBLIC JOB PERFORMANCE RATING: STATE LEGISLATURES AND CONGRESS, 1979

RATING	State Legislature	Federal Congress
	Percent	Percent
Excellent	2	1
Pretty Good	29	18
Only Fair	42	46
Poor	19	30
Not Sure	9	5
TOTAL	101	100

SOURCE: Louis Harris and Associates poll, June-July, 1979, as reported in Glen Newkirk, "State Legislatures through The People's Eyes," *State Legislatures,* Denver, CO, National Conference of State Legislatures, August-September, 1979, p. 9.

State Court Systems[132]

State judicial systems perform vital roles in the administration of justice in the U.S. Moreover, they are major decisionmakers and allocators of values in the political system.[133] Because of the aggregate of the cases that come before the courts of the 50 states, they probably have a greater impact than the federal courts on the American quest for equal justice for all, according to Justice William J. Brennan, who served on the New Jersey Supreme Court before becoming a justice of the U.S. Supreme Court.[134]

Despite the existence of a parallel federal court system with concurrent jurisdiction in many instances, the bulk of all litigation takes place in state courts. In fact, 96% of all cases are handled in these forums.[135] Hence, the only contact that an average citizen is likely to have with the judiciary is in the proceedings before state courts. Consequently, state judicial systems must be capable of administering justice equitably and expeditiously.

As is true of other state institutions, court systems have received adverse evaluations over the years. Critics have pointed to fragmented and confusing systems with no central administrative organization; unqualified judges, often chosen more for party service than judicial merit; continuance in office of senile, arbitrary, or corrupt judges; conflict of interest of judges who devoted only part of their time to the courts; the unequal financing of courts in various parts of a state; and long delays in litigation, among other deficiencies. Some of these criticisms could be directed at federal courts as well.

The problems were the result, in part, of piecemeal development of court structures over the years. The fragmented systems that emerged were characterized by overlapping jurisdictions and confusing, complex judicial organizations that functioned with difficulty. The resulting proliferation and duplication of courts meant both wasted resources and uneven justice. Litigants were able to shop around for the court with the most favorable environment since judges, rules, and practices varied widely from court to court. Choice of a court frequently determined the outcome of the case. Lower courts, particularly, dispensed uneven and unequal justice.

Furthermore, no one was actually responsible for the operation or supervision of a state's judiciary as a whole. The fragmented character of the courts and the lack of data, communication, and skilled administrators resulted in an inefficient use of judicial manpower that no overall court authority had the power to remedy. Case backlogs lengthened and delays of two or three years before trial became commonplace. Such delay resulted in damage to all parties and reduced public confidence in the courts.

State courts became mired in problems because most had changed very little from the time they were first created and they were unable to handle the explosion in litigation that occurred at mid-20th Century. Judicial systems that were organized in the 18th and 19th Centuries clearly could not satisfy the demands of the 20th Century without adaptation and alteration. As the population grew and Americans increasingly exercised their penchant to "take it to court," the caseload increased even more dramatically. Between 1955 and 1979, the population rose by 36%. During the same period, the number of cases disposed of increased by about 1,000%.[136]

RECOMMENDATIONS FOR REFORM

Substantial agreement existed among proponents of judicial reform on the changes that should be made.[137] Major recommendations related to:

- reorganization into a unified, simplified court system;
- establishment of a state administrative office for the courts;
- selection of judges on a merit basis;
- creation of machinery for the discipline and removal of unfit judges;
- mandatory retirement at age 70;
- requirements that judges be licensed to practice law;

- requirements that judges serve full time; and
- full state assumption of court costs.[138]

REFORM PROGRESS

The reform movement began with Missouri in 1945 and New Jersey in 1947 and picked up speed with the new constitutions of Alaska and Hawaii, followed by changes in eight other states in the early and mid-1960s: California (1966), Colorado (1966), Illinois (1962, 1970), Michigan (1964), Nebraska (1962, 1966), New Mexico (1966, 1967), New York (1961), and Oklahoma (1967) all remodeled their court systems during this period.[139] Reform efforts accelerated during the 1970s, with most states taking steps to modernize their systems. The reforms were directed principally at court structure and administration and at improvements in the quality of the judges.

Today, most states have court systems that have been modified to correspond to the recommendations listed above. Certainly all are not reformed to the same extent or degree, and additional improvements remain to be made; but, overall, the quantity of the changes that have been made in state courts over this recent period is staggering. Current systems would have been hardly recognizable 25 years ago. The extent to which these reforms have resulted in more effective, efficient delivery of justice remains to be determined, both because measurement methods are poor and because matters to be measured (i.e., caseloads) continue to outpace improvements.

COURT SIMPLIFICATION AND UNIFICATION

Reorganization of state courts into a unified system involves consolidation of the various courts on each level of the structure with a centralized administrative direction of its operations. Those interested in court improvement, however, disagree on the details in defining this concept. In examining the literature of court reform in this century, Larry Berkson and Susan Carbon found 22 components listed as facets of a unified system. The major studies, from Roscoe Pound's 1906 recommendation for a unified system through the American Bar Association's (ABA) *Standards Relating to Court Organization* in 1974, agreed on only five of these:

- consolidation and simplification of court structure;
- centralized management;
- centralized rulemaking;
- centralized budgeting; and
- state financing.[140]

They will be examined here in an attempt to outline the degree of court unification achieved.

Structural Consolidation

Considerable disagreement occurs over the exact court structure that best represents a simplified and consolidated state court system—a situation that exacerbates the difficulties of assessing state compliance. Berkson and Carbon set out four basic models, depicted in *Figure 4*, that appear in the literature of court reform. Model A is based on Pound's 1906 recommendation, derived from the English system. Involving two tiers—a supreme court to handle appeals and a unified trial court for the initiation of cases—it is found only in Idaho, Iowa, and South Dakota. Model B, proposed by Pound in 1940, divides the trial courts into major and minor tiers. It, too, is used in only a few states: Hawaii, Rhode Island, and Virginia. Florida and North Carolina employ Model C, based on the 1962 ABA recommendations, and the California and Maryland systems resemble it. This structure adds an intermediate appellate court to the 1940 Pound model. Illinois, alone, uses the 1974 ABA Model D. Here there is a supreme court, an intermediate appellate court, and only one trial court for both major and minor cases.

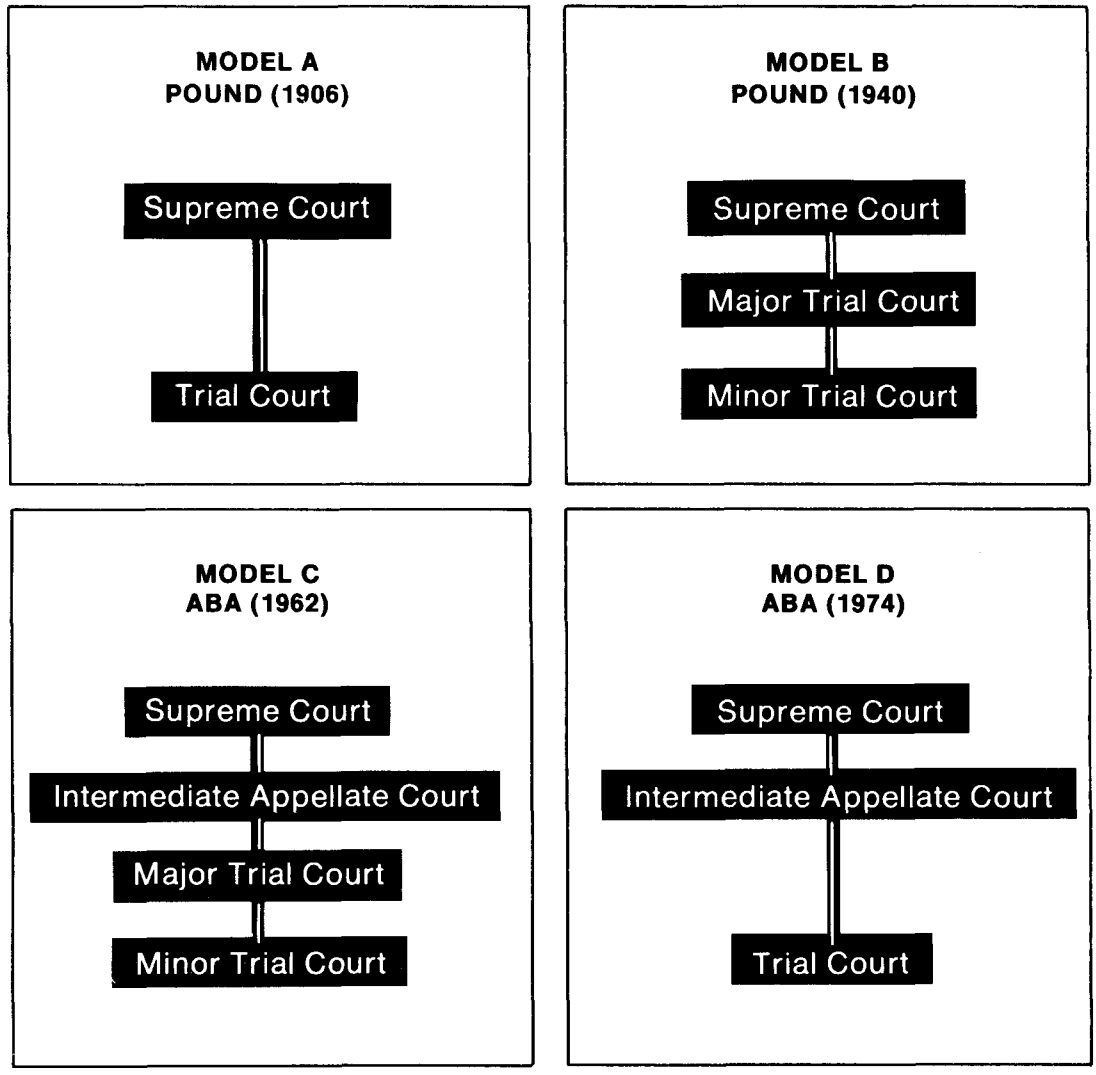
Nonetheless, other states maintain substantially consolidated and unified court systems. As Allan Ashman and Jeffrey Parness observe: "The key lies not in the number of courts handling cases, but in the state's method for handling cases brought before its courts."[141] The degree of unification is reflected in a typology of states worked out by Berkson and Carbon. They also compiled a classification of states based on the extent of activity relating to unification since 1970. Activity was defined as "the enactment of a statutory or constitutional revision or supreme court rule that *substantially altered* court structure, administration, rulemaking, financing, or budgeting in the direction of the unification model."[142] The typologies are set out in *Figure 5*. As it reflects, at least 34 states had achieved a moderate degree of unification by 1978. Previous ACIR studies, supplemented by more recent figures from later editions of the *Book of the States*, substantiate this assessment.[143]

Centralized Management

The fragmentation of the court systems prior to unification resulted in management by individual judges with a consequent disproportionate amount of time spent on nonadjudicative matters. Case backlogs and long periods of delay became features of the court system even

Figure 4

Models Of Unified State Court Structures



SOURCE: Larry Berkson and Susan Carbon, *Court Unification: History, Politics and Implementation,* Washington, DC, U.S. Department of Justice, National Institute for Law Enforcement and Criminal Justice, 1978, p. 46.

before the volume of litigation exploded, and, as a result, the quality of justice suffered. Moreover, courts were pooly managed on an overall basis, with no central authority able to (1) reassign judges to divisions or areas where they were needed most, (2) transfer cases, or (3) generally expedite the handling of court work. In addition, lack of uniform personnel standards and job classification for court employees produced wide variations in the day-to-day operations of the system. Equally important, the absence of statewide data on caseloads and other facets of court operations impeded long-range planning. For the most part, each court operated as a small duchy.

Figure 5

EXTENT OF UNIFICATION ACTIVITY SINCE 1970

RELATIVE DEGREE OF UNIFICATION

Degree of Unification	Relatively Active States	Relatively Inactive States
High	Connecticut	Alaska
	Florida	Colorado
	Hawaii	Delaware
	Idaho	Illinois
	Maine	New Mexico
	Maryland	North Carolina
	Oklahoma	Rhode Island
	South Dakota	
	Vermont	
Moderate	Alabama	Arizona
	Iowa	New Hampshire
	Kansas	New Jersey
	Kentucky	Pennsylvania
	Montana	Utah
	Nebraska	Washington
	North Dakota	Wisconsin
	Ohio	Wyoming
	Virginia	
	West Virginia	
Low		Arkansas
	Georgia	California
	Louisiana	Indiana
	Minnesota	Massachusetts
	Missouri	Michigan
	Nevada	Mississippi
	New York	Oregon
	South Carolina	Tennessee
		Texas

SOURCE: Larry Berkson and Susan Carbon, *Court Unification: History, Politics and Implementation,* Washington, DC, U.S. Department of Justice, National Institute for Law Enforcement and Criminal Justice, 1978, p. 46.

The problems resulting from this situation led to state efforts to provide for centralized court administration under the direction of the state's highest court—either collectively or in the person of the chief justice, or to empower a judicial council to undertake this task. The latter is a continuing organization composed of a few judges from the various levels of courts and, frequently, of nonjudges. Such councils operate in most states,[144] where they are largely advisory and investigatory. The outcome has been individualized state structures for centralized administration.

Berkson and Carbon have set out the assignment of responsibilities in a model centralized court administration as follows:

- Administrative responsibility for the entire judiciary should be placed in the chief justice.
- A state court administrator should be appointed to aid the chief justice in executing the latter's administrative responsibilities.
- Local trial administrators should be responsive to requests by the top of the judicial hierarchy.
- The assignment of judges and cases to equalize workload and alleviate problems caused by vacations, illnesses, etc., should be controlled by the supreme court.
- The supreme court should be responsible for the qualifications and hiring and firing of nonjudicial personnel (including evaluation, promotion, in-service training and discipline).
- The supreme court should be responsible for space and equipment, including standardizations.
- The supreme court should be responsible for centralized records keeping and statistics gathering.
- The supreme court should be responsible for financial administration, including budget preparation.
- The supreme court should be responsible for the management of a continuing education program for all court-related personnel.
- The supreme court should be responsible for research for the state court system.
- The supreme court should be responsible for planning for the state court system.
- The supreme court should be responsible for the staff of the central administrative office.
- The supreme court should be responsible for the dissemination of information about the operations of the state court system.[145]

Statements of responsibilities in general terms do not solve some of the sticky problems encountered in actual performance. Authorities may agree that authority for centralized administration should be located at the top of the state court system; nevertheless, there is no consensus as to what that authority should entail. While there is unanimity that the court administrator should not handle judicial functions, the problems arise in determining whether certain functions are judicial or purely administrative. For example, is the assignment and reassignment of judges a judicial function?

Perhaps even more troublesome is the issue as to whether the state court administrative bureaucracy should supervise that of the trial courts. The National Advisory Commission on Criminal Justice Standards and Goals and ACIR, both of which advocate that local trial court administrators be placed under the general supervision of the state court administrators, disagree with the position of the American Bar Association holding that trial court administrators should be appointed by trial court judges and subject to their supervision.[146]

Professional Court Administrative Offices

The attention focused on court administration led all of the states to provide for court administrative offices to carry out those functions of a nonjudicial nature associated with court operations. Under this arrangement, a full-time professional administrative director of the courts is appointed by the supreme court or chief justice to perform such tasks as preparation of personnel and facilities, recordkeeping, and calendaring procedures. The director also collects information and analyzes statistics on court operations. Such assistance enables the work of the court to be spread more evenly, problems to be anticipated and avoided, and plans made for effective and efficient operations.

The effectiveness and extent of involvement of state administrative offices in judicial operations vary among the states. Nevertheless, they constitute an important innovation and a phenomenon of relatively recent origin. By 1970, the number of such offices had risen to 37. During the 1970s, 22 more states established new offices, and by 1980, all states operated such agencies.[147]

Centralized Rulemaking

Another of the elements of a unified court system involves vesting in a central state agency the authority for making the rules governing court procedures for all courts. Such a practice is directed at ensuring uniformity throughout the state.

Organizations making recommendations on this matter agree, for the most part, on placing this responsibility in the state's highest court or in a judicial council; but they have vacillated as to whether the state legislature should have authority to override the supreme court rules by an extraordinary vote.

Thirty-two states have given exclusive authority over rulemaking to their highest courts. In 21 of these states, there is no legislative veto over court action. Eight states place responsibility elsewhere—either in judicial councils or state legislatures. Eight states divide responsibility and give the supreme court partial authority. The others vest it either in the legislature or in judicial councils.[148]

Centralized Budgeting

A newcomer to proposals for improving state courts is the recommendation for centralized budgeting. First put forward in the ABA's Model Judicial Article of 1972, the recommendation quickly gained the support of the National Municipal League and the National Advisory Commission on Criminal Justice Standards and Goals.[149] The idea is that a consolidated budget for all state courts should be prepared by the state court administrative officer. No revisions could be made by the executive branch, and the only function of the legislature would be to appropriate the necessary funds.

A 1973 New York State study, criticizing the combined state-local financing that existed in that state, dealt with the difficulties inherent in multiple budgets. It reported that in addition to the other problems resulting from noncentralized budgetary and financial arrangements, no procedure existed for providing actual cost data to court administrators for use in management control and planning. The gathering of these data ordinarily is associated with the budgeting process. The report argued that centralized budgeting would facilitate the development of information systems that could be used for "analyzing the probable effect of different procedures and policies on cost and performance."[150]

Relatively few states have moved to centralized budgeting. As of 1975, only 12 states followed this model: Alaska, Colorado, Connecticut, Hawaii, Minnesota, New Jersey, New Mexico, North Carolina, Rhode Island, Tennessee, Vermont, and Virginia.[151]

STATE ASSUMPTION OF COURT COSTS

Closely associated with the idea of centralized budgeting is that of state responsibility for financing the op-

eration of the courts. Traditionally, the expenses of dispensing justice have been shared by state and local governments. The New York study pointed out that, in addition to the management difficulties engendered, such practices result in spending disparities within the system. Moreover, they fail to produce a comprehensive picture of the costs of operating the system or any data for comparing costs in different geographic areas. In addition, the report states:

> From the standpoint of the court administrator or the appropriating body there is no systematic array of information to use in assigning priorities should there be a shortage of funds. The present system not only hinders the efficient allocation of funds internally but also renders it extremely difficult to complement internal allocations with appropriate apportionment to court-related agencies such as police, corrections, district attorneys, counsel for the indigent, and probation. The result is that either the courts or one of the other agencies become bottlenecks, e.g., the courts are prepared to try cases but prosecutors may be unavailable.[152]

As a consequence of the problems created by shared financing, many groups advocate that the states assume full responsibility for financing state and local courts. The National Municipal League took this position as early as 1929. Almost every commission studying state courts since has joined in supporting this proposal, and the ABA added it to its Model Judicial Article in 1974.[153] ACIR recommends full state financing and includes a provision for it in its proposed Omnibus Judicial Act.[154]

An increasing number of states bear all, or at least more, of the expenses of state court operation. This is a fairly recent, but steady, phenomenon, practically unheared of 20 years ago. In 1969, the states paid only about one-quarter of the local costs of all state and local courts.[155] Only seven states—Alaska, Colorado, Connecticut, Hawaii, North Carolina, Rhode Island, and Vermont—provided all or practically all (over 90%) of the costs of court operation in 1970.[156] Yet, six years later this figure already had doubled. Thirteen states—Alaska, Colorado, Connecticut, Hawaii, Kentucky, Maine, Maryland, New Mexico, North Carolina, Oklahoma, Rhode Island, South Dakota, and Vermont—were responsible for all expenditures of the state judiciary in 1976.[157] Today, 22 states provide full or substantial state funding.[158] States without full financing have at least assumed a greater role in funding the judiciary as they have increased their share of the court costs.

QUALIFICATION AND SELECTION OF JUDGES

At the same time that structural and administrative improvements were being made, efforts were underway for improving the quality of judges, who, after all, are the most important determinants of quality in the judicial system. Efforts have focused on initial qualifications, the selection process, and methods for discipline and removal.

Since judges are empowered to interpret constitutions and statutes and adjudicate legal controversies, they could be expected to possess certain minimal qualifications. At the very least, they ought to be learned in the law. In 1955, nonetheless, 16 states had no legal training requirements for judges of supreme and intermediate appellate courts to be learned in this respect. All but seven states—Colorado, Massachusetts, New Hampshire, North Carolina, Rhode Island, Texas, and West Virginia—now require a certain minimum number of years of prejudiciary legal experience, and these states probably select attorneys for their major courts as a matter of practice.

Because the selection process determines who will actually judge, upgrading judicial selection is probably more important than imposing legal qualifications for office holding. A procedure ensuring that only candidates of high caliber will be recruited obviates qualification requirements.

States select judges through: (1) election by the legislature; (2) partisan popular election; (3) nonpartisan popular election; (4) gubernatorial appointment; and (5) merit plans.[159] The method a particular state employs frequently dates back to the prevalent practice or popular ideas at the time the state constitution was adopted (or revised) and a court system established.

Reform proposals stipulate selection by merit, which basically is a hybrid, nonpartisan appointive-elective method. Proposed by the American Bar Association in 1937, it was established in Missouri in 1940 and is frequently called the Missouri Plan for the state of its first adoption. Although justices are appointed by the Governor under this model, executive discretion is limited. Appointments (usually) are restricted to a list of three to six candidates submitted by a special gubernatorially named nominating commission. Called Judicial Nominating or Selection Commissions, these bodies usually consist of representatives from the bench, bar, and public. If laymen and lawyers are omitted, the nominees are selected by organizations of judges called judicial conferences.

Under the Missouri Plan, judges serve for a specified period of time and then must stand for election. No other

candidate's name appears on the ballot and the electors vote as to whether the incumbent should be retained in office. If a majority votes in favor, the judge continues in office for the remainder of the term. At its expiration, another confirming vote occurs. If, at any of these elections, a majority of the voters does not approve the judge's performance, the office is vacated and a new appointment must be made.

States have moved toward adoption of the merit or Missouri Plan. In 1955, three-quarters of the states directly elected most of their supreme, intermediate appellate, and trial court judges. Of the 36 states in which the majority of judges were elected, 19 used partisan elections and 17 were nonpartisan. Judges in six states were appointed by the Governor and those in four others were elected by the legislature. Only two states, California and Missouri, used the merit plan.[160]

Today, election is still the most popular method of state judicial selection, but it is being supplanted rapidly by the adoption of merit plans. Twenty-two states continue to elect most of their judges; ten by partisan ballots and 12 in nonpartisan elections. Eight states retain gubernatorial appointment, while only three use legislative election. Merit plans are used for all supreme, intermediate appellate, and trial justices in 14 states—Alaska, Arizona, California, Colorado, Hawaii, Idaho, Indiana, Iowa, Missouri, Nebraska, Oklahoma, Utah, Vermont, and Wyoming. Florida, Kansas, and Oklahoma have not been assigned to any classification since they mix nonpartisan election of trial judges with merit plan selection for appellate judges. Florida, Kansas, Oklahoma, Tennessee, and New York use merit selection for judges in courts of appeals, bringing the number of states using this method to 19. Montana and Massachusetts use some of the major features of merit selection.[161]

JUDICIAL DISCIPLINE AND REMOVAL

Even with the best possible selection process, effective discipline and dismissal procedures are needed to deter and deal with judicial misconduct and senility in office. Toward this end, states have exercised their best powers of innovation and design, developing a plethora of procedures. Included are removal by: (1) impeachment; (2) gubernatorial address; (3) legislative address; (4) recall; (5) courts by conviction of a felony; (6) supreme court action; (7) court of the judiciary action; and (8) court conviction after the petition of voters. In addition, states have established discipline and removal commissions to deal with cases of judicial misconduct, subject to appeal to the supreme court, and boards of mental and physical disability to handle problems in that area. States usually employ at least two of these vehicles and often more. Frequently, procedures are tailored for only one level of courts so that processes are not necessarily uniform within states.

Impeachment is the traditional removal method. It involves the preferring of specific charges (impeachment) by the most populous house of the state legislature and trial by the Senate (except in Nebraska's unicameral legislature). Removal is on conviction. Only five state legislatures—Hawaii, Indiana, Missouri, North Carolina, and Oregon—lack the power of impeachment.[162]

Other methods of judicial removal have emerged because of the cumbersome nature of the impeachment process. Legislative address, whereby the vote of two-thirds of the legislature can request the Governor to dismiss a judge, exists in 19 states. In a few states, no gubernatorial action is required. In five states—Arizona, California, Nevada, North Dakota, and Wisconsin—the popular recall is used. Citizens can remove judges by filing petitions to force them to stand for reelection before expiration of their office terms. Yet, these older, alternative methods of dismissal are used rarely because they are unwieldy, expensive, and difficult procedures that make judicial removal virtually impossible except in cases of gross violations. Moreover, no less drastic remedy is offered for cases where less stringent disciplinary action is more appropriate. Consequently, reformers have sought more effective safeguards against incompetence, corruption, and senility.

States have sought to circumvent the problems of senility by enacting laws requiring mandatory retirement of state and local justices on reaching a certain age—usually 70—or have provided for forfeiture of retirement benefits for judges who serve past that age. In 1971, a total of 23 states had such laws.[163] Today, 37 states impose one or the other of these limitations.[164] More recently, states have begun to establish special discipline and removal commissions to monitor judicial conduct. Those known as courts of the judiciary are composed solely of judges. Others may include lawyers and citizen representatives as well. In the latter instances, they are known as judicial discipline and removal commissions. These boards receive and investigate complaints filed by citizens concerning a judge's qualifications, conduct, or fitness. Before formal charges are made, the commission evaluates the complaint, rejects unfounded accusations, or privately cautions a judge if his misconduct or failure to perform his duties is not serious. Formal hearings are ordered for serious charges. The commission may then either dismiss the charge or recommend that the supreme court impose involuntary retirement or some less severe disciplinary action. In Hawaii and New Jersey, the com-

missions recommend to the Governors whom to remove. Commissions have the authority to remove judges or to suspend them temporarily in a few states.

California created the first of these discipline and removal commissions in 1960, and in the 20 years since that date they have passed from unique to commonplace. Today, all but nine states—Arkansas, Maine, Massachusetts, Mississippi, New Hampshire, Rhode Island, Vermont, Washington, and West Virginia—have established discipline and removal commissions or courts on the judiciary.[165]

AN ASSESSMENT

Perhaps in no other aspect of state government has improvement been so marked as in the judicial branch. Almost all of the states have been involved in reforming court systems, and in many states the changes have been extensive. In the words of Jag C. Uppal of the National Center for State Courts:

> The past 25 years have seen many changes in the state courts—changes designed to reform courts and improve their service abilities. Innovative policies and programs have involved practically every court-related activity. . . .
>
> Developments in state court systems included unifying and simplifying court structures, merit selection of judges and discipline procedures, speedy trial provisions especially for criminal cases, implementation of new administrative and technological measures for expediting processing of cases, public participation to make courts more accountable, education and training of judges and other court personnel, and experimentation with videotaping and televising of trials. These developments have had a tremendous impact. . . . It would be safe to conclude that state courts, which handle over 96% of the cases filed in this country, have made remarkable progress.
>
> The quality of justice, as well as the expeditious handling of an increased caseload, has improved in state courts, . . .[166]

Past emphasis in court reform was on organization and administrative concerns and on the quality of judges. Recently, attention has been directed more at improving the processing of cases—an area in which much remains to be done. Delays before trial, disparate sentencing, and interminable appeals still plague the courts and lessen the effectiveness of the criminal justice system. Often, improvements cannot keep pace with the rising burdens.

In the future, other problems may become the primary focus of reform attempts. As Uppal points out, access to justice is likely to move to center stage as an issue inviting attention. Reformers will be concerned with breaking down the economic, knowledge, language, geographic, psychological, and procedural barriers that adversely affect access to the courts.[167]

The Governor and His Office

Governors are the central figures in state government. They are also the most visible and receive much of the credit or blame directed toward the state during their administrations. Citizens seem to expect them to be "little presidents" and place on their shoulders responsibility for a wide range of accomplishments and activities over which they have no control. They look to them for major legislative programs, for coordinating and directing the state administrative machinery, for promoting state interests externally, and for performing a host of other functions. They often anticipate more than the Governor can deliver.

At the same time that it seems to expect the Governor to exercise leadership in all aspects of state government, the public often does not provide the resources he or she needs to perform competently. Americans are torn between their desire for leadership and their fear of a strong executive, a fear rooted in the Colonial and Revolutionary periods and aggravated by the development of political bosses in some states and cities in past decades.

SUGGESTIONS FOR CAPACITY BUILDING

Those interested in improving the effectiveness of the Governor usually emphasize the tenure, appointive, budgetary, and veto aspects of the office. In general, they agree that in order to operate effectively Governors should:

- be elected for four-year terms and be eligible for reelection;
- have the authority to appoint the other principal administrative officials in the state government;
- prepare and submit proposed budgets to the legislature;
- have the power to veto laws enacted by the legislature and have item veto authority in appropriation bills;
- have adequate professional staffs for their offices; and
- be compensated commensurately with the responsibilities with which they are charged.

This emphasis does not treat directly the roles of the Governors as managers of public policy, as administrators, and as intergovernmental actors. It aims at equipping the chief executive with the tools to perform a general leadership role. Additional research is needed as to the resources needed to perform contemporary gubernatorial roles effectively.

TENURE

Tenure reputedly constitutes an important factor in gubernatorial power. The argument goes that a Governor serving only a two-year term or who cannot be reelected immediately is weaker than one who does not suffer these limitations. A short term means that programs requiring much time cannot be brought to fruition and any relection campaign may have to begin immediately. Restrictions on succession can destroy influence with the legislature and control over the bureaucracy because the incumbent is not in office long enough to build the necessary political coalitions or establish routines that serve as sources of political influence.[168] Moreover, the public has no real opportunity to approve or condemn an administration.

In the period following independence, Governors usually were selected by the legislatures for one-year terms. But as the need for a stronger executive grew, they became popularly elective for two years and gradually four-year terms became popular. The change can be attributed to a belief that the Governor needed a longer term to learn the job and to demonstrate leadership ability. In states having two-year terms, Governors usually were eligible for immediate reelection. States with four-year terms, however, tended to restrict the incumbent to one term—reflecting the popular fear that a longer tenure would facilitate the building of a strong political machine.

Since the Kestnbaum report in 1955, Governors' tenure and reelection opportunities have increased notably, as *Table 44* indicates. Only four Governors now serve two-year terms compared to 19 a quarter-century ago. These serve in Arkansas, New Hampshire, Rhode Island, and Vermont. Five states limit their Governors to one term, in contrast to 17 in 1955, although two-term limitations rose dramatically from six to 23. They probably accompanied the increase in term length from two to four years. For state-by-state provisions, see *Table 45*.

POWER OF APPOINTMENT

One of the principal differences in the authority of Governors, as compared with that of the President, is

Table 44

MAJOR FORMAL FACTORS AFFECTING GOVERNORS, 1956, 1980 (by number of states)

	1955[a]	1980
Tenure		
Two-Year Terms	19	4
One-Term Limit or Ban on Immediate Succession	17	5
Limited to Two Terms	6	23
Compensation[b]		
Average Annual Salary	$16,180	$46,883
Median Annual Salary	15,000	50,000
Salary Range	9,000	27,500
	50,000	85,000
Veto		
Veto All Legislation	47	49
Item Veto	39	43
Reduce Appropriation Items	No data	11
Pocket Veto	14[c]	15[e]
Budget Authority		
Governor Proposes	42[d]	47
Shared: Administrative-board	2	1
Shared: Administration and Legislative	3	2
Legislative Committee	1	0
Appointive powers		
No Agencies Headed by Popularly Elected Administrative Officials (Except Lieutenant Governor, If Any)	2	3
Two or Fewer Agencies with Popularly Elected Heads	8	5
3–6 Agencies with Popularly Elected Heads	20	30
7 or More Agencies with Popularly Elected Heads	19	12
Administrative Reorganization Authority	2	10[f]

[a] Alaska and Hawaii had not been admitted.
[b] Other benefits, such as expense accounts, housing, transportation, etc., not included.
[c] Includes Massachusetts where, in practice, the legislature never prorogues until all bills are signed.
[d] Includes Nevada whose responsibility was shared with budget officer whom governor appointed.
[e] Including Hawaii where the legislature may reconvene to override. If it does not, bill dies.
[f] Governors in additional states may have such authority. (Ten did not respond to the survey.)
SOURCE: *Book of the States, 1956–57,* Chicago, IL, Council of State Governments, 1956, and *Book of the States, 1980–81,* Lexington, KY, Council of State Governments, 1980. Figure for 1980 administrative reorganization authority from Thad Beyle, "Survey of Governors' Offices for the National Governors' Association, 1979." Thirteen are cited in *Book of the States, 1972–73,* Lexington, KY, Council of State Governments, 1972, p. 143.

Table 45

TENURE PROVISIONS FOR GOVERNORS, 1980

Four-year term, no restrictions on reelection:

Arizona	Iowa	North Dakota
California	Massachusetts	Texas
Colorado	Michigan	Utah
Connecticut	Minnesota	Washington
Idaho	Montana	Wisconsin
Illinois	New York	Wyoming

Four-year term, restricted to two terms:

Alabama	Louisiana	Ohio
Alaska	Maine	Oklahoma
Delaware	Maryland	Oregon
Florida	Missouri	Pennsylvania
Georgia	Nebraska	South Dakota
Hawaii	Nevada	Tennessee
Indiana	New Jersey	West Virginia
Kansas	North Carolina	

Four-year term, consecutive reelection prohibited:

Kentucky	South Carolina
Mississippi	Virginia
New Mexico	

Two-year term, no restrictions on reelection:

Arkansas	Rhode Island
New Hampshire	Vermont

SOURCE: *Book of the States, 1980–81,* Lexington, KY, Council of State Governments, 1980, p. 170.

in the power to appoint the heads of administrative agencies. While only the President and Vice President and the Congress are elected on the national level, Americans seem to regard it as undemocratic to shorten the ballot and permit Governors to exercise appointing authority comparable to that of the President. Yet, they often hold Governors responsible for facets of state administration that they cannot control.

Gubernatorial appointment power has improved somewhat since 1955. In that year, 385 state agencies were headed by 709 elective officials. By 1980, 338 agencies had elective heads, and the number of officials had dropped to 592.[169] In addition, as *Table 44* indicates, the number of states with seven or more agencies headed by elective officials (in addition to the lieutenant governor) declined somewhat, although more than three-fourths of the states still chose administrative heads for three or more agencies by popular vote. Twelve select seven or more in this fashion. *Table 46* shows the number of states electing each type of executive official.

Counting the number of elected administrative officials does not reveal the entire picture. A significant number of other agency heads are selected by state legislatures or by boards, or the agencies are headed by independent commissions. The continued existence of

Table 46

NUMBER OF STATES WITH ELECTED EXECUTIVE OFFICIALS, 1980

Elected Official	Number of States
Governor	50
Lieutenant Governor	42 [a]
Secretary of State	37 [a]
Attorney General	43
Treasurer	38 [b]
Auditor	25
Controller	10
Education Commissioner	18
Agriculture Commissioner	12 [c]
Labor Commissioner	4
Insurance Commissioner	11 [d]
Mining Commissioner	1
Land Commissioner	6
University Regents	4
Board of Education	12
Public Utilities Commission	11
Executive Council	2
Miscellaneous	9
Total Agencies	339
Total Officials	592

[a] In Utah, the same individual serves as Lieutenant Governor and Secretary of State. Included here in both totals.
[b] The Treasurer serves as Insurance Commissioner in Florida.
[c] Combined with Industries in Alabama and Commerce in Mississippi.
[d] The Controller General is ex officio Insurance Commissioner in Georgia. In Montana, the Auditor holds this office; in Florida, the Treasurer. Included in totals.
SOURCE: *Book of the States, 1980–81,* Lexington, KY, Council of State Governments, 1980, pp. 182–183.

independent agencies fragments gubernatorial control of administration and hampers coordination. The majority of the states retain at least ten such bodies and a few maintain many more. In both Indiana and Massachusetts, for example, 56 agencies have appointive heads named by someone other than the Governor.[170] The relative strength of gubernatorial appointing authority is set out in *Table 47*.

BUDGETARY AUTHORITY

Because Governors occupy the central positions in state administrations and have the general responsibility for their management, they can take a comprehensive view of fiscal resources and expenditure needs. Consequently, public administration theory holds that responsibility for preparing state budgets and submitting them to the legislatures should rest with them. Budgets, also, are prime tools for administrative control. Governors without such implements are handicapped in any test of wills with their bureaucracies.

Much of the movement away from preparation of the budget by a legislative committee or a board of administrative officials or some combination of the two and toward gubernatorial responsibility occurred earlier in the century. By 1955, only six states vested authority for this function elsewhere than in the Governor. Arkansas used a legislative committee; Florida and West Virginia relied on a board of administrative officials; and Indiana, North Dakota, and South Carolina vested the responsibility in a joint legislative-administrative group. The other 42 states gave their Governors the responsibility for this task. By 1980, even more states had moved toward gubernatorial responsibility. A total of 46 Governors exercised budgetary preparation and submission authority with only Mississippi relying on an administrative board and North Carolina, South Carolina and Texas employing a joint legislative-administrative committee.[171]

VETO POWER

Governors in every state except North Carolina long have held the authority to veto bills passed by the legislature, and no change occurred in these figures between 1955 and 1980. In addition, Governors in 43 states exercise the item veto, having the power to disallow one section of a bill and permitting the remaining provisions to become law. In Maryland, the item veto is authorized on capital construction and supplemental appropriations only. Hawaii permits its Governor to veto items in appropriations for the executive branch only and does not allow item disapproval of funds for the legislature or the judiciary. States without an item veto are: Indiana, Maine, Nevada, New Hampshire, North Carolina, Rhode Island, and Vermont. In 11 states, the Governor has the

Table 47

APPOINTIVE POWERS OF GOVERNORS, 1978–79

Very strong	Strong	Moderate	Weak	Very Weak
New York	California	Arizona	Alaska	Florida
Massachusetts	Colorado	Georgia	Alabama	Texas
New Jersey	Hawaii	Indiana	Idaho	South Carolina
Connecticut	Illinois	Louisiana	Mississippi	
Delaware	Iowa	Maine	Missouri	
Virginia	Kansas	New Hampshire	New Mexico	
North Carolina	Maryland	Montana	Nevada	
Arkansas	Michigan	Nebraska	North Dakota	
Kentucky	Ohio	Rhode Island	Oregon	
Minnesota	Pennsylvania	Utah	Oklahoma	
Vermont	South Dakota		Washington	
West Virginia	Tennessee		Wisconsin	
			Wyoming	

SOURCE: Calculated from information provided in *Book of the States, 1978–79*, p. 135. Thomas R. Dye, *Politics in States and Communities*, 4th edition, Englewood Cliffs, NJ, Prentice-Hall, Inc., 1981, p. 172.

additional power to reduce, as well as disallow, appropriation items. States permitting this practice are: Alaska, California, Hawaii, Illinois, Massachusetts, Missouri, New Jersey, North Dakota, Pennsylvania, Tennessee, and West Virginia.[172]

In 15 states, the Governor can "pocket veto" a bill when the legislature is not in session by withholding his signature for a specified time period. They are: Alabama, Delaware, Hawaii, Iowa, Maine, Michigan, Minnesota, New Hampshire, New Jersey, New Mexico, New York, Oklahoma, Vermont, Virginia, and Wisconsin. In Hawaii, the legislature may reconvene to override the veto. If it does not, the bill dies. The Massachusetts legislature, in practice, never prorogues until all bills are signed. In New York, the pocket veto has not been used since 1974, as the legislature has been in continuous session since that time. In addition, subsequent Governors have followed the practice begun by Nelson Rockefeller of signing or vetoing with a memorandum each bill sent to his desk.[173]

Table 44 reflects the developments in most veto powers since 1955. The largest change appears to be in regard to the item veto, and here the increase in states giving their Governors this authority amounts to an increase of only two (if Alaska and Hawaii are excluded from the 1980 total). Little alteration might have been expected, however, since most states granted Governors substantial veto powers a quarter century ago. A ranking of states in regard to veto power appears in *Table 48*.

GOVERNORS' SALARIES

Adequate gubernatorial compensation constitutes an important factor in the quality of state administration. It broadens the field of prospective Governors, discourages dishonesty, and enables the state to attract other administrators with high-priced skills. Too low a limit on the Governor's pay places a lid on the amounts other officials may receive since it is a rare administrator who can make more than his superior.

Governors' salaries have increased dramatically in dollar amounts in the past quarter century, rising from a median salary of $16,180 in 1955 to $50,000 in 1980—an increase of 209%. When adjusted for inflation, however, the rise is negligible, amounting only to 1.03%.

Salary ranges changed also. In 1955, North Dakota paid the smallest amount, $9,000, and New York the greatest with $50,000. These two states still exemplified the extremes in 1980, with North Dakota's Governor receiving $27,500 while the chief executive of New York drew $85,000. Some of the increases resulted from the establishment of state salary commissions whose recommendations were adopted unless vetoed by the legislatures.

Table 48

THE GOVERNORS' VETO POWERS, 1980

Very strong		Strong	Medium	Weak
Alaska	Minnesota	Alabama	Florida	Indiana
Arizona	Mississippi	Arkansas	Idaho	Maine
California	Missouri	Kentucky	Massachusetts	Nevada
Colorado	Nebraska	Tennessee	Montana	New Hampshire
Connecticut	New Jersey	West Virginia	New Mexico	North Carolina
Delaware	New York		Oregon	Rhode Island
Georgia	North Dakota		South Carolina	Vermont
Hawaii	Ohio		Texas	
Illinois	Oklahoma		Virginia	
Iowa	Pennsylvania		Washington	
Kansas	South Dakota		Wisconsin	
Louisiana	Utah			
Maryland	Wyoming			
Michigan				

SOURCE: Compiled from the *Book of the States, 1980–81,* Lexington, KY, Council of State Governments, 1980, pp. 110–111.

These figures do not take into account other prerequisities of office such as housing, automobiles, airplanes, insurance, and household help that add to the overall financial rewards. These vary considerably from state to state.

GUBERNATORIAL STAFFING

Determining what constitutes an adequate staff for the Governor's office presents a myriad of problems. What might be sufficient in Wyoming undoubtedly would not suffice in California or New York. Not only do populations vary, but so do the roles performed by Governors in different states, as well as by individual Governors in the same state. The same is true of the traditions associated with the office. Moreover, in some states, the Governor is able to draw on the staffs of other state agencies to fill *his* needs. A state policeman or an assistant attorney general may be assigned full time to the Governor, yet remain on the payroll of the operating agency. Nevertheless, it is possible to make some assessment as to whether staffing in the Governors' offices has improved over the years.

Research by Thad Beyle, a leading student of the governorship, points up the importance of adequate staff for the Governor. After analyzing data from two 1976 surveys that provided the views and opinions of 74 current and former Governors, Beyle concluded that there is a "conflicting relationship of the Governor as a person and as a public figure," and that "a continuum underlying Governors' offices and styles running from the personal to the institutional" exists.[174] He found that in the larger states where executives had greater staff resources, the Governors have considerably more support to fulfill their roles than do Governors of smaller states with fewer resources. In the former, the governorship is more institutionalized. Beyle suggests that it is in the midsized states, which appear to be in transition between the personalized and institutionalized governorship, where the greatest burdens fall on the Governor. These states encounter problems similar to those of the larger states. Nevertheless, they have yet to establish the institutionalized processes and to provide sufficient staff resources for the Governor so that the executive can perform his or her role with greater ease.[175]

Table 49 presents data on Governors' staffs for the periods 1949–51 and 1980 for selected states. During the former period, staff size ranged from three to 43. For 1980, the range was from six to 82.6 for 24 of the 25 states compared. Unfortunately, New York data were not available for that year.

An examination of staffing for all 50 states in 1980 reveals that 24 states employed 25 or more staff members. A total of 17 states each budgeted more than $1 million for the Governor's office.[176]

The availability of professional staff is the most important aspect of executive staffing. The professionals are the ones on whom the Governor relies for information and advice. Few Governors are likely to want for adequate clerical assistance; however, quite a few might not have assistants with the specialized skills necessary for effective performance of their roles.

AN ASSESSMENT

An evaluation of Governors' offices purely on the basis of formal authority in regard to tenure, budgeting, appointment, and veto—along with the adequacy of his compensation and staffing—is clearly inadequate. Much depends on the personalities and leadership traits of the individuals involved.[177] Moreover, their legislative influence, their positions in their own parties, as well as the relative strength of that party in the state, the importance of interest groups, as well as state political cultures, economic conditions, and public opinion all determine how well Governors can perform their tasks. External factors, particularly the omnipotence of the federal government, may change the opportunity structures within which they operate. Nevertheless, their formal powers contribute to their influence and ease of operation. All other things being equal—which they rarely are among states—a Governor who has strong formal powers has an advantage over one who does not. While empirical research regarding the impact of such authority is still tentative, it indicates an effect on the influence of the chief executive. After examining other research in the field and expanding on it, Gerald Benjamin writes that, in regard to state fiscal policy:

> Governors' formal powers do make a difference. In states in which Governors enjoy longer tenure and exercise their formal powers more freely, chief executives seek to maximize political advantage in the getting and spending of funds.[178]

In the aggregate, Governors' powers and support have grown over the years. Tenure has notably improved. Terms are longer and fewer Governors are prohibited from serving consecutive terms. Gubernatorial appointment powers have expanded somewhat, although there is still a long way to go before the Governor has complete command of the administration. Control over the budget preparation and submission is greater, veto power has inched upward, and staff sizes have increased dramatically. More Governors also have authority, similar to that of the President, to submit reorganization plans. In

Table 49

THE GOVERNORS' STAFFS IN 25 SELECTED STATES, 1949–51 AND 1980

State	1949–51 Staff*			1980 Staff**
	Total	Clerical	Professional	Total
New York	43	31	11	NA
California	42	30	12	82.6
Michigan	21	14	7	60
Georgia	19	14	5	25
Alabama	12	6	6	42
Oklahoma	12	7	5	43
South Carolina	12	9	3	15
Wisconsin	11	5	6[a]	35
Minnesota	10	4	6	38
Florida	9	6	3[b]	10
Colorado	9	7	2	28.5
North Carolina	8	5	3[c]	57
Louisiana	8	6	2	18
Virginia	7	4	3	25
Kentucky	7	5	2	54
Arkansas	6	4	2	10
Mississippi	6	5	1	23
New Hampshire	5	2	3[d]	19
Tennessee	5	3	2	26
Vermont	3	1	2[e]	12
Utah	3	1	2	11
Nevada	3	1	2	13
Wyoming	3	2	1	6
South Dakota	3	2	1	8
New Mexico	3	2	1	21

[a] Executive counsel is a part-time position.
[b] Legislative secretary is a part-time position.
[c] Legislative assistant is a part-time position.
[d] Legislative counsel is a part-time position filled during legislative session.
[e] Executive clerk is a part-time position filled during legislative session.

* The figures for 1949–51 are based on information collected in interviews in these states, the source usually being the Governor's executive secretary or a comparable member of the staff. Most of the data were collected in the summer of 1951 but the southern states were originally visited in 1949. The *figures,* therefore, are for two different years and must be interpreted with some caution on a comparative basis.

The terms "professional" and "clerical" are used in an attempt to give more content to the figure on the "total" staff. The professional staff is considered to be those persons who fill positions at the executive secretary or administrative level, while the clerical employees include stenographers, typists, messengers, switchboard operators, *and the* like, who make up the office force. While the figure representing the total number of persons on the staff is one of some significance, a more important comparison is between the number of employees at the professional level in the Governor's Office, for it is from this group that *his* major advice and assistance must be drawn.

Figures for New York do not total correctly in the original source.

** No breakdown between professional and clerical staff is available for 1980.

SOURCE: Coleman S. Ransone, Jr., *The Office of Governor in the United States,* University, AL, University of Alabama Press, 1956, p. 314. 1980 figures are from the *Book of the States, 1980–81,* Lexington, KY, Council of State Governments, 1980, p. 171.

current dollars, compensation for Governors is dramatically higher, although, when expressed in terms of constant dollars, improvement has been slight.

Little of this seems to reflect the vigor that some perceive as transforming American Governors. The executives are undertaking new initiatives to solve the problems plaguing their states. Both individually and collectively, they are speaking out about the problems facing American intergovernmental relations. Once again, they have become viable candidates for the presidency.

Scholars have noted the changes in the Governors in recent writings. Larry Sabato writes:

> The American Governor has clearly been transformed in recent years. No longer the emasculated "cypher" of Madison's day, the state chief executive has come far indeed since one politician told de Tocqueville, "The governor counts for absolutely nothing and is only paid $1,200."[179]

Parris Glendening agrees, explaining:

> Today's Governors reflect a new mode. They are both the generators and beneficiaries of improved public attitudes toward the states.[180]

The Governors are becoming more assertive, in fact. The revitalization of the National Governors' Association has provided a national platform for the states' chief executives to reassert the state position in the federal system. In this, as in other forums, they are flexing the muscles of state strength. Columnist David S. Broder, in predicting the approaching battle between the national government and the states, wrote in the summer of 1980:

> The Governors of the once-sovereign states are working up a fine head of steam about their treatment in Washington, and with help from the state legislatures may maneuver themselves into a position where they can do more than complain about it.
>
> The National Governors' Association annual meeting in Denver, held just before the Democratic National Convention, echoed with the sharpest bi-partisan rhetoric about the excesses of Washington that I have heard in the last 18 years I've been covering them.[181]

After concluding that "the role of the states has been eroded to the point that the authors of the Constitution would not recognize the intergovernmental relations they crafted so carefully in 1789," the Governors proposed a reform agenda to reduce federal spending and make government more responsive. They proposed a massive swap of government functions between the federal government and the state and local governments. Liberal Democratic Governor Bruce Babbitt of Arizona declared, "It's long past time to dust off *The Federalist Papers* and to renew the debate. . . ."[182] The Governors called on the President and the Congress to convene a national commission on federalism to deal with the problems of federal-state relations.[183]

Shortly after the 1980 presidential election, they renewed their fight for the return of some functions and powers to the states. In a statement issued jointly with the Steering Committee of the State-Federal Assembly of the National Conference of State Legislatures, the National Governors' Association agreed to make the "sorting out" of roles and responsibilities between the state and national governments a priority. They recognized:

> . . . the primary federal policy and financial responsibility for national defense, income security, and a sound economy, and the primacy of state and local governments in such areas as education, law enforcement, and transportation.[184]

Republican Governors, led by Gov. Richard A. Snelling of Vermont, called on the new Reagan Administration to sort out the functions Washington should handle and turn back others to state and local governments. Gov. Lamar Alexander of Tennessee said, "It is time to act and do some specific things."[185]

Governor Babbitt proposed "those specific things." He advocated that the states assume full fiscal responsibility for highways and mass transit, elementary and secondary education, and law enforcement. In return, he suggested that the federal government take on the welfare function.[186] The nationalization of welfare had been proposed previously by Richard Nathan, Assistant Director of the Office of Management and Budget during the Nixon Administration, the President's Commission on a National Agenda for the Eighties, and ACIR, among others. Nathan declared:

> Welfare is an area in which a stronger role for the central government clearly is appropriate. The spillover effect of poverty across state lines and the economies from administering with the aid of modern data processing technology are major reasons for this realignment of functions.[187]

All in all, Governors are becoming increasingly vocal in criticizing the federal government and championing the position of the states.

State Executive Branch Organization[188]

Effectiveness, efficiency, and accountability in state government all hinge to a substantial degree on the nature of the organizational apparatus through which public officials and employees work. Although both are important, emphasis on governmental structure should not be so pervasive as to divert attention from the proper role of personnel. Without honest and capable people, even the best governmental organization will not produce good results. Nevertheless, the effectiveness and efficiency of competent personnel will be enhanced by properly designed govermmental machinery. Ineffective organization can impinge upon their productivity. Accountability, in particular, depends heavily on structure. The coupling of authority and responsibility in an organization enables the public, as well as the chief administrator, to apportion credit and blame. Likewise, the creditability of those responsible for the post-auditing function is directly related to their independence from the executive's control.

Students of state government in the mid-1960s seemed uniformly gloomy about state executive branch organization. For example, the Committee for Economic Development partially blamed "innumerable deficiencies in the organization and management of state government" for the "failure of states in coming to grips with the fundamental economic and social issues within their province."[189] James Reichley, author of *States In Crisis* (1964), wrote:

> Another handicap to effective state government, at least as serious as legislative malapportionment, is posed by the often-paralyzing division of administrative powers within the governmental structures of many states[190]

John C. Buechner offered this solution in 1967:

> If the states are to meet the goals of the future and if Governors are to exercise leadership in attaining these goals, reorganization and continuous scrutiny of the executive branch will have to be one of the key tasks of state government.[191]

The states apparently heeded this advice. *Table 50* shows 22 states that undertook comprehensive reorganization of their executive branches during the period from 1965 to 1979. Virtually all of the other states reorganized one or more departments during these years.[192]

Table 50

STATES UNDERGOING COMPREHENSIVE REORGANIZATION, 1965–79

Arkansas, 1971	Maryland, 1970
California, 1968	Massachusetts, 1969
Colorado, 1968	Michigan, 1965
Connecticut, 1979	Missouri, 1974
Delaware, 1970	Montana, 1971
Florida, 1969	New Mexico, 1977
Georgia, 1972	North Carolina, 1975
Idaho, 1974	South Dakota, 1973
Kentucky, 1973	Virginia, 1972
Louisiana, 1975	West Virginia, 1977
Maine, 1971	Wisconsin, 1967

SOURCE: Compiled from: George A. Bell, "State Administrative Organization Activities, 1974–75," *Book of the States, 1976–77*, Lexington, KY, 1976, pp. 105–113; Council of State Governments, *Reorganization in the States*, Lexington, KY, 1972, pp. 4–9; Robert de Voursney, "State Executive Branch Activities," *Book of the States, 1980–81*, Lexington, KY, 1980, p. 168; and James L. Garnett, *Reorganizing State Government: The Executive Branch*, Boulder, CO, Westview Press, 1980, p. 4.

BACKGROUND OF REORGANIZATION

The reorganization thrusts of the mid-1960s were by no means unique. Indeed, waves of reorganization fervor, often stimulated by federal reorganization studies, have swept over the states. The President's Commission on Economy and Efficiency (Taft Commission), 1910–13, the President's Committee on Administrative Management (Brownlow Committee), 1937, and the Commission on Organization of the Executive Branch of the Government (First Hoover Commission), 1947–49, all provided impetus for state executive reorganization efforts. In all, the states have attempted 151 broad-scale executive branch reorganizations in the 20th Century.[193]

The most recent wave, provoked by the Hoover Commission, began with Michigan in 1965. From then until 1979, virtually every state undertook some reorganization activity. Unlike the earlier periods, which were strong on studies and weak on accomplishment, the most recent efforts led to actual reorganizations. In addition, the proposals of this period differed from those of previous eras in yet another way. As a Council of State Governments publication expressed it:

> The current trend is toward even more consolidation of agencies than in the past. For

example, at one time a major reorganization accomplishment would have been to eliminate the separate administration of each mental hospital and place all of them in a mental health department. Now (1969) we find that in some states, such a department is being combined with others to form a large, health and welfare, or social services department.[194]

STANDARDS OF REORGANIZATION

While ideas for reorganizing state governments came from many sources, the principles relied on seem to be those encompassed in traditional public administration. A. E. Buck set out the list in his *The Reorganization of State Governments in the United States* in 1938. It included the following:

1. *Concentration of authority and responsibility.* Reorganization plans should "make the Governor in fact, as well as in theory, the responsible chief executive of the state"; accomplishment of this standard should be achieved by various means, such as the short ballot, the four-year term for the Governor, and the consolidation of the administrative functions in a few departments, each headed by a single officer appointed by and removable by the governor.

2. *Departmentalization, or functional integration.* Boards, commissions, and agencies should be "consolidated and their activities integrated in a few orderly departments, each of which approximates a major function of the state government." The merits of this system are that it "locates responsibility for administrative action or inaction, standardizes methods of procedure, aids in getting information for management, and facilitates the financing of administrative work."

3. *Abolition or limitation of boards for purely administrative work.* "Because of division of authority and general lack of initiative and responsibility, boards are usually considered undesirable for purely administrative work." Therefore, these multiheaded agencies should be "displaced by single executives."

4. *Coordination of the staff services of administration.* "These staff services have to do mainly with budgeting, accounting, and reporting, purchasing and personnel." These instruments of efficiency and economy were to be grouped under a single staff department.

5. *Provision for an independent audit.* "A complete separation of the functions of financial control and accounting from those of independent auditing (postauditing) and review is necessary in order to obtain the most satisfactory results." Specifically, a legislatively appointed auditor should "serve as (the legislature's) checking and investigating agent to look into the financial operations of the executive and the administration."

6. *Recognition of a governor's cabinet.* Regular cabinet meetings should be held in which department heads would discuss "administrative work and budgetary requirements, as well as devising practical methods . . . to eliminate duplication and overlapping of functions between various departments."[195]

In general, 20th Century state reorganizations have been guided by these standards despite the potentially modifying developments: the growing impact of federal grants, the expansion of the states' own intergovernmental transfer role, the increase of state government services in old and wholly new program areas, and the challenges of urbanization.

This is not to say that there is total agreement that these are the standards on which state executive reorganization should be based. "New public administration" proponents would take a different approach. Other scholars and public administrators feel that, given the changes in state functions, modification should be considered. James Garnett, a leading student of state government reorganization, wonders whether the state's "check delivery," standard-setting, and monitoring functions should be handled differently from its service delivery functions. Since state government activities are not all direct service oriented and many are intergovernmentalized, traditional public administration principles do not necessarily apply to these activities for which the state merely distributes funds. Lines of hierarchy and authority may be confused by the intergovernmentalization of these programs. Nevertheless, state reorganizational activities do not seem to reflect any basic awareness of the difference.

Pervasive as Buck's principles have been, most states have not adhered to them rigidly in their reorganizations. The reasons for this are many, among them: (1) political support for the retention of constitutionally elective officers is strong and voters may feel that their removal from the ballot infringes on their rights; (2) agency heads exhibit a natural distaste for having their agencies subsumed under a larger department, thereby interposing an

additional layer of decisionmaking between themselves and the Governor; (3) constituencies outside the government believe they have special working relations with certain agencies and do not want to see changes in the structure or position of these agencies; and (4) miscellaneous voter and interest group concerns impede thorough reorganizations, often under the guise of "keeping politics out of administration."

EXTENT OF REORGANIZATION

Simply knowing that most of the states have reorganized their governments in recent years does not present a specific picture of what changes have been made. Buck's principles serve as a good framework for understanding the structural metamorphosis of the states.

Concentration of Authority and Responsibility

Efforts to improve the position of the Governor in directing state affairs have concentrated on the reduction of the number of elected executive branch officials and making agency heads responsible to the Governor. As noted above under the discussion of the Governor, the number of state-elected executive officials has declined. Between 1964 and 1978, a total of 24 states pared down the number of executive branch elected officials, 15 states maintained their 1964 number, and 11 states had more officials on the ballot in 1978 than in 1964. This breakdown hides the magnitude of some of the changes. For instance, Maine's ballot shrunk from 13 officials in seven agencies to one. Minnesota reduced its elected executives from 21 in eight agencies to six. New York had 18 elected officials in six agencies in 1964 and only four in 1978. Increases were usually limited to one or two.[196]

If the total number of agencies headed by elected officials is examined, the trend away from the ballot is slightly more pronounced. Between 1964 and 1978, 26 states reduced the number of agencies with elected heads and three states added to their numbers.

Many other agencies remain outside the Governor's control, nonetheless. States continue to establish independent commissions, both regulatory and nonregulatory, and to vest the appointment of agency or unit heads in these bodies.

Departmentalization or Functional Integration

Diversity across state lines complicates drawing conclusions about the degree of consolidation. Examination of Council of State Governments data on state government organization for 1950 and 1979[197] indicates that a high degree of departmentalization has occurred, thereby reducing the number of separate agencies. This trend is diluted, however, by the fact that the chain of command often is confused because heads of one or more units in an agency are subject to an outside appointment process. *Table 51* provides a comparison of state departmentalization in selected states for 1950 and 1979.

Consolidations in the functional areas of environmental protection, transportation, and human services have been especially prevalent in recent years. Almost all of the states have combined air, water, and solid waste management into one department—42 by 1974, according to a Council of State Governments study.[198] A total of 35 states now have departments of transportation that combine the traditional state highway agencies with the newer modes of transportation.[199] Consolidation has not advanced so far in human services; although, by 1974 there were comprehensive human resource agencies in 26 states—up from 15 in 1970.[200] Problems exist in this functional area in regard to which activities should be included. Administrators have been plagued by the question of whether or not to include corrections as part of a comprehensive agency.[201]

At first glance, it would appear that impetus for consolidation of environmental, transportation, and human resource functions came from the influence of similarly constructed federal agencies; however, other factors could well have played a part. The spread of innovations from other states, executive response to management problems, changes in the programs undertaken, and political considerations all might have accelerated the decisions to change.[202]

Abolition or Elimination of Boards for Purely Administrative Work

While many states have eliminated a number of administrative boards, such organizations are still widely used. In 1979, all states still vested administrative responsibility in boards or commissions. On the positive side, however, states have consolidated a variety of boards, and the use of ex officio boards has declined. (See *Table 51* on the latter point.)

A 1978 survey by Thad Beyle for the National Governors' Association (NGA) indicated a substantial number of boards still in existence, although the question provided no breakdown as to how many performed administrative functions.[203] Responses to a question about the number of boards in a state ranged from a low of 18 to a high of 300. Respondents from 18 states indicated that more than 120 boards currently existed in their states. Only nine said that efforts were underway to consolidate or eliminate boards.[204]

Table 51

FUNCTIONAL INTEGRATION AND DEPARTMENTALIZATION, SELECTED STATES, 1950 AND 1979

	Total State Agencies		Ex Officio Boards		Independent Examining Boards	
State	**1950**	**1979***	**1950**	**1979**	**1950**	**1979**
Colorado	140	22	16	0	20	0
Connecticut	172	26	20	1	32	0
Florida	87	24	26	0	21	0
Illinois	75	29	NA	0	20	0
Louisiana	102	20	1	0	22	29
Minnesota	101	27	32	0	16	18
Nevada	104	31	15	7	21	30

* Within some agencies in each of these states, one or more units are subject to a separate appointment process. Therefore, the degree of "departmentalization" is in question.
SOURCE: Compiled from Council of State Governments, *Reorganizing State Government,* Chicago, IL, 1950, and *State Government Organization (A Preliminary Compilation),* Lexington, KY, 1979.

Coordination of Staff Services

Buck recommended grouping of staff services under departments of finance or administration. Twenty-nine states had established such agencies by 1964. By 1978, the number had grown to 42. Nevertheless, few states aggregate all of their centralized accounting, budgeting, purchasing, and personnel functions under one department. Moreover, there are questions as to whether such an arrangement is desirable. A clear trend, however, is the establishment of general-service agencies under which are consolidated such functions as communications, construction, insurance protection, and purchasing. A total of 17 states had provided for such agencies by 1974 and a number of other states unified such activities under one segment of the department of administration.[205]

Independent Audit

The idea of an independently selected auditor is to remove from gubernatorial appointment the official who audits the administration's books. Such postaudits are investigatory in nature, designed to determine whether or not funds have been spent legally.

While a popularly elected auditor could be an independent one, selection in this manner is not recommended because it is difficult for the public to assess auditing capability in a political campaign. Qualities marking one as a successful campaigner are not necessarily those required for competence in auditing. Consequently, the generally advocated practice is to have the auditor selected by, and responsible to, the legislature.

In 1964, the officials performing the auditing function were selected by the legislature in only 15 states. Moreover, the Governor appointed the auditing official in eight states.[206] By 1979, legislatures designated the auditing official in at least two-thirds of the states, although in some the function was shared with elected auditors. The legislative auditor divided the function with a gubernatorially appointed comptroller in Hawaii. Indiana appeared to be the only state where the Governor designated the auditor.[207]

Recognition of the Governor's Cabinet

Part and parcel of the reorganization movement have been efforts to institute a Governor's cabinet. Using the model employed at the federal level, states have moved toward institutionalizing a similar mechanism for coordinating and directing the activities of the executive branch. The task has not been an easy one, however, for, unlike the federal establishment, state governments often are characterized by other elective officials in addition to the Governor and Lieutenant Governor. Their

independence of the chief executive somewhat inhibits use of the cabinet for coordinated management.

Nevertheless, Governors long have held occasional cabinet meetings even when they have had little or no formal power over the officials involved. Often they were bound together by partisan ties.

The 1965–79 reorganization movement placed great emphasis on the Governor's cabinet. All but one of the states that undertook a comprehensive reorganization during that time provided for a cabinet system. By 1979, the number of states with cabinet systems totalled 36.[208] Very few, however, gave their cabinets policy authority. Although too much can be made of the value of a cabinet system, as Judith Nicholson writes,

> . . . these cabinets are viewed as an effective problem-solving group involved both in identifying priority issues and areas and in developing new ideas and approaches to executive branch operations.[209]

It probably is less important whether legal provision is made for a cabinet than whether constitutionally elective officials are provided. The latter dissipate gubernatorial control.

TYPES OF RESULTING EXECUTIVE STRUCTURES

What kinds of organizations resulted from the most recent rash of state reorganizations? The question could be answered in many ways, depending on the classification system and approach used. In his study of state executive reorganizations, [210] James L. Garnett modified the often-used typology developed by George A. Bell[211] and applied it to reorganizations taking place between 1900 and 1975. The models he used were traditional, cabinet, and secretary-coordinator.

The *traditional model* retains a large number of agencies (more than 17) after reorganization and has a low degree of functional consolidation of agencies by function. That is, over 50% of all consolidations resulted in narrowly defined single-function agencies (e.g., water pollution control). In addition, the proportion of post-reorganization agencies headed by boards and commissions exceeds 25%, and the transferred agencies still retained their structural authority and identity, and control over their budgeting, purchasing, and other support services.

The *cabinet model* retains from nine to 16 agencies, exhibits moderate functional consolidation with more than 50% of all consolidation into broadly defined single-function agencies (e.g., environmental protection), and has between 50% and 66% of its postreorganization department heads appointed by the Governor. In addition, most of the transfers of agencies are into other units, with the transplanted agencies losing their statutory and structural identity and control over their management support services.

The *secretary-coordinator model* retains one to eight agencies and provides high consolidation with more than 50% of all consolidations into large multiple-function or broad single-function agencies such as "human resources" or "natural resources." At least two-thirds of the department heads are appointed by the Governor and the proportion of agencies with plural executives does not exceed 9%. Most of the transferred agencies that move into super-agencies would retain their structural identity and most of their statutory authority, although they would relinquish some control over their management support services, such as submitting to budget review by the super-agency.[212]

Garnett found that in the reorganizations taking place between 1947 and 1975, slightly more than half (51.3%) followed the traditional model. One-third chose a cabinet form, and 15.4% adopted a secretary-coordinator arrangement. Moreover, as one might expect, more reorganizations were incremental (55.6%) than comprehensive (44.4%).[213]

OTHER REORGANIZATION EFFECTS

Impacts of executive reorganization are many and varied and cannot be explored exhaustively here. Nonetheless, in addition to the changes already cited, certain other developments can be noted.

- A shift in the organizational purposes of state agencies is evident with the creation of new agencies. Older organizational units bore names that indicated emphasis on agriculture, industry, public works, highways, corrections, fish and game, civil defense, and education. The 1979 executive branch organizations include these, but increasingly emphasize social programs, community affairs, environmental protection, energy, economic development, and all modes of transportation.
- A marked increase in "citizen responsiveness" agencies is notable. During the reorganization years, states set up agencies to deal with minority rights, women's rights, consumer protection, and citizen complaint handling. Whereas in 1960, the organization charts of three states (Alabama, Arkansas, and Tennessee) still reflected segregation,

by 1979, 45 states had units whose apparent aim was to benefit minorities. This contrasts with 12 states in 1960. Some states have more than one such unit. As far as consumer protection is concerned, every state now has an office to deal with such matters. In addition, at least ten states have established an ombudsman to handle citizen complaints. Lieutenant governors perform this service in three states.

- Many degrading and embarrassing titles have been eliminated, indicating a greater responsiveness to various groups. Names such as "mental deficients," "feebleminded," and "incurables," often found on 1960 organization charts, have been eliminated. Alas, others that provided some levity for the student of state government perished as well. No longer can one read about the Illinois Beekeepers' Commission, for example. Nevertheless, citizens can still savor the delights of the West Virginia Nonintoxicating Beer Commission.
- A greater number of coordinating and planning agencies emerged. Virtually every state now has a unit charged with comprehensive planning, many of them inspired by the U.S. Department of Housing and Urban Development *"701" planning grants*. Another coordinating unit, the community affairs agency, now exists in some form in all states. It will be discussed below. Other offices directed at lobbying for and coordinating federal aid have mushroomed as well and state advisory commissions on intergovernmental relations have shown a marked increase.
- Reorganization had little impact on employment and expenditures in the states. A study in the 16 states that reorganized between 1965 and 1975 found that, as a consequence of reorganization, only three showed a statistically long-term decline in employment and none experienced a short-term decrease. Neither long- nor short-term reductions in expenditures were significant. For almost all, their pattern was similar to unreorganized states.[214]

THE QUESTION OF RESULTS

Has all this activity produced more effective, efficient, and accountable executive organizations? Certainly the states have demonstrated a willingness to change and, for the most part, a penchant to move in the recommended direction. Perhaps a look at the opinions of the administrators involved in operating in these structures will provide some insight. Two surveys of state administrators conducted at the University of North Carolina in 1974 and 1978 are pertinent: Deil S. Wright and Ted F. Hebert's 1978 survey of nearly 1,400 state administrators asked several questions that reflect on the success of the reorganizations.[215] In response to the query: "Do you think your state is presently in need of major reorganization?," 26% of all 1978 respondents answered "yes," while 62% said "no." These responses varied little from those to Wright's 1974 administrator's survey in which 27.7% of the respondents replied "yes," and 60.8% said "no."[216] The preponderance of administrators in only five states replied that reorganization was needed in 1978, as compared to eight states four years later.

The answer to this question may indicate the effectiveness of the state's last reorganization, especially if it occurred recently. For example, in 1978, the percentages of Georgia, Louisiana, and New Mexico officials responding affirmatively to the "reorganization needed" question were 5%, 0%, and 0%, respectively. All three of these states underwent major reorganizations during the 1970s, and these answers tended to point to effective reform. Moreover, state officials whose states had not been recently reorganized frequently replied that they believed their states needed it. For example, 63% of Alabama's officials replied affirmatively to the "reorganization needed" question, as did 63% of Mississippi respondents, and 64% of Pennsylvania's. The dates of those states' last reorganizations are, respectively, 1939, 1932, and 1923. Overall, respondents in eight states in 1974 and five states in 1978 perceived their states in need of reorganization.

Asked whether the last major reorganization affected their agencies, 55% of all 1978 respondents said "yes" while 24% replied "no." Depending on one's definition of "affect," these percentages may indicate that recent state reorganizations have not been mere box shufflings.

Of the 757 state officials responding affirmatively to the above question in 1978, 57% replied "yes" and 37% said "no" to the following question: "Did the reorganization increase agency efficiency or productivity?" Staff agency officials answered a bit more favorably, 63% of them responding affirmatively. On a state-by-state basis, the percentages of affirmative replies to the "increased efficiency" question ranged from lows of 11% (Connecticut), 13% (Mississippi), and 29% (Louisiana) to highs of 100% (Oklahoma and Maine), 88% (Nevada), and 86% (Kansas). In 33 states, a majority of respondents answered that the last major reorganization had increased agency efficiency. This figure, too, reflects favorably upon the effectiveness of recent reorganizations.

As for the effect of reorganization on executive control, 42% of the 1978 respondents replied "yes" to the

question, "Did the last major reorganization increase the Governor's control over your agency?" while 54% replied "no." Only 13% of the respondents felt that the reorganization had decreased the Governor's power over their agency. If elective officials are deleted from the computation, more than 40% of the respondents in each of the remaining categories—staff, functional agencies, and other—gave affirmative replies. "Yes" replies were received from 37.5% of the "nonascertained" category. Apparently recent reorganization greatly improved the control of the Governor in South Dakota, Montana, and Delaware, with 80%, 70%, and 65% respectively of those states' respondents indicating a stronger gubernatorial control over their agencies.

If the perceptions of state administrators in 1978 are correct, reorganization appears to have had little impact on state-federal relations. A moderate number of respondents (34%) believed that reorganization positively affected their contacts with federal agencies, although an overwhelming majority (77%) perceived no negative effects. Respondents in only ten states believed that reorganization improved contacts with federal agencies.

Asked to rate the overall effects of the last major reorganization, most administrators gave them favorable ratings. Answers for 1978 fell into the following categories:

Excellent	13%
Good	42%
Fair	24%
Poor	16%

Texas, Oklahoma, and South Dakota received the highest percentage of "excellent" ratings, while Connecticut, Massachusetts, and Mississippi garnered the greatest portion of the responses in the "poor" category. In general, respondents rated reorganization results "excellent" or "good" in 43 states in 1974. Thirty-nine state reorganizations received similar ratings in 1978.[217]

A 1978 National Governors' Association survey reported by Thad L. Beyle endeavored to get Governors' perceptions of their respective state's reorganization activity. Forty responses were received.[218] Defining reorganization as an action "involving the creation or abolition of two or more agencies employing 50 employees in each affected agency," Beyle elicited information on several points of interest. Among them were:

- Twenty states had a single agency or quasi-governmental group currently assigned responsibility for overall state organization.
- Twenty-six states experienced major reorganization between 1974 and 1977.
- Ten states vested authority in the Governor to make reorganization proposals subject to legislative veto.
- Eight states had constitutional limitations on the number of cabinet departments.
- Eighteen states had Governors who submitted reorganization proposals to the legislature in 1978.
- Thirty-four states had Governors who either perceive that at least some reorganization of state government was necessary or who felt that some reorganization would take place on a case-by-case basis as the need for it appeared.

The information provided by the Beyle survey seems to indicate that, despite the 1965–79 reorganization wave, Governors continue to be interested in reorganization and believe that reform still is needed.

FEDERAL INFLUENCE

By any measure, national initiatives have influenced state executive organization. Through the study and subsequent change in its own governmental machinery, the federal government stimulated state action. The Taft, Brownlow, and both the first and second Hoover Commissions all sparked interest in reorganization. Moreover, the federal government encouraged reorganization efforts by making *HUD 701* grant money available for this purpose.

In separate functional areas, federal influence exerted an impact as well. In the consolidation of agencies dealing with various modes of transportation into one department, for example, states appear to have followed the federal model. Environmental protection organizations took the same course to the point where 12 state environmental units have been called "Little EPAs." State health planning agencies are perhaps the most obvious examples of states' reorganizing or creating an agency to meet federal grant standards. Moreover, federal funding of procedures for welfare-related grievances may have stimulated states to set up agencies for this purpose.

On the other hand, some actions often attributed to federal influences originated in the states. As early as 1971, for example, Alabama, Illinois, Mississippi, and Oregon acted to forestall the energy crisis that hit in 1973. In fact, "most state governments created energy study panels, commissions, or task forces to study the problems before or during 1973," according to Alfred R. Light.[219]

Similarly, state action in establishing organizations for minority and women's concerns is often attributed to

federal influence. To the contrary, these organizations frequently preceded federal involvement and resulted from a desire on the part of states to be responsive to their citizens. Moreover, the Swedes pioneered with the ombudsman and the federal government has yet to follow the ombudsman models established in some states.

Little doubt exists as to federal influence in the creation of state community affairs agencies and state planning offices. HUD 701 comprehensive planning grants encouraged proliferation of state units for comprehensive planning. According to the Council of State Community Action Agencies, the responsibility for administering the 701 program as well as the *Model Cities* and *Office of Economic Opportunity Programs* motivated the establishment of state community affairs agencies.[220]

Perhaps more important than any of these was the role of the federal government in creating a situation that made the states ripe for reorganization. A few, of many, actions are illustrated:

- The Supreme Court reapportionment decisions broke the hold of rural elements on state legislatures and, in so doing, may have made state legislatures more amenable to change.
- The explosion of federal grant programs placed states in a position where they had to reorganize to deal with the deluge.
- The specificity and sometimes the organizational requirements of federal grants encouraged counterpart organizations to facilitate implementation.
- The expanded intergovernmental role of the states required new apparatus and resources.

Conversely, federal actions impeded state executive reorganization to some extent. States often complained that the single state agency requirement (a stipulation that one state agency be designated to administer a federal program) accompanying certain grants constituted an obstacle to reorganization. The Congress subsequently provided for a waiver of this requirement in Section 204 of the *Intergovernmental Cooperation Act*. Few states took advantage of it, however, and according to a report of the Northwest Federal Regional Council (NFRC):

> Single state agency requirements continue to constitute a significant barrier to states wishing to divide responsibilities for a single federal program among more than one preexisting state agency.[221]

ACIR has proposed legislation providing for further liberalization of the requirements.

More damaging to state reorganization efforts are federal "single organizational *unit* requirements." Not waivable, this provision stipulates "the creation of agencies which are devoted exclusively to administering one program."[222] The NFRC's study shows that, as of 1976, single organizational unit requirements existed in programs of the Law Enforcement Assistance Administration and the Environmental Protection Agency, as well as in those of the Departments of Labor and the Interior. Florida had trouble with this requirement following its 1975 integration of health, rehabilitative, and social services and the delegation of management and program authority for them to district administrators. The Secretary of Health, Education, and Welfare disapproved Florida's vocational rehabilitation plan because the new department of health and rehabilitative services did not meet the single unit requirement.[223]

AN ASSESSMENT

To the extent that adherence to Buck's principles of government organization can be regarded as measures of an effective executive branch structure, the states have moved forward in recent years, although progress was uneven. Control by the chief executive has been improved by a reduction in the number of elected heads of administrative agencies; however, the tendency to establish independent boards outside the Governor's control and to give them administrative responsibility continues. States enthusiastically consolidated related functions into departments, especially in areas of transportation, environmental protection, and human services. Moreover, almost all states created departments of administration that aggregated at least some of the staff services, although more recently there has been a trend toward dividing these into administrative services and policy management agencies similar to the federal Office of Management and Budget. Wide diversity characterizes state arrangements.

In the realm of the independent audit, states have made substantial progress in putting their houses in order. In few states is the selection of the post auditing official the prerogative of the Governor.

States embraced the idea of a Governor's cabinet with enthusiasm, as well. Thirty-six states have established this mechanism, including all but one of the reorganized states.

Perhaps more important than any of the actual reforms adopted was the states' willingness to shake themselves loose from past organizational patterns and try something new. While change is not always for the better, an attitude that permits the possibility when necessary is a

step forward from the locked-in notion that "we have always done it this way." Reorganizations of the executive branch are difficult to achieve because of the vested interests both within and outside the government, the political risks, and the built-in resistance to change. The fact that virtually all of the states reorganized at least one department in the past 15 years and almost half of the states completed comprehensive reorganizations indicates a willingness to modernize on the part of state officials that has been uncommon in state government.

The tendency to reorganize may be slackening as the 1980s get underway. In the first place, most states have been reorganized recently. Secondly, results have not been clearcut, e.g., policy control has not always improved and the expected reductions in employees and expenditures frequently have not materialized. Equally important may be the contemporary management information systems and other tools that give Governors alternative methods for controlling administration.

The Budgetary Process

The budget is the ultimate statement of any government's policy choices. In it are set out the allocation of public resources and the locus of costs—"who gets what." Moreover, the budget serves as a major management tool. In the process of compiling it, government programs can be reviewed and evaluated, their costs assessed, the desirability of expanding, reducing, or eliminating them considered, and efforts to improve productivity and responsiveness outlined. For the Governor, it constitutes an implement for influencing the course of public policy and a major mechanism for assuring control of the state administration.

The Governor's role in the budgetary process ordinarily involves responsibility for budget preparation and submission to the legislature and for general oversight to assure budget compliance once appropriation bills have been enacted. Both of these functions are performed by subordinates for the most part, although the chief executive can make the ultimate determinations. As discussed above, the Governor has authority for preparation and submission of the budget in all but three states.

Considerable attention has been given to the budget process in recent years as efforts to upgrade governmental efficiency and effectiveness have intensified. Productivity improvement has often resulted in changes. State budget officers have employed new managerial concepts such as performance budgeting, planning-programming-budgeting systems (PPBS), management-by-objective (MBO), program budgeting, and zero-based budgeting (ZBB) toward this end.

TYPES OF BUDGET INNOVATIONS

Early attempts at improving budgetary processes were directed at the development of an executive budget in order to enhance the control of the Governor over state funds. Because Governors lacked the staff to exploit the budget for other management purposes, it became a control device. General practices revolved around line-item budgeting, incrementalism, and budget execution. Listing of proposed expenditures on a line-item basis provides a detailed breakdown of the goods and services being purchased with state dollars (salaries, supplies, travel, etc.) and increases central control of expenditures. Incrementalism focuses on the margin of increase over existing appropriations, using last year's budget as a base. Budget execution, with its emphasis on keeping track of the funds, consumed most of the resources of the budget staff.[224]

Performance Budgeting

A move to a "performance budget" began in the 1950s, following the recommendation of the Hoover Commission (Commission on Organization of the Executive Branch of the Government) that the federal budgetary process be redesigned. The commission recommended that the focus be on

> . . . The general character and relative importance of the work to be done, or upon the service to be rendered, rather than upon the things acquired, such as personal services, supplies, equipment, and so on. These latter objects are, after all, only the means to an end. The all-important thing in budgeting is the work or service to be accomplished, and what that work or service will cost.[225]

The commission's report, along with that of the "Little Hoover Commissions" established shortly thereafter in many states, gave impetus to the adoption of performance budgeting. According to Allen Schick, 33 states had adopted performance budgeting, at least to some degree, by 1971.[226] Many of these systems were not true performance budgeting systems although they incorporated some of the concepts. They often retained elements of the old line-item practices. While the

changes brought improvement to state budgeting, they failed to achieve their major aims.[227]

PPBS

The next reform efforts were aimed at institution of planning-programming-budgeting systems. These are planning-oriented processes with the prebudget preparation phase of the budget cycle receiving the most attention. As Ramsey and Hackbart point out:

> Unlike the more traditional approaches to budgeting in which planning is a bottom-up process, the logic of PPBS suggests top-down planning, with policy analysis being an integral aspect of the budgetary process.[228]

They identify the major changes introduced by PPBS as:

1) the identification of the fundamental objectives of government and then relating activities to these objectives;
2) anticipation of future-year implications of the objectives;
3) consideration of all pertinent costs incurred in achieving the objectives; and
4) systematic analysis of alternative methods for achieving the objectives.[229]

Secretary of Defense Robert McNamara pioneered the use of PPBS on the federal level when he joined the Kennedy Cabinet in 1961. Its successful application in the Department of Defense later led President Johnson to order its use in all federal agencies. Thereafter, state after state opted to employ it. A 1969 Council of State Governments study found all but two of the states responding to its survey implementing or planning to implement a PPBS system.[230]

Other influences also were at work. According to Ramsey and Hackbart, the State-Local Finances Project at George Washington University, under the leadership of Dr. Selma Mushkin, contributed to the spread of this innovation. Under its aegis, pilot projects were undertaken in five states (California, Michigan, New York, Wisconsin, and Vermont), as well as in local governments. Department of Housing and Urban Development 701 money for state planning encouraged state adoption as well.[231]

States encountered difficulties in using PPBS. Pointing out that it was "so radically different from existing budgetary practices that it was difficult to institutionalize," Ramsey and Hackbart summarize the problems as follows: (1) the process was fixed and formal; (2) its long-range planning aspects were difficult for states who were likely to view the budget on a year-to-year basis; (3) it often took no cognizance of the role of the legislature; and (4) it neglected to make clear the budget's implication for the execution stage of the budget cycle. As a result, "PPBS was generally divorced from and hence had little impact on the total budgetary process."[232] Consequently, most users had abandoned its theoretical concept by the early 1970s; however, many of its features were regarded as useful for the budget process and retained. A study published in 1976 reported that about 35 states had implemented modified PPBS systems.[233]

Zero-Base Budgeting

A new wave of innovation brought zero-base budgeting to the states. In contrast to PPBS, first used at the federal level, ZBB had its first public usage in the states. Like PPBS, it is a planning-oriented process. Beginning with the objectives to be accomplished, it attempts to develop an efficient operating plan and budget. The two major steps involved are: (1) designing and ranking packages of decisions that reflect several possible levels of activity of the organization concerned, the financial requirements needed to support each possible level of activity, and other relevant management data; and (2) establishing priorities for these decision packages. In the use of this system, line-item data can be retained.

ZBB, like other budgeting systems, has had problems. One writer termed it a fraud.[234] Some practitioners feel that the paperwork requirements consume too much time under an annual budget cycle. More importantly, policy issues are often submerged because the process is not sufficiently effectiveness-oriented.[235] Nevertheless, it has had enough success that states continue to adopt it.[236]

STATE USAGE

The hybrid budgeting systems under which most states operate make categorization almost impossible. As states adopted, then abandoned, performance budgeting, PPBS, ZBB, or parts of these systems, they were left with increasingly variegated systems, tailored to suit their own needs.

A survey of state budget officers conducted in 1977 found that, of the 40 officers responding, 33 indicated a significant change in their budgetary process over the previous ten years: Eleven replied that they had adopted

PPBS/program budgeting processes; nine indicated the use of ZBB or modified ZBB systems; 12 specified that they had adopted modified systems combining elements of the others; and New York was the single state to adopt a management-by-objective system. Impacts on the budget process were set out as follows:

> An analysis of the questionnaires showed that the budget directors in these states and jurisdictions perceived *policy* impacts or changes in budgetary emphasis as a result of the budget process change. However, operationally, the budgetary process seldom changed. For example, in the 11 PPBS/program budget states and jurisdictions, a statistically significant number of budget directors indicated a greater emphasis was being given to strategic planning and output effectiveness after the introduction of the budget change. It was further indicated that these changes in emphasis resulted in a greater centralization of budgetary decisionmaking, an improved flow of information for decisionmaking, and greater innovativeness by agencies. Yet, additional analysis of the questionnaires revealed that no statistically significant changes occurred in the recruiting patterns of the budget office nor in the functional distribution of time and effort by the budget office. Similar patterns were found for respondents classified as ZBB and modification states and jurisdictions. Consequently, as far as the budget office is concerned, it might be concluded that budget process changes were more form than substance.[237]

Because of the difficulty of reaching definitive conclusions about the changes that had occurred, the investigators conducted case studies in nine states. These studies underscored the conclusions that budget offices in each state "continue to emphasize financial control." While the changes were aimed at focusing greater attention upon policy analysis, planning, information organization, and evaluation, this goal had been reached in only a limited number of states. Financial control remained the primary priority.[238]

Personnel Administration[239]

Few things affect the efficiency and effectiveness of state government more than the quality of the personnel administering the affairs of the state. As a consequence, state governments have been engaged for a long time in efforts to employ capable public servants and to administer personnel programs effectively. From the outset, the influence of federal actions on these efforts and on state personnel practices has been marked.

While earlier Presidents insisted on the most excellent public employees available, the quality of the federal civil service declined, particularly with the advent of the administration of Andrew Jackson. Efforts at improvement met with little success until the 1881 assassination of President James A. Garfield by a disappointed office seeker. Subsequent adoption in 1883 of the *Civil Service Act,* better known as the *Pendleton Act,* established the U.S. Civil Service Commission and provided for merit selection, retention, and promotion of federal employees. Thereafter, the influence of the legislation and a succession of other federal actions, coupled in many instances with innovative approaches on the part of the states, moved the states toward comprehensive, modern personnel systems.

PENDLETON ACT INFLUENCE

In addition to reforming the federal civil service, the *Pendleton Act* also had the effect of stimulating the growth of state civil service systems. Within a few months of the passage of the act, New York established a civil service commission which had the authority to prepare and administer tests for the selection of individuals seeking positions in the state's service. In 1884, Massachusetts followed suit. For about 20 years thereafter, these two states were the only ones to adopt civil service reforms. Early in this century, however, the reform movement began anew. *Table 52* traces the growth of state civil service systems in the U.S. from 1880 to 1949.

1939 SOCIAL SECURITY AMENDMENT

The enactment of the *1939 Amendments to the Social Security Act* pushed the states further along the road to merit systems. This legislation required states to place under merit systems all employees in departments that received federal grants-in-aid under the act. This primarily affected state employees working in the areas of unemployment security and public assistance. The net effect of the initiative was to establish partial merit systems in states that did not have comprehensive merit

coverage for most of their employees. The special merit system councils thus set up were in essence civil service commissions of limited jurisdiction. For the first time in history, therefore, all states had at least partial merit system coverage. Since 1939, the number of federal programs calling for merit system coverage has greatly increased. *Table 53* outlines the number of programs to which the merit system must apply.

Merit system standards issued under the *1939 Amendments to the Social Security Act* have undergone changes over the years. Requirements for the covered agencies were consolidated in one document in 1948 and revised in 1963 to bar discrimination on the basis of race, national origin, and other personal factors unrelated to merit. In 1971, the standards were revised again to permit state diversity in the design and operation of personnel programs. The most important changes at this time were:

- provision for affirmative action to achieve equal employment opportunity;
- addition of specific prohibitions of discrimination based on age, sex, or physical disability;
- stronger opportunities for appeals of alleged discrimination;
- arrangements for practices to facilitate the career employment of the disadvantaged;
- recognition of the right of employees to organize;
- clarification and liberalization of state and local government options to establish a wide variety of merit organizations; and

Table 52

GROWTH OF CIVIL SERVICE SYSTEMS IN THE STATES, 1880–1949

Decade	Number of States	Year of Adoption	States
1880–89	2	1883	New York (1894)[1]
		1884	Massachusetts
1890–99	0	....	None
1900–09	4	1905	Illinois and Wisconsin
		1907	Colorado (1919)
		1908	New Jersey (1947)
1910–19	2	1913	California (1934) and Ohio (1912)
1920–29	1	1920	Maryland
1930–39	7	1937	Connecticut, Maine, Michigan (1940), and Tennessee
		1939	Alabama, Minnesota, and Rhode Island
1940–49	9	1940	Louisiana (1940), and Oregon
		1941	Indiana and Kansas (1940)
		1942	Virginia
		1943	Georgia (1945)
		1945	Nebraska and Missouri (1945)
		1949	North Carolina

[1] Figures in parenthesis indicate constitutional basis in ten states; this provides protection to the system but establishes a rigidity which is highly undesirable. The provision in the Michigan constitution, for instance, which allows the commission to increase the salaries and wages of state employees without consulting the legislature or the governor, certainly cannot be considered wise.

SOURCE: W. Brooke Graves, *American State Government,* Boston, MA, D.C. Heath and Company, 1953, p. 464.

Table 53

FEDERAL PROGRAMS TO WHICH MERIT SYSTEM APPLIES, 1979

Programs with a statutory requirement for the establishment and maintenance of personnel standards on a merit basis

- Food Stamp
- Drug Abuse Prevention
- National Health Planning and Resources Development
- Medical Facilities Assistance
- Employment Security
- Aid to Families with Dependent Children
- Maternal and Child Health Services/Crippled Children Services
- Comprehensive Alcohol Abuse and Alcoholism Prevention, Treatment, and Rehabilitation
- Aid to the Blind
- Aid to the Permanently and Totally Disabled
- Aid to the Aged, Blind or Disabled
- Medicaid
- Grants to States for Social Services
- Comprehensive Mental Health Services
- State and Community Programs on Aging
- Civil Defense

Programs with a regulatory requirement for the establishment and maintenance of personnel standards on a merit basis

- Occupational Safety and Health Standards
- Occupational Safety and Health Statistics
- Child Welfare Services
- Developmental Disabilities Services and Facilities Construction
- Comprehensive Employment and Training Act

Programs with a personnel requirement which may be met by a merit system which conforms to the standards for a Merit System of Personnel Administration

- Vocational Rehabilitation Services
- Disability Determination Services
- Health Insurance for the Aged (Medicare)

SOURCE: *An Evaluation of the Intergovernmental Personnel Act of 1970: Report to the Congress of the United States by the Comptroller General* (Report FPCD-80-11), Washington, DC, U.S. General Accounting Office, December 19, 1979, pp. 69–72.

- provision of a new section on career advancement and a new section of cooperation between merit systems to facilitate maximum utilization of manpower and employee mobility.[240]

The standards underwent revision again in 1979 after a two-year review. Major changes included:

- requirement for adoption of the uniform selection guidelines in order to participate in grant programs;
- broadened standards for competition and choice, such as limited competition for the handicapped and participants in congressionally or state-authorized employment or rehabilitation programs;
- selection procedures encompassing any reasonable, broadly discretionary certification process;
- a training requirement;
- specific requirements covering equal employment opportunity, such as affirmative action programs, mandatory work force analysis, goals and timetables, and race, sex, and ethnic data collection for applicants;
- guidance on employee-management relations;
- exemption of policymaking and policy-advocating positions;
- systematic assignment and retreat rights for career employees, permitting mobility to noncareer jobs without endangering civil service status;
- temporary waivers for experimentation and research with Office of Personnel Management approval;

- chief executive certification and informal advisory review; and
- waiver for local jurisdictions with fewer than 25 employees subject to the standards.[241]

These standards cover from 15% to 20% of all state personnel. They apply to approximately 587,000 employees in 4,245 state and local agencies. More than $30 billion in annual federal grants-in-aid funds are represented.[242]

In some instances, states responded to the federal requirements by combining the federally mandated merit systems with plans for other departments. In other cases, the new merit system councils operated alongside ongoing merit systems or patronage practices.

MERIT SYSTEM EXPANSION

Between 1940 and 1970, the number of states adopting statewide civil service systems continued to grow. By 1973, 33 states had statewide systems.[243] According to recent statistics compiled by the Office of Personnel Management, the number of states with comprehensive statewide merit systems now stands at 35. *Figure 6* portrays the growth pattern. *Table 54* is a presentation of those states having comprehensive (jurisdictionwide) merit system coverage, as well as those having more limited coverage involving single or multiple agency programs.

Comprehensive coverage, of course, does not necessarily guarantee the application of true merit principles. Even the best structured system is subject to distortion and abuse and this appears to be the case in some states. However, the attempt to develop a personnel program at all is an improvement in some instances.

THE HATCH ACTS

Another federal initiative that greatly affected state and local personnel practices was the *Hatch Act of 1939*. The act was aimed at regulating the involvement of federal employees in partisan political elections. Specifically, it prohibited federal employees from: (1) exercising official authority to influence or interfere with or affect a partisan election; (2) soliciting funds for partisan political purposes; (3) actively participating in a partisan political organization; (4) becoming a candidate for office in a partisan election; (5) campaigning for or managing the campaign of a candidate in a partisan election; (6) circulating a partisan nominating petition; and (7) soliciting votes for partisan political purposes. A so-called "Second Hatch Act," enacted in 1940, extended these same prohibitions to employees of state and local governments whose employment is connected with any activity financed wholly or in part by federal funds.[244] The *Federal Elections Campaign Amendments of 1974* modified the provisions, removing restrictions on voluntary activities by state and local employees in federal campaigns, if not otherwise prohibited by state law.[245]

Following the federal lead, legislatures in all of the states adopted their own laws—known as the "Little Hatch Acts"—to limit the political activity of state employees. A 1967 study found that eight states had laws more restrictive than the Hatch Act, nine states had similar laws, and 33 had laws that were more lenient.[246]

THE INTERGOVERNMENTAL PERSONNEL ACT OF 1970

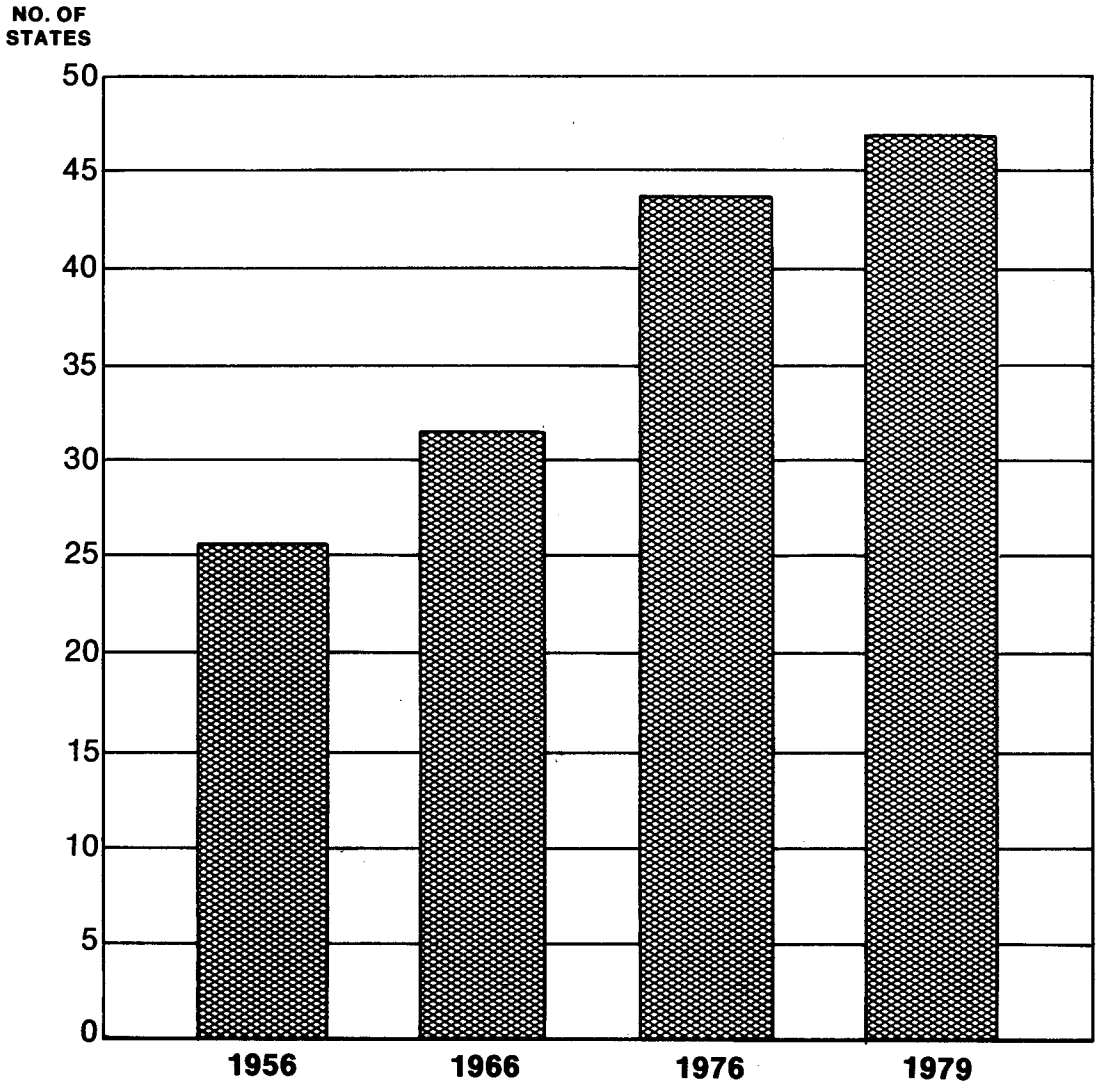
Another significant federal statute that has influenced state and local personnel systems is the *Intergovernmental Personnel Act of 1970* (IPA). The purpose of IPA was to strengthen and increase the ability of state and local governments to participate in federal programs. Through IPA's system of formula/project grants, state and local governments, within their own priorities, are encouraged to upgrade the capacity and effectiveness of their personnel systems. Among some of the more important programs offered through IPA are:

- federal technical assistance;
- personnel exchange assignments between the federal government and state and local governments and universities;
- admission of state and local government employees to federal training programs;
- cooperative recruiting and examining efforts;
- administration of merit employment standards to about 30 federal grant-in-aid programs; and
- grants to state and local governments to improve their own personnel management and training programs.

The overall impact of IPA is as yet unknown because evaluation of the effectiveness of its various components

Figure 6

Growth In State Personnel Agency Coverage
Selected Years, 1956-1979



SOURCE: Based on data from the *Books of the States, 1956-57, 1966-67, 1976-77, and 1980-81*, Chicago, IL, or Lexington, KY, Council of State Governments, 1956, 1966, 1976, 1980.

Table 54

CLASSIFICATION OF STATE MERIT SYSTEM AGENCIES—1979

JURISDICTIONWIDE

Alabama
Alaska
Arizona
California
Colorado
Connecticut
Delaware
Georgia
Hawaii
Idaho
Illinois
Iowa
Kansas
Kentucky
Louisiana
Maine
Maryland
Massachusetts
Michigan
Minnesota
Nevada
New Hampshire
New Jersey
New Mexico
New York
Ohio
Oklahoma
Oregon
Rhode Island
South Dakota
Tennessee
Utah
Vermont
Washington
Wisconsin

COOPERATIVE[1]

Arkansas
California (Serves local welfare, health, and civil defense)
Florida[2]
Indiana
Minnesota (Serves county welfare, local health, and civil defense)
Mississippi[2]
Missouri
Montana
Nebraska
North Carolina[2]
North Dakota
Pennsylvania
South Carolina[2]
Texas
Virginia
West Virginia
Wyoming

SINGLE AGENCY[3]

Colorado (Serves county welfare)
Iowa (Serves crippled children)
Kentucky (Serves local health)
Oregon (Serves local health)
Wisconsin (Serves county welfare)

---

[1] A cooperative merit system is one that serves two or more state grant-aided program agencies.
[2] In previous years these states were listed under "Jurisdictionwide" in this report but with a footnote stating the competitive service in the states was limited primarily to the agencies with a merit requirement. It seems more accurate to describe these systems as "Cooperative."
[3] A single agency merit system is one that serves one grant-aided program agency or one grant-aided program area.

SOURCE: *1979 Annual Statistical Report on State and Local Personnel Systems,* Washington, DC, U.S. Office of Personnel Management, June 1980, p. 43.

has been limited. However, studies conducted by the Office of Personnel Management (OPM) in ten sample states tend to show that IPA has been moderately successful, playing a catalytic and supportive role in state and local personnel management improvement.[247] A General Accounting Office report indicated that grants under the act have had a major impact on improving state and local government personnel management.[248]

THE CIVIL SERVICE REFORM ACT OF 1978

A potential federal influence on state and local personnel systems is the *Civil Service Reform Act of 1978* (CSRA), P.L. 95–454, itself a reflection of personnel reforms already underway by state and local governments. CSRA represents the most comprehensive reform of federal government service since *the Pendleton Act of 1883*. Its main features are based on the recommendations of an exhaustive five-month study conducted by the Carter Administration's Personnel Management Project, which utilized thousands of expert and public officials. The CSRA's more important provisions are:

- codification of merit system principles;
- protection for whistle blowers who disclose illegal or improper government activities;
- streamlined and simplified dismissal procedures for employees who must be terminated for cause;
- establishment of a Senior Executive System (SES);
- merit pay for employees in grades GS–13 through GS–15 and the SES based on a merit appraisal system;
- decentralized hiring practices which allow individual agencies to exercise a maximum degree of discretion in filling positions and processing other personnel actions;
- establishment of a Federal Labor Relations Authority to adjudicate federal labor-management cases between the government and employee unions; and
- replacement of the Civil Service Commission with an Office of Personnel Management to carry out personnel management and agency advisory functions and a Merit Protection Board to ensure merit system principles and laws.

SOME ADVERSE FEDERAL IMPACTS

Not all federal actions have improved state personnel management; some have had deleterious effects. Many federal laws contained provisions that complicated state management. Statutes relating to fair labor standards, occupational health and safety, labor-management relations, equal employment opportunities, and other personnel-related legislation, while attempting to accomplish worthwhile goals, impose requirements that make personnel administration difficult.[249] Moreover, almost every federal grant-in-aid program is accompanied by rules and regulations imposing federal requirements on state and local personnel practices. A review of 221 federal grant programs by the Federal Assistance Review Task Force revealed 172 specific provisions relating to personnel administration.[250]

More importantly, federal personnel provisions often have intruded into purely state matters. *The 1974 Amendments to the Fair Labor Standards Act*, for example, extended minimum wage and overtime provisions of the law to state and local employees, a provision resisted strongly on the state and local levels and eventually voided by the U.S. Supreme Court in *National League of Cities v. Usery*.[251] The Court disallowed a federal claim to regulate under the commerce clause of the Constitution.

Other difficulties occur when uniform personnel standards, as conceived on the federal level, sometimes are not flexible enough to accommodate state differences. Federal officials often desire a consistency in state practices that runs against the grain of state individuality and confuses procedure with performance.

The growing management role of the states, in part imposed by federal legislation, has increased pressures on personnel management also. The myriad of activities associated with grant application and administration, monitoring of local compliance, decisionmaking, and resource distribution require more effective and efficient personnel. When coupled with growing popular demands for services and the fiscal belt-tightening imposed by tax and spending limits and inflation, the task of state personnel managers in securing the best possible service for each state dollar becomes more difficult.

CURRENT REFORM EFFORTS

The publicity attendant to the adoption of the federal *Civil Service Reform Act*, along with state awareness of

Table 55

STATE AND LOCAL GOVERNMENT REFORM—1980

GOVERNMENTS IN 32 STATES ARE PURSUING CIVIL SERVICE REFORM PROGRAMS IN THE FOLLOWING AREAS:

	Senior Executive Service	Merit Pay	Labor Relations	Performance Appraisal System	Decentralization of Personnel Functions	Protection for "Whistle Blowers"	Veterans Preference and Benefits
Alabama							
Alaska			●				
American Samoa							
Arizona			●				
Arkansas		●		●			
California			●			●	●
Colorado	●			●	●	●	
Connecticut	●	●				●	
Delaware							
District of Columbia							
Florida	●		●		●		
Georgia	●			●			
Guam							
Hawaii		●		●		●	●
Idaho		●				●	
Illinois		●	●	●			●
Indiana							
Iowa	●						●
Kansas				●	●		●
Kentucky							
Louisiana		●		●			●
Maine		●		●			●
Maryland							
Massachusetts	●	●		●	●		
Michigan							
Minnesota	●		●				
Missouri	●		●	●			●
Mississippi							
Montana		●		●			
Nebraska		●		●			●
Nevada			●				

SOURCE: U.S. Office of Personnel Management, *Civil Service Reform: A Report on the First Year*, Washington, DC, U.S. Government Printing Office, 1980, p. 24.

Table 55 (continued)

STATE AND LOCAL GOVERNMENT REFORM—1980

GOVERNMENTS IN 32 STATES ARE PURSUING CIVIL SERVICE REFORM PROGRAMS IN THE FOLLOWING AREAS:

	Senior Executive Service	Merit Pay	Labor Relations	Performance Appraisal System	Decentral-ization of Personnel Functions	Protection for "Whistle Blowers"	Veterans Preference and Benefits
New Hampshire							
New Jersey	•				•		•
New Mexico							
New York	•	•			•		
North Carolina		•		•			
North Dakota							
Ohio							
Oklahoma							
Oregon	•	•	•	•	•	•	
Pennsylvania							
Puerto Rico							
Rhode Island							
South Carolina							
South Dakota							
Tennessee				•			
Texas						•	
Trust Territory							
Utah						•	
Vermont		•		•			
Virginia					•		
Virgin Islands							
Washington	•	•		•			
West Virginia							
Wisconsin	•				•		•
Wyoming							

the need for improving or updating personnel practices, pressures from public employee unions, and public demands for greater productivity, made personnel administration changes important priorities in many states during the late 1970s. A total of 27 states established study commisions to make comprehensive reviews of personnel practices and recommend changes. Twenty-two enacted laws revising or supplementing civil service regulations, 13 completely or substantially changed their personnel systems, and three altered their approaches to personnel management.[252]

Specific changes are too numerous to detail; however, some of the types of activities are set out in *Table 55*. In addition to the areas shown there, emphasis was on the structure of the central personnel agency and its authority, employment procedures, classification and compensation systems, equal employment opportunity, and maintenance of personnel standards.[253]

AN ASSESSMENT

More than most other aspects of state government, personnel administration has been influenced by federal actions. Often the effect has been positive, such as when the adoption of effective personnel systems has been

Table 56

PERCENTAGE OF FEDERAL GRANT ADMINISTRATORS CITING PERSONNEL DEFICIENCIES IN STATE AND LOCAL GOVERNMENT 1964 AND 1975

Personnel Deficiency	1964	1975
Low Salaries	79%	25%
Inadequate Training Programs	69	16
Overly Stringent Merit Requirements	19	17
Lack of a Merit System	38	5

SOURCE: 1964 data—U.S. Senate, Subcommittee on Intergovernmental Relations, *The Federal System as Seen by Federal Aid Officials,* 89th Congress, 1st Session, Washington, DC, U.S. Government Printing Office, December 15, 1965, p. 58; 1975 data—ACIR questionnaire survey as cited in ACIR, *The Intergovernmental Grant System as Seen by Local, State, and Federal Officials* (Report A–54), Washington, DC, U.S. Government Printing Office, March 1977, p. 191.

Table 57

FEDERAL GRANT ADMINISTRATORS' RATINGS OF OVERALL CAPACITY OF STATE AND LOCAL GOVERNMENT GRANT RECIPIENTS: BY TYPE OF RECIPIENT, SUMMER 1975

Key: N—number of responding grant administrators.
1–5—descending scale of rated overall capacity (i.e., (1) is highest).

Type of Recipient	N	1	2	3	4	5	Total
States	159	24%	28%	30%	12%	7%	101%
Local Governments							
Cities	69	15	20	37	17	11	100
Counties	62	14	19	38	18	12	101
School Districts	44	14	26	39	11	10	100
Other	63	38	21	22	13	5	99

Note: Because the programs vary with respect to their eligible recipients, with some grants, for example, going only to states, or local governments, or school districts, the number of total possible responses varies among the different recipients. This accounts in part for the variation in N value.
SOURCE: ACIR, *The Intergovernmental Grant System as Seen by Local, State, and Federal Officials* (Report A–54), Washington, DC, U.S. Government Printing Office, March 1977, p. 191.

encouraged. More recently, the federal presence has been intrusive or has complicated management.

While a challenge remains for the states to provide the positive personnel management that produces highly motivated and competent civil services throughout the country, progress has been substantial. At least 35 states now have jurisdictionwide merit system coverage and the remainder have established limited programs. Governments in 32 states are pursuing reform programs in one or more of the following areas: senior executive services, merit pay, labor relations, performance appraisal, decentralization of personnel functions, protection for "whistle blowers," and veterans' preference and benefits.[254] Training and retirement systems have been strengthened; legislation to protect employees from political pressures enacted; financial disclosure laws passed; intern programs developed; and other measures to upgrade the civil service adopted. State bureaucracies are more open to minorities, the handicapped, and women than they used to be. Employees are better educated. Although not all states have made equal progress, all have made some.

On the other hand, merit systems are systematically abused in some states so that they exist in name only. State salaries frequently lag behind those of the federal bureaucracy and often are too low to attract the desired competence in specialized fields. Merit system rules remain rigid in many areas and some states still do not have comprehensive merit systems that cover most of their employees. Retirement systems may do little more than guarantee a minimal subsistence in some states. Training programs are still not what they should be in most places and, often, employees get no help in improving their performances. On the whole, however, state personnel systems have improved markedly over their predecessors of a generation ago.

Perceptions of federal grant-in-aid administrators testify to the improvements. Comparison of administrators' responses concerning personnel deficiencies in state and local governments for 1964 and 1975 indicate that federal administrators overwhelmingly rated states higher in 1975 than in 1964 on several indicators. As *Table 56* shows, several times as many federal officials cited the states for low salaries, inadequate training programs, overly stringent merit requirements, and the lack of a merit system, in 1964 as did in 1975.

Moreover, in the 1975 ACIR survey, 52% of the federal grant administrators rated state grant recipients one or two on overall capacity on a descending scale from one to five (in which one was highest). Only 19% rated the state recipients as four or five. *Table 57* sets out the results.

Heads of state personnel agencies gave their programs mixed reviews. In response to a survey of state and local government personnel system organizations conducted by the National League of Cities, the National Association of Counties, and the Council of State Governments, in cooperation with the U.S. Office of Personnel Management, heads of personnel agencies in 48 of the 50 states rated their organizations high in two of the areas covered. State personnel systems got "most of the time" ratings on providing consistent treatment of comparable employees and providing enough flexibility for the differing personnel needs of various employee groups. They felt improvement was needed in regard to providing top management help in implementing its policies and programs, convincing citizens that the personnel system is providing effective and efficient delivery of services, and fulfilling the state's responsibility in terms of minorities, women, and other disadvantaged groups. *Table 58* summarizes the responses. It should be noted that very few responded "rarely or never" in the areas covered.

In sum, the progress has been substantial, if uneven. States continue to work at improving personnel administration. Opportunities for improvement still exist.

State Finances

State financial systems have recently undergone, and are continuing to undergo, marked transformations. After growing almost twice as fast as the economy for a quarter of a century, state and local spending in the aggregate has fallen behind the nominal growth in the gross national product since 1975. Per capita state-local expenditures have declined as well. The result is the "transformation of the state and local sector from a fast-growth to a no-growth industry."[255] *Table 59* provides the figures on this development and *Figure 7* illustrates the trend. *Table 60* shows the individual state actions to brake taxing and spending.

Many factors contributed to the slowdown. Probably the most significant were changes in public opinion, economic conditions, and demographics. The public attitude appears to have shifted from support, or at least tolerance, of increased spending to demands for a halt. The shift in the economy from a situation of real growth to one of little or no growth, coupled with high rates of inflation, dampened enthusiasm for government expansion. Moreover, the steadily rising school enrollments of the post-World War II era have now declined, reduc-

Table 58

STATE PERSONNEL DIRECTORS' PERCEPTIONS OF STATE PERSONNEL SYSTEM'S EFFECTIVENESS, 1979*

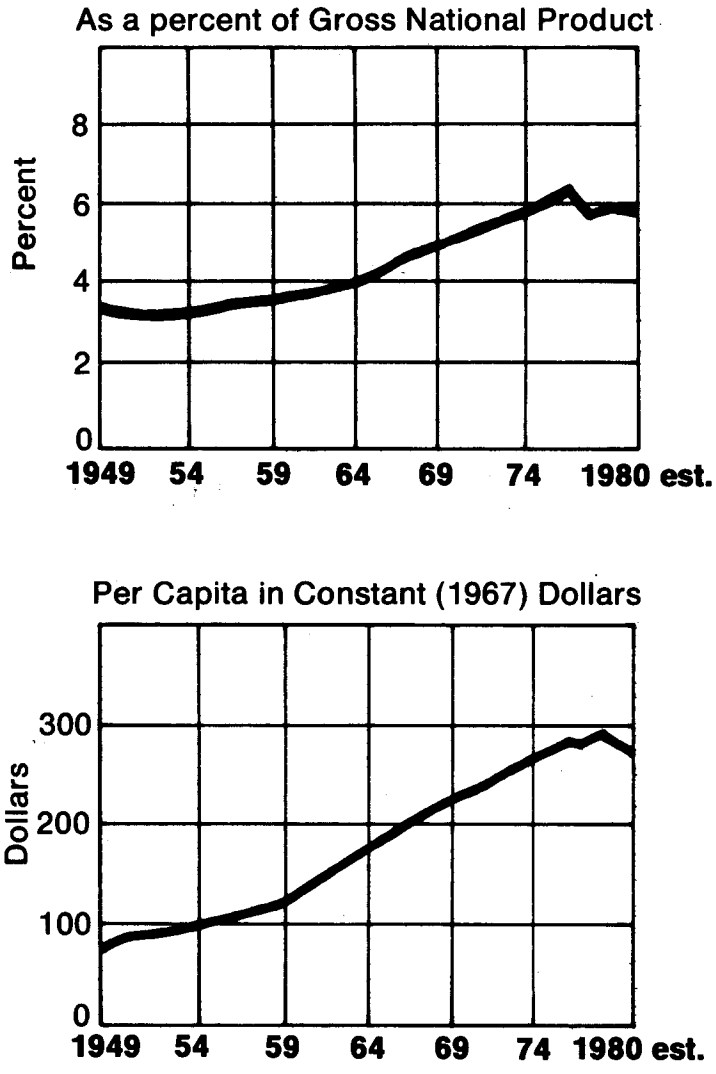
	Most of The Time	Sometimes	Rarely or Never	N/A or No Basis for Judgment
Top management believes that the personnel system helps it in implementing its policy and programs.	17 states 37.8%	22 states 48.9%	2 states 4.4%	4 states 8.9%
Management is satisfied with the quantity and quality of services provided by employees.	25 states 54.4%	16 states 35.6%	1 state 2.2%	3 states 6.7%
Citizens perceive that their government is providing effective and efficient delivery of needed services.	11 states 24.4%	24 states 53.3%	3 states 6.7%	7 states 15.6%
The personnel system provides for consistent treatment of comparable employees in terms of pay, hours, and other working conditions.	41 states 91.1%	4 states 8.9%	None	None
The personnel system is flexible enough to provide for the differing personnel needs of the various employee groups.	36 states 81.8%	7 states 15.9%	1 state 2.3%	None
The personnel system enables the jurisdiction to hire and retain competent and motivated employees.	35 states 71.8%	10 states 22.2%	None	None
The personnel system enables the jurisdiction to fulfill its responsibility in terms of minorities, women and other disadvantaged groups.	25 states 55.6%	20 states 43.5%	None	1 state 2.2%

* Percentages on this chart are calculated on the number of states responding to each question.
SOURCE: U.S. Office of Personnel Management and The Council of State Governments, *Analysis of Baseline Data Survey on Personnel Practices for States, Counties, Cities,* Summer 1979, p. 25 (no publication information included).

Figure 7

The Slowdown In State Spending, Selected Years, 1949-80

State Expenditure (from own funds)

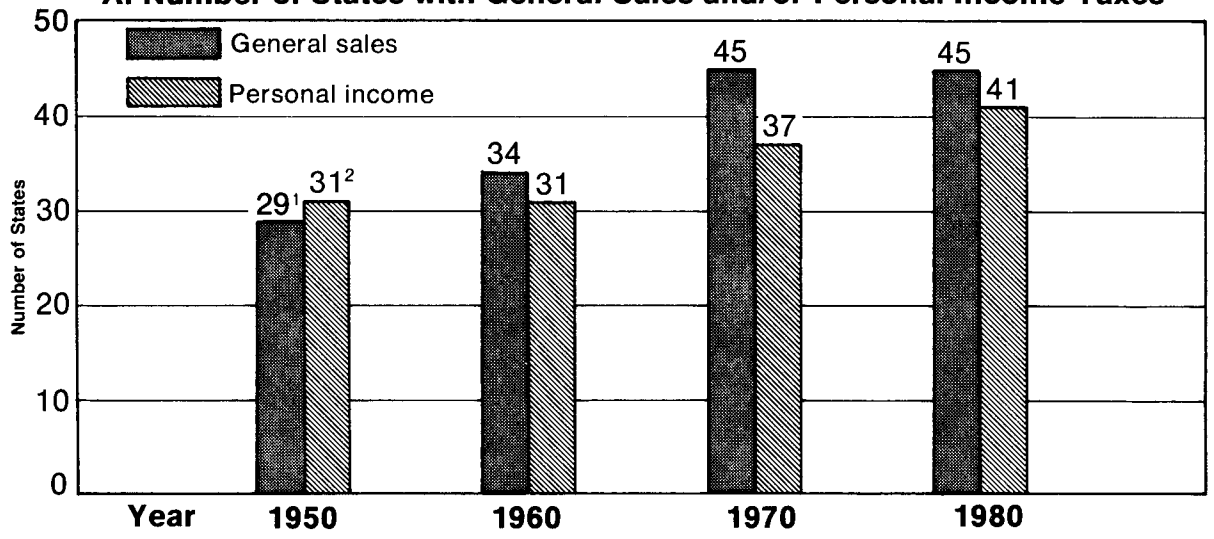


SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1979-80 Edition* (Report M-123), Washington, DC, U.S. Government Printing Office, 1980, p. 3.

Figure 8

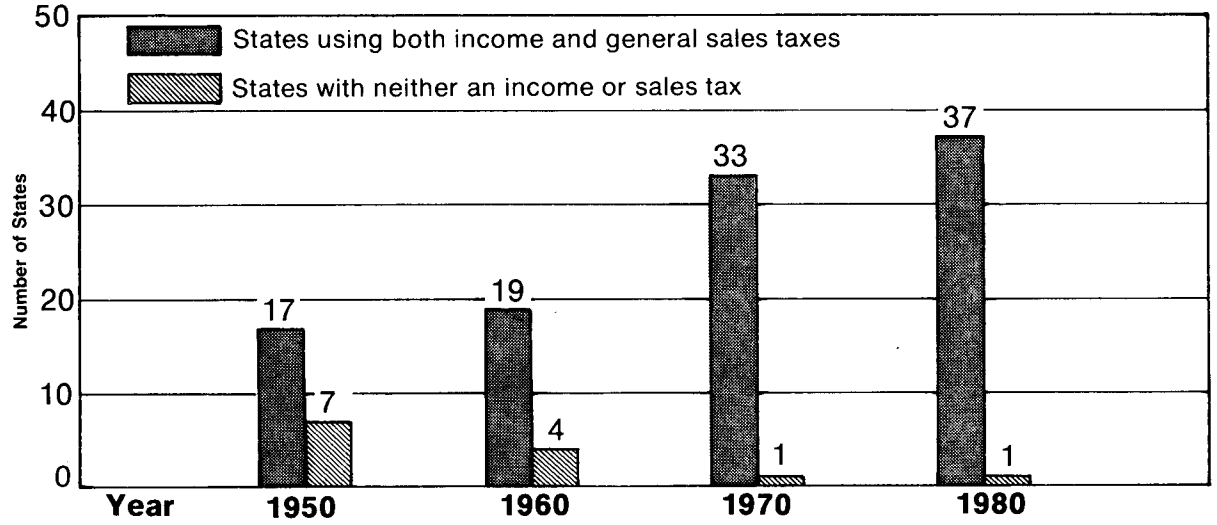
STATE USE OF GENERAL SALES AND BROAD-BASED PERSONAL INCOME TAXES, AS OF JANUARY 1, FOR SELECTED YEARS

A. Number of States with General Sales and/or Personal Income Taxes



[1] Includes Hawaii.
[2] Includes Alaska and Hawaii.

B. Number of States with Both General Sales and Personal Income Taxes, and Number with Neither Tax



SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M-123), Washington, DC, U.S. Government Printing Office, 1980, p. 94.

Table 59

STATE AND LOCAL EXPENDITURES, INCLUDING FEDERAL AID, SELECTED YEARS, 1949–80

Calendar Year	As Percent of GNP	Per Capita (Constant Dollars)
1949	7.8%	$189
1959	9.6	302
1969	12.5	528
1975	15.1	670
1976	14.6	682
1977	14.3	691
1978	14.3	710
1979	13.9	688
1980 Estimate	13.5	644

SOURCE: ACIR staff.

ing the pressures for more funds for education. As a consequence of these changes, the states have entered an era of fiscal restraint.[255a]

STATE REVENUE SYSTEM CHANGES

State revenue systems have undergone transformation as well. In many ways they differ widely, even from what they were ten years ago. Many states have moved toward a higher quality system that provides greater revenue diversification, equity, moderation, and accountability.[256]

Revenue diversification can be provided by a balanced use of property, income, and sales taxes. Since each of these has its own strengths and weaknesses, each can be used to provide balance in the tax structure. John Shannon points out that while this balanced use makes sense for most states, there are a fortunate few—namely the energy-rich and tourist-rich states—that are in a position to "export" a substantial portion of their taxes. In Texas, for example, it might be more advisable politically to impose a severance tax on petroleum production than to levy an income tax on its own citizens. The burden of the tax would then fall on those living and working outside its borders.[257]

In general, states have diversified their tax systems with more states now relying on income as well as sales taxes as significant sources of funds. A total of 41 states now have broad-based individual income taxes, and three others—Connecticut, New Hampshire, and Tennessee—have limited levies. Connecticut's tax applies only to capital gains and dividends, and New Hampshire and Tennessee tax only interest and dividends. Florida, Nevada, South Dakota, Texas, Washington, and Wyoming are the complete holdouts. In addition to the use of the individual income tax, all but five states impose corporate income taxes. Nevada, South Dakota, Texas, Washington, and Wyoming are the only states that do not.[258] As far as the general sales tax is concerned, all states except Alaska, Delaware, Montana, New Hampshire, and Oregon now impose such taxes.[259] *Figure 8* illustrates the growth of income and sales tax use by decade.

As a consequence of this diversification, there is less reliance on the property tax. It is still a major factor in financing local governments, although in 1979 it brought in only 2% of the state own source tax funds, despite significant upgrading of its administration.[260] At the same time, state sales taxes bring in slightly more than half, 50.9%, of their tax revenues and income taxes provide 35.9%.[261]

Equity considerations require that the heaviest tax burden falls on those most able to pay and that subsistence income be exempt from taxation. Thus, governments with regressive taxes—such as property and sales taxes—that bear most heavily on low income residents increasingly provide some shields for these individuals. These can, and do, take the form of exemption of food and medicine from the sales tax, the granting of a tax credit in the state income tax, and some kind of "circuit breaker" to moderate the impact of the property tax. The latter, for example, might exempt from that tax property of individuals in low income brackets. These equity features are set out in *Table 61*. Another alternative is to provide an income tax exemption equaling that of the federal government.

States are under pressure to exercise moderation in levying taxes both because profligate taxing burdens the citizenry and because it enables the public sector to expand to an unacceptable point. High taxes also may place the state at a competitive disadvantage with other states. The latter is true, particularly, where surrounding states levy significantly lower taxes.

Public dissatisfaction has grown in recent years because inflation has pushed both incomes and property values into higher ranges, thus increasing the tax bite without an overt action on the part of taxing authorities. As a matter of political accountability, tax increases should be imposed specifically and not rise quietly as the

Table 60

THE STATES APPLY THEIR FISCAL BRAKES—1977–80 MAJOR STATE TAX REDUCTIONS, STATE SPENDING LIDS, AND INDEXATION ACTIONS

State and Region	Ad Hoc Tax Reductions		Indexation of Individual Income Tax	Tax and Spending Lids
	Personal Income Tax	General Sales Tax		
Total	36	22	9	18
New England				
Connecticut		X ('77)		
Maine	X ('79)	X ('79)		
Massachusetts	X ('80)			
New Hampshire				
Rhode Island				S[1] ('77)
Vermont	X ('78)	X ('78)		
Mideast				
Delaware				C[2] ('80)
District of Columbia	X ('78, '79)			
Maryland	X ('77, '80)	X ('80)		
New Jersey		X ('78)		S ('76)
New York	X ('78, '79)	X ('77, '79, '80)		
Pennsylvania				
Great Lakes				
Illinois				
Indiana				
Michigan				C ('78)
Ohio	X ('79)			
Wisconsin	X ('79, '80)	X ('79, '80)	1979	
Plains				
Iowa	X ('80)		1979	
Kansas				
Minnesota	X ('79, '80)		1979	
Missouri				C ('80)
Nebraska	X ('79)	X ('79)		
North Dakota	X ('79)			
South Dakota				

Southeast				
Alabama				
Arkasas		X ('80)		
Florida				
Georgia				
Kentucky		X ('80)		
Louisiana	X ('80)	X ('80)		S ('79)
Mississippi	X ('80)			
North Carolina	X ('78, '80)			
South Carolina			1980	S ('80)
Tennessee				C ('78)
Virginia				
West Virginia		X ('80)		
Southwest				
Arizona	X ('79, '80)		1978	C ('78)
New Mexico	X ('77, '80)			
Oklahoma				
Texas		X ('79)		C ('78)
Rocky Mountain				
Colorado	X ('78, '79, '80)	X ('78, '80)	1978	S ('77)
Idaho				S ('80)
Montana	X ('78, '80)		1980	
Utah		X ('80)		S ('79)
Wyoming				
Far West				
California	X ('79)		1978	C ('79)
Nevada		X ('80)		S ('79)
Oregon	X ('80)		1979	S ('80)
Washington		X ('79, '80)		S ('79)
Alaska	X ('79, '80)			
Hawaii	X ('77, '78)		C ('78)	

X—Indicates a major tax decrease, i.e., a decrease in excess of 10% of the economic growth of the tax.
[1] C—Constitutional
[2] S—Statutory
SOURCE: ACIR staff.

Table 61

SUMMARY OF SIGNIFICANT FEATURES OF

State and Region	Incidence,[1] 1976 (Family Tax Burdens)			Tax Effort,[2] 1978	
	Pro-gres-sive	Pro-por-tional	Re-gres-sive	State-Local Taxes as a Percent of State Personal Income	Per Capita State-Local Tax Revenue
United States			X	12.8%	$ 888
New England					
Connecticut			X	11.6	941
Maine			X [6]	13.3	758
Massachusetts			X	15.1	1,098
New Hampshire			X	10.5	669
Rhode Island			X	12.5	848
Vermont	X			14.5	837
Mideast					
Delaware		X [6]		12.2	943
Dist. of Col.		N.A.		13.6	1,245
Maryland		X [7]		13.0	985
New Jersey			X	12.4	993
New York	X [7]			17.2	1,308
Pennsylvania			X	12.3	862
Great Lakes					
Illinois			X	11.8	917
Indiana			X	10.3	707
Michigan	X [7]			12.7	959
Ohio			X	9.9	701
Wisconsin		X		14.2	970
Plains					
Iowa			X	11.6	794
Kansas			X	11.3	798
Minnesota	X			14.2	1,001
Missouri			X	9.9	653
Nebraska		X [7]		12.1	814
North Dakota		X		11.6	721
South Dakota			X	11.5	683
Southeast					
Alabama			X	10.2	566
Arkansas		X		10.2	553
Florida			X	10.6	699
Georgia		X		11.3	672
Kentucky			X	11.3	662
Louisiana			X	12.3	716

THE 50 STATE-LOCAL REVENUE SYSTEMS

Diversification,[2] 1978 (Source of State-Local General Revenue)							Equity Features, 1979[3]	
Taxes								
Property	General Sales	Income	All Other	Charges and Misc. General Revenue	Federal Aid	State Government Percentage of State-Local Tax Revenue,[2] 1978	Food Exempt from Sales Tax (E) or Income Tax Credit Provided (C)[4]	State Financed Circuit-Breaker Property Tax Relief Programs[5]
21.0%	13.1%	13.9%	13.2%	16.7%	22.0%	58.5%	—	
31.3	14.9	6.4	14.9	12.9	19.7	53.2	E	E.H&R
22.0	13.0	9.6	13.1	13.7	28.6	63.8	E	E.H&R
31.1	5.4	19.0	10.0	10.6	23.9	52.1	E	—
34.8	—	6.2	18.1	15.9	25.0	41.2	NST	—
25.0	10.4	11.6	11.8	14.5	26.6	57.8	E	E.H&R
22.8	4.4	11.3	15.6	14.2	31.7	57.4	E	A.H&R
8.6	—	24.5	22.5	19.5	24.9	81.8	NST	—
9.4	7.5	13.7	9.6	6.6	53.3	—	E	A.H&R
17.4	9.4	21.3	12.9	17.3	21.7	59.0	E	A.H.
32.3	9.3	10.9	14.8	13.9	18.8	47.3	E	—
23.8	12.2	20.6	9.4	13.8	20.1	47.1	E	A.H&R
16.7	11.2	18.9	18.0	13.2	22.0	61.9	E	E.H&R
23.9	16.0	12.9	14.6	13.6	19.0	56.0	[8]	E.H&R
21.6	18.4	12.6	9.7	19.1	18.6	64.6	E	E.H&R
22.1	11.0	19.5	8.3	17.5	21.6	61.8	E	A.H&R
21.2	11.4	14.9	12.7	19.1	20.7	54.9	E	E.H.
21.3	10.7	22.5	9.0	16.4	20.1	68.1	E	A.H&R
22.9	9.8	15.6	11.6	19.6	20.6	61.0	E	E.H&R
25.6	11.9	12.0	11.5	20.7	18.3	56.1	Ltd. Credit	E.H&R
18.3	8.2	20.7	13.6	19.3	19.8	68.8	E	A.H&R
17.8	15.9	12.1	13.8	15.6	24.9	56.2	—	E.H&R
25.4	12.3	10.2	11.2	21.8	19.1	53.4	C	—
15.9	9.9	9.1	12.8	27.3	25.0	65.8	E	E.R [9]
24.6	14.1	0.3	13.0	26.2	27.7	47.5	[10]	E.H
6.1	15.6	10.0	18.4	22.5	27.4	75.0	—	—
11.0	13.5	14.9	12.3	17.8	30.4	76.6	—	E.H
18.9	15.9	2.5	20.6	21.4	20.6	62.6	E	—
15.4	14.2	12.7	11.2	20.3	26.2	63.9	—	—
10.4	13.1	16.6	16.9	16.8	26.2	79.6	E	—
7.3	18.2	7.1	20.8	21.3	25.4	69.7	E	—

Table 61 (continued)

SUMMARY OF SIGNIFICANT FEATURES OF

State and Region	Incidence,[1] 1976 (Family Tax Burdens)			Tax Effort,[2] 1978	
	Pro-gres-sive	Pro-por-tional	Re-gres-sive	State-Local Taxes as a Percent of State Personal Income	Per Capita State-Local Tax Revenue
Mississippi			X	11.8%	$589
North Carolina		X		10.9	643
South Carolina		X		11.1	615
Tennessee			X	10.7	613
Virginia		X [7]		11.1	757
West Virginia		X [7]		11.2	675
Southwest					
Arizona			X	14.3	907
New Mexico		X [6]		13.3	763
Oklahoma		X		10.7	660
Texas			X	10.5	707
Rocky Mountain					
Colorado		X [7]		12.6	882
Idaho	X			12.0	701
Montana		X [7]		13.8	817
Utah		X [7]		12.7	728
Wyoming			X	15.9	1,156
Far West					
California		X [6]		15.8	1,227
Nevada			X	13.1	1,004
Oregon	X			12.8	872
Washington			X	12.7	929
Alaska			N.A.	17.5	1,871
Hawaii			N.A.	14.0	1,059

[1] Based on *Table 40* which compares estimated major state-local tax burdens for hypothetical families of four residing in the largest city in each state. Includes the following taxes: state and local income and general sales, residential property, cigarette excise, and motor vehicle taxes. In determining incidence, the $10,000, $15,000, $17,500, $25,000, and $50,000 adjusted gross income classes were included. A state's tax system was considered progressive if the tax burden (taxes as a percent of income) for the $50,000 income class was 10% or more greater than the $10,000 class, regressive if 10% or more lower than the $10,000 class, and proportional if the percentage difference was less than 10%, plus or minus.

[2] U.S. Bureau of the Census, *Governmental Finances in 1977–78.*

[3] Commerce Clearing House.

[4] NST = No. state general sales tax.

[5] A.H&R = All homeowners and renters; A.H. = All homeowners; A.R. = All renters; E.H&R = Elderly homeowners and renters; E.H = Elderly homeowners; and E.R = Elderly renters.

[6] Except for $50,000 income class.

[7] Except for $10,000 income class.

[8] Food is taxed at a reduced rate, 3 rather than 4%, beginning January 1, 1980.

THE 50 STATE-LOCAL REVENUE SYSTEMS

Diversification,[2] 1978 (Source of State-Local General Revenue)							Equity Features, 1979[3]	
Taxes								
Property	General Sales	Income	All Other	Charges and Misc. General Revenue	Federal Aid	State Government Percentage of State-Local Tax Revenue,[2] 1978	Food Exempt from Sales Tax (E) or Income Tax Credit Provided (C)[4]	State Financed Circuit-Breaker Property Tax Relief Programs[5]
10.8%	19.1%	7.4%	12.3%	20.9%	29.7%	77.3%	—	—
13.6	12.0	17.5	15.2	15.7	26.1	72.8	—	—
12.3	14.3	14.4	13.4	19.9	25.8	76.0	—	—
13.1	21.7	4.0	16.0	19.3	25.8	63.8	—	—
16.8	10.0	16.0	17.1	17.0	23.1	60.0	—	—
9.9	21.5	9.0	15.2	15.3	29.1	78.1	[11]	E.H&R
24.1	20.8	10.6	8.6	16.1	19.8	61.3	E(7/1/80)	E.H&R
7.9	18.2	4.5	18.6	23.7	27.1	82.3	[12]	E.H&R
11.4	11.8	9.6	21.8	20.8	24.8	69.2	—	E.H
21.3	15.4	—	22.9	20.6	19.7	58.6	E	—
20.9	16.5	11.5	9.6	20.0	21.4	51.5	C [13]	E.H&R
16.8	10.6	15.3	12.2	19.3	25.8	68.4	C	E.H
25.2	—	12.5	14.7	17.7	29.9	52.8	NST	—
15.3	17.9	12.4	8.5	19.3	26.6	63.7	—	E.H
21.9	14.7	—	17.7	20.8	25.0	59.1	[14]	—
26.5	14.5	16.1	8.7	14.2	20.0	54.9	E	E.H&R
18.2	14.5	—	25.2	20.6	21.6	58.9	E	E.H&R
22.1	—	20.2	10.8	20.6	26.3	54.4	NST	A.H&R
18.3	25.5	—	15.4	20.7	20.0	69.8	E	—
21.2	2.3	14.0	11.7	28.2	22.6	74.7	NST	—
9.3	21.9	15.3	10.2	14.7	28.6	79.5	[15]	A.R

[9] North Dakota has a separate program which lowers the assessed value of low-income elderly homeowners by as much as $3,000.
[10] A sales tax credit based on federal adjusted gross income is provided for elderly and disabled persons.
[11] The sales tax on food was reduced from 3 to 2% on July 1, 1979 and to 1% on July 1, 1980. Sales of food made after June 30, 1981 are exempt from tax.
[12] An income tax credit is provided for all state-local taxes paid plus a food tax credit equal to $40 for each exemption allowed for federal income tax purposes.
[13] Food is exempt, effective January 1, 1980. Credit in effect until then.
[14] A sales and use tax refund is provided for low-income elderly and disabled persons.
[15] Effective January 1, 1974, a general excise tax credit replaced the consumer, educational, drug and medical, and rental tax credits.
SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, 1980, pp. 53–54.

result of inflationary factors. States have taken two types of action to deal with this specific problem: (1) indexation of the personal income tax, and (2) adoption of "full disclosure laws" that reduce tax rates on property to offset large assessment increases unless local taxing authorities advertise the need for a tax increase. Indexation, which would adjust for inflation in establishing income tax brackets, now is in place in eight states—Arizona, Colorado, California, Iowa, Minnesota, Oregon, South Carolina and Wisconsin.[262] Provisions for rolling back property tax rates to offset large rises in assessment have been adopted in ten states since 1971. They are: Arizona, Florida, Hawaii, Kentucky, Maryland, Montana, Rhode Island, Tennessee, Texas, and Virginia.[263]

States have adopted a variety of other measures to cap taxation and spending. While the idea of limiting taxes is not new, the adoption of the Jarvis-Gann initiated Proposition 13 in California in 1978 stimulated a new round of enactments. In addition to the full disclosure laws mentioned above, 20 states have imposed property tax levy limits, 40 have caps on property tax rates, eight have adopted expenditure lids, and six have legislated constraints on assessments. *Table 62* shows adoptions to January 1, 1980. Later in that year, Delaware amended its constitution to limit state taxing and spending powers to 98% of all revenues. A companion measure requires a three-fifths vote in both houses to increase taxes and licensing fees.[264]

Many students and practitioners of state government oppose the adoption of the levy limits, expenditure lids, and assessment constraints, believing that it is better for the legislative authority to exercise the restraint rather than adopting restrictions that impede flexibility. Nevertheless, public sentiment appears to favor the restraints as a method of countering the influence of special interest groups that encourage government spending.

STATE INDEBTEDNESS

State debt continues to grow, although it has leveled off and started a decline as a percent of the gross national product (GNP). The percent of increase appears to be on the decline as well; nonetheless, it quadrupled in the last 20 years. The changes are set out in *Table 63*.

AN ASSESSMENT

Overall, the states appear to be holding their own financially. A few state treasuries are suffering the rigors of economic decline in their jurisdictions. Michigan and Pennsylvania are examples here. In energy-rich states such as Alaska, on the other hand, state surpluses have never been higher and that state is returning proceeds from the income tax to its citizens.

As a group, states have made progress in designing more equitable tax systems that are diversified enough to weather shortfalls in one type of revenue. Moreover, they have made substantial improvements in property tax administration. They also have slowed spending and debt. A few have ensured accountability by imposing full disclosure requirements. Furthermore, the tax and spending limitations are likely to brake outlays even more and, coupled with reduced federal financial aid, precipitate hard decisions regarding public programs.

Overall Capability: The States Transformed

Assessment of state government capability by examining the changes in the structures and processes of state government is somewhat risky, especially when no recognized overall standards of state competency exist and when measures of the outcomes of these changes are inadequate. Nevertheless, a comparison of the states of 1980 with those of 25 or even ten years ago uncovers a remarkable transformation in state government. If states today have not reached the peak of excellence demanded by those who regard them with a jaundiced eye, it is not because they have been unwilling to change. Moreover, for the most part, the changes moved state governments in the direction advocated by reformers. One must always express the caveat that all states have not made equal progress and that all could benefit from additional improvement. Having said that, however, a check of the major facets of state governments reveals that they have been strengthened along many dimensions in the past quarter century. Their constitutions, legislatures, courts, Governors, executive organization structures, personnel, budgeting, and financing all attest to this.

A total of 11 states have adopted revised or new constitutions in the period since 1955, and most of the others took some official action to modernize their fundamental charters. Those states with completely revised documents have significantly better constitutions than previously. In the aggregate, they are shorter, more clearly written, modernized, less encumbered with restrictions, more basic in content, and have more reasonable amending procedures. They also established improved government structures. While those documents not subject to a total revision have not improved to the same extent as those completely rewritten, they, too, are more workable documents. While much remains to be done, the im-

provement in state constitutions is widespread and significant.

State legislatures are quite different bodies than they were even a decade ago. Although the changes have been uneven and some states have participated only slightly, the overall pattern is one of greater professionalism, increased openness, enhanced representativeness, and improved efficiency.

The courts stand out as the area where almost all states have shown improvement. Despite the fact that many times modernization has not kept up with the problems presented by increasing caseloads and other problems facing the entire criminal justice system, it has extended to virtually every court activity. The progress made in improving court administration, financing, and operation in a short period of time has been remarkable.

Governors and their offices are stronger as well. Current Governors have longer tenure than their predecessors and fewer of them are prohibited from serving consecutive terms. Their appointing powers have been expanded somewhat, although much remains to be done in this area. Control over the budget rests in their hands in all but a few states. Veto power has inched upward, and office staffing increased dramatically. More Governors have authority to submit executive reorganization plans.

Part of the increased gubernatorial strength resulted from the frenzy of executive reorganization that swept the states from 1965 onward. Virtually every state undertook some reorganization activity. As a result, states now have shorter ballots, although many elected executive officials remain. Functions have been consolidated in many jurisdictions. Although many states eliminated a number of administrative boards, use of such mechanisms still plagues chief executives in their efforts to control the administration. On the other hand, the use of ex officio boards has declined. In another reform effort, the postauditing function was removed from the Governor's control in many states and now is either a legislatively controlled function or performed by an elected auditing official. In general, the reorganization effort was salutary. It just did not go far enough in some instances.

States worked hard during the quarter-century on the major aspects of central management. State personnel management improved as more states adopted comprehensive personnel coverage and instituted other changes, although the extent to which formally established merit systems cloak patronage systems is unknown. Bureaucracies became more accessible to women and minorities, training and retirement systems were strengthened, and financial disclosure laws passed. On the whole, as far as formal structure is concerned, state personnel systems advanced markedly. In other areas they continue to need attention. While there is little indication that substantial improvements resulted from changes in budgetary processes, most states altered their practices in this activity. They moved to new budget processes such as planning-performance-budgeting and zero-base budgeting.

In the aggregate, states appear to be fiscally healthy. Some, such as Michigan and Pennsylvania, suffer the rigors of distressed economies while others, such as Alaska and Texas, profit from the richness of their oil deposits or other energy resources. None, however, seems to be facing fiscal disaster. States have upgraded fiscal management with improvements in budgeting procedures enabling them to select priorities and ensure their funding. Overall, states have more equitable and diversified state and local tax systems than they formerly had. Tax bases have been strengthened with the adoption of broad-based income taxes. At the same time, most states have modified the regressive impacts of the property tax on their less affluent citizens by the adoption of circuit-breaker measures. State spending has leveled off and the burden of indebtedness appears to be reasonable. On the other hand, many states face budget adjustments downward as a result of decreasing federal aid and citizen-imposed taxing or spending limits.

To some extent, public opinion reflects the improvements states have made. Their relative position in public opinion as compared to the federal government has risen—or else, the decline of confidence in the national level connected with Vietnam and Watergate played to the advantage of the states. *Table 64* reflects responses to a 1976 Harris survey comparing attitudes toward the state and national governments. About three times as many people thought that the states cared more about what happens to people than did the federal government. A similar majority perceived the national government as more corrupt. Not surprisingly, an even greater margin found the state government closer to the people. Nevertheless, over the years, as reflected in *Table 65*, most citizens felt they got more for their money from both the federal and local governments than from the states—an attitude that still persists. A look back at *Table 42*, however, reveals a conflict for 1979. The Harris Poll reported there indicates that by a margin of 56-22 respondents believe Congress gives taxpayers *less* value for tax dollars than do state legislatures.

Those who looked at the states in the 1930s or 1960s and decided that they lacked the capability to perform their roles in the federal system—because they operated under outdated constitutions, fragmented executive structures, hamstrung Governors, poorly equipped and

Table 62

STATE AND LOCAL REVENUE/EXPENDITURE LIMITATIONS, JANUARY 1, 1976–JANUARY 1, 1980

State	Year	Constitutional or Statutory	State Limitation	Local Limitation	Remarks
New Jersey	1976	S	X	X	State expenditure growth is limited to the increase in state personal income. Municipalities cannot increase their budgets by more than 5% per year. Both limits can be exceeded only by a majority vote on a referendum.
Colorado	1977	S	X		State general fund expenditures are limited to a 7% annual increase. An additional 4% may be allocated to a reserve fund, but amounts over 11% must be refunded to taxpayers.
Michigan	1977	S	X		A Budget Stabilization Fund was established, with provisions for pay-in to the fund during periods of economic growth, and pay-out during recessionary periods. It is now used in conjunction with the 1978 state spending limitation.
Rhode Island	1977	S	X		The legislature adopted a non-binding "suggested" 8% cap on the annual growth of budget appropriations.
Tennessee	1978	C	X		Increases in appropriations from state tax revenues are limited to the estimated growth in the state's economy. The lid may be exceeded by majority vote of the legislature.
Arizona	1978	C	X		State spending is limited to 7% of total state personal income. The limit may be exceeded by 2/3 vote of the legislature.
Hawaii	1978	C	X		Increases in state general fund appropriations are limited to the estimated growth in the state's economy. Larger increases must be approved by a 2/3 vote of the legislature.
Texas	1978	C	X		Increases in appropriations from state tax revenues are limited to the estimated growth in the state's economy. The limit may be exceeded by a simple majority of the legislature.

Michigan	1978	C	X		State tax revenues can increase only as fast as the growth in personal income. If revenues exceed the limit by more than 1%, the excess is refunded through the income tax. If the excess is less than 1%, it is placed in the Budget Stabilization Fund. The limit may be exceeded if the Governor specifies an emergency and 2/3 of the legislature concur.
California	1979	C	X	X	Increases in state and local appropriations are limited to population growth and inflation. The limits may be exceeded, but appropriations in the following three years must be reduced to prevent an aggregate increase in expenditures. The limits may be changed by the electorate, but the change is effective only for three years.
Louisiana	1979	S	X		State tax revenues can grow only as fast as the increase in personal income. Proceeds from severance taxes are not included in the limitation.
Massachusetts	1979	S		X	Increases in local government expenditures are limited to 4%. Override provisions are included. The limitation expires December 31, 1981.
Nebraska	1979	S		X	No political subdivision may adopt a budget in which the anticipated receipts exceed the current year's by more than 7%. Further allowances are included for population growth exceeding 5%. The limit may be exceeded in the event of an emergency or upon voter approval.
Nevada	1979	S	X	X	The state budget is limited to the 1975–77 biennium budget adjusted for population changes and inflation. Local budgets are tied to 1979 fiscal year budgets adjusted for population changes and a partial inflation allowance. The limits may be exceeded "to the extent necessary to meet situations in which there is a threat to life or property."
Oregon	1979	S	X		The increase in state appropriations for general governmental purposes for the 1979–81 biennium is limited to the growth in state personal income in the preceeding two years.

Table 62 (continued)

STATE AND LOCAL REVENUE/EXPENDITURE LIMITATIONS, JANUARY 1, 1976–JANUARY 1, 1980

State	Year	Constitutional or Statutory	State Limitation	Local Limitation	Remarks
Utah	1979	S	X	X	The annual increase in state appropriations is limited to 85% of the percentage increase in state personal income. The increase in local revenues may not exceed 90% of the percentage increase in state personal income, with further adjustments for population growth allowed. The limits may be exceeded by a two-thirds vote of the legislative body of a unit of government.
Washington	1979	S	X		State tax revenues can grow only as fast as the average increase in state personal income over the three previous years. The limit may be exceeded by a 2/3 vote of the legislature.
TOTALS			15	6	

NOTE: C—Constitutional. S—Statutory.
NOTE WELL: Only the six state actions that placed overall limitations on local government revenues and expenditures are included in this table. Since 1970, states have imposed approximately 35 other restrictions on the ability of local authorities to raise property taxes.
SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, 1980, pp. 186–187.

Table 63

FEDERAL, STATE, AND LOCAL DEBT, SELECTED YEARS 1929–80

Fiscal Year	Gross Federal Debt	Total State Debt	Total Local Debt	Gross Federal Debt	Total State Debt	Total Local Debt
	Amount (In Billions)			**As a Percent of GNP**		
1929	$16.9	$2.3	$14.2	16.9%	2.3%	14.2%
1939	40.4	3.5	16.6	46.1	4.0	18.9
1949	252.8	4.0	16.9	96.6	1.5	6.5
1954	270.8	9.6	29.3	74.5	2.6	8.1
1959	284.7	16.9	47.2	60.4	3.6	10.0
1964	316.8	25.0	67.2	51.4	4.1	10.9
1969	367.1 [1]	39.6	94.0	40.6	4.4	10.4
1970	382.6	42.0	101.6	39.8	4.4	10.6
1971	409.5	47.8	111.0	40.2	4.7	10.9
1972	437.3	54.5	120.7	39.3	4.9	10.9
1973	468.4 [2]	59.4	129.1	37.8	4.8	10.4
1974	486.2	65.3	141.3	35.8	4.8	10.4
1975	544.1	72.1	149.1	37.5	5.0	10.3
1976	631.9	84.4	155.7	39.0	5.2	9.6
1977	709.1	90.2	167.3	38.6	5.1	9.4
1978	780.4	102.6	177.9	37.9	5.0	8.6
1979 [3]	833.8	111.0	190.5	36.0	4.9	8.5
1980 Estimate	897.0	119.0	204.5	35.6	4.8	8.2
	Percent Distribution			**Annual Percent Change**[4]		
1929	50.6%	6.9%	42.5%	—	—	—
1939	66.8	5.8	27.4	9.1%	4.3%	1.6%
1949	92.4	1.5	6.2	20.1	1.3	0.2
1954	87.4	3.1	9.5	1.4	19.1	11.6
1959	81.6	4.8	13.5	1.0	11.9	10.0
1964	77.5	6.1	16.4	2.2	8.1	7.3
1969	73.3	7.9	18.8	3.0	9.6	6.9
1970	72.7	8.0	19.3	4.2	6.1	8.1
1971	72.1	8.4	19.5	7.0	13.8	9.3
1972	71.4	8.9	19.7	6.8	14.0	8.7
1973	71.3	9.0	19.7	7.1	9.0	7.0
1974	70.2	9.4	20.4	3.8	9.9	9.5
1975	71.1	9.4	19.5	11.9	10.4	5.5
1976	72.5	9.7	17.9	16.1	17.1	4.4
1977	73.4	9.3	17.3	12.3	6.9	7.5
1978	73.6	9.7	16.8	10.1	13.7	6.3
1979 [3]	73.4	9.8	16.8	6.8	8.2	7.1
1980 Estimate	73.5	9.8	16.8	7.6	7.2	7.3

[1] During 1969, three government-sponsored enterprises became completely privately owned, and their debt was removed from the totals for the federal government. At the dates of their conversion, gross federal debt was reduced $10.7 billion.
[2] A procedural change in the recording of trust fund holdings of Treasury debt at the end of the month increased gross federal debt by about $4.5 billion.
[3] Partially estimated.
[4] The percent changes indicated for years prior to 1970 are annual average changes since the previous year shown.
SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, 1980, p. 181.

Table 64

ATTITUDES TOWARD THE STATE AND NATIONAL GOVERNMENTS, 1976 (In percent)

Question: I'd like you to keep in mind the federal and state government. If you had to choose, which do you think (read list), the federal or state government?

Attitude	State government	Federal government	No difference	Not sure
Positive				
is closer to the people	65%	12%	16%	7%
can be trusted more	39	15	35	11
really cares what happens to the people	36	14	40	10
attracts more able people in government	20	41	27	12
Negative				
gives the taxpayer less value for the tax dollar	23	44	21	12
is more corrupt	12	41	34	13
is more out of touch with what people think	12	56	21	11
is more wasteful	8	58	26	8

SOURCE: *Chicago Tribune*, July 5, 1976, Section 1, p. 2. Poll by Louis B. Harris and Associates.

Table 65

FROM WHICH LEVEL OF GOVERNMENT DO YOU FEEL YOU GET THE MOST FOR YOUR MONEY—FEDERAL, STATE, OR LOCAL?

	Percent of U.S. Public								
	May 1980	May 1979	May 1978	May 1977	March 1976	May 1975	April 1974	May 1973	March 1972
Federal	33%	29%	35%	36%	36%	38%	29%	35%	39%
Local	26	33	26	26	25	25	28	25	26
State	22	22	20	20	20	20	24	18	18
Don't Know	19	16	19	18	19	17	19	22	17

SOURCE: ACIR, *Changing Public Attitudes on Governments and Taxes* (Report S–9), Washington, DC U.S. Government Printing Office, 1980, p. 2.

unrepresentative legislatures, and numerous other handicaps—should take another look at the states today. State governments have been transformed in these respects. Continuing a reform period unparalleled in their history, they are emerging, for the most part, as better structured, more adequately financed, and with leaders who are more assertive than those of a quarter-century ago. They are more open, more responsible, more accountable than they have been in the past. While all are not equally so, and much work remains to be done, the change has been phenomenal. Luther Gulick must have difficulty recognizing the revitalized jurisdictions he condemned to death almost 50 years ago, although he probably would applaud their progress.

STATES AS THE ARCHITECTS OF LOCAL GOVERNMENTS

Much of the evidence examined above indicates that the states have worked at reforming their structures and processes in recent years. Most of them are stronger in terms of administrative effectiveness, economic efficiency, fiscal equity, and accountability than they were in 1955 when the Kestnbaum Commission reported. But, as Jeanne and David Walker point out:

> The acid test of the states' real strength lies in their relationship with their own localities. Here the legal, political, fiscal, functional and institutional capabilities of the states are the most severely tested. The states, after all, are the chief architects, by conscious or unconscious action or inaction, of the welter of servicing, financial and institutional arrangements that form the substate governance system of this nation.[265]

Gulick, who had despaired of the states in the 1930s, commented later on their importance to local government. Writing in 1962, he pointed out that:

> State governments are still the key to improved governmental arrangements in metropolitan areas. They must not only look to their constitution and extend their services to meet metropolitan needs, but must also establish some effective focus of state concern for local governments and must hasten to stimulate localized regional planning and cooperation.[266]

How have all of the state reform activities affected local government, traditionally strongly interdependent with the states? Have improvements at the state level translated to advances for substate jurisdictions? Do the states treat their local units much as they always did—sometimes placing them in an intergovernmental straitjacket? Or have more urban-oriented legislatures loosened a few strings and allowed them more freedom to deal with their problems and aided them in areas where local efforts are insufficient? In short, what effect has state government reform had on state relations with their local governments? In order to deal with these questions, it is necessary, first, to examine what the role of state government is in regard to local units.

For almost all local jurisdictions—the notable exceptions being Indian reservations and the District of Columbia—state governments hold the key to many matters determining their well-being and success. The states are, in fact, major decisionmakers in local government affairs. In addition, they coordinate and supervise local administration of state programs; assist substate governments in improving their capability to carry on their own activities, as well as those mandated for the administration of state law on the local level; bear a significant portion of the costs of local operations; intervene in local fiscal emergencies; and, to some degree, ensure "good government" at the local level.

Moreover, in recent years states increasingly have become intergovernmental managers of federal programs administered at the local level. While this role is not new, it has expanded dramatically with the growth of federal grant programs. Often the decisions as to which of their local units will receive federal funds are made by the states. In addition, it may be necessary for them to plan, supervise, monitor, provide technical assistance, and perform other oversight activities in connection with the federal aid programs.

The States as Decisionmakers for Local Governments

As decisionmakers for local governments, states determine—either through the state constitution, or by statute or charter—what local governments there will be; the proper allocation of powers to and among them; their functional assignments; their internal structure, organizations, and procedures for local operations; their fiscal options in regard to revenue, expenditures, and debt; the extent of the interlocal cooperation; how their boundaries can be expanded or contracted; and to some degree their land-use patterns. When one government exercises this kind of influence over others, its decisions affect those subordinate governments critically.

Because there is no federal constitutional provision for local governments, they owe their existence to the states. In the absence of a state constitutional restriction, the state legislature may create or abolish local governments at will. While public opinion and countervailing local political forces may prevent any precipitate moves to disestablish a local unit, the legal authority to do so is there. In the words of Judge John F. Dillon, local governments are "mere tenants at the will of the legislature."[267]

Likewise, the state constitution or, more usually, the legislature determines which units of local government shall exercise which powers and functions. Often these allocations are made on the basis of traditions, and, usually, once a unit has authority to perform a function it rarely loses it. Nevertheless, the state decides whether cities, counties, towns, townships, or special districts, or all or none, can or must engage in land-use planning and zoning, operate the public school system, or construct an airport. In most states, without a specific grant of authority from the state, local units are unable to act. They have only the powers granted to them; and the courts, following Dillon's Rule,[268] are inclined to interpret authorizations strictly. Other states are more liberal with the powers of their local units.

While it might seem that the determination of government structure, organization, and procedures for a local unit should be the preserve of the citizens of that unit, such is not entirely the case. Both state constitutions and state legislatures prescribe forms of governments, duties of officials, and operating procedures for local jurisdictions. For example, in 1975 New York had 11 statutes, running to 19 volumes and containing 6,000 pages, dealing directly with powers and structures of its local governments.[269]

In another example, a recent amendment to the Tennessee constitution providing for an elective executive form of government included the following statement concerning the county legislative body:

> The legislative body shall be composed of representatives from districts in the county as drawn by the county legislative body pursuant to statutes enacted by the General Assembly. Districts shall be reapportioned at least every ten years based upon the most recent federal census. The legislative body shall not exceed twenty-five members, and no more than three representatives shall be elected from a district.[270]

The Tennessee legislature then provided in detail for the establishment of the county executive form of government.

States determine the fiscal options of their local governments in a number of ways. In the first place, they decide what revenue sources local governments can use, a decision predicated to protect the state's own income. Property taxes and license and service fees have been the traditional sources, but in recent years revenues from income or payroll taxes, sales taxes, and other sources have been authorized in some states. Limits on the rates of taxes imposed are frequently attached. States also stipulate the purposes for which local funds may be spent, set salaries and fees, require certain budgetary procedures, and sometimes approve local budgets. In addition, functions they require local governments to perform often necessitate local outlays for certain purposes. Such statemandated activities limit local expenditure options.

Nowhere is local discretion more hindered than in the incurrence of debt. State constitutions and statutes impose limits on the amount of debt, the purposes for which it may be incurred, procedures for repayment, and the investment of funds set aside for repayment. Although instituted to preserve the credit of both the state and other local governments by preventing default on debt obligations, such arrangements frequently stimulate local ingenuity in circumventing the state constraints. One example is the issuance of revenue bonds—repaid from the earnings of the enterprise for which money was borrowed—that are not considered "debt," since the general credit of the local government is not pledged to their repayment.

State decisionmaking also extends to determining the extent of and procedures for interlocal cooperation and external structural changes. State law will prescribe what agreements are allowable and sometimes the procedures for entering into them. Frequently, substate districts for handling local matters are specified by state statute. State legislatures also set out the terms of and procedures for annexation, extraterritorial jurisdiction, and consolidation. In at least one instance, Indianapolis and Marion County, IN, the state legislature merged the two governments without a referendum.[271]

Land-use control is an area in which state involvement has grown in recent years. From 1922 until recently, local governments largely exercised authority over the use of land except where the state determined the location of state facilities and took land by eminent domain for such purposes as highways, parks, prisons, educational institutions, hospitals, and other public uses. Following the publication of a model zoning enabling act by the Department of Commerce in 1922, most states adopted legislation authorizing municipal governments to classify land within their boundaries and to regulate its uses. When the department again published model legislation

for local planning control in 1928, the states again adopted the code.[272]

Because local control of land use did not work well in many instances, frequently permitting urban sprawl, traffic congestion, air and water pollution, and loss of prime agricultural land, states undertook to regulate land use at the state level, revoking powers previously allowed local governments. A variety of techniques were used. States resorted to the requirement of permits for certain types of development, established mechanisms to coordinate state land use-related problems, and required local governments to establish mechanisms for land-use planning and zoning. More recently, they have moved to participate in the *Coastal Zone Management Program* of the federal government, taken on the management of wetlands, determined the siting of power plants and related facilities, acted to regulate surface mining, and established rules for identifying and designating areas of critical state concern (e.g., environmentally fragile or historic areas).[273] Moreover, they began to settle land-use disputes among local jurisdictions, to forbid exclusionary zoning, and to handle large developments. All of these activities enabled states to engage in decisionmaking concerning land use to a greater degree than once was the case. As a consequence, local governments find that while state decisions often relieve them of some of the pressures relating to development, they also limit their options in this as well as in other areas.

State Administrative Supervision of Local Implementation

All states coordinate and supervise to some degree local administration of state functions. These activities encompass a wide range of state actions extending from informal conferences through advice and technical assistance, requirement of reports, inspection, imposition of grant-in-aid requirements, review of local actions, prior approval of local action, orders, rulemaking, investigations, removal of local officials, and appointment of local officials, to state takeover of local administration. The employment of these devices to influence local administration varies widely, from state to state and function to function within a state. Supervision over financial and health matters is likely to be the most stringent.

State Assistance in Improving Local Capability

States frequently engage in efforts to improve the capability of local governments to carry on their own activities. They also try to upgrade local abilities to administer state law on the local level. Toward this end, they offer a wide range of technical assistance in such matters as purchasing, accounting procedures, drafting of charters, and design of personnel systems, not to mention a host of other subjects.

Reliance of local governments on such technical assistance apparently is not great. A U.S. General Accounting Office survey, reported in 1978, indicates that approximately 50% of local officials responding never asked the state for technical assistance. At the same time, state officials are contacted more often than any other outside organizations to meet local technical assistance needs. Apparently local officials perceived fewer programs and less paperwork in dealing with state officials than with federal agencies.[274]

All states now have state agencies specifically designated to assist local governments.[275] Although Pennsylvania set up a bureau of municipal affairs in 1919,[276] widespread adoption of special agencies for local affairs did not occur until the 1960s. Following a recommendation of the Council of State Governments—endorsed by public interest groups representing local governments—and a 1964 recommendation from ACIR, states began to create or designate such agencies. Currently, 35 of the agencies are separate cabinet departments, nine are within other departments, and six are located in the Governor's offices.[277]

The agencies offer a wide range of programs and services to local governments and try to promote intergovernmental cooperation, upgrade local management and planning capabilities, and facilitate the administration of programs in such areas as economic development and housing.[278] Some provide assistance for small jurisdictions in such matters as applications for federal grants. Few exercise control functions, emphasizing their assistance capabilities.

Other state aid may take the form of efforts to improve local government structure in order to enhance decisionmaking capacity and administration. This could involve the requirement for county executive (or manager) government as occurred recently in Arkansas, Kentucky, and Tennessee. It could include the extension of home rule or discretionary powers to local units broadening their authority to cope with local problems. Local boundaries might be altered by the state (as they were in Indianapolis) to make political jurisdiction correspond more closely to the geographic area of the problems. State statutes might impose merit systems, auditing requirements, or require training for local officials. All of these are done by one or more states, although they are only examples of the many types of state assistance.

The States as Bankers of Local Governments

A major facet of state involvement in local affairs is the part they play in financing local government. They are the principal external providers of funds to local governments. They transfer large sums of state money to the local units and, in addition, they serve as conduits of much of the federal money that local governments spend. Most of this is in the form of grants-in-aid, although states also share taxes as well as receipts from state businesses, such as liquor stores, and some other funds. They also provide payments to local governments in lieu of taxes on state property, share facilities, and sometimes give state real or personal property to local jurisdictions. State aid currently comprises approximately one-third of the funds local governments spend.[279] In addition, states pass through to local units about 27% of the federal funds they receive.[280]

Ensurers of Equity, Effectiveness, Efficiency, and Accountability

To a substantial degree, states are the ensurers of "good" government at both the state and local levels. Through their constitutions, statutes, and court decisions, they can mandate equity in representation, distribution of resources, and governmental operations. While they operate within the limits of human constraints, their legal controls over local units allow them to improve responsiveness of local institutions and to ensure accountability and openness of and access to governmental processes. They exercise significant control over such matters as apportionment for representation. They can establish formulas for the distribution of resources and require fair governmental practices. State "sunshine" statutes, aimed at ensuring open decisionmaking in public matters, can apply to state and local levels alike.

The steps states can take to ensure effective government cover a wide range of possibilities. On one hand, they can grant local charters that allow local officials the leeway to deal with their problems. On the other end of the scale, they can oversee locally administered state programs to ensure that they accomplish the intended results, authorize sufficient revenues to carry out government programs, and remove barriers to effective management. The same thing applies to encouraging efficiency. Although those who actually deliver government service are the largest factor in the efficiency of the operations, states can influence this by refraining from imposing procedures and requirements that impair economical government operations. State restrictions on local debt, accounting, purchasing, and auditing requirements, while often necessary to prevent financial crises, should be imposed with care. In some instances other requirements intended to encourage efficiency produce an opposite effect.

Each state performs differently in these matters, a fact that makes nationwide assessment of their actions difficult. In addition, they have unique political cultures, economic and social systems, and other characteristics that make for different patterns of response to problems.

Criticisms of State Actions Affecting Local Governments

The heavy reliance of local governments on the state affords the latter substantial options in regard to improvement of local governmental operations. The choices made, nonetheless, have not always provided the maximum opportunity for local excellence. In the past, they have often retarded local efforts at effective and efficient decisionmaking and administration. In the words of an earlier ACIR report:

> The deadly combination of restricted annexation and unrestricted incorporation; the chaotic and uncontrolled mushrooming of special districts; the limitations upon municipal taxing and borrowing powers; the deliverance of all important police powers of zoning, land use and building regulations into the hands of thousands of separate and competing local governments—these are but a few of the byproducts of decades of state government nonfeasance and malfeasance concerning urban affairs.[281]

Many critics would agree that states often have been unmindful of local problems, particularly those of big cities. In discussing the "reluctant states" in this connection, Roscoe C. Martin blamed part of the problem on the "state mind." In 1965, he wrote:

> Rural orientation, provincial outlook, commitment to a strict moral code, a philosophy of individualism—these are the components of the state mind. If they evoke memories of the oil lamp and the covered bridge, why this very spirit of nostalgia is also characteristic of the state mind. One of the most unhappy features of the state (and its leaders and institutions) is its intermittent and imperfect contact with the realities of the modern world.[282]

In Martin's view, this state of mind gave birth to

certain myths that have had important influences on state policies toward local problems. Chief among the myths is the conviction that little government, both in the sense of local governments and a minimum of state government, is "both virtuous and democratic." Conversely, big government, be it state or federal, tends to be corrupt and undemocratic. Moreover, urban problems "spring from unhealthy soil" and lack the legitimacy of established claimants to state attention. States claim a lack of resources to deal with all these matters. Finally, the federal government, large and distant, is an object of distrust.

All this has had the consequence of engendering a dedicated intransigence and "negativism" on the part of the states, according to Martin. Their addiction to the status quo produces an unfavorable reaction to almost anything new. In summing up the effects of the state of mind and mythologies that he attributes to the states, Martin wrote:

> In summary, three overriding deficiencies flow from the state of mind and the mythology which grip the states. The first is in orientation—most states are governed in accordance with the rural traditions of an earlier day. The second is timeliness—the governments of most states are anachronistic; they lack relevance to the urgencies of the modern world. The third is in leadership—state leaders are by confession cautious and tradition-bound, which ill equips them for the tasks of modern government.[283]

If Martin's analysis is true, such a negative outlook on the part of the state does not augur well for local governments. Are the criticisms set out above valid at the present time? Have the states been willing to change in this important aspect of their responsibilities? What recent actions have they taken to improve their relations with their local governments? How do these balance against others that increasingly circumscribe local options and initiatives?

Changing State Strategies Toward Local Governments

If, as the Walkers pointed out, "the acid test of the states' real strength lies in their relationship with their own localities," that relationship needs to be examined to determine if it permits localities enough freedom to manage their own affairs effectively and efficiently at the same time that it preserves state authority to deal with statewide problems. The dichotomy presented by building both strong state and strong local governments need not force a choice between the two. Strong, viable governments at both levels do not preclude effective sharing of responsibility and, in fact, may enhance it. The growing interdependence of states and their local governments, as reflected in the growth of shared functions and fiscal aids, underscores the necessity of increased cooperation and coordination between them.

What, then, are the indicators that the states are adopting strategies that will strengthen local governments and increase their abilities to manage their own affairs and to participate actively in ameliorating the problems and seizing the opportunities facing the entire state? No standard set exists. An examination of the literature on state and local government reveals a number of areas that have long troubled both practitioners and scholars as far as state-local relations are concerned. These include:

- general legal powers;
- state mandates;
- fiscal controls;
- capacity building;
- technical assistance;
- urban policies; and
- cooperative mechanisms.

Each of these areas will be examined in this section to see if the states have acted to: (a) loosen their grip on local governments, thus enabling the latter to make decisions and finance programs reflecting their own priorities and individual circumstances; (b) strengthen local ability to manage both local and locally administered state programs; (c) finance their programs adequately; and (d) provide the necessary financial and technical assistance and organizational structure to ensure local viability. Since it was not possible to conduct original research in all of these areas, the information in this section was drawn, for the most part, from the work of others. However, the survey data compiled by the ACIR staff is employed where available.

The reader is cautioned about the pitfalls of attempting to rank states on these measures and, thus, concluding that one state is "better" or "more advanced" than the rest. Weighting the various factors is difficult, but more importantly, to present valid proof of one state's superiority would require an assessment of the effectiveness of each arrangement in each state, a near impossible task since provisions and practices undergo constant change.[284] Moreover, the situations and needs of the respective states may not be comparable.

BROADER LOCAL POWERS

States have moved to lessen the constraints of Dillon's Rule and to improve the legal position of their localities. The fierce grip in which states have held their local governments resulted in large part from the narrow interpretations state courts gave to legislative grants of power to local units. Holding that local governments had only such powers as were granted by the states and that these were to be interpreted strictly in accordance with Dillon's Rule, state courts, until recently, often denied authority for local actions unless state permission was spelled out clearly. In recent years, however, state legislatures have moved to abrogate this strict construction by making broader grants of power to local governments. In addition, every state ratifying a new constitution or amending or revising its constitutional local government article since the mid 1950s has provided some devolution of powers authority for its local governments. This includes at least half the states.[285] *Table 66* sets out figures for various forms of state control by region, except for devolution of powers. Home rule, agreement authority, annexation, and consolidation are discussed below.

HOME RULE

Originating in Missouri in 1875, home rule is an old mechanism that permits local units to draft their own charters and design their own governmental structures.[286] Broad powers over the performance of governmental functions also may be granted. By 1960, most states had permitted municipalities either structural home rule authority or the power to adopt alternative forms of government by referenda; however, they were much stingier with counties. By 1960, only eight states with county governments permitted them to change their form of government. A surge of activity occurred after that date and, by 1977, only seven states failed to permit counties to adopt charters or select optional forms of government.[287]

Grants of functional home rule are less common, even for municipalities. While comparative data for 1960 are not available, 20 states had granted broad functional authority to municipalities by 1977, and 19 gave them limited functional home rule powers. Again, counties fared less well. At least 12 states permitted their counties to exercise broad functional home rule authority and 13 granted limited functional powers.

The effectiveness of these home rule grants is another question. It is one thing to set out grants of authority and another to write implementing legislation that does not impinge upon its exercise. Equally important are legislative restraint in interfering in local matters and the existence of local conditions—such as fiscal ability—that allow the actual exercise of the granted powers. Tax and expenditure constraints can be particularly inhibitive.

DEVOLUTION OF AUTHORITY

Grants of authority to exercise all powers not denied them, much like the powers of the states under the Federal constitution, are newer practices than either home rule or optional charter legislation. These grants are sometimes called a *devolution of authority* and at other times *residual powers*. As of 1980, at least half of the states granted residual powers to some of their local units,[288] although not all local jurisdictions within a state usually were included. *Table 67* ranks the states on the basis of a composite index of discretionary authority.[289]

In addition, through legislation, judicial opinion, or attorneys general rulings, about half the states now allow local governments authority to employ anyone needed to help the governing body discharge its duties. This has permitted local governments—especially counties—to hire administrative officers.

County governments have been significantly strengthened in recent years by the broader grants of authority discussed above. Still lagging behind municipalities in many instances, counties nonetheless have made substantial gains. Moreover, three states—Arkansas, Kentucky, and Tennessee—acted to modernize the governmental structure of counties by state action, thus placing them in a position to exercise their powers more effectively and efficiently. In all three states, county executive governments were instituted.

Local governments receiving broader powers by statute are not necessarily home free on the issue of authority. Any statutory provision can be amended or repealed by a subsequent piece of legislation and, even if local powers stem from a constitutional provision, they can be made ineffectual by a lack of adequate financial resources. Nevertheless, until such action occurs, the local units may proceed without further state permission. Furthermore, their position for resisting state intervention is strengthened.

INTERLOCAL AGREEMENT AUTHORITY

The legal positions of local governments have been broadened by other state actions as well. States have moved to permit interlocal agreements and sometimes have authorized the establishment of single or multiple-purpose regional authorities with regionwide financing to deal with special servicing problems. More of these

regional districts relate to narrow functional activities such as transportation or water and sewer services. Nevertheless, authorization to establish them alleviates the financial strain on some communities since the authorities provide costly capital improvements.[290]

MOVES ON ANNEXATION AND INCORPORATIONS

States have been less generous with provisions facilitating annexation and consolidation and curtailing additional incorporations—provisions that often can foster the development of areawide governments at the local level. Only 24 states allow annexation to be initiated by city ordinance or resolution, and 23 require approval by a majority of the citizens in the area to be annexed. While 37 states allow consolidation of cities, only 16 authorize consolidation of cities and counties.[291] A total of 39 states place limits on the incorporation of new municipalities. Most of these stipulate a minimum population, although in some instances it is so low as to be meaningless in preventing fragmentation. Others specify that new incorporations be located a minimum distance from existing jurisdictions or require a minimum area of property tax base. For a fuller discussion on these matters, see *Chapter 6*.

State Mandates

Among the major friction points in state-local relations are state mandates—that is, state constitutional, legislative, executive, or administrative requirements or limitations on local government actions. Technological change, population mobility, and the rise of local fiscal emergencies, among other factors, have convinced state authorities of the need for tighter state control in some areas. Consequently, they have imposed mandates to ensure that certain important functions are performed throughout the state, that uniform standards of service prevail statewide, or that desirable social or economic goals are achieved.[292] Often, however, they reflect state legislative inability to resist the pressures of local interest groups, particularly teachers, police, firefighters, and other employee unions.[293] The fundamental issues are whether (and, if so, how much) state mandates shackle local governments and whether they are necessary to achieve state interests.

Regardless of the nobility of their purposes, mandates often impose unanticipated costs or constitute interference in areas that are regarded as prerogatives of local governments. Witness the words of a supervisor of Alameda County, CA:

> A large portion of the increased property tax for Alameda County has been due to mandates by the legislature of the State of California. We have been required to fund increasing amounts each year for Medi-Cal, AFDC, and adult welfare. State law and state regulations frequently require improvements and expansions in county programs, without supplying any funds. At the same time, when the state provides partial funding for local programs, the state frequently provides no cost of living increase in their share of the program. For example, the state has been paying the same $95 per month for the care of juveniles in juvenile camps since 1953, leaving the county to pick up all increases in costs of the past 25 years.[294]

In any event, mandates make governance difficult at the local level, complicating decisionmaking as well as budget control, and generating state-local conflict. Their impacts have precipitated calls for state reimbursement of mandate costs, a proposal not always received enthusiastically at the state level.

MANDATE CLASSIFICATIONS

Mandates may be classed in various ways. Two of these will be examined here, because they help to explain the breadth and focus of the actions. An ACIR typology of *expenditure* mandates helps one to see why local governments consider them so onerous. Five major types of expenditure mandates are distinguished:

- *rules of the game mandates*—relating to the organization and procedures of local government, e.g., the form of government, holding of local elections, and provisions of the criminal code that define crimes and call for certain punishment;
- *spillover mandates*—dealing with new programs or enrichment of existing local government programs in highly intergovernmental areas such as education, health, welfare, hospitals, environment, and nonlocal transportation;
- *interlocal equity mandates*—which require localities to act or refrain from acting to avoid injury to, or conflict with, neighboring jurisdictions, the areas including local land use regulations, tax assessment procedures and review, and environmental standards;

Table 66

STATE LAWS GOVERNING LOCAL GOVERNMENT FORM,

Comparative	South (16 States)	West (13 States)	North Central (12 States)	Northeast (9 States)	Total U.S.
A. FORM OF GOVERNMENT					
1. Optional Forms of Government for Cities are Set Forth in General Law	12	10	9	8	39
2. Optional Forms of Government for Counties are Set Forth in General Law	8	4	5	2	19
3. Home Rule Authority is Granted to Cities	10	12	11	8	41
a. Granted by State Constitution	6	10	9	5	30
b. Granted by General Law	8	7	4	4	23
c. Structural Home Rule Authority is Granted	9	11	10	5	35
d. Broad Functional Home Rule Authority is Granted	8	4	6	2	20
e. Limited Functional Home Rule Authority is Granted	2	7	4	6	19
4. Home Rule Authority is Granted to Counties	7	11	7	2	27
a. Granted by State Constitution	5	8	5	2	20
b. Granted by General Law	3	6	4	1	14
c. Structural Home Rule Authority is Granted	6	9	7	2	24
d. Broad Functional Home Rule Authority is Granted	5	4	2	1	12
e. Limited Functional Home Rule Authority is Granted	2	5	5	1	13
5. Classes of Cities are Provided for	10	8	9	4	31
a. Classes are Determined by Population	8	8	9	3	28
b. Classes are Determined in Some Other Way	2	0	0	1	3
6. Limits are Imposed on the Incorporation of New Local Government Units	15	11	12	1	39
a. Minimum Population is Required	14	8	6	1	29
b. Minimum Area is Required	4	2	2	1	9
c. Minimum Distance from Existing Units is Required	9	5	4	0	18
d. Minimum Ad Valorem Tax Base is Required	2	0	3	0	5

SOURCE: Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration*. Athens, GA, University of Georgia Institute of Government, 1978, pp. 43–44.

ANNEXATION, AND CONSOLIDATION, 1978

Comparative	South (16 States)	West (13 States)	North Central (12 States)	Northeast (9 States)	Total U.S.
B. ANNEXATION AND CONSOLIDATION					
1. Municipal Annexation is Authorized by General Law	15	12	12	2	41
a. Initiated by a Petition of Property Owners in Area to be Annexed—Percentage of Property Owners Required	11	10	10	2	33
b. Initiated by City Ordinance or Resolution	12	5	7	0	24
c. Public Hearing is Required	7	7	5	1	20
d. Referendum and Majority Approval in City is Required	5	1	3	1	10
e. Referendum and Majority Approval (or Majority Written Consent) in Area to be Annexed is Required	10	6	5	2	23
f. Approval of County Governing Authority is Required	1	2	2	0	5
2. Consolidation of Cities is Authorized	13	10	9	5	37
a. Referendum and Majority Approval of Only One City is Required	2	2	1	0	5
b. Referendum and Majority Approval of Each City is Required	7	8	7	5	27
c. No Referendum is Required	2	0	2	0	4
3. Consolidation of Cities and Counties is Authorized	5	7	4	0	16
a. Referendum and Majority Approval of Each City Affected is Required	4	5	1	0	10
b. Referendum and Majority Approval of County is Required	3	4	1	0	8
c. Referendum and Majority Approval of Unincorporated Area of County is Required	2	1	0	0	3
4. Interlocal Service Agreements are Authorized by General Law or by the State Constitution	13	10	9	7	39

Table 67

STATES RANKED BY DEGREE OF LOCAL

	A Composite (All Types of Local Units)	B Cities Only	C Counties Only	Degree of State Dominance of Fiscal Partnership*
1	Oregon	Texas	Oregon	2
2	Maine	Maine	Alaska	2
3	North Carolina	Michigan	North Carolina	1
4	Connecticut	Connecticut	Pennsylvania	2
5	Alaska	North Carolina	Delaware	1
6	Maryland	Oregon	Arkansas	2
7	Pennsylvania	Maryland	South Carolina	2
8	Virginia	Missouri	Louisiana	2
9	Delaware	Virginia	Maryland	1
10	Louisiana	Illinois	Utah	1
11	Texas	Ohio	Kansas	2
12	Illinois	Oklahoma	Minnesota	2
13	Oklahoma	Alaska	Virginia	1
14	Kansas	Arizona	Florida	2
15	South Carolina	Kansas	Wisconsin	1
16	Michigan	Louisiana	Kentucky	2
17	Minnesota	California	California	2
18	California	Georgia	Montana	3
19	Missouri	Minnesota	Illinois	2
20	Utah	Pennsylvania	Maine	2
21	Arkansas	South Carolina	North Dakota	1
22	New Hampshire	Wisconsin	Hawaii	3
23	Wisconsin	Alabama	New Mexico	2
24	North Dakota	Nebraska	Indiana	2
25	Arizona	North Dakota	New York	2

* Applies to states in Column A, as follows:
1—State dominant fiscal partner.
2—State strong fiscal partner.
3—State junior fiscal partner.

DISCRETIONARY AUTHORITY, 1980

	A Composite (All Types of Local Units)	B Cities Only	C Counties Only	Degree of State Dominance of Fiscal Partnership*
26	Florida	Delaware	Wyoming	2
27	Ohio	New Hampshire	Oklahoma	3
28	Alabama	Utah	Michigan	1
29	Kentucky	Wyoming	Washington	1
30	Georgia	Florida	Iowa	2
31	Montana	Mississippi	New Jersey	3
32	Washington	Tennessee	Georgia	2
33	Wyoming	Washington	Nevada	2
34	Tennessee	Arkansas	Tennessee	2
35	New York	New Jersey	Mississippi	3
36	New Jersey	Kentucky	New Hampshire	3
37	Indiana	Colorado	Alabama	2
38	Rhode Island	Montana	Arizona	2
39	Vermont	Iowa	South Dakota	2
40	Hawaii	Indiana	West Virginia	1
41	Nebraska	Massachusetts	Nebraska	3
42	Colorado	Rhode Island	Ohio	2
43	Massachusetts	South Dakota	Texas	3
44	Iowa	New York	Idaho	2
45	Mississippi	Nevada	Colorado	1
46	Nevada	West Virginia	Vermont	2
47	South Dakota	Idaho	Missouri	3
48	New Mexico	Vermont	Massachusetts	1
49	West Virginia	New Mexico	—	1
50	Idaho	—	—	2

SOURCE: ACIR, *Measuring Local Discretionary Authority* (Report M–131), Washington, DC, U.S. Government Printing Office, November 1981, Table 20.

- *loss of local tax base mandates*—where the state removes property or selected items from the local tax base, such as exemption of churches and schools from the property tax, and food and medicine from the sales tax; and
- *personnel benefit mandates*—where the states set salary, wage levels, working conditions, or retirement benefits.[295]

A study of federal and state mandates by Catherine H. Lovell and her associates, using a broader definition, contains a more comprehensive classification.[296] Mandates are classified as requirements or constraints, as reflected in *Table 30*, above. Requirements can be related either to programs or to procedures of the affected jurisdictions. The former concern *what* is to be done, the latter pertain to the process of doing it,—that is, *how* a given goal is to be reached. The study emphasizes that to be considered programmatic, the requirement "must be judged as an *end-product* or *objective* in the delivery of some service or the performance of some function." The state may require the establishment and operation of the program and also mandate certain qualitative and quantitative aspects of it. For example, the state may stipulate that all school boards establish programs for the education of handicapped children without specifying the quality of the program or the number of children or the extent of education to be provided. A program quality mandate might specify the level of education to be reached by the children involved, a quantity mandate might specify the number of days per year that education would be provided.

Procedural mandates regulate the behavior of a local government or one of its agencies, according to this typology. They require "inputs" into the production of the public service in the form of reporting, planning, recordkeeping, and the like.

Constraints, on the other hand, most often limit the kind and amount of locally derived revenue that can be raised or spent on one or all local services. They might impose a tax ceiling on property tax levies, limit the amount of debt to a certain percentage of the assessed valuation of property in the jurisdiction, or prohibit expenditure of funds above a particular ceiling.

Some mandates—such as the requirement that prenatal care programs must be extended to all expectant mothers willing to participate, or the establishment of standards for local police forces—are vertically imposed; that is, they are program specific, directed to one program or agency. Others, such as a provision relating to nondiscrimination or open meetings, are applied horizontally, cutting across all areas. As Lovell and Tobin point out:

> The horizontal/vertical distinction is important for two reasons: (1) the most important change in mandating in recent years has been in horizontal mandates; and (2) the addition of horizontally applied requirements has changed the nature of service production by incorporating subsidiary requirements into the production function. Significant costs which must be added to service production are thereby imposed.[297]

Although many of the horizontal or crosscutting requirements result from federal government actions,[298] states have not hesitated to add to the list. *Table 68* reflects the experience in five states.

EXTENT OF STATE MANDATING

State mandating of local governments varies among states as well as among functional activities and types of requirement and in impact. No nationwide data concerning all classes of state mandates have been collected. The most extensive were gathered in the 1976 ACIR nationwide survey of expenditure mandates in which several responsible sources in each state were surveyed. Responses indicated that in the 77 specific program areas listed, 22 states had 39 or more mandates requiring local expenditures. See *Table 69*. The most commonly mandated functions were solid waste disposal standards (45 states), special education programs (45 states), workman's compensation for local personnel other than police, fire, and education (42 states), and various provisions relating to retirement systems (35 or more states).[299]

States with the most expenditure mandates were New York (60 out of 77 possibilities), California (52), Minnesota (51), and Wisconsin (50). The fewest expenditure mandates were imposed in border and southern states with West Virginia (8) and Alabama (11) having the least.[300]

The survey by Lovell, et. al., gathered data from only five states—California, New Jersey, North Carolina, Washington, and Wisconsin; however, it covered all mandates within its broad definition in an examination of state statutes and regulations. The total number of mandates in the five states ranged from 259 in North Carolina to 1,479 in California, with the average for the five states being 683. In the case of all five, it should be noted that most of these were procedural, vertically directed toward an agency or program, direct orders rather than conditions of grants-in-aid, and legislatively originated rather than imposed by executive orders or administrative regulations. They were less related to general government than to specific functional areas.

Table 68

STATE MANDATES, BY INDIVIDUAL STATES: BY TYPE, VERTICAL-HORIZONTAL DISTINCTIONS, ORIGIN, DIRECT ORDER AND CONDITIONS OF AID DISTINCTIONS, AND FUNCTIONAL CATEGORY (in percentage)

Mandate Type	California (N=1479)	New Jersey (N=534)	N. Carolina (N=259)	Washington (N=487)	Wisconsin (N=654)
Programmatic	10.9%	3.3%	23.2%	9.3%	10.8%
Program	3.9	2.2	19.7	6.2	4.9
Program Quality	5.3	1.1	2.7	2.9	4.7
Program Quantity	1.7	0.0	0.8	0.2	1.2
Procedural	86.0	83.6	59.8	73.4	81.6
Reporting	22.4	2.2	14.7	10.7	16.3
Performance	42.9	46.6	22.4	27.7	37.6
Fiscal	9.4	13.9	10.0	13.6	14.1
Personnel	4.9	18.7	8.9	12.7	5.8
Planning/Evaluation	2.2	1.1	1.5	6.4	2.4
Recordkeeping	4.2	1.1	2.3	2.3	5.4
Revenue Constraint					
Base	3.1	12.7	17.0	17.3	7.7
Rate	.1.2	4.5	0.8	7.0	3.6
Expenditure Caps	0.5	2.2	1.5	2.9	2.1
Total	100.0	100.0	100.0	100.0	100.0
Vertical/Horizontal					
Vertical	94.0	91.8	98.8	91.4	81.3
Horizontal	6.0	8.2	1.2	8.6	18.7
Total	100.0	100.0	100.0	100.0	100.0
Origin					
Law	72.6	98.4	99.2	79.3	79.2
Executive Order	—	—	—	—	0.6
Administrative Regulations	27.4	1.6	0.8	20.7	20.2
Total	100.0	100.0	100.0	100.0	100.0
Direct Orders and					
Conditions of Aid	1.7	1.3	3.9	16.0	3.4
Direct Orders	98.3	98.7	96.1	84.0	96.6
Total	100.0	100.0	100.0	100.0	100.0
Function					
Agriculture	5.0	0.6	1.9	1.0	0.8
Community Development	6.2	21.0	11.6	19.9	6.6
Community Service	0.5	1.1	4.2	—	2.6
Education	8.7	0.6	0.4	—	4.9
Environment	6.2	2.4	2.3	9.0	6.6
Gen. Government	31.0	42.5	39.8	37.2	31.5
Health	18.7	4.1	15.8	11.3	3.7
Public Assist.	4.6	1.1	8.9	—	1.5
Public Protection	11.3	10.1	9.3	11.7	12.4
Recreation/Culture	0.9	2.6	0.4	2.3	2.9
Transportation	5.1	0.7	3.9	1.2	9.5
General Regulations	1.8	13.1	1.5	6.4	17.1
Other	0.0	0.0	0.0	0.0	0.0
Total	100.0	100.0	100.0	100.0	100.0

SOURCE: Catherine H. Lovell, Robert Kneisel, Max Neiman, Adam Z. Rose, and Charles A. Tobin, *Federal and State Mandating on Local Governments: An Exploration of Issues and Impacts*, A Final Report to the National Science Foundation, Riverside, CA, The Graduate School of Administration, University of California, Riverside, June 20, 1979, p. 69.

Table 69

THE STATE MANDATING OF EXPENDITURES PRACTICE IN 77 SPECIFIC PROGRAM AREAS, 1976–77

States	Total Reported Mandates	Local Employees Retirement and Working Conditions[1] (15 Mandates)	Police (14 Mandates)	Fire (14 Mandates)	Environmental Protection (8 Mandates)	Social Services (6 Mandates)	Miscellaneous (7 Mandates)	Education (13 Mandates)	No Mandate Reported	Number of Mandates With No Response
United States Average	35	7	7	6	4	1	3	7	36	6
New England Average	35	8	7	7	3	1	3	8	27	14
Maine	39	11*	6*	7*	3	1	3*	8	22	16
New Hampshire	40	10	7	9	5	1	4	4*	32	5
Vermont	31	6	7	6	4	0	2	6	46	0
Massachusetts	46	8	10	10	3	0	5	10	30	1
Rhode Island	11	NR	NR	NR	NR	NR	NR	11	0	66
Connecticut	45	11	9	9	4	2	2	8	32	0
Mideast Average	37	6	7	6	4	1	2	10	38	1
New York	60	10	11	11	7	6	5	10	16	2
New Jersey	45	11	9	7	6	0	2	10	32	0
Pennsylvania	41	5	9	9	7	0	2	9	35	1
Delaware	21	2	4*	3	0	0	2	10	52	4
Maryland	20	2	1	1	2	1	2	11	57	0
District of Columbia	—	—	—	—	—	—	—	—	—	—
Great Lakes Average	37	5	5	7	3	2	4	7	27	12
Michigan	25	1*	3*	2*	5	1	4*	9	15	37
Ohio	49	13	10	10	1	2	4	9	28	0
Indiana	26	3	5*	8	6	1*	3	NR	27	24
Illinois	37	8	7	7	1	2	3	9	40	0
Wisconsin	50	11	10	10	3	2	4	10	27	0
Plains Average	38	8	8	6	3	2	3	7	37	3
Minnesota	51	12	7	5	8	6	4	9	26	0
Iowa	33	9	10	8	2	2	2	NR	31	13
Missouri	32	8	6	6	3	0	2	7	45	0
North Dakota	38	8	7	4	1	6	4	8	38	1
South Dakota	39	9	8	7*	3	0	3	9	35	3
Nebraska	36	5	8	6	5	1	4	7	40	1
Kansas	35	8	9	6	2	0	3	7	41	1

Southeast Average	27	5	5	4	3	1	2	6	43	7
Virginia	46	10	7	6	8	4	3	8	31	0
West Virginia	8	1	2	1	1	0	3	NR	56	13
Kentucky	28	5	9	9	1	0	2	2	49	0
Tennessee	23	8	9	0	4	0	2	NR	40	14
North Carolina	32	6	5	4	1	4	3	9	44	1
South Carolina	27	7	6	5	0	NR	3	6	43	7
Georgia	25	3	1	4*	7	0	2	8	49	3
Florida	43	5	9	7	8	1	3	10	33	1
Alabama	11	0*	1*	0*	4	0	0*	6	27	39
Mississippi	29	6	3	5	2	0	4	9	48	0
Louisiana	20	3	8	4	1*	0	0	4*	46	11
Arkansas	33	7	5	6	4	0	4	7	44	0
Southwest Average	33	7	7	6	2	0	3	9	44	0
Oklahoma	25	3	8	6	1	0	0	7	51	1
Texas	33	9	6	6	1	0	4	7	44	0
New Mexico	36	7	7	5	4	0	4	9	41	0
Arizona	39	10	8	5	2	0	3	11	38	0
Rocky Mountain Average	36.8	9	7	6	5	3	2	5	36	4
Montana	48	13	10	9	5	2*	1	8*	22	7
Idaho	41	9	7	6	6	4	3	6	36	0
Wyoming	37	8	7	7	4	4	2	5	40	0
Colorado	23	6	4	4	4	4	1	NR	41	13
Utah	35	8	7	5	5	0	2	8	42	0
Far West Average	46	6	5	9	5	1	3	8	30	1
Washington	46	12	8	8	6	0	3	9	31	0
Oregon	45	12	9	10	3	0	4	7	32	0
Nevada	44	11	9	8*	3	2*	3	8	28	5
California	52	10	10	7	7	6	4	8	25	0
Alaska	39	8	9	8	3	0	2	9	38	0
Hawaii	49	13	10	10	6	0	1	9	28	0

N.R. = No response to any specific mandate within the category.
* = No response to two or more specific mandates within the category.
[1] Other than police, fire and education.
SOURCE: Advisory Commission on Intergovernmental Relations, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, 1978, pp. 44–45. Based on 1966–67 survey.

A number of other studies have examined the mandate problem in individual states.[301] Each tailored the definition to fit its own requirements, thus preventing aggregation or direct comparison.

FISCAL NOTES AND COST REIMBURSEMENT

Reflecting rising concern for local financial conditions and seeking to highlight the costs of proposed laws or rules, states began to attach fiscal notes to mandating legislation and to agency rules. These estimated the dollar cost to local governments of the state requirements. By 1977, a total of 22 states had attached fiscal notes to mandating legislation. In addition, Alaska's constitution established limits on mandates and California, Louisiana, Montana, and Pennsylvania provided reimbursement for the local outlays required or for revenue losses.[302]

By the end of 1979, the number of states requiring

Table 70

STATE FISCAL NOTES ON AND REIMBURSEMENT

	States requiring Fiscal Notes			
	Total	Statutes	Legislative Rules or Practices	States Reimbursing Mandate Costs
UNITED STATES	35	24	9	13
Alabama	X		X	
Alaska[6]				X
Arizona	X	X		
Arkansas	X	X		
California	X	X		X
Colorado	X	X		
Connecticut	X	X		
Delaware	X[1]		X	
Florida	X	X		X
Georgia	X	X		
Hawaii				X
Idaho	X	X		
Illinois	X	X		X
Indiana	X			
Iowa	X		X	
Kansas	X	X		
Kentucky[2]				
Louisiana	X	X		X[3]
Maine				X[4]
Maryland	X		X	
Massachusetts[5]				
Michigan	X	X		X

[1] Informal procedure. Information readily available.
[2] Fiscal notes can be requested by any legislator.
[3] Local voter acceptance or reimbursement.
[4] Fifty percent of revenue loss from property tax exemption only.
[5] There is a Governor's rule to this effect but compliance is spotty in Minnesota; compliance unknown in Massachusetts.
[6] Permission but not required or strictly adhered to.
[7] Sales and property tax exemptions only.
[8] Fiscal notes required for administrative rules only.

SOURCE: Based on 1977 ACIR survey. Updated by ACIR staff.

fiscal notes had increased to 36. Of these, most had a statutory basis while others handled them through legislative rules. See *Table 70.* In addition, Maryland—which had a fiscal note law requiring the impact statements to indicate the cost of legislation to the state government only—attached local financial impact statements to legislation as a matter of practice. Mandates imposed in the administrative process by agency rules and regulations were covered in only a few states, but the number was on the rise. In addition, the State of Washington established a reimbursement procedure for programs the state transfers to localities.[303]

Although states are far less likely to reimburse local governments for the costs of state mandates than they are to require fiscal notes, the number of states providing for reimbursement is on the rise. By the end of 1979, 13 states had provisions for compensating their local units for the costs of the requirements they imposed, although compliance was mixed. See *Table 70.* It is apparent from these figures that states have become more

OF MANDATES ON LOCAL GOVERNMENTS, 1979

	States requiring Fiscal Notes			
	Total	Statutes	Legislative Rules or Practices	States Reimbursing Mandate Costs
Minnesota [5]				
Mississippi	X		X	
Missouri	X	X		
Montana				X
Nebraska	X	X		
Nevada	X	X		
New Hampshire	X	X		
New Jersey [6]				
New Mexico				
New York				
North Carolina				
North Dakota	X		X	
Ohio	X	X		
Oklahoma				
Oregon	X	X		
Pennsylvania	X		X	X[7]
Rhode Island	X	X		X
South Carolina	X	X		
South Dakota	X[8]			X
Tennessee				X
Texas	X	X		
Utah	X		X	
Vermont				
Virginia	X	X		
Washington	X	X		
West Virginia	X		X	
Wisconsin	X	X		
Wyoming				
Puerto Rico				

responsive to local difficulties in financing the actions states have imposed upon them, but, to date, there is little evidence that they have curbed their penchant to mandate.

State-Local Financial Developments

The last quarter century saw significant shifts in state-local financial relations. In addition to a growth in mandated expenditures, discussed above, major developments included:

- emergence of the states as senior partners in state-local expenditures;
- increased sharing of expenses by the two levels;
- a rise in amounts and purposes of state grants-in-aid to local governments;
- direct state assumption of certain functions in which local governments previously participated;
- institution of state payments to local governments in lieu of taxes on state-owned land;
- diversification of local revenue sources; and
- the imposition of more limitations on revenue raising and spending.

These changes were in addition to state requirements concerning local financial management imposed as states attempted to improve local administration. Most of these developments portend a greater state recognition of local financial problems; however, some have imposed additional fiscal constraints and burdens.

STATES EMERGE AS SENIOR FINANCIAL PARTNERS

As the country moved into the decade of the 1970s, states emerged as the senior partners in state-local finance. Their share of total state-local general expenditures from their own funds grew from 46.8% in 1957 to 57.0% in 1979. See *Table 71*. States financed more than 50% of state-local expenditures from nonfederal sources in 46 states, up from 28 in 1966, and 23 in 1957.[304] See *Table 72*. They ranked second to the federal government as the biggest financers of domestic activities. This was a significant change from 1929, when local governments outranked both states and the federal government in domestic expenditures. When the federal government surged to the fore during the 1930s, local governments still outspent the states. Localities fell to third place during the late 1960s, however, and states moved into second. This means that states are moving to alleviate the local financial burden by paying a greater share of the costs, and they may be providing more equality in the provision of public services in the bargain.

INCREASED SHARING OF EXPENDITURES

In providing a larger share of total state-local outlays, states provided General Revenue Sharing funds and increased their financial responsibility for given functions, and some states spent for activities that previously were almost entirely locally financed. One of the most marked changes occurred in the realm of school finance. More than half of the states fundamentally altered their school-

Table 71

STATE FINANCING OF STATE-LOCAL EXPENDITURE FROM OWN FUNDS, SELECTED YEARS

Function	Fiscal Years				
	1979	1978	1977	1966	1957
Total General Expenditure[1]	57.0%	55.7%	55.5%	47.8%	46.8%
Selected Functions:					
Local Schools	51.9	48.5	47.5	42.5	41.2
Highways	65.6	65.6	65.2	70.9	71.2
Public Welfare	84.0	80.8	78.9	75.7	71.8
Health and Hospitals	51.4	51.7	52.3	51.0	51.3

[1] Includes functions not shown separately. Excludes the District of Columbia.
SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1978–79 Edition* (Report M–115), Washington, DC, U.S. Government Printing Office, 1979, p. 4; *1979–80 Edition* (Report M–123), 1980, p. 18.

Table 72

STATES RANKED ACCORDING TO STATE PERCENTAGE FINANCING OF TOTAL STATE–LOCAL GENERAL EXPENDITURES FROM OWN-REVENUE SOURCE, 1978–79

Hawaii	84.5	Iowa	59.7
Delaware	79.6	Virginia	59.2
New Mexico	76.4	Georgia	57.3
Kentucky	75.6	Michigan	57.3
West Virginia	75.6	Pennsylvania	55.5
Alaska	70.5	Arizona	55.0
Vermont	68.7	Wyoming	54.9
North Carolina	68.3	Connecticut	54.8
Arkansas	68.3	Tennessee	54.7
Louisiana	66.3	Illinois	54.4
South Carolina	66.0	Massachusetts	54.3
Mississippi	65.7	South Dakota	54.3
North Dakota	65.2	Ohio	52.9
Maine	64.9	Oregon	52.8
Rhode Island	64.8	Kansas	52.6
Alabama	64.5	Montana	52.5
Minnesota	64.2	Missouri	52.0
Oklahoma	63.6	Florida	51.7
Utah	63.2	New Jersey	51.4
California	63.2	Colorado	50.5
Idaho	63.1	New Hampshire	50.5
Wisconsin	60.7	Texas	49.8
Indiana	60.6	Nebraska	48.6
Washington	60.5	Nevada	45.9
Maryland	60.0	New York	45.1
		U.S. (including DC)	56.8
		U.S. (excluding DC)	57.0

Note: Percentages were derived from U.S. Bureau of the Census data in the following manner: Numerator = (state direct general expenditures) + (state intergovernmental expenditures to the federal and local levels) − (state revenues from the federal and local levels). Denominator = (state and local direct general expenditures) + (state and local intergovernmental expenditures to the federal level) − (state and local revenues from the federal level).
SOURCE: Computed by ACIR staff from U.S. Bureau of the Census, *Governmental Finances 1978–79*, Washington, DC, U.S. Government Printing Office, 1980.

funding formulas during the decade of the 1970s, mostly in attempts to achieve equality in public education. As a consequence, states now provide more than half of local school costs in a majority of the states.[305] Although progress has been incremental and years may be required for phasing in the changes fully, within-state disparities in per pupil expenditures decreased in 17 of the states that changed their formulas over the period while increasing in six. In one state—New Mexico—the formula change had no effect on disparities.[306]

Attempts to achieve equalization in public school finance are now caught in the cross fire of other pressures. Public confusion over rising costs despite declining enrollments, a decrease in support for education as fewer adults have schoolage children, and rising demands for other services—particularly services for the elderly—all operated to stem the movement for equalization. When these pressures are coupled with greater demands for efficiency and accountability, as reflected in competence testing, financial equity may get caught in the middle.[307]

Efforts to reduce educational outlays by legislating budget restrictions, general educational controls, and tax limits on local school districts sometimes have accompanied the increased state assistance.[308] The most recent wave followed on the heels of California's popularly initiated Proposition 13 that substantially curtailed local ability to finance schools through the property tax. In that instance, responsibility for providing the major share of school support shifted to the state. Other state governments with restrictive tax or revenue lids were unable to assume comparable burdens. Consequently, public financial resources available for education diminished. Despite these setbacks, in the ten years since the California Supreme Court held in *Serrano vs. Priest*[309] that equal funding had to be provided for public school districts, states across the country have responded to public demands and the threat of court action and have provided for a substantially greater degree of equality in public school financing.

In regard to state-local highway expenditures, the states' share, although still dominant, is slowly but steadily declining. The diminution of the states' portion is reflected in the following figures:

1942	72.7%
1957	71.2
1966	70.9
1975	69.4
1978	65.6
1979	65.6[310]

State governments in New Jersey, South Dakota, Montana, Rhode Island, Wisconsin, and New York provided less than half of the state-local highway funds in 1979. However, it should be noted that state shares fluctuate from year to year. South Dakota, Montana, and Wisconsin were absent from the under-50% list in 1978 while Colorado, Hawaii, and Vermont were included. Because of the project nature of much highway work, interstate comparisons of highway expenditures for a single year do not necessarily reveal the usual patterns of state support for this function.

States are assuming an increasingly larger share of state-local public welfare costs and are the dominant providers (paying 55% or more of the costs). The following percentages reflect the growing state portion of nonfederal welfare expenditures:

1942	61.4%
1957	71.8
1966	75.7
1977	78.9
1978	80.8
1979	84.4[311]

Only in New York and Montana did direct state expenditures account for less than one-half of the total state-local public welfare expenditures in 1979.

State and local governments spent $25.9 billion of their own funds for health and hospitals in 1979. A breakdown of state and local funding for these purposes shows that states financed somewhat more than half of this amount (51.4%). The state share has remained relatively constant over the years, fluctuating only a few percentage points. Twenty-nine states spent more than their local jurisdictions in 1979.[312]

In general, state-local expenditures have become more intergovernmentalized. While there was no appreciable change in state-local expenditure ratios for most functions during the decade between 1967 and 1977 (see *Table 1*), various shifts occurred in the others. State governments increased their dominance of state-local spending for public welfare, provided a smaller share of highway and health and hospital costs—although they are still the dominant providers in these areas—and moved most rapidly forward in public education spending. They also contributed significant sums for general local government support.[313]

INCREASED FINANCIAL ASSISTANCE

State financial assistance to local governments constituted a substantial portion of the funds available for local government spending throughout the last quarter of a century. In 1954, it equaled 41.7% of local general revenue from local sources. It rose to 60.8% in 1976 and fell back to 59.4% by 1978 and was estimated to total 60.8% for 1979.[314] These figures include federal grant-in-aid funds passed through the states to local jurisdictions as well as state money. No figures as to the federal-state breakdown were available until recently. However, federal aid made up a significantly smaller portion of state assistance during the 1960s[315] than it does now, despite the fact that most federal funds received by local governments at the earlier time were passed through the

Table 73

INTERGOVERNMENTAL AIDS TO LOCAL GOVERNMENTS—1971–72 and 1976–77 (in billions of dollars)

	Total		Education		Noneducation	
	1971–72	1976–77	1971–72	1976–77	1971–72	1976–77
Federal to Local (nominal)	$ 4.6	$16.5	$ 1.0	$ 1.3	$ 3.6	$15.2
State to Local (nominal)	35.1	60.3	20.7	36.5	14.4	22.7
Total	39.7	76.8	21.7	37.8	18.0	37.9
Federal Percent	11.6%	21.4%	4.6%	3.6%	20.0%	40.1%
State Percent	88.4	78.6	95.4	96.4	80.0	59.9
Federal Aid Pass-Through	$ 7.3	$12.3	$ 3.0	$ 5.1	$ 4.3	$ 7.2
Net Federal Aid to Local Government	11.9	28.8	4.0	6.4	7.9	22.4
Net State Aid to Local Government	27.8	48.0	17.7	31.4	10.1	15.5
Net Federal Percent	30.0%	37.5%	18.4%	16.9%	43.9%	59.1%
Net State Percent	70.0	62.5	81.6	83.1	56.1	40.9

SOURCE: U.S. Bureau of the Census, Census of Governments, 1972 and 1977, Vol. 4, No. 5, *Compendium of Governments Finances, 1972 and 1977,* Washington, DC, U.S. Government Printing Office, as compiled for ACIR, *Recent Trends in Federal and State Aid to Local Governments* (Report M–114), Washington, DC, U.S. Government Printing Office, July 1980, p. 9.

Table 74

INTERGOVERNMENTAL AID AND THE FEDERAL COMPONENT OF STATE AID TO LOCAL GOVERNMENT: NATIONAL TOTALS—1977 (in millions of dollars)

Intergovernmental Aid Flows	Expenditure Function					
	Total Expenditure	Education	Highways	Public Welfare	Health and Hospitals	All Other
Nominal Federal Aid to States	$45,890	$ 9,035	$6,363	$18,723	$1,532	$10,237
Nominal Federal-Local Aid	16,554	1,312	98	162	206	14,776
Nominal State-Local Aid	60,277	36,428	3,467	9,243	1,411	9,728
Pass-Through	12,262	5,164	232	4,971	413	1,482
Net Federal Aid to States	33,628	3,871	6,131	13,752	1,119	8.755
Net Federal-Local Aid	28,816	6,476	330	5,133	619	16,258
Net State-Local Aid	48,015	31,264	3,235	4,272	998	8,246
Percent Difference in Federal-Local Aid Due to Pass-Through	74.1%	393.6%	236.7%	3,068.5%	200.5%	10.0%
Pass-Through as a Percent of Total Federal Aid	19.6	49.9	3.6	26.3	23.8	5.9

SOURCE: U.S. Bureau of the Census, Census of Governments, 1972 and 1977, Vol. 4, No. 5, *Compendium of Government Finances, 1972 and 1977,* Washington, DC, U.S. Government Printing Office, as compiled for ACIR, *Recent Trends in Federal and State Aid to Local Governments* (Report M–114), Washington, DC, U.S. Government Printing Office, July 1980, p. 10.

state and little was received directly.

An estimate of the federal passthrough component of state aid is available for the fiscal years 1971–72 and 1976–77. The figures indicate that net state aid to local government, excluding passed-through federal aid, grew from $27.8 billion to $48.0 billion, an increase of 72.4% compared to a 38.7% increase in the GNP deflator, one measure of inflation. At the same time, federal-local aid rose even more rapidly—growing by 143.4% and thus producing a decline in the state portion of intergovernmental assistance to local governments, even though the states' share grew overall. States still provide the lion's share of intergovernmental assistance to local units. See *Tables 73* and *74*. In 1977, the amount of federal aid retained at the state level and not passed through was 16.7% in excess of the amounts locally received from the federal government, either directly or by passthrough.[316]

Net state aid to local governments (excluding federal passthrough funds) by function, by state, for 1976–77 is reflected in *Table 75*. When comparing the amount of assistance states give their local jurisdictions, the variations in performance of functions among states should be kept in mind. Each state has an autonomous and unique system, both for the allocation of functions and the distribution of state aid. Hawaii, for example, provides no assistance to local government for several of the major functions because these activities are administered at the state level. New York makes substantial contributions to local governments in almost every functional area listed, because local administration is the rule in that state. State rankings on local aid by function can be seen in *Table 76*.

Traditional functions—education, highways, welfare, and health and hospitals—still receive the bulk of the state-aid funds, although the money is somewhat more widely distributed among functions now than it was in 1972. In that year, 87.3% went for these functions compared to 83.9% in 1977. Despite the wider dispersal, education received an even greater percentage. In 1972, schools got 58.8% of the funds; the 1977 figure was 60.4%.[317]

States supplement the funds going to local government for the traditional categorical functions with money for general support. In 1978–79, state general local support, defined by the Census Bureau as "broad payments of general financial support as well as amounts paid in replacement of specific tax losses," totaled over $8.2 billion.[318] This amounted to more than 10.8% of total state

Table 75

NET STATE AID TO LOCAL GOVERNMENTS (EXCLUDING PASS-THROUGH), BY STATE, BY FUNCTION, 1976–77 (in millions of dollars)

State	Education	Public Welfare	Highways	Health and Hospitals	Housing and Urban Renewal	Sewerage	Mass Transit	Criminal Justice	General Support
Alabama	$ 435	$ 1	$ 70	$ 1	$ —	$ —	$ —	$ 2	$ 18
Alaska	151	—	2	4	—	—	—	1	17
Arizona	403	2	57	3	—	—	—	—	158
Arkansas	224	—	57	1	1	—	—	—	23
California	3,659	1,105	372	223	4	47	119	38	978
Colorado	407	64	42	9	—	5	1	1	16
Connecticut	234	23	11	6	6	—	—	—	61
Delaware	138	—	2	—	2	2	—	—	—
Florida	1,497	2	65	20	13	—	—	1	279
Georgia	605	2	46	28	2	—	1	3	13
Hawaii	—	—	—	—	—	13	—	—	24
Idaho	116	—	21	—	—	1	—	—	14
Illinois	1,658	106	260	9	1	80	54	6	144
Indiana	759	46	152	2	—	11	—	—	146
Iowa	540	5	123	3	—	5	—	1	102
Kansas	301	—	38	1	—	—	—	—	22
Kentucky	394	2	17	2	—	—	—	8	3
Louisiana	564	3	64	9	—	—	—	15	114
Maine	190	1	3	—	—	6	—	—	11
Maryland	604	122	93	25	1	17	—	58	80
Massachusetts	667	10	52	6	64	—	142	2	55
Michigan	1,324	179	327	110	—	—	16	5	395
Minnesota	896	75	99	6	—	11	2	10	273
Mississippi	319	—	57	3	1	—	—	—	73
Missouri	492	3	38	18	1	—	—	2	5

Montana	103	1	1	3	—	—	—	—	2
Nebraska	104	7	60	6	—	4	—	—	28
Nevada	118	—	7	—	—	—	—	—	21
New Hampshire	18	9	6	—	—	7	—	—	28
New Jersey	835	157	3	46	4	31	2	—	162
New Mexico	268	—	10	—	—	—	—	—	59
New York	3,390	1,800	119	159	171	110	25	83	1,065
North Carolina	971	23	31	19	2	19	—	—	83
North Dakota	93	2	20	—	—	—	—	—	13
Ohio	1,305	181	263	65	1	12	5	9	221
Oklahoma	375	—	89	—	1	—	—	—	7
Oregon	292	4	47	7	—	—	2	1	31
Pennsylvania	1,514	79	123	107	11	31	106	31	18
Rhode Island	85	14	—	2	3	2	—	1	11
South Carolina	316	—	18	3	—	—	—	—	50
South Dakota	38	—	5	—	—	—	—	—	3
Tennessee	355	—	114	4	1	—	—	5	62
Texas	1,752	15	14	15	1	—	—	2	13
Utah	236	—	11	3	—	—	—	1	2
Vermont	42	—	6	—	—	—	—	—	—
Virginia	552	90	37	3	—	9	—	44	24
Washington	712	11	75	17	—	13	—	6	61
West Virginia	343	—	—	3	—	—	—	—	10
Wisconsin	838	125	123	65	—	18	—	6	499
Wyoming	60	1	9	1	—	—	—	—	30

— Represents zero or rounds to zero.
SOURCE: ACIR, *Recent Trends in Federal and State Aid to Local Governments* (Report M–118), Washington, DC, U.S. Government Printing Office, July 1980, p. 85.

Table 76

STATES RANKED ACCORDING TO STATE PERCENTAGE OF STATE-LOCAL GENERAL EXPENDITURES, FROM OWN REVENUE SOURCE, FOR SELECTED FUNCTIONS 1978–79

Local Education		Public Welfare (including Medicaid)		Health & Hospitals		Highways	
Hawaii	95.6%	Illinois	100.0%	Rhode Island	100.0%	S. Carolina	97.0%
Kentucky	79.7	Missouri	100.0	N. Dakota	99.7	Maryland	94.0
Alaska	78.6	Washington	100.0	Delaware	98.6	W. Virginia	93.3
New Mexico	77.4	Alaska	99.0	Hawaii	97.9	Arkansas	90.1
Alabama	76.6	Vermont	98.7	Vermont	96.4	Kentucky	87.7
N. Carolina	74.5	Hawaii	98.6	New Hampshire	91.5	N. Carolina	84.8
Delaware	73.9	Delaware	98.2	Connecticut	89.5	Indiana	83.9
California	73.1	Maryland	98.1	Alaska	82.9	Virginia	83.6
Mississippi	69.5	W. Virginia	98.0	Virginia	77.9	Idaho	82.1
W. Virginia	67.9	Utah	97.3	Pennsylvania	77.6	Oregon	79.3
Washington	67.7	Rhode Island	97.1	Maryland	76.6	Tennessee	78.0
Louisiana	66.7	Oklahoma	96.8	Maine	75.6	New Mexico	76.5
S. Carolina	64.1	Arkansas	96.6	Utah	75.6	Ohio	76.4
Oklahoma	62.6	Kentucky	96.6	Oregon	69.7	Delaware	75.7
Florida	61.9	Louisiana	96.6	Kentucky	68.3	Michigan	75.4
Arkansas	60.8	Massachusetts	96.7	S. Dakota	68.3	Oklahoma	75.4
Georgia	60.0	California	97.3	Massachusetts	62.9	Wyoming	75.4
Minnesota	59.8	Michigan	94.7	New Jersey	62.1	Utah	73.6
Indiana	57.6	Kansas	94.8	N. Carolina	59.7[1]	Florida	71.6
Utah	57.5	Alabama	93.7	New Mexico	48.1[1]	Washington	71.5
Montana	56.2	S. Carolina	93.7	Kansas	57.4	Georgia	72.3
Texas	53.9	Georgia	93.1[1]	Louisiana	56.9	Pennsylvania	70.2
Idaho	53.7	Connecticut	92.3	W. Virginia	56.5		
Tennessee	53.6	Idaho	92.2	Illinois	56.4		
Maine	53.3	Texas	91.7	Alabama	55.0		
N. Dakota	50.3	S. Dakota	90.0				

Pennsylvania	49.8	New Mexico	89.8[1]	Ohio	54.6	Mississippi	69.5
Arizona	48.2	Oregon	89.4	New York	53.3	Louisiana	68.0
Virginia	46.8	Maine	89.2	Oklahoma	51.2	Arizona	67.9
Illinois	46.4	Tennessee	88.5	Michigan	50.7	Alabama	66.9
Kansas	46.2	Mississippi	87.5	Montana	50.1	Iowa	66.4
Ohio	46.0	Pennsylvania	87.3			Missouri	65.9
Maryland	43.6	Wisconsin	83.5	Wisconsin	48.5	Illinois	64.1
Michigan	43.3	Florida	82.2	Minnesota	48.9	Texas	62.7
Rhode Island	42.7	Iowa	81.5	S. Carolina	48.7	Nebraska	62.4
Iowa	42.6	Wyoming	81.0	Missouri	48.5	Alaska	62.2
New Jersey	42.2			Colorado	47.0		
New York	41.6	N. Dakota	78.4	Washington	45.7	Vermont	58.5
Colorado	41.5	Nebraska	78.3	Nebraska	44.6	Connecticut	58.0
		New Jersey	77.3	Texas	44.1	Colorado	58.0
Missouri	39.4	Colorado	75.7	Indiana	43.4	N. Dakota	57.9
Wisconsin	38.2	Virginia	75.3	Iowa	42.2	Nevada	56.4
Massachusetts	37.6	Ohio	75.2	Arkansas	41.4	New Hampshire	56.3
Nevada	35.7	Arizona	71.1	Arizona	40.1	Hawaii	55.5
Wyoming	32.5					Massachusetts	55.1
Connecticut	31.7	Indiana	61.6	California	39.3	Maine	55.0
Oregon	30.8			Georgia	33.9[1]	California	51.7
		Minnesota	58.3	Mississippi	36.1	Kansas	50.6
Vermont	29.0	N. Carolina	55.8[1]	Tennessee	35.3	Minnesota	50.7
		New Hampshire	53.4	Idaho	34.2		
South Dakota	18.7	Nevada	50.3	Florida	32.1	New Jersey	48.9
Nebraska	17.6					S. Dakota	48.1
		New York	43.4	Wyoming	29.0	Montana	46.3
New Hampshire	9.9	Montana	40.7	Nevada	22.9	Rhode Island	40.2
						Wisconsin	39.8
						New York	37.9
U.S. excluding D.C.	52.1		83.9[1]		51.4[1]		65.6

Note: Percentages for total general expenditure highways, public welfare, and health and hospitals were derived from U.S. Bureau of the Census data on expenditures adjusted to exclude federal intergovernmental transfers. State transfers to local governments are included with state expenditures and deducted from local expenditures. The local school percentages were derived from estimated receipts available for expenditure for current expenses, capital outlay, and debt service for public elementary and secondary schools as reported by the National Education Association.

[1] Public welfare and health and hospital expenditures for Georgia, New Mexico, and North Carolina are subject to revision due to difficulties in separating expenditures in these states.

SOURCE: Compiled by ACIR staff from various reports of the Governments Division, U.S. Bureau of the Census; and National Education Association, *Estimates of School Statistics, 1979–80* (copyright 1980 by the National Education Association, all rights reserved).

aid to local governments, and presumably a much larger percentage of the net state aid remaining after federal funds passed through are subtracted. This was up slightly from 10.2% in 1972.[319]. State methods for distributing such assistance among local units may involve (1) returning revenues to jurisdictions in proportion to the amount raised in each; or (2) allocating revenues according to complex equalizing formulas similar to that used in federal revenue sharing.

STATE ASSUMPTION OF FUNCTIONS

In many instances, states have elected to assume responsibility for financing certain services rather than sharing costs or providing grants for local governments. A 1976 ACIR survey of municipalities of over 2,500 population found that there were 1,708 transfers of functions or components of a function by municipalities to other governments between 1965 and 1975. Of these, 14% were transferred to the state, largely as a result of state law.[320] The functions most often shifted to the state level were public health, public welfare, municipal courts, pollution abatement, property-tax assessment standards, building codes, land-use regulations (including coastal zones and wetlands), and regulation of surface mining. *Table 77* reflects the state-mandated functional transfers.

The largest single transfer occurred in 1960 when Connecticut abolished its counties and the state assumed their functions.[321] Nevertheless, other states have taken important initiatives in this respect. For example, Florida abolished, by constitutional amendment, all municipal courts and transferred their functions to the state. New York established statewide and regional authorities to deal with environmental facilities, job development, transportation, and other matters.[322]

Municipalities responding to the survey listed several reasons for transferring functions. These varied with the recipient jurisdiction, as well as with the type of function. The principal reason given for shifts to the state level was that state law required it (46%). In addition, achieving economies of scale (34%), eliminating duplication (22%), fiscal restraints (22%), lack of personnel (18%), jurisdictional limitations (16%), lack of facilities and equipment (12%), and inadequate services (12%) appeared as the most frequent reasons. Federal aid requirements or incentives were cited in 8% of the responses.[323]

Federal policy stimulated some of the transfers. Environmental protection legislation—particularly the *Water Quality Act of 1965*, the *Air Quality Act of 1967*, the *Clean Air Amendments of 1970*, and the *Water Pollution Control Act Amendments of 1972*—encouraged states to preempt, totally or in part, responsibility for air and water pollution abatement.[324] As a result of these laws, to cite only two examples, Rhode Island prohibited local enactment of air pollution control ordinances and by-laws, while Delaware permitted its local units to establish standards higher than those promulgated by the state air pollution control agency.[325]

OTHER FISCAL ASSISTANCE

In addition to direct grants, shared costs, and direct assumption of functions, other types of state fiscal relief grew in recent years. Along with actions to improve property-tax administration significantly,[326] as of 1978, a total of 36 states authorized broader revenue bases, permitting some or all of their cities and/or counties to use either a local sales or income tax.[327] In addition, Minnesota enacted a modest "share the growth" regional tax arrangement for its seven-county Twin Cities Area.[328] Moreover, the practice of state compensation to localities for tax exempt state property located within their boundaries grew, although not uniformly. Only 13 states failed to compensate local governments for at least some of their tax losses on state property as of 1979.[329]

States also provide indirect aids to local government in the form of income adjusted credits on state income taxes for those who pay local property taxes. Typically, these "circuit-breaker" programs base the size of the credit on the size of a household's property tax bill relative to its income. As of 1979, five states had circuit-breaker programs for elderly homeowners only; 15 states provided such tax credits for both homeowners and renters who were elderly; and seven states had circuit breakers for all ages of renters and homeowners. One state—Maryland—instituted a circuit-breaker for all homeowners, but only for elderly renters. The number of states with such provisions increased dramatically during the 1970s: in 1970 there were five, in 1979 there were 28.[330]

RESTRICTIVE FISCAL ACTIONS

What states give with one hand, frequently they take away with the other. In the past few years, state actions assisting or broadening local fiscal capacity ran head-on into popular demands for lower taxes and reduced spending. Consequently, state restrictions on revenue raising and expenditures multiplied. State actions in regard to local indebtedness were directed toward improving debt management.

Justifications for Tax and Spending Restrictions

The fiscal health of its citizens and of the local government within its boundaries is a legitimate concern of

Table 77

STATE-MANDATED FUNCTIONAL TRANSFERS, 1975

Function	States
Administrative and Legal	Florida, Georgia, Illinois, Michigan, New Hampshire, Oregon, and Virginia
Taxation and Assessment	California, Florida, Georgia, Missouri, New Jersey, New Mexico, Oklahoma, Pennsylvania, Tennessee, and Wisconsin
Elections	Florida, Iowa, Kansas, Minnesota, North Carolina, North Dakota, and Washington
Social Services	California, Delaware, Hawaii, Massachusetts, Michigan, Minnesota, New York, Ohio, Rhode Island, and Vermont
Planning	Iowa, Minnesota, and Oregon
Fire Protection and Civil Defense	Florida and Iowa
Environmental Protection	Michigan, Minnesota, New Hampshire, Ohio, Pennsylvania, and Virginia
Building and Safety Inspection	Iowa, Kansas, Michigan, Ohio, Oregon, Texas, Virginia, and Washington
Sewage Collection and Treatment	Connecticut, Kansas, Minnesota, Ohio, and Texas
Solid Waste Collection and Disposal	California, Delaware, Florida, Idaho, Iowa, Kansas, Minnesota, New Jersey, New York, Ohio, Oregon, Pennsylvania, South Carolina, Tennessee, and Texas
Water Supply	Michigan
Transportation	New York, Ohio, and Wisconsin
Education	Connecticut, Hawaii, and Wisconsin
Public Health	California, Connecticut, Florida, Hawaii, Illinois, Kansas, Pennsylvania, and Rhode Island
Housing and Community Renewal	Connecticut
Law Enforcement	California, Florida, Hawaii, Illinois, Minnesota, Nebraska, Nevada, South Dakota, and Virginia

SOURCE: ACIR, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, 1978, p. 20.

state government. State efforts to ensure this often run up against the equally important principle that local officials, who are accountable to the electorate, should determine local tax and expenditure policies. This means that if states impose constraints on local discretion in these respects, they also should provide access to other sources of revenue to enable local units to meet their needs. Should a state either provide its local jurisdictions effective access to other revenue sources or share its own revenues on an unconditional basis, it will have altered the basic fiscal relations between them and can defend the imposition of local tax or spending restrictions.

Another instance that may justify state policymakers in imposing lids on local taxes occurs wherever state taxes are raised in order to finance a new program of property-tax relief. State limitations then may prevent local jurisdictions from counteracting the state's moves and may stabilize property taxes. In addition, a temporary levy limitation or rollback may be defensible when the state tax department or the courts have ordered a massive increase in local property tax assessment levels. Such action prevents the state officials from bearing the

brunt of citizen dissatisfaction with higher taxes in the event that local policymakers do not cut back their tax rate to compensate for the assessment increase.

Growth of Taxing and Spending Constraints

In the aftermath of California's 1978 Proposition 13, which imposed severe limits on property taxes, the pace as well as the number of fiscal restrictions increased. The seven-year period between 1970 and 1977 saw various restraints imposed by 14 states. In comparison, 16 took similar action in the first eight months of 1979 alone.[331]

The forces promoting greater state fiscal control are the same as those identified in an earlier ACIR report, *State Limitations on Local Taxes and Expenditures*:[332]

- the public demand for property tax relief;
- court-mandated upgrading of assessment practices;
- state assumption of an increasing share of state-local expenditure responsibilities;
- state efforts to control the growth in school spending; and
- a perception by state legislators that local officials need state-imposed restrictions on local tax and spending powers in order to withstand the pressure for additional spending in general and for employee wages and fringe benefits in particular.

Background

State limits on local revenue raising authority are not new. Property tax rate limits began in the last century, originating in Rhode Island in 1870, followed somewhat later by Nevada (1895), Oklahoma (1907), and Ohio (1911). They were imposed for a variety of reasons, but principally (1) to protect taxpayers from a rapid rise in the tax rate during the panics of 1873 and 1893, and (2) to limit the growth of local expenditures for the construction of roads and canals. They were often coupled with limits on local borrowing—an activity more likely to be regulated.[333]

The Great Depression of the 1930s brought another movement for property-tax limits. As property owners struggled to pay their taxes and avoid delinquencies that occurred despite declining property values and assessments, pressure mounted for overall lids to force the lowering of taxes. As a result, Indiana, Michigan, Washington, and West Virginia all adopted overall property tax rate limits in 1932, followed by New Mexico in 1933. Ohio and Oklahoma revised their existing restraints in the latter year. In addition, many other states adopted limits for specific functions.[334]

Even with the depression-inspired restrictions, state and local taxes and expenditures rose after World War II. *Figure 9* reflects the trend in state and local expenditures as a percentage of the gross national product. *Table*

Table 78

THE GROWTH OF THE STATE-LOCAL SECTOR, 1948–77 (STATE-LOCAL EXPENDITURES AND TAXES AS A PERCENT OF STATE PERSONAL INCOME)

Fiscal Year	State-Local Direct General Expenditures: Total	State-Local Direct General Expenditures: From Own Funds (excluding federal aid)	State-Local Tax Revenue	Exhibit: State-Local Employees per 10,000 Population
1948	9.32%	8.34%	7.03%	240[1]
1958	12.93	11.53	8.85	298
1968	16.38	13.64	10.81	396
1976	20.32	15.90	12.47	475
1977 est	20.75	16.05[2]	12.87	485

[1] Based on population including armed forces overseas.
[2] This 1976–77 slight increase varies from an earlier ACIR finding of a slight decrease in the relation of state and local spending to gross national product. This tabulation used census data, fiscal year, and personal income. The earlier analysis used national income accounts, calendar year, and gross national product.
SOURCE: ACIR staff computations based on U.S. Bureau of the Census, Governments Division, various reports, and staff estimates.

78 shows the growth of state-local sector expenditures and taxes. Expenditures from state and local own-source revenues as a percentage of state personal income rose from 8.34% in 1948 to 16.05% in 1977.

As a result of these and other developments, resistance to rising taxes and expenditures intensified, precipitating a "taxpayers revolt" in California that spread to several other states. In 1978, California voters adopted a popularly initiated constitutional amendment sharply limiting taxes.

Proposition 13, also known as the Jarvis-Gann Amendment for its sponsors, provides that:

- No property can be taxed at more than 1% of its estimated 1975–76 market value.
- No property tax assessment can be increased in any one year by more than 2% unless that property is sold, at which time it can be reassessed on the basis of its market value.
- No local tax can be increased or a new tax imposed without the approval of two-thirds of the qualified voters.
- No additional state taxes can be imposed unless approved by at least two-thirds of the total memberships of both houses of the legislature.[335]

Nothing since the Great Depression of the 1930s has jolted the state-local financial sector as much as the passage of Proposition 13. The shock waves it generated have been likened to "almost 10" on a Richter scale of severity ranging from one to ten.[336]

In its wake, movements to limit taxes surfaced in other states, and many proposals, restricting either state or local taxes or expenditure or both, were adopted. According to a National Governors' Association study:

> Since 1978, voters or state legislatures in 19 states have imposed a total of 27 limitation measures, including controls on local government spending in 5 states, and limits on property taxes, which are primarily a local government revenue source, in 9 states. . . . (Some states, such as California, Michigan, and Oregon, imposed more than one limitation measure.)[337]

Many proposals did not pass, of course, and a 1980 effort in California to cut the state income tax went down to defeat at the polls. Nevertheless, even in states where no additional fiscal restraints were imposed, a tendency toward financial conservatism appeared to affect policymakers.

Types of Limitations

Today, state taxing and expenditure restrictions still are directed mainly at setting ceilings on the local property tax. The rates, the total levy, the tax base, and the ratio of assessed value to actual value of property all may be points for the imposition of constraints. In addition, states sometimes adopt provisions limiting expenditures as well as placing caps on revenues from all sources.

Limitations on local tax rates are the most common type of restriction on local taxing activity. These provisions set the maximum rate that can be imposed. This is usually expressed in mills or dollars and cents per $100.00 of assessed (officially appraised) valuation of property. The restrictions may be overall limits—establishing a rate ceiling under which all overlapping jurisdictions must operate—or they may be expressed in the form of a series of specific limits for each local jurisdiction or for each specific local purpose. When the rate limit is reached, tax yields can be increased only by an increase in assessments or by a popular vote to raise the limit. Nevertheless, many nominal rate limits are not effective because of the absence of limits on assessment levels or increases.

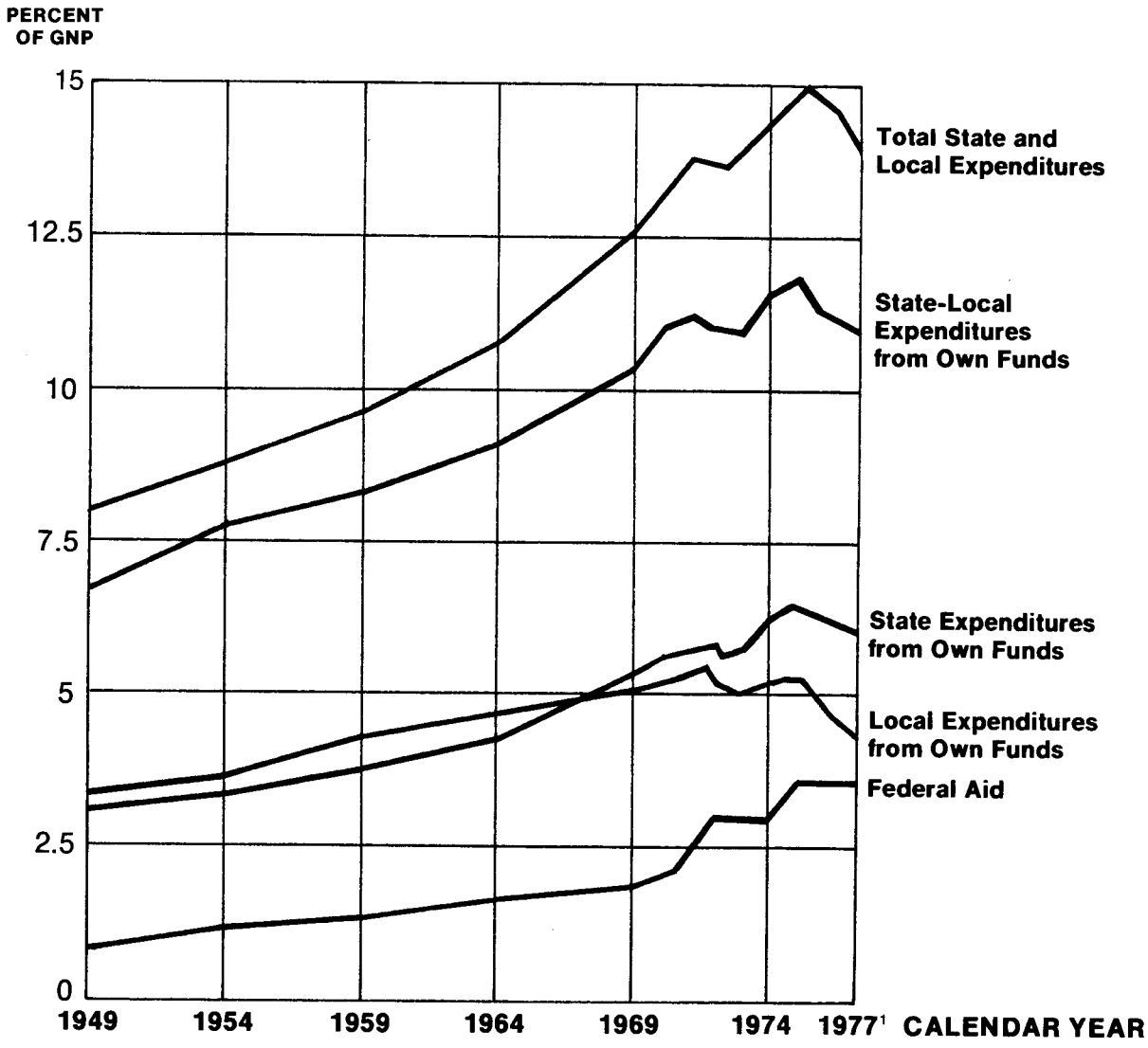
In contrast to a rate limit, a levy limit sets the maximum total revenue that can be raised by a jurisdiction through the property tax. If the assessed valuation of property rises substantially, the tax rate will have to be lowered to keep the levy within the limit. A levy limit should be distinguished from a revenue limit that imposes a lid on local income from all sources, not just from the property tax. The new levy limits ordinarily restrict the increase in property tax levies to some specified annual increase. A popular vote can raise the ceiling. Often, a state agency will have authority to raise the limits also.

A less direct restriction is contained in full disclosure laws designed to focus public attention on a proposed tax increase. In this procedure, the governing body of the local jurisdiction sets a tax rate that will yield revenues equal to those of the previous year when applied to the same percentage of the current year's tax base (total assessed valuation of property). Any proposed increase above the amount provided in this rate must be advertised and subjected to public hearing. The intent is to place the responsibility for increasing the rate on the governing body rather than on the assessor whose duty it is to determine taxable value.

Constraints directed at the tax base limit the growth of (or actually reduce) the total assessed value of property in the jurisdiction. States long have exempted certain types of property from taxation. Property used for ed-

Figure 9

State And Local Government Expenditures As A Percentage Of Gross National Product, 1949-77



[1] Preliminary estimate.

SOURCE: ACIR staff calculations. Advisory Commission on Intergovernmental Relations, *State-Local Finances in Recession and Inflation* (Report A-70), Washington, DC, U.S. Government Printing Office, 1979, p. 2.

ucational, religious, or charitable purposes immediately comes to mind, although many other types of uses are included. A recent development, currently used in only a few states, is the imposition of ceilings on the amount of increase in the assessed value of property that can be made in a year. This means, for example, that despite the fact that the actual market value of property grew by 20%, the increase in the assessed value for taxation may be limited to 5%. The result in an inflationary period may be that the ratio of assessed value to actual value are unbalanced and that inequities among taxpayers are magnified as some property values rise more rapidly than others. On the other hand, some taxpayers may be protected from skyrocketing taxes that outstrip their ability to pay.

Present Taxing and Spending Limitations

Both the present limitations on local taxing and spending powers and those in effect prior to 1970 are set out in *Table 79*. A dramatic growth occurred during the decade of the 1970s in all types of limits except property tax rate limits. Because property values rose so rapidly during this inflationary period, tax rate limitations decreased in effectiveness as a tax control mechanism. Consequently, states have turned to other forms of tax and expenditure restrictions, although 40 states have tax rate limits. Almost half the states now impose property tax levy ceilings, ten have full disclosure laws, and eight and six, respectively, have adopted expenditure lids and assessment constraints.

According to a 1977 ACIR report, the new levy limits are frequently accompanied by state actions providing other sources of revenue. The report stated:

> All of the states that have enacted new levy controls and which allow the limit to be exceeded only by referendum have done so in conjunction with other state actions providing local revenue diversification and/or increased state financial aid. In some states, penalty in the form of lower state aid payments exists if local jurisdictions exceed the levy limit without proper authority to do so.[338]

Table 79

STATE LIMITATIONS ON LOCAL GOVERNMENT TAXING AND SPENDING POWERS, 1979

	Property Tax Rate Limits	Full Disclosure Laws	Property Tax Levy Limits	Expenditure Lids	Assessment Constraints
Number of states with such laws *prior to 1970*	40	0	3[3]	1[5]	0
Number of states with such laws *by November 1979*	40[1]	10[2]	20[4]	8[6]	6[7]

[1] Due to rapidly rising property values, tax rate limitations have lost most of their effectiveness as a tax control mechanism. As a result, states are now adopting other forms of tax and expenditure controls.

[2] Includes only those states that require automatic property tax rate rollback to offset most or all of annual increases in the assessment base in the absence of a rigorous full disclosure procedure, *i.e.*, paid announcement of proposed tax increase and public hearings. States included are: Arizona, Florida, Hawaii, Maryland, Montana, Texas, Virginia, Tennessee, Kentucky, and Rhode Island.

[3] Prior to 1970: Arizona, Colorado, and Oregon.

[4] By November 1979: Alaska, Arizona, Colorado, Delaware, Indiana, Iowa, Kansas, Kentucky, Louisiana, Minnesota, Ohio, Oregon, South Carolina, Washington, Wisconsin, Florida, Massachusetts, New Mexico, and Utah.

[5] Prior to 1970: Arizona.

[6] By November 1979: Arizona, Iowa, Kansas, New Jersey, Massachusetts, Nebraska, Nevada, and California.

[7] Includes those states placing a limitation on annual assessment increases. States with such limitations by September 1979 include: California, Idaho, Minnesota, Iowa, Maryland, and Oregon. In addition, Nevada will join this list if a ballot measure approved in 1978 receives voter approval again in 1980.

SOURCE: ACIR staff compilation based on data prepared by the International Association of Assessing Officers, the Commerce Clearinghouse, and ACIR.

Debt Restrictions

Because of the importance of one local jurisdiction's credit rating to that of others in the same state in assuring the sale of their bonds at reasonable rates, the state has a legitimate interest in regulating local government indebtedness. States have long recognized this and at least since the 1870s, when many local governments had difficulties repaying bonds issued in support of railroads, have restricted the borrowing activities of their local units. These restrictions are aimed at general obligation bonds that the local governments pledge their "full faith and credit" to repay. Ordinarily they do not apply to revenue bonds, which are not financed by general tax revenues but are retired from the earnings of a particular enterprise for which they were issued, such as a parking garage or a market.

Restrictions can be imposed either by state constitutions or by statutes or even included in municipal charters. States often make distinctions among various kinds of local jurisdictions and a few single out only one or a few localities, enacting special local legislation relating to their fiscal practices.

Restrictions are of two principal types: (1) limits on the amount of indebtedness, frequently expressed as a percentage of the local government's assessed valuation of property, and (2) requirements of a local referendum when the locality issues bonds.[339] Ceilings on interest rates for debt repayment exist in a number of states, [340] as do limits on the periods for which bonds may be outstanding. More often than not, states permit narrowly defined exceptions to debt limits.[341]

Data on debt limits are almost impossible to compare longitudinally because of differences in collection methods (statute searches as opposed to questionnaires), variations in dates, response differential, and reliability. Given all this, there appears to have been little or no change in the extent of debt limits since 1961 when ACIR reported on them. Of the 46 states responding to the Council of State Governments survey for that report, 45 had debt limitations of some kind. Most frequently they were imposed on municipalities, but counties and school districts were restricted as well.[342] Responses from all states to an ACIR survey in 1976 indicated that 45 states limited the general obligation bonds of some local governments. Only Alaska, Colorado, Florida, Nebraska, and Tennessee (except for industrial bonds) had none.[343] Another study, published in 1978 and using data from the most recent statutes in the respective states, found debt limits imposed in 46 states.[344] Recent state actions in regard to local indebtedness have emphasized improved debt management rather than restrictions on local borrowing discretion.

Capacity Building Initiatives

State efforts to improve local government capability are too numerous to chronicle here. Nevertheless, a review of two areas—personnel and financial management—indicates the types of initiatives undertaken. It should be kept in mind that, at the same time these actions improve local capability, they may limit local government discretion as well.

PERSONNEL MANAGEMENT

States long have required certain local government practices in regard to personnel. For the most part, past provisions in this connection have been functionally specific—related to personnel practices in one agency, such as police or fire departments, rather than imposed on the entire local system. They also tended to mandate actions rather than emphasizing assistance for local governments. To a high degree, this is still true. Nevertheless, states have assumed a more positive role in helping local governments upgrade their personnel practices, both on their own initiatives and because of encouragement from the federal government through grant requirements, HUD's capacity-building project, the activities of the federal Office of Personnel Management, and legislation such as the *Intergovernmental Personnel Act* and the *Intergovernmental Cooperation Act.*

Table 80 sets out a list of personnel provisions contained in state legislation. Most of the laws impose requirements of some sort. A few authorize actions or stipulate an arrangement such as a retirement system.

The more cooperative arrangements often are not specifically provided by statute, but exist under grant programs or other mechanisms. For instance, for some time states have provided training for local employees such as firefighters, engaged in joint recruiting, maintained cooperative civil service registers, and provided technical assistance for examination construction. The *Intergovernmental Personnel Act of 1970* encouraged such undertakings. A recent evaluation of that legislation listed the jurisdictions with cooperative recruiting and examining activities in 1979.[345] It reported that 37 state and local jurisdictions (including colleges and universities) maintained 15 intergovernmental job information centers. In addition, 13 such jurisdictions had cooperative examining agreements. These are only two of the types of arrangements now underway. The report indicates, nonetheless, that much remains to be done in this connection.

Table 80

STATE LAWS RELATING TO PERSONNEL MANAGEMENT, MID-1970s

Provision	Number of states
State Law Requires Cities to Adopt a Merit System.	24
State Law Requires Counties to Adopt a Merit System.	18
State Law Authorizes Cities to Engage in Collective Bargaining with Public Employee Representatives.	25
State Law Authorizes Counties to Engage in Collective Bargaining with Public Employee Representatives.	22
State Law Permits Strikes by Certain Designated Public Employee Groups.	3
State Law Requires that City Employees Reside in the City.	1
State Law Requires that County Employees Reside in the County.	2
State Law Imposes Personnel Training Requirements on Certain Municipal Employees.	32
State Law Imposes Personnel Training Requirements on Certain County Employees.	31
State Law Requires Cities to Establish a Municipal Retirement System or to Participate in the State Retirement System.	23
State Law Requires All Counties to Establish A County Retirement System or to Participate in the State Retirement System.	21
City Employees are Covered by Workmen's Compensation.	50
County Employees are Covered by Workmen's Compensation.	47
State Law Prohibits Political Activity by City or County Employees.	18

SOURCE: Adapted from Melvin B. Hill, Jr., *State Laws Governing Government Structure and Administration*, Athens, GA, University of Georgia Institute of Government, 1978, pp. 47–49.

IMPROVEMENT OF LOCAL GOVERNMENT FINANCIAL MANAGEMENT

Local financial management practices have received as much attention as local personnel systems, or even more. States concern themselves with financial management in their local jurisdictions because of their interest in promoting local fiscal solvency, protecting the credit ratings of all substate units, ensuring the performance of state-mandated functions, and augmenting the capacity of local governments to manage their own affairs. Moreover, the desirability of some degree of uniformity in local financial procedures to facilitate state management of federal and state grant-in-aid programs increased as the programs multiplied. The federal government has become involved as well. Such activities as the U.S. Department of Housing and Urban Development's Financial Management Capacity Sharing Project, aimed at upgrading local financial practices, is one example.

The emphasis, degree, and scope of state involvement depends on numerous factors and will vary from state to state. The means used among states, as well as from one facet of financial management to another, differs also. In some instances, state actions will take the form of orders or regulations involving a substantial degree of coercion if enforced. At other times, the state provides assistance of various kinds, assuming a more benevolent role. Often, orders and assistance exist side by side.

State involvement includes actions relating to accounting, auditing, financial reporting, budgeting, debt management, pensions, cash management, property tax assessment, revenue raising, and purchasing. *Table 81* sets out the types of requirements in effect in ten states in 1978.

Accounting, Auditing, and Financial Reporting

Basic to sound financial management are sound accounting, auditing, and financial reporting practices. They are necessary to produce the information needed by decisionmakers for protecting fiscal resources and using them wisely. They are critical, as well, to state oversight and regulation of local finance, for states cannot detect—much less correct—the financial problems of their subdivisions without adequate information about their financial affairs. Otherwise, local fiscal emergencies may result.

In 1972 ACIR recommended that states move to avoid such developments, by becoming actively involved in improving local financial practices. It advocated that states:

Table 81

STATE LEGAL REQUIREMENTS OF LOCAL FINANCIAL MANAGEMENT, SELECTED STATES—1978

Law and/or Regulation	CO	IA	KY	MD	MS	MT	NJ	PA	TX	WI
State Collects/Reviews Local Budgets	X	X	X[3]		X	X	X	X	X	
State Oversight/Approval of Budget			X[3]				X			
Local Budgets Required	X		X[3]		X	X	X	X	X[7]	X
Prescribed Budgetary Format	X	X	X[3]		X	X	X			X
Financial Reports Required			X[3]	X	X	X	X			X
State Collection of Financial Reports	X		X[3]	X	X	X	X	X	X	X
Prescribed Format for Financial Reports	X	X		X	X	X	X	X	X	X
Uniform Accounting Systems		X	X[3]		X	X[4]	X	X[6]		X
Annual Audits Required	X[1]	X[2]	X[3]	X	X	X	X	X	X	
State Collects/Reviews Local Audits	X	X					X	X	X[6]	
Long-Term Debt Limits		X			X	X	X		X	X
Property Tax Limits	X				X	X[5]		X[5]	X	X
Local Revenue and/or Expenditure Lids	X						X			

[1] Units with annual budgets of $50,000 or less can petition for exemption.
[2] Required for cities over 2,000 in population.
[3] For counties only.
[4] Being implemented.
[5] Millage maximums set for classes of municipalities.
[6] Voluntary/no law requiring compliance.
[7] Counties and incorporated cities.
SOURCE: Council of State Community Affairs Agencies, *DCA Roles in Local Government Financial Management: Ten State Profiles,* Washington, DC, December 1978.

> . . . require that financial statements be prepared in conformity with generally accepted government accounting principles and that there is an unqualified opinion of an independent auditor with respect to the financial statement, or if an unqualified opinion cannot be expressed, the reasons, and any findings as to violations of state or local laws.[346]

Accounting is the process of identifying, controlling, recording, and storing information related to the financial transactions of a local government. Financial reporting includes extracting data from the financial records and publishing them for a variety of users. Auditing is a process of examining financial records and processes to determine the accuracy of the data and to check compliance with legal requirements.[347]

The National Council on Governmental Accounting has adopted standards for accounting, set out in its *Governmental Accounting, Auditing, and Financial Reporting*. While too technical for discussion here, these are the principles referred to in state legislation requiring local governments to conform to "generally accepted accounting principles."[348] The American Institute of Certified Public Accountants endorses the "generally accepted accounting principles" and, in addition, has issued an "audit guide" with "generally accepted auditing standards" recognized by the accounting profession.

In 1978, ACIR surveyed state constitutional and statutory requirements pertaining to local government auditing and accounting practices. It found that, while 42 states required some kind of accounting system for municipalities, only six states—Colorado, Florida, Louisiana, Maine, North Carolina, and Rhode Island—expressly required conformance with the generally accepted principles of governmental accounting. Moreover, the requirements varied greatly among the states and their implementation was uneven.

Since that survey was conducted, at least six states have enacted legislation affecting local accounting, auditing, and reporting. While these vary considerably, in general they impose more stringent controls over local practices.[349]

Debt Management Assistance

The experiences during the Depression of the 1930s—when many local governments defaulted on their debt repayments—induced states to take a more positive role in local debt management rather than relying solely on debt limitation measures. According to a 1975–76 survey, states involve themselves in local debt management in a variety of ways. Their practices fall into five categories, progressing from those that involve the least degree of intervention in local affairs to those that entail the most:

- collection of financial and other information related to local government finances, maintenance of central data files and dissemination of data;
- provision of educational materials, programs, and technical assistance in debt management and bond sales on an elective basis;
- advisory review of legal and fiscal aspects of bond sales, active involvement in preparation of bond documents and central bidding of issues on a voluntary basis;
- mandatory (or customary) approvals of bond sales, either in particular or as an integral part of a broader supervision of local financial decisions and budgets; and
- special assistance in the event of local government financial emergencies, which are frequently related to debt payment difficulties.[350]

The extent of these practices among the states is reflected in *Table 82*. As it illustrates, state agencies supervise the local borrowing process or collect information relating to local debt management in 41 states. It appears that although about half of the agencies (19) review local debt offerings, only nine explicitly approve bonds issues. More than four-fifths of the states provide assistance to local units in debt-related matters. Most help local governments sell their bonds and many either directly market the securities for the local unit or assist in the evaluation of bids.

The study by Petersen, Cole, and Petrillo found that when the state's involvement is professional, even-handed, and diligent, it has been demonstrably successful in improving the market for local government securities. It concluded:

> Several studies have examined the effectiveness of state supervision of local government debt financing, particularly that found in the comprehensive system in North Carolina. The results indicate that communities in that state typically have higher credit ratings, receive more bids for their bonds, and enjoy lower interest costs than those of other states in similar circumstances. . . . The positive impact of various forms of state assistance as they relate to borrowing has been verified by surveys of municipal bond investors.[351]

STATE ACTIONS IN LOCAL FINANCIAL EMERGENCIES

States also use their powers to reorder the finances of local governments, especially in times of fiscal emergencies. Local financial crises are not new. For example, the Great Depression of the 1930s plunged many local jurisdictions into difficulties. Attention has been attracted to such problems recently because of the flurry of fiscal emergencies in such cities as New York City, Cleveland, Yonkers, and Buffalo. In all of these instances, states have moved to assist the failing local governments and to prevent other jurisdictions from following the same path. After all, a lowered credit rating for one jurisdiction affects both its parent state and its sister jurisdictions. In cases of major cities, such as New York, it threatens the borrowing capacity of local governments throughout the country.

State actions to deal with local financial emergencies may take many forms. Among the more usual are:

- authorizing an increase in local taxes by permitting the local jurisdiction to impose new or higher taxes;
- assuming ongoing local functions (such as incorporating local institutions of higher education into the state system);
- loaning money or guaranteeing local debt;
- granting emergency funding;
- assisting with financial management;
- regulating local financial management;
- substituting state for local fiscal management; and
- restructuring local jurisdictions to ease fiscal burdens (such as creating special districts to handle school, sanitary, or other functions or combining two or more jurisdictions).

In addition, the state can take the leadership in revitalizing the economy of the local area, overhaul the entire state-local revenue and local assistance structure, and increase its oversight of local fiscal operations.[352]

Table 82

STATE SUPERVISION AND ASSISTANCE ACTIVITIES RELATED

	ALABAMA	ALASKA	ARIZONA	ARKANSAS	CALIFORNIA	COLORADO	CONNECTICUT	DELAWARE	FLORIDA	GEORGIA	HAWAII	IDAHO	ILLINOIS	INDIANA	IOWA	KANSAS
Agency Supervises or Collects Data on Local Government Debt Issues	X	X	X	X	X				X		X		X		X	X
Agency Responsibilities																
Collect and Disseminate Data		X			X				X		X				X	
Maintain Data File		X		X											X	X
Prescribe Contents of Official Statement																
Review Local Bond Issue	X[1]		X[2]										X		X	
Approve Local Bond Issue																X
Help Market Local Bond Issue																
Other									X[4]							
Agency Provides Technical Assistance to Local Government in Connection with Debt Management		X				X			X	X				X	X	
Nature of Technical Assistance																
Help With Official Statement		X													X	
Provide Data to:																
Issuers for Use in Official Statements		X				X									X	
Bond Rating Agencies		X												X	X	
Underwriters and Dealers		X												X	X	
Prospective Investors		X													X	
Help Evaluate Bids										X					X	
Issue Bulletins, Pamphlets, Manuals		X												X	X	
Conduct Seminars or Conferences						X				X				X	X	
Other						X[3]			X[5]	X[6]						

[1] Alabama—Examiner of Public Accounts checks on debt issues and their legality as to debt limit and manner of issue for state and county agencies.
[2] Arizona—Monitors compliance with statutory debt limitations.
[3] Colorado—Technical assistance as related to state and federal grant programs
[4] Florida—Assist in issuance of county school, road and bridge bonds.
[5] Florida—Joint state-local projects financed by bonds are entirely handled at the state level. All other assistance by request.
[6] Georgia—Helps small cities assess market information.
[7] Massachusetts—Approval of loans through medium of "State House Notes" for towns, counties and districts (not for cities).
[8] Missouri—Local government debt issues must be registered with the state Auditor's Office.
[9] Nebraska—Registers bonds.
[10] Nevada—Acts as depository.
[11] New Mexico—Monitors refunding bond issues; approves certificates of indebtedness.

TO LOCAL GOVERNMENT DEBT MANAGEMENT, 1977

KENTUCKY	LOUISIANA	MAINE	MARYLAND	MASSACHUSETTS	MICHIGAN	MINNESOTA	MISSISSIPPI	MISSOURI	MONTANA	NEBRASKA	NEVADA	NEW HAMPSHIRE	NEW JERSEY	NEW MEXICO	NEW YORK	NORTH CAROLINA	NORTH DAKOTA	OHIO	OKLAHOMA	OREGON	PENNSYLVANIA	RHODE ISLAND	SOUTH CAROLINA	SOUTH DAKOTA	TENNESSEE	TEXAS	UTAH	VERMONT	VIRGINIA	WASHINGTON	WEST VIRGINIA	WISCONSIN	WYOMING	TOTALS
X	X	X	X	X	X	X	X	X		X	X	X	X	X	X	X	X	X	X	X	X		X	X	X	X		X	X	X	X	X	X	41
X	X	X	X	X						X	X	X	X	X		X	X	X		X					X	X			X			X	X	24
X	X	X	X	X	X					X	X	X	X	X		X	X		X	X	X				X				X					22
	X	X		X	X	X							X			X			X	X	X		X		X[16]				X					14
X	X				X	X	X						X	X		X			X		X		X		X			X	X				X	19
X	X				X									X		X			X		X		X											9
	X	X	X				X							X		X							X					X	X					9
			X	X[7]				X[8]		X[9]	X[10]			X[11]		X[13]						X[15]			X[17]	X[18]				X[19]				12
X	X	X	X	X	X	X	X			X	X		X	X	X	X			X	X	X		X		X	X	X	X	X		X	X	X	X	32
	X	X			X		X							X		X			X	X	X		X					X			X			14
	X	X	X		X		X			X				X					X	X	X					X						X		15
X		X		X			X				X			X					X	X	X		X			X						X		16
X	X	X	X	X			X			X	X			X		X				X	X					X						X	X	18
X	X	X		X			X									X				X	X					X						X		11
X	X						X							X		X									X									8
					X					X				X		X			X	X	X				X		X							12
						X					X					X			X	X	X				X							X		12
															X[12]						X[14]									X[20]			X[21]	7

[12] New York—Department of State advises in specific situations and in development of legislation.
[13] North Carolina—Local Government Commission delivers bonds.
[14] Pennsylvania—Any questions about local debt are answered by DCA.
[15] Rhode Island—Fiscal impact studies on need for bond issues.
[16] Tennessee—Upon request.
[17] Tennessee—Approves short-term borrowing and refunding issues.
[18] Texas—Comptroller's Office delivers and registers bonds.
[19] Washington—Audits calculation of legal debt limitations and publishes summary of extent of indebtedness.
[20] Washington—Provides pre-audit assistance in the calculation of the limitation of indebtedness.
[21] Wyoming—Reviews proposals for legal compliance and accounting procedures involved.

SOURCE: John E. Petersen, Lisa A. Cole, and Maria L. Petrillo, *Watching and Counting: A Survey of State Assistance to and Supervision of Local Debt, and Financial Administration*, Washington, DC, National Conference of State Legislatures and Municipal Finance Officers Association, October 1977, pp. 8–9.

In the New York City crisis of the mid-1970s, the state took a series of actions designed to ensure the city's fiscal solvency. Included were requirements for a revamped accounting system, a balanced budget, and limited expenditures. In addition, the state established a municipal assistance corporation to market bonds for the city and created an emergency financial control board to supervise city finances. The latter agency had authority to approve all city contracts (including those with labor unions) and to freeze wages of city employees.[352a] While state action alone was not responsible for New York's fiscal revival, along with federal assistance and the efforts of local officials, bankers, and public unions, it enabled the city to get back on its feet.

The States and Urban Problems

Most vociferous of the criticisms directed at the states during the 1960s were those emphasizing their neglect of urban problems—particularly the declining central cities. Since that time, states appear to be more cognizant of urban ills.

A recent study of state actions in regard to distressed communities, undertaken by the National Academy of Public Administration and ACIR, indicates that "state governments are making encouraging, if somewhat incremental, progress toward recognizing and grappling with community decline issues."[353] *Table 83* reflects the action taken in this connection as set out in a 1981 update of that study.[354] It is worth noting that frostbelt states, particularly those in the Mideast and Great Lakes regions, have adopted the greatest number of programs overall. Frostbelt states also tend to emphasize housing and community development programs to a greater degree than sunbelt states. The picture is not so clear in regard to financial assistance and local fiscal enhancement programs. Although the sunbelt states tend to have more of these, frostbelt states have adopted a considerable number of the programs.

In regard to housing, the 1981 study indicates that the states are making demonstrable progress toward improving housing opportunities for low and moderate-income individuals, although this assistance is being hampered by high interest rates and changing federal loan guidelines.[355] Forty-five states have some type of single-family home construction or mortgage loan program and eight states provide similar programs for multifamily housing (after excluding Section 8 financed state policies). Additionally, 14 states have targeted their home rehabilitation grant or loan efforts to some degree and 17 provide a tax-incentive program to encourage upgrading in designated areas.

As far as economic development is concerned, six states offer assistance in the development of industrial sites in distressed communities and 16 provide targeted financial aid in the form of loans, loan guarantees, interest subsidies, and grants. Eleven states aid small business—usually in the form of procurement set-asides or technical assistance—and three have targeted programs intended to tailor job training efforts to coincide with industrial recruitment activities. Furthermore, 48 states (Idaho and Hawaii being the exceptions) use industrial revenue bonds—financed by the earnings of the enterprise and guaranteed by the state—to promote development, although only 11 states target development bonds to distressed areas.

In regard to community development, 14 states encourage local neighborhood improvement efforts and 16 authorize targeted development loans and grants for capital improvement. These permit assistance for water and sewerage systems, airports, harbors and roads, recreation, parks, street lights, and street repairs.

The extent to which any of the measures actually have been used is unknown. As a consequence, it is impossible to assess whether they reflect any significant advance in state urban practices.

State financial reform and assistance—particularly as they equalize fiscal aid, structural upgrading, and broadening of local powers, discussed elsewhere—also may facilitate community and economic development. State revenue sharing programs that serve to equalize interlocal fiscal disparities appear in *Table 84*.

Until recently, studies seemed to show that states were more responsive to urban problems than the federal government, when measured by the distribution of grants-in-aid by the two levels. Thus, a study of central cities in standard metropolitan statistical areas by Thomas R. Dye and Thomas L. Hurley found "little empirical support for the idea that the federal government was *more* responsive to the needs of the cities than were the state governments." They found, in fact, that:

> . . . on the whole, state grants-in-aid appeared *more* closely associated with urban needs than federal grants-in-aid. . . . This generalization is subject to some exemptions: federal grants-in-aid are more closely associated with public assistance rates, death rates, and aged populations than state grants-in-aid. But even with regard to these indicators of dependent and aged populations, differences between state

Table 83

TARGETED STATE PROGRAMS TO AID DISTRESSED COMMUNITIES

Indicator	Number of states with program	New England: Connecticut	Maine	Massachusetts	New Hampshire	Rhode Island	Vermont	Mideast: Delaware	Maryland	New Jersey	New York	Pennsylvania	Great Lakes: Illinois	Indiana	Michigan	Ohio	Wisconsin	Plains: Iowa	Kansas	Minnesota	Missouri	Nebraska	North Dakota	South Dakota	Southeast: Alabama	Arkansas	Florida	Georgia	Kentucky	Louisiana	Mississippi	North Carolina	South Carolina	Tennessee	Virginia	West Virginia	Southwest: Arizona	New Mexico	Oklahoma	Texas	Rocky Mountain: Colorado	Idaho	Montana	Utah	Wyoming	Far West: California	Nevada	Oregon	Washington	Alaska	Hawaii
HOUSING																																																				
1. Single-family home construction	45	●	●	●	●	●	●	●	●	●	●	●	●	●		●		●		●	●	●	●	●	●	●	●	●			●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●
2. Multi-family home construction	8	●		●		●					●	●																																							
3. Housing rehabilitation grant or loan	14	●		●				●	●	●	●			●		●		●		●		●																			●					●				●	
4. Housing rehabilitation tax incentive	17	●		●		●				●	●	●	●			●	●	●		●															●			●				●					●	●			
ECONOMIC DEVELOPMENT																																																		
5. Industrial or commercial site development	6									●		●	●												●										●														●		
6. State financial aid for industrial or commercial development	16	●		●				●	●	●	●	●	●	●	●	●				●							●			●								●									●	●			
7. Customized job training	3			●																●																															
8. Small business development	11	●		●				●	●	●	●	●		●		●											●			●																	●				
9. Industrial revenue bonds	11	●		●						●			●				●	●			●						●										●											●				
COMMUNITY DEVELOPMENT																																																		
10. Capital improvements	16	●		●						●		●										●	●	●											●	●		●			●		●	●	●				●	●	
11. Local neighborhood improvement efforts	14	●		●				●		●	●	●		●	●		●			●	●						●	●																				●				
FISCAL REFORM																																																		
12. State revenue sharing	23		●	●	●						●		●	●		●				●					●		●	●		●			●	●	●		●	●					●	●	●	●	●	●	●	●	●
13. Education finance reform	18	●						●					●	●		●		●	●		●		●			●							●	●			●										●				
14. Assumption of local public welfare	25	●		●		●	●	●	●				●	●					●		●			●	●				●	●			●										●			●	●	●		
15. Reimbursement of state-mandated programs	14			●		●							●	●							●						●							●	●									●	●			●		●
16. Improving local governments' access to credit markets	35	●	●	●	●	●	●	●	●	●	●	●	●		●	●				●	●		●			●	●	●	●		●		●	●	●							●	●					●	●
ENHANCING LOCAL CAPABILITIES																																																		
17. Local use of tax increment financing	24	●		●	●				●				●	●	●	●	●	●	●	●		●	●	●		●	●										●					●		●			●	●			
18. Local sales or income taxing authority	36							●	●	●	●	●	●	●	●	●	●	●	●	●	●	●	●		●	●	●	●	●	●	●	●	●	●	●		●	●	●	●		●		●	●	●	●	●	●	●	●
19. Local discretionary authority	16	●	●					●	●			●	●	●					●												●	●		●					●												

SOURCE: Advisory Commission on Intergovernmental Relations, *The 1981 Distressed Communities Report*, A Report to the Office of Community Planning and Development, Washington, DC, U.S. Department of Housing and Urban Development, forthcoming.

Table 84

STATE-LOCAL TAX REVENUE SHARING PROGRAM CHARACTERIZED BY ABILITY TO EQUALIZE INTER-LOCAL FISCAL DISPARITIES, BY STATE—1977

State	Percent Program Revenues Distributed According to Equalizing Factor(s)	Major Distribution Factor(s)
Alabama	31.00	Local origin
Alaska	50.50	Per capita tax rates
Arizona	52.26	Population
Arkansas	67.74	Population
California	33.90	Property tax reimbursement
Colorado	0	Not specified
Connecticut	28.17	Local origin; property tax reimbursement
Florida	.09	Local origin; other
Georgia	83.86	Various need measures
Hawaii	100.00	Tax capacity: inverse distribution
Idaho	18.08	Property tax reimbursement
Illinois	100.00	Population
Indiana	11.14	Property tax reimbursement
Iowa	13.18	Property tax reimbursement
Louisiana	71.41	Tax capacity: inverse distribution, other need measures
Kansas	39.59	Property tax reimbursement
Kentucky	0	Property tax reimbursement
Maine	77.40	Tax capacity: inverse distribution
Maryland	21.94	Local origin: property tax reimbursement; other
Massachusetts	58.52	Tax capacity: inverse distribution
Michigan	65.22	Population; tax capacity: inverse distribution
Minnesota	82.59	Tax capacity: inverse distribution
Mississippi	.90	Local origin
Missouri	0	Local origin
Montana	0	Local origin
Nebraska	14.26	Property tax reimbursement
Nevada	86.10	Population
New Hampshire	***[1]	Property tax reimbursement
New Jersey	10.62	Property tax reimbursement
New Mexico	0	Local origin
New York	0	Various head measures
North Carolina	15.10	Local origin
North Dakota	18.74	Local origin; property tax reimbursement; other
Ohio	0	Local origin; property tax reimbursement; other
Oklahoma	83.68	Population
Oregon	61.41	Population
Pennsylvania	0	Local origin
Rhode Island	30.59	Property tax reimbursement
South Carolina	77.86	Population
South Dakota	47.50	Other nonequalizing
Tennessee	67.02	Population
Texas	0	Local origin
Utah	100.00	Population
Vermont	0	Local origin
Virginia	98.50	Population
Washington	65.18	Population
West Virginia	0	Local origin
Wisconsin	72.8	Population, tax capacity: inverse distribution; local origin
Wyoming	86.39	Population

[1] In 1979, New Hampshire changed its state-local revenue-sharing formula from property tax reimbursement to a tax effort and population formula making the distribution more equalizing. Specific percentages are not available.

SOURCE: ACIR staff compilation based on state legislative data derived from U.S. Bureau of the Census. *1977 Census of Governments: State Payments to Local Governments*, Vol. 6, No. 3 (Washington, 1978), as set out in ACIR and the National Academy of Public Administration, *The States and Distressed Communities: 1980 Annual Report* to the Office of Community Planning and Development, U.S. Department of Housing and Urban Development, September 1980, pp. 32–33.

and federal responsiveness were slight. More importantly, *state* grants-in-aid were more closely associated with size, growth rate, density, age of city, and segregation than *federal* grants-in-aid. Finally, *state* grants-in-aid were negatively associated with resource measures, more so than federal grants-in-aid, suggesting that state grants were more redistributive in their impact among cities than federal grants.[356]

A second study examined the expenditure of combined state grants and federal pass-through funds as opposed to direct federal grants-in-aid in combined school district and city budgets in 59 of the nation's largest cities (except New York City and Washington, DC). Fred Teitelbaum and Alice E. Simon used two sets of measures of state/federal and direct federal aid: (1) per capita state/federal and per capita direct federal aid, and (2) the percentage of each city's general revenues derived from state/federal and direct federal aid. In each instance, they found that state/federal aid correlated more closely with the four indices of hardship used: (1) Nathan and Adams' Hardship Index, (2) Congressional Budget Office (CBO) Social Index, (3) CBO Economic Index, and (4) CBO Fiscal Index. In general, the study indicated that state/federal aid is consistently more responsive to distressed cities than is direct federal aid and becomes more responsive across time.[357]

A new light has been cast on the Dye-Hurley and Teitelbaum-Simon studies by recent work of Robert M. Stein, described in the appendix to this chapter. Analyzing state aid to cities over 25,000 in population in the nation as a whole, Stein confirmed the findings of the earlier studies. When he replicated the analysis for individual states, however, the expected pattern of equalization for individual states did not materialize. His findings suggest that the level of equalization at the aggregate level is in fact a function of a small number of states that have successfully targeted funds. Nine states—Minnesota, New Jersey, Michigan, Massachusetts, Wisconsin, California, New York, Iowa, and Ohio—consistently channeled their aid to needier cities between 1967 and 1977. Stein points out that the variance among states in their targeting "undermines the validity of aggregate-level generalizations about the distribution of state aid."

Stein is careful to note, nonetheless, that grant-in-aid policy is only one facet of a state's fiscal response to the needs of its urban areas: ". . . we should not assume that states which do not target their aid allocations are not dealing with the problems of their urban/central cities. State centralization and functional transfers may represent an alternative means for states to assist fiscally distressed and needy cities."[358]

In addition to these specific actions aimed at assisting distressed areas, several states have adopted comprehensive urban strategies that now are in some phase of implementation. Additional states claim to be in some stage of formulating overall strategies.[359] This may herald an increased recognition of urban problems by state government decisionmakers. On the other hand, the strategies could be simply "laundry lists" of what the states were doing otherwise and, consequently, do not reflect added efforts.[360] In any event, they appear to be indigenous to the states, evolved after years of work and not a result of federal action.[361]

Cooperative Mechanisms

The growing intergovernmentalization of state and local activities and the emergence of major problems in attempts to deal with the resulting complexities induced states to turn to a variety of state-local advisory agencies in order to insure cooperation and reduce friction in state-local affairs. The states have been resourceful and innovative in the design of a wide variety of organizations, created in numerous ways.[362] These organizations are in addition to the state agencies for local government, discussed above, that provide technical assistance and also promote intergovernmental cooperation.

INTERGOVERNMENTAL ADVISORY AGENCIES

Much of the activity in this respect took place during the decade of the 1970s. In 1974, when ACIR recommended that states set up state-level advisory commissions on intergovernmental relations to serve as neutral forums for the discussion of mutual state-local concerns, only four states—Arizona, California, Kansas, and Texas—had such commissions in operation. Subsequently, Kansas discontinued its commission and, with the exception of Texas, the others became dormant. Since then, increased sensitivity to interlevel relationship led to the establishment of several types of advisory organizations to promote intergovernmental cooperation and understanding, most with ongoing responsibilities. The states with such mechanisms, along with those with Washington liaison offices and state agencies for local affairs, are reflected in *Table 85*.

Two distinct patterns can be seen in the development of state intergovernmental advisory organizations. At one end of the scale, in states such as Texas, Florida, and New Jersey, commissions are broadly representative and have the resources to initiate policy recommendations, perform research, and followup on recommen-

Table 85

STATE INTERGOVERNMENTAL ORGANIZATIONS, 1970–80

	ACIR	Advisory Panel of Local Officials	Local Government Study	Department of Community Affairs	Department of Community Affairs Board	Commission on Intergovernmental Cooperation	Governor's Washington Office
Alabama			X	X			
Alaska				X		X	X
Arizona	X			X	X	X	
Arkansas			X	X	X	X	X
California	X		X	X	X		X
Colorado				X		X	
Connecticut			X	X	X		X
Delaware			X	X		X	X
Florida	X		X	X	X	X	X
Georgia			X	X	X	X	
Hawaii			X	X		X	X
Idaho			X	X		X	
Illinois			X	X		X	X
Indiana			X	X*		X	X
Iowa			X	X		X	
Kansas	X		X	X	X	X	
Kentucky			X	X	X		X
Louisiana				X	X	X	
Maine		X	X	X		X	X
Maryland			X	X	X	X	X
Massachusetts		X	X	X		X	X
Michigan		X	X	X			X
Minnesota			X	X		X	X
Mississippi				X	X	X	
Missouri				X		X	X
Montana			X	X		X	X
Nebraska			X	X	X	X	
Nevada			X	X		X	
New Hampshire				X		X	
New Jersey			X	X		X	X
New Mexico			X	X		X	X
New York			X	X	X	X	X
North Carolina	X		X	X	X	X	X
North Dakota		X		X		X	
Ohio	X		X	X		X	X
Oklahoma			X	X	X	X	
Oregon			X	X			
Pennsylvania		X	X	X		X	X
Rhode Island	X		X	X	X	X	
South Carolina	X		X	X		X	X
South Dakota		X		X	X	X	
Tennessee	X		X	X			X
Texas	X		X	X	X		X
Utah			X	X	X	X	X
Vermont			X	X		X	
Virginia		X	X	X	X	X	X
Washington			X	X			X
West Virginia			X	X		X	
Wisconsin			X	X	X	X	X
Wyoming				X	X	X	

* Department of Community Affairs functions performed by Governor's Executive Assistant.
SOURCE: ACIR, *State-Local Relations Bodies: State ACIRs and Other Approaches* (Report M–124), Washington, DC, U.S. Government Printing Office, March 1981, p. 3.

dations. At the other end, such states as Michigan, Maine, Massachusetts, and Virginia established organizations that are comprised principally of local officials and that serve as forums for discussion of inter-governmental issues with which they are concerned.

According to responses to a 1980 ACIR survey, intergovernmental advisory agencies owe their establishment to statutes in 11 states, executive orders in five, and private contracts in two. Financial support ranges from token appropriations to several hundreds of thousands of dollars. A few do not have independent funding. A number have a full complement of permanent, full-time staff, although about half of the organizations depend on part-time staff assistance.

Eight states established ACIRs that conform to the national ACIR's model: Arizona, Florida, North Carolina, Ohio, Rhode Island, South Carolina, Tennessee, and Texas. Although their names may not correspond to the ACIR acronym, they conform generally to the ACIR recommendation that they include representation from various types of local governments, the public, and both legislative and executive branches on the state level. The other panels exist in wide variety.

State ACIRs can perform five primary functions: (1) serve as a forum for consultation by state and local policymakers; (2) constitute a clearinghouse for information on intergovernmental issues; (3) function as a research agency with capacity to develop research recommendations; (4) become an advocate for its recommendations; and (5) provide technical assistance to state and local agencies in a variety of program areas.

OTHER COOPERATIVE MECHANISMS

The states have experimented with other approaches to ensuring recognition of intergovernmental issues and improving interlevel communication. A 1981 ACIR report identifies an impressive variety of approaches in addition to the 11 statutorily based advisory panels on intergovernmental relations:

- Governors in about a half-dozen other states have created, by executive order, and advisory committee to deal with state-local and federal-state-local relations and policies.
- Municipal and county government associations in at least two states have joined together to establish their own advisory body on state-local relations.
- A number of states have strengthened or created permanent legislative commissions on local government that serve as interim research agencies for the legislature. These legislation commissions may include or exclude local officials and/or representatives of the executive branch of state government.
- Nearly every state has authorized legislative interim studies on at least some aspect of state-local relations during the past decade.
- Every state has a state department or agency of community affairs, and nearly half of these departments have an advisory or administrative board of local government officials.[363]
- A handful of states have transformed their dormant interstate cooperation commissions (which initially were created as the state affiliates, of the Council of State Governments) into active, well-financed and staffed agencies.[364]
- During the past 15 years, the vast majority of states have created temporary commissions or committees to study state-local relations and to make recommendations to the Governor and the legislature.[365]
- Thirty Governors, various state departments, and several state legislatures have established offices in the nation's capital in order to participate more effectively in intergovernmental decisionmaking at the federal level.[366]

The growth of state interlevel organizations indicates increasing state cognizance of the intergovernmentalization of American government and the accompaying rise of friction points in relationships among all its components. State decisionmakers appear to be recognizing the problems created for local governments by state decisions. The establishment of forums for discussion and research, then, is a step forward in a cooperative relationship.

Assessment of State-Local Relations

While progress has been uneven among the states and among indicators of improved state-local relations, a fair assessment of the data presented above would conclude that, overall, states are now more appreciative of local, and particularly urban, problems than they have been in the past; that they are moving to loosen their legal grip on local powers although they often tighten it administratively; and that a few, at least, have made significant progress in improving the structure of their local governments. At the same time, state governments are subject to the same taxpayers' resistance as other governments and, consequently, resist only with difficulty the

imposition of tax and spending limitations on their local units.

In retrospect, trends affecting state-local relations over the past decade can be summarized as follows:

- States have moved to lessen the constraints of Dillon's Rule and to improve the legal position of local governments.
- Counties, in particular, are acquiring more authority.
- Authorization for interlocal cooperation is more prevalent.
- On the other hand, although state-mandating of local activities and expenditures has increased and administrative supervision has been augmented, some states are beginning to pay for the mandates they impose.
- The state role in local finance has grown, although state fiscal assistance has not increased as rapidly in recent years as has federal aid.
- State aid patterns are more and more geared to urban needs, and, in some cases, to a greater extent than federal assistance.
- States are making progress toward reforming state and local fiscal systems and some are allowing local governments broader taxing authority.
- Localities are becoming more dependent on outside aid.
- State reforms in school finance are reducing fiscal disparities among school districts.
- States have assumed financial responsibility for some functions previously financed locally, thus lessening the drain on local purses.
- Functions are becoming more intergovernmentalized, with fewer having one dominant provider and more shared by both levels.
- States are taking increasingly affirmative approaches to local growth and development concerns at the same time that they are taking back some of the authority over land use previously delegated to local governments.
- Very few states have restructured their local government system.
- State-local relations commissions and state departments of community affairs are increasingly used to improve the local input into state decisions affecting localities.
- State creation of substate district systems is on the rise and a few have moved to constrain the establishment of special districts.
- Overall, states act as though they were more conscious of local problems and appear to be moving, albeit slowly in many instances, to perform more responsibly as far as their local governments are concerned.

The results are positive, uneven, but steady movement toward greater local autonomy, coupled with growing local fiscal dependence.

IMPACTS OF FEDERAL ACTIONS ON STATE-LOCAL RELATIONS[367]

The rapid expansion of the federal government's role in domestic activities since the early 1930s affected state-local relations as it did almost every other aspect of American government. Earlier patterns of incremental additions to federal activities, except during periods of war or depression, allowed time for adjustments to deal with changes. Recently, however, gradual change has given way to "dramatic, even drastic change in American Federalism," in the words of a 1980 ACIR report.[368] The national government's emergence in domestic programs left little untouched. Federal reliance on states as managers of federal programs particularly, influenced the relationships between the states and their local governments. Here is what seems to be happening to the state-local relations as a result of federal activities:

1. *Increased sharing of governmental functions between state and local governments and among local governments*. The current pattern of functional performance is strikingly intergovernmentalized in contrast to the pattern of performance of functions in force prior to the Depression of the 1930s, when, for the most part, activities of the respective levels were distinguishable. According to a 1977 ACIR survey,[369] almost all domestic functions now are shared by at least two levels of government and often three. This slows and impedes administration and necessitates greater coordinating efforts among levels.

Centralization in some functional areas accompanied the sharing of functions. Elementary and secondary education, law enforcement, and environmental protection are examples here. The centralizing trend is uneven, of course. In states (and functions) where functional assignment is already highly centralized, the impact may be minimal. For example, greater centralization of education in Hawaii or highways in West Virginia is unlikely since these states administer those programs directly. On the other hand, in states placing heavy reliance

on local administration, centralization has occurred in some facets of functional areas.

2. *More state supplementation of federal grants with state requirements and regulations.* In exercising their responsibilities as major managers of federal programs and as conduits for the pass through of federal funds to local governments, states have taken advantage of the opportunity to supplement federal conditions attached to grants-in-aid with requirements of their own. *Table 31,* above, reflects parallel increases of federal and state aid conditions.

In a 1975 survey conducted jointly by ACIR and the International City Management Association, state budget officers were questioned about the attachment of state requirements to federal passthrough funds. In response to a question whether there were any passthrough funds on which the state did *not* add *procedural* conditions, such as accounting, reporting, or auditing, 14 answered "yes" and 20 answered "no." This indicates that the practice of adding procedural requirements is fairly prevalent. Interestingly, responses were reversed on *performance* standards. Asked if there were any passthrough funds on which the states did *not* add performance standards, a total of 19 answered "yes" and 14 "no." Obviously, there is a greater likelihood that states will add procedural rather than performance requirements to federal specifications accompanying passthrough funds.[370]

Experience in the administration of the federal Outdoor Recreation Programs provides an example of the addition of state requirements. A 1980 ACIR study of their operations in Virginia, Massachusetts, and Wisconsin found that state administrators in all three require local officials to submit copies of cancelled checks, contracts, bidding proposals, and other documents, so they can maintain desk audit capability at the state level, before reimbursing them for their outlays. This apparently is the result of the imposition on state administrators of the responsibility for misspent federal funds mandated by Office of Management and Budget Circular A–102. Neither the *Land and Water Conservation Act,* establishing the program, nor the federal guidelines adopted to implement it, imposes such a requirement. According to a Virginia official, the materials and desk-audit capability are necessary because "there is no federal definition of source documentation."[371]

This expresion of motivation for the increased requirements corresponds with the assessment of James Q. Wilson in his book, *Politics of Regulation.* He comments that:

> Critics of regulatory agencies notice (the) proliferation of rules and suppose it is the result of "imperialistic" or expansionist instincts of bureaucratic organizations. I am struck more by the defensive, threat-avoiding, scandal-minimizing instincts of these agencies.[372]

3. *Shift of decision making from the local governments to the state.* Not surprisingly, federal grant-in-aid specifications often result in a shift of the locus of decision-making from local governments to the state. In education, for example, federal funds to state departments of education for improving their capacity generated more active departments in some states. They produced a number of programs and regulations that superseded local policy. As one observer noted:

> As SEAs [state education agencies] continue to exert their legally mandated power, LEAs [local education agencies] are forced into subservience. Decisions once the prerogative of LEAs are severely limited by SEAs through the promulgation of rules and regulations. Increasingly, SEAs are developing minimal standards for programs, mandating curriculum, and evaluating students.[373]

In another functional area—wastewater treatment—federal provisions specify that the state can decide that there is a need for a local project despite local determination that there is not. Moreover, state administrators can mandate local expenditures for that purpose.[374] The Rural Community Fire Protection Program permits state foresters to decide how funds for local fire protection will be spent.[375] Although the local agencies undoubtedly were glad to receive federal assistance, they traded local decisionmaking capacity for it in each instance.

4. *Conflict between federal requirements and state laws or regulations making functional assignments to state and local governments.* Federal and state laws and regulations that conflict are not new. One affecting state-local relations is the *Education for All Handicapped Children Act.* [376] This legislation markedly increases the role of the state educational agencies in the delivery of educational services to the handicapped. One of the regulations promulgated under that statute provides that:

> The state educational agency shall be responsible for assuring that all the requirements of this part are carried out and that all educational programs for handicapped children within the state, including all such program administered by any other state or local agency, will be under the general supervision of the persons responsible for educational programs for hand-

icapped children in the state educational agency and shall meet the standards of the state educational agency.[377]

Obviously, this provision intends to substitute the decisions of the state educational agency concerning the handicapped for those of local agencies as well as for other departments of state government. The conflicts with state law produced by this and other provisions of the statute provoked the Educational Commission of the States, an interstate agency representing all the states in education matters, to adopt a resolution opposing the specific language of the bill on the grounds that it conflicted with the constitutions and statutes of several states.[378]

5. *Stronger state administrative control over local programs as the result of federal assistance.* States always have had strong legal and administrative control over the local jurisdictions within their boundaries, control that varied from state to state and from function to function. These controls are being tightened as a result of federal grant programs channeling money through the states to the local governments. As the sums of money to be dispensed grow and more activities are involved, opportunities for the state government to direct local affairs increase. More importantly, state administrative supervision in some programs is not required by some federal legislation and guidelines. Increased capacity in state agencies, developed with federal funds, permits state officials to exercise it.

Federal grants for the improvement of state education agencies, mentioned above, enabled the state departments to develop staffs that then became more active in program initiation. As one observer pointed out:

> The capacity of state education agencies (SEAs) to intercede in local school policy has . . . increased dramatically in the last 20 years. Ironically, the federal government provided the initial programmatic and fiscal impetus for this expansion. The *Elementary and Secondary Education Act of 1965* and its subsequent amendments required state agencies to approve local projects for federal funds in diverse areas such as education for the disadvantaged, handicapped, bilingual, and migrant children, and innovation. In each of these federal programs, 1% of the funds were earmarked for state administration. Moreover, Title V of ESEA provided general support for state administrative resources, with some priority given to state planning and evaluation. By 1972, three-fourths of the SEA staffs had been in their jobs for less than three years. . . . The new staff capacity was available for SEA administrators or state boards that wanted a more activist role in local education.[379]

Legislation adopted in 1975, the *Education for All Handicapped Children Act,* further augmented state administrative control. This statute and its accompanying regulations provide for state monitoring of local compliance, a provision reenforced by U.S. Department of Education authority to cut off federal funds to the state and to all school districts within it if noncompliance by *one* of the jurisdictions can be shown.[380] One education authority commented:

> . . . instead of a friend, the SEA now becomes a policeman. A kind of administrative schizophrenia results, in which at one moment the SEA wears the helper hat and the next minute dons the judge's robe. This . . . inhibits trust.[381]

6. *Diminution of state influence over local affairs in other areas.* Although state administrative control has grown in some functional areas, local governments have been able to operate more independently in others by relying on direct federal funding. As Stephens and Olson point out in discussing "toy governments" with no full-time employees:

> In FY 1977, states gave $61.5 billion in aid (including passthrough federal money) to their local governments. Leaving out the District of Columbia, federal agencies gave $15.5 billion directly to local units. Even though the states passed out four times as much money, direct federal government support was 3.39 times as much as state aid to special districts and 4.74 times as much to midwestern-type townships—the types of local government with the highest density of inactive units.[382]

Federal aid revitalized inactive governments, enabling them to resist state efforts to reorganize or abolish them. It also led to the creation of some special districts for the specific purpose of qualifying for federal financial assistance. Rural fire districts created to qualify for funds under the Rural Community Fire Protection Program are cases in point.[383]

While Illinois townships were not "toy governments," because they performed a limited range of functions, they were shored up by federal funds at a time when some in the state were looking toward their abo-

lition. In response to the opportunities presented them by General Revenue Sharing monies, the State of Illinois substantially broadened their powers.

More viable governments received a boost from General Revenue Sharing funds as well. When spending GRS monies, local governments can escape state regulations and spend the money for their own priorities. They can use it to match federal funds—thus multiplying its effect, substitute it for money for other sources—or replace future tax increases.

7. *More numerous contacts between the two levels.* Increased intergovernmental contacts are the natural concomitants of more numerous grant programs, participation in them by more local governments, and the spread of grant programs to more departments of the state government. These developments generated increased intergovernmental communications between states and their local governments as well as between the federal government and whatever jurisdictions receive the grants. Interactions between the two levels can be counted on to increase, particularly where state governments receive the funds and pass them through to their local units or where they have been given major management roles in connection with federal programs. When more numerous federal regulations are imposed, the states were afforded an opportunity to add their own regulations. Local bargaining, coalition formation, and the creation of new substate governments as a result of federal stimulation engendered more frequent intergovernmental intercourse. And, certainly, the increased sharing of functions necessitated more contacts.

An example of federally stimulated bargaining is reflected in the actions of Wisconsin administrators of Title III of the *Older Americans Act*. The Wisconsin Bureau of Aging "undertook a year-long negotiating process in which requirements and needs of all parties were weighted, discussed, and decided on,"[384] when faced with coordinating stringent U.S. Department of Health and Human Services regulations with state legislative requirements and a tradition of strong county control of local programs. Similarly, the Virginia Office of Aging negotiated a guidance manual with 25 area agencies. Such negotiating probably is growing as local governments try to adjust to the expansion of federal and state regulations.

Moreover, the ACIR study showed that Land and Water Conservation Fund grants for Wisconsin parks encouraged the establishment of areawide networks within the state to bargain with the state. Local governments initiated areawide organizations in order to keep abreast of problems that were increasing costs. Local officials also wanted to deal with state administrators from a position of collective strength. Similarly, areawide agencies created to administer the *Older Americans Act* have been used for this purpose as well.[385]

8. *Added an element of uncertainty to state-local relations.* State enabling legislation is required for the acceptance of some federal funds, and state administrative decisions must be made on passthrough moneys. Consequently, federal decisions on whether to fund a program or on changes in federal regulations have had consequences from top to bottom. Local governments may have to await the decisions of both levels before drawing up final plans. Under the wastewater treatment grant, mentioned above, the state changes the rankings of local applications annually as it reorders its priority list. Consequently, the uncertainty surrounding local positions affects local planning adversely.

9. *Increased friction and cooperation.* Increased interactions have brought both increased tensions to state-local relations and new opportunities for cooperation between the two levels. Particularly when the interactions are the result of more state requirements of local government or the inter-position of the state as program manager for the federal government, they are likely to generate stress. One example is in the wastewater treatment programs where a conflict between federal and state requirements produced delay in project authorization by state officials.[386] Another resulted when some state departments of education altered their previously supporting stances and took on monitoring activities.[387]

Many examples of federally inspired state-local cooperation come to mind. For example, the *Intergovernmental Personnel Act,* stimulated increased sharing of job information centers and examination rosters among other things. Cooperative intergovernmental efforts in forest management and forest fire protection have been promoted by federal grants for forestry.[388] Agricultural extension services are models of intergovernmental cooperation among all levels.

10. *Encouragement of the establishment of substate organizations on a functional basis.* Federal actions generated the creation of substate regional organizations that would have come about more sporadically, if at all, had their establishment been left to the state and local governments. Most of these are new, special-purpose organizations, such as community action agencies and area agencies for the aging, operating in one functional area[389] and receiving 92% of their financial support from the federal government. General-purpose organizations, such as councils of governments or regional councils that often

were created as the result of federal legislation, get a substantially smaller portion of their budgets—about 76%— in federal aid.[390]

The dramatic growth of special-purpose regional organizations within states produced substantial overlapping as well as difficulties in coordination. The overlapping by state is shown in *Table 86*. Not reflected there are the 140 local government consortiums established so that small local jurisdictions could qualify as prime sponsors under the *Comprehensive Employment and Training Act* (CETA).[391] That legislation requires a local government to serve an area of at least 100,000 people in order to qualify as a prime sponsor. Many small units have to cooperate in order to qualify. The establishment of consortiums is further encouraged by a 10% bonus for working together. The Census Bureau does not include these organizations in the *Census of Government* enumerations because it does not deem them sufficiently independent establishments.

CETA consortiums illustrate one of the problems created by differing federal population or boundary requirements for substate regional agencies. In contrast to the CETA minimum of 100,000 for prime sponsorship, requirements for health system agencies stipulate both maximum and minimum population figures.[392] As a consequence, district boundaries for the two must differ. Moreover, the health requirements sometimes have divided metropolitan areas for organizational purposes. As opposed to both CETA and health requirements, economic development districts (EDD) must include one redevelopment area and one growth area.[393]

Differing membership requirements present another problem. General-purpose organizations, such as councils of governments, may be prevented from serving as the administrative body of a district because of distinct membership requirements for each function. Health system agency legislation, for example, stipulates that these bodies be composed equally of consumers and health-care providers, a requirement that COGs cannot meet. EDDs, on the other hand, are expected to include at least one-third of the board membership from private economic interests of the community such as bankers or developers.

As a result of efforts by the Nixon Administration, 18 states set up multipurpose statewide district systems during the 1969–72 period.[394] Little federal energy seems to have been exerted toward that end under subsequent administrations, however, and only one state—Florida—has enacted similar legislation since that time.[395] Statewide systems ordinarily are not used for operational service delivery in federal programs. Conflict in membership and boundary requirements, as well as frequent lack of state commitment to uniform areawide administration, impedes such adaptation.

11. *Possible additional developments.* The federal presence appears to be having other influences on state-local relations also. According to one study:

> . . . it seems to have stimulated local lobbying on the state level, both by general governments and by functional organizations. The involvement of local government in programs for the aging, for example, generated the establishment of local organizations to deal with this group of citizens and provided an incubator for concerted action.[396]

Moreover, general local governments have worked to influence the amount and distribution of general financial assistance. State municipal leagues and association of counties or towns and townships are increasingly vocal at the state level.

A hardly discernible development in the jumble of state-local relationships that exists in the U.S. may be more uniformity in state-local relations. When federal regulations are imposed on state actions in passing through monies or managing the local administration of federal programs, state practices must of necessity become more uniform, even though compliance is difficult to enforce. Although state-local relations are unlikely ever to be uniform, federal influence is in that direction.

An Assessment

In sum, evidence indicates that the expansion of federal activities on all fronts—and particularly in grants-in-aid, the preemption of state functions, and the mandating of certain actions on both the state and local levels—are affecting the relations of states with their local units, frequently adversely.

In law enforcement, environmental protection, education, fire protection, and other functional areas, federal actions are increasing the sharing of government functions, thus adding to the administrative difficulties. States are encouraged to augment federal regulations with mandates of their own. Often federal and state provisions conflict. The states are becoming decisionmakers in areas previously local, and a stronger state administrative control ensues. At the same time, where general revenue sharing and direct federal aid are significant, local freedom to resist state requirements or to compete with it are enhanced. Other fallouts of the federal presence are increased intergovernmental interactions, more local lobbying of state governments, added uncertainties

Table 86

THE OVERLAPPING OF SUBSTATE REGIONAL ORGANIZATIONS, BY STATE, 1977 (in percent)

States in Which the Number of Special-Purpose Regional Organizations Equals or Exceeds (by not more than 100%) the Number of General-Purpose Regional Councils

New Mexico	100%	**Mississippi**	145%
Delaware	100	**Iowa**	153
Kentucky	106	**Indiana**	160
Kansas	109	**Minnesota**	162
Washington	110	**Florida**	164
Georgia	121	**Virginia**	166
Maine	125	**Arizona**	166
Ohio	127	**Illinois**	174
Wyoming	128	**North Carolina**	182
Oregon	128	**Louisiana**	184
Missouri	131	**Massachusetts**	190
Nevada	133	**California**	195
South Carolina	136	**Texas**	200
Connecticut	142	**Tennessee**	200
West Virginia	144		

States in Which General-Purpose Regional Councils Outnumber Special-Purpose Regional Organizations

South Dakota	0%
North Dakota	14
Colorado	38
Idaho	42
New Hampshire	50
Vermont	50
Utah	62
Montana	90
Nebraska	93

States in Which the Number of Special-Purpose Regional Organizations is More than Double the Number of General-Purpose Regional Councils

Oklahoma	209%
Alabama	233
Pennsylvania	252
Wisconsin	288
Arkansas	290
Michigan	292
Alaska	300
Hawaii	300
Maryland	325
New Jersey	400
New York	444

Rhode Island (no regional councils)

SOURCE: ACIR staff compilation from 1977 Census of Governments, Volume 6, Number 6, *Regional Organizations.*

in state-local relations, augmented tensions, as well as cooperation, encouragement of establishment of functional substate regional organizations, and greater bargaining by coalitions of local units. All of these complicate the relationship. In addition, federal programs appear to be promoting more uniformity in state-local relations.

It seems clear that forces outside of their control are aggravating the relations between states and their local governments, that the federal presence does complicate their relationships even while it occasionally soothes it. In 1962, then Sen. Edmund S. Muskie described "the world of intergovernmental relations" as being "represented by no policymaking body—there is no executive, no legislative, and no judiciary." In contrast, one might advance the theory that intergovernmental relations now have a legislature, executive, and judiciary—all at the federal level.

THE TRANSFORMED STATES: NEW ROLE EMPHASIS, NEW CAPABILITY

Since the Kestnbaum Commission criticized them in 1955, the American states have undergone changes that have transformed both their capacities and their roles in the federal system. Every state participated in the most extensive wave of state institutional reform in history, and governments at all levels contributed to a marked shift in emphasis in the states' role. The resulting alterations are so extensive that the structurally and procedurally stronger, more accountable, assertive states of today—performing a major intergovernmental management and financing role—bear little resemblance to the generally poorly organized and equipped and unresponsive entities of a quarter-century ago. The mind set of the states is different: They have lost their reluctance to change and to act.

When the Kestnbaum Commission met to consider what functions could revert from federal to state performance, the role of the states was still the largely traditional one. This meant that states served as the repositories of the reserved powers under the Constitution, the representatives of differing electorates, and the prime regulators under their police powers. It also meant that they helped maintain the political balance in the federal system, provided choices for citizens in public policy areas, performed a number of major services directly, and to a slight degree acted as middlemen in federal grant programs. These programs, after all, were comparatively few, and most were federal-state in their relationships.

States innovated in public areas as well. In addition, they always have exercised significant responsibilities for the design, empowering, financing, and supervision of their local governments and provided the bulk of outside assistance these jurisdictions received.

Today, states still perform all these functions, and such activities still constitute their principal role. Yet, the emphasis in their activities has shifted to such an extent that their role as major planners, financers, and coordinators of intergovernmental programs consumes a substantial portion of their time, energy, and resources.

The new prominence for intergovernmental activities results largely from fiscal developments involving the states—in particular the burgeoning of both state and federal aid. While they have long served as bankers for their local units and have provided a downward channel for federal funds, their importance in these respects has grown dramatically in recent years. The states' financial assistance for their local units increased more than 72% in the five years between 1972 and 1977, and constituted more than 61% of local government revenue from their own sources by 1979. With this more generous assistance went additional state supervision, efforts to upgrade local capacity, and more stringent requirements in some instances.

The lion's share of federal aid (between 74–80% in any recent fiscal year) is distributed to the states. Much of this is passed through to local governments, placing the states in a pivotal middleman's role in the planning, supervision, and, sometimes, direction of large, expensive, intergovernmental programs financed on a shared basis by federal and state funds.

Federal agencies have used the assistance dollars as both carrots and sticks in their efforts to control actions at the subnational levels. They have imposed a myriad of regulations and other requirements on grant recipients at the state or local level. These actions—particularly the host of horizontal requirements that apply to virtually all grants—have become so all-encompassing, conflicting, and time-consuming that they have unduly complicated administration on state and local levels. Moreover, states often have devoted time and resources to adding their own stipulations to the requirements for federal funds they passed through (as well as to their own aid programs), thus intensifying problems for their local governments.

State responsibilities in the management of federally aided programs have come from the direct federal placement of such responsibilities upon them, as well as from the necessity for undertaking certain activities in connection with passing through federal funds. One of the most notable impositions comes in the *National Health*

Planning Act of 1974, which requires states to designate a health planning and development agency (HPDA) to undertake the planning stipulated under the act as well as to administer the required "certificate of need" program. Moreover, states must establish state health coordinating councils charged with approving state plans, reviewing all applications for federal grants for health care, and advising HPDAs. The penalty for noncompliance is the cutoff of all health funding under a variety of health programs. Equally stringent provisions are found in *The Education of All Handicapped Children Act*, which specifies that the state education agency shall have responsibility for seeing that all other state, as well as local, agencies carry out the provisions of the act. These two impositions are only illustrative of the many management functions required of states by federal statutes. The inclusion of this kind of mandate in federal grant legislation is new. The grant statutes, even in the 1960s, did not contain such extensive detail in regard to state agency organization, composition, and relationships with other units.

The vesting of such administrative responsibility in the states has not improved the latter's ability to plan and coordinate the major intergovernmental programs. Instead, Washington has established obstacles to good management by requirements such as the above, as well as by furthering the autonomy of state agencies and strengthening their links with their Washington counterparts.

At the same time that the federal establishment has been burdening the states with new responsibilities, it has preempted some of the functions states formerly had undertaken almost exclusively. In regulatory areas—such as occupational health and safety, environmental protection, and surface mining—the national government pushed the states to the side. States lost a large measure of the control they had previously exercised over voting requirements and the conduct of elections. By constitutional amendment, legislation, and executive action, the states found themselves replaced by federal authority. At the same time, of course, they were moving into new areas of activity. They broadened the scope of their activities to include such functions as consumer protection, land-use regulation, and public housing, to name only a few.

Not all of the federal influence has been all negative. Often actions on the national level have strengthened the capacity of the states. Some of the procedural requirements have helped the states and received their support.[397] As a result of encouragement from the national level, states have given new emphasis to upgrading planning, productivity, and financial management. Moreover, some of their institutions have been strengthened by federal incentives.

On balance, however, federal actions—particularly the growing number of both horizontal and vertical requirements accompanying federal aid programs—have complicated decisionmaking and management at the state level. Specific programs often have been strengthened at the price of blurred goals and weakened overall supervisory management. In addition, the horizontal mandates, such as provisions for affirmative action, citizen participation, and payment of the prevailing wage, have diffused program goals. A program that previously had one major purpose was weighted down with a myriad of other goals—such as strengthening the rights of minorities or the handicapped—detracting from its major purpose.

States' reaction to their new assignments and the accompanying requirements has reflected the diversity common to them. Some have been more attuned to compliance than others. Moreover, the institutional adjustments they made when implementing federal programs have not been uniform. They have made different choices, thus signaling that they still perform their traditional role as mechanisms for public choice for their citizens.

At the same time that the states have shifted the emphasis in their roles, they have been upgrading their capacity to perform. The coincidence does not necessarily mean that the states' assumption of an expanded intergovernmental management role produced the efforts to improve their capacity. While the realization that the increased burdens requiring certain adjustments undoubtedly stimulated various improvements, numerous other factors probably came into play. The reapportionment activity beginning in the 1960s (which changed the urban-rural balance in some state legislatures) is often cited as a basic cause, although the assertion has yet to be tested empirically. Other possibilities include: (1) the spread of innovations across state lines; (2) state reaction to the stinging criticisms leveled at them for their shortcomings in the handling of urban problems; (3) a modification in mind set provoked by new mobile populaces accustomed to change; (4) citizen demands for modernization and better performance provoked by alterations in socioeconomic developments within the states; (5) federal requirements and incentives; and (6) the obvious need to update state institutions and practices.

Whatever the causes, state institutions and processes have been transformed in the past 25 years. Revised, modern constitutions have replaced archaic, lengthy, detail-ridden documents in many instances. More rep-

resentative and responsible legislatures have taken the place of generally malapportioned, unresponsive bodies in all states and many states have upgraded significantly legislative staffs, offices, sessions, and committee arrangements, as well as adopting smoother procedures for these bodies. As a result of significantly improved administrative practices and structural reorganization, courts now operate more efficiently in all states. Most states have undertaken complete financing of their courts in order to equalize court operations throughout their jurisdictions. Governors have been strengthened by longer terms, ability to succeed themselves, increased budgetary authority, better staffing, and a revitalized national organization that provides a better forum for expression of their views. All of the states have been engaged in administrative reorganization and many have completely restructured their executive branches to facilitate improved administrative management. Despite the exigencies of inflation and high unemployment, the states in the aggregate are fiscally sound. Moreover, some have reformed their tax systems to diversify and stabilize revenue sources. Personnel and budgetary practices have been modernized.

In regard to their local units, state performance has been mixed. Many states have unshackled local governments in terms of general powers and appear to be paying more attention to the economic problems of their urban areas. At the same time, they have increased their mandating on localities. Fiscally, local government revenue raising authority has been broadened in the aggregate, and state aid has grown markedly. However, prospects for continued increases in state funding are dim in most jurisdictions, as states face the financial squeeze caused by inflation, constitutional restrictions on taxing and spending, and Congress' denial of general revenue sharing funds. Some show signs of passing along the revenue sharing loss to local governments.

Many states continued to be reluctant to modernize and restructure local governments, although a few acted. For the most part, however, state efforts were concentrated on improving administrative practices, and in this respect, actions were spotty. All in all, their endeavors to improve the operations of their local governments did not equal the attempts they made to put their own houses in order.

Not all of the steps the states took on their own behalf during the past quarter century can be classed as moving them forward. Some—such as taxing and spending limitations in some instances—were in the opposite direction. On balance, however, most of the changes improved the capacity of the states to provide effective, efficient, responsible, and accountable government at the state level. Despite the need for improvements, the states emerged as transformed entities, retooled and capable of undertaking an expanded role in the federal system at the same time that they discharge their traditional responsibilities. The outputs in terms of public policies are, for the most part, as yet unknown, although there have been some notable actions. As is true in many instances of institutional reform, a lag can be expected between the retooling and improvements in products. It can be reliably reported, nonetheless, that, far from being consigned to the graveyard, states are alive and well and serving as arch supports of the federal system.

APPENDIX

The Allocation of State Aid to Local Governments: An Examination of Interstate Variations*

Increasing economic pressures have forced governments at all levels to consider more carefully the manner in which they allocate scarce resources. Although a large volume of research has been conducted on the nature and determinants of federal aid allocations,[398] little is known about the pattern of state aid allocations and the forces that shape the distribution of state intergovernmental revenues.

Assuming that the allocation of state aid is shaped by a single and uniform set of rules, the few studies of state aid allocations[399] have failed to distinguish between state aid systems. In fact, there are 50 distinct and autonomous state aid systems. Unlike the unitary federal aid system, the character of state aid systems varies greatly, as does the composition of recipient governments within each state. This diversity requires serious attention before attempting to generalize about all state aid systems and their distributional patterns. In fact, this diversity provides an advantage in understanding the operations of intergovernmental aid systems. Relationships not readily testable within a single aid system (e.g., federal) are more amenable to study when there are 50 separate and varied systems for comparison.

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The purpose of this study is threefold: (1) to determine the extent to which state aid is allocated to those cities most in need of such assistance (e.g., targeting/equalization), (2) to determine the degree of variation in the targeting of aid monies between states, and (3) to determine the source of observed variation in state aid allocations.

Dye and Hurley and the National Governors' Association have shown that there is a significant correlation between the allocation of state aid and the relative need and fiscal capacity of recipient governments. Both studies demonstrate that this relationship is stronger than the federal aid-need relationship for the same types of cities. It is this superior targeting capacity of state aid that has led some to suggest "that combining direct state aid with state-administered federal aid results in a more efficient and responsive system."[400]

In spite of this empirical evidence, others[401] have noted that state aid systems are based on nonequalizing measures:

> State aid per capita is not directed toward either poor governments or poor people. . . those factors that measure relative degrees of social welfare need among local governments did little to explain existing distribution patterns of state aid per capita.[402]

The ACIR's analysis of state aid packages found little evidence to suggest that the states intended to allocate fiscal assistance in accord with social need or fiscal capacity:

> It [state aid] is based basically on nonequalizing measures. . . in terms of both dollar amounts and number of programs.[403]

In 1972, only 42.1% of all state aid moneys were distributed on an equalizing basis (i.e., programs employing any measure of need or fiscal effort in the allocation of state aid). This figure fell to 38% of all state aids in 1977, suggesting that states have retreated from a commitment to target their aid moneys to those cities most in need of such assistance.[404] It is paradoxical that the allocation mechanisms for state aids are skewed toward nonequalization, while the observed effect of state aid allocations is decidedly in the direction of greater equalization. This contradiction may be a function of a number of previously unexamined factors.

POTENTIAL SOURCES OF VARIATION IN THE ALLOCATION OF STATE AIDS

Previous research on state aid allocations has been conducted exclusively in the aggregate, i.e., all 50 states. An aggregate level analysis of state aid allocations assumes that there is no variation among the states in the relationship between aid moneys received and the needs of recipient governments. The intrastate equalization relationships, however, may vary significantly between states. The deviation between aggregate and state level relationships may be a function of a number of state level factors: (1) the character of state aid (e.g., delivery mechanisms, amount of aid, etc.), (2) the character and composition of local governments within each state, and (3) state-local relations (i.e., the degree of local discretionary authority).

Character of State Aid Systems

The amount of state aid available to local governments has a profound impact on the state's ability to target moneys disproportionately to needier cities. A greater availability of moneys allows a state to provide some moneys to all communities while still allocating a disproportionate amount of aid to needier and fiscally strained cities. A scarcity of resources limits the state's ability to differentiate among cities on the basis of need without eliminating some cities from the pool of eligible recipients—a politically unacceptable choice.[405]

Restricting aid eligibility to specific cities has been employed as a means of ensuring that needier cities receive special attention in the allocation of state aids. Project grants provide an effective mechanism for achieving this goal. Unlike more conventional formula grants which allocate some moneys to all governments, project grants employ a restrictive distribution mechanism in which some governments do not receive any aid, while others (e.g., needier recipients) receive a significantly higher level of fiscal support. Use of project grants should enhance a state's ability to target assistance to needier and fiscally strained cities. Similarly, states which specifically designate aid packages for central cities (presumably the neediest areas of a state) are likely to achieve a higher level of equalization than states relying on aid programs with universal eligibility.

It is important to note that a portion of state aid allocations are federal moneys passed through the state to local recipients. A significant portion of these federal moneys are spent on education, welfare, hospitals, and highways—traditional areas of state aid concern. Responsibility for these functions in most states is vested with county governments and special districts (including school districts), not with municipal governments. Federal passthrough moneys, then, are not expected to have a direct impact on state aid allocations to municipalities.

Yet, they can have an indirect effect by increasing the size of total state aid expenditures and thus the potential to target.

State-Local Relations

The distribution of state aid moneys to municipal governments is just one aspect of a general framework of state-local relations, and thus may reflect the overall relationship between states and their substate units of government. Under Dillon's Rule, state governments are free (within the bounds of the federal and state constitutions) to regulate the authority and powers of substate governments. The relationship between state and local governments varies greatly and has evolved through years of constitutional and statutory change.

Stephens has written extensively on this topic and has devised one of the more durable and useful measures of state-local relations—the centralization index. His index of state centralization is defined in terms of a continuum on which states are placed according to the "degree of control exercised by the state and the relative autonomy of local governments." For him—

> a decentralized state is one in which local governments control public policy, allocate whatever resources they have at their disposal, and deliver public goods and services to the residents. Conversely, in a centralized situation, the state controls basic public policy, allocates and delivers public services.[406]

The specific operational measures for Stephens' index include: (1) the percent of functions where the state is the dominant provider (i.e., where it accounts for 60% or more of total state-local direct expenditures), (2) the distribution of state/local personnel, adjusted for differences in labor inputs for different state and local services, and (3) the proportion of total state/local expenditures paid for (i.e., financed) at the state level.

Concentrating policymaking authority at the state level diminishes the amount of aid needed by all substate governments. Performing fewer functions, municipal governments in centralized states have fewer demands placed on their revenue sources, relieving them from the need of state assistance. A reduced level of state aid in turn lessens the political viability of targeting aid to the neediest cities without removing some cities from the pool of eligible recipients or making token aid allocations. Aid allocations in centralized states are expected to be relatively equal (i.e., invariant) among recipients.

The greater functional responsibility of municipal governments in decentralized states increases the need for state aid and its targeted distribution. Socioeconomic differences between substate governments in decentralized states impact directly on the quality and level of municipal services. In order to ensure minimal service levels for all cities, decentralized state governments employ targeted aid allocations to boost the service capacity (i.e., revenue base) of needier and fiscally distressed cities.

Centralization represents an alternative means by which states attempt to equalize social and economic differences between municipal governments. Rather than relying on the distribution of state aid moneys to local governments for the provision of basic goods and services, centralized states assume many of these functional and fiscal responsibilities for all substate governments—presumably servicing all governments equally.[407] Conversely, decentralized states use aid allocations as a means of reducing the adverse service effects of socioeconomic diversity. To what degree centralized states achieve equity in the allocation of direct expenditures is empirically problematic and beyond the scope of this study. The general effect of centralization on equalization does suggest, however, that different strategies may be employed by states to achieve the same goal—reduced socioeconomic disparity and its negative policy impact.

Factors other than the sharing of fiscal and personnel responsibilities further define the state-local relationship, and thus provide added insight into the sources of variation in state-local aid allocations. The imposition of state restrictions on municipal functional and fiscal discretion places significant burdens on the budgets of local governments. States which impose these limitations, however, may be willing to correct some of the existing disparities between city governments through the targeted distribution of aid moneys. Again it is assumed that limited local discretion for municipal governments represents a centralizing tendency of the state. It is expected that the imposition of tax and spending limits would be offset by a higher level of state aid for those cities most adversely affected by these restrictions (e.g., needier and poorer cities.)

Composition of Substate Governments

The assumption behind the targeting of state aid moneys is that there is sufficient variation in the need and fiscal capacity of recipient governments to justify the disproportionate allocation of aid moneys to certain cities. However, if the variation among substate governments in terms of their social need and fiscal capacity is relatively minor, the necessity to target is diminished and in fact is politically undesirable. It is expected that

states with socioeconomically heterogeneous communities will target their assistance to those communities with the greatest need and least ability to fulfill that need.

DATA AND OPERATIONAL MEASURES

Researchers have long noted that studies of state aid systems are subject to significant obstacles when testing hypotheses. The fundamental problem is the "inability of the nation to keep usable records of its own fiscal transactions."[408] This observation is particularly true of state aid moneys and is in fact magnified by a factor of 50. Individual state records of aid allocations vary greatly, producing an inconsistent and irregular pattern of data across states and over time. At present the most reliable data base for state aid allocations is the bureau of Census' *Census of Governments*. The Bureau provides state aid allocations by seven functional categories for all general-purpose governments since 1952. Quinquennial census figures include both state and federally passed through moneys.[409]

State aid allocations are examined for the years 1967, 1972, and 1977. The population of municipal governments studies is limited to all general-purpose governments over 25,000 population as of 1967 (N = 845). The latter qualification is necessary to ensure a comparable sample across the years studied. The exclusion of communities below 25,000 is necessitated by limitations on available socioeconomic data for cities below 25,000.[410]

Ideally, any analysis of aid allocations would match functional aid expenditures with the relevant indicators of need (e.g., welfare assistance and the number of families below the poverty level). Unfortunately, the structural character of state aid systems does not segregate aid allocations by function for municipal governments. Segregated aid allocations are made for education, public welfare, health and hospitals, and housing and urban renewal. As noted earlier, however, many of these functions are the responsibility of county governments and school districts with fewer than 50% of the municipal governments in the U.S. performing any of these activities.[411] In fact, 81% of state aid to municipal governments is in the form of general local support and shared taxes.[412] These moneys are allocated by formula to municipal governments to be used in virtually all phases and activities of municipal government. A small and uneven number of states (ranging between 22 and 8) do provide categorical aid to municipal governments within their state for housing and urban renewal, corrections and sewerage. The small amount of money allocated and the uneven use of these aid packages make analysis of their allocation patterns trivial.

Selection of need indicators for this study is based on their relevance to the general criteria employed in allocating general local assistance and shared taxes. The author identified three widely employed criteria for allocating state aids—population-based measures, tax burden, and home value. In addition to these indicators, measures of social need, income, and employment have been added.

It would be naive to consider these measures exhaustive of all valid indicators of social and economic need. However, they do include measures available to and employed by state policymakers. Yet, there is widespread agreement among policymakers as to their validity, as well as to their extensive use in the allocation of state aid moneys to municipal governments.[413]

Social and Fiscal Need

A great deal has been written about the appropriateness of various measures as indicators of social need and fiscal strain. It is not our intent to review or add to this growing literature. Rather, we have chosen indicators of social need and fiscal capacity that are comparable to those used in previous research and which are most similar to the actual indicators used by states in distributing state-local assistance.

Social need generally refers to the needs of a resident population and its ability to meet these needs. Certain persons are more demanding and in need of basic governmental services independent of their personal resources. The aged, young, and poor usually make a significant demand on public services and are less likely to contribute to the fulfillment of that collective need. The following are employed as indicators of social need:

1) population size;
2) total population below 18 years of age and over 65 years of age;
3) total number of families with annual incomes below 125% of the poverty level; and
4) total reported crime.[414]

A composite factor score (i.e., standardized) was calculated for each community based on the above indicators.[415]

In measuring the fiscal health of a city, resources available to the community were distinguished from those resources actually committed to public services by the city. Measures of fiscal capacity were drawn largely from the public policy literature and conform to the interrelationships identified in this literature.[416] Median home

value (i.e., owner-occupied) is employed as a measure of fiscal capacity. The main own-source of revenue for local governments is the property tax (i.e., percent of home valuation) and thus provides an adequate measure of available municipal resources. Median family income is employed both as an indicator of fiscal capacity and as a measure of social need. Although the main source of revenue for cities is the property tax, this and other taxes are actually paid out of personal income.

Fiscal effort—or the actual commitment of city resources to the provision of municipal services—is defined in terms of the relationship between per capita tax revenue and per capita personal income. Expressed in terms of a percentage, tax burden is calculated by dividing the per capita tax revenue (from 11 revenue sources)[417] by per capital personal income. This measure of tax burden provides a means of comparing the relative "bite" of taxes collected in relation to the "average" citizen's ability to pay these taxes.

Two additional measures of a city's fiscal and economic health are examined: the percent of labor force unemployed and the percent increase in population size between 1960 and 1976. Both measures tap slightly different dimensions of a city's need and ability to provide for municipal services. Basic to the plight of central cities has been the large and rapid out-migration of industry and its work force. The remaining population frequently is dominated by less productive citizens who are increasingly dependent on city services. The loss in population has the dual effect of decreasing tax revenues and increasing demand for both new and expanded city expenditures. Growing cities (e.g., Sunbelt states and suburban northeast) reap the benefits of new revenues from a productive labor force, whose demands for goods and services are more often fulfilled by the private rather than public sector.

Correlates of State Aid Allocations

Three sets of correlates of state-local aid allocations are examined: (1) state-local relations, (2) state aid system characteristics, and (3) the socioeconomic diversity of substate governments.

State statutes regulating the powers of municipal governments are employed in constructing separate functional, fiscal, and home-rule indexes. Listed below are the state statutes used as indicators of state-local discretionary authority. Index scores with the higher index score indicating greater local authority, were computed for each state.[418]

I. Home-rule authority

1) granted in state general law; and
2) structural home-rule grant.[419]

II. Functional discretion

1) contract power vested with locality;
2) interstate local service agreements allowed;
3) intrastate local service agreements allowed;
4) action required of locality for changes in functional activity;
5) interlocal service agreements must be in accord with state law; and
6) only one jurisdiction need have functional authority for interlocal service agreements.[420]

III. Fiscal discretion

1) referenda for bond issues required;
2) maximum life of bond issues regulated by state;
3) interest ceiling on bond issues regulated;
4) property tax limits imposed by state; and
5) short-term borrowing allowed.[421]

Stephens' index of centralization and two of its components—direct state expenditures and percent of functions state dominated—are examined[422] as correlates of state-local aid allocations. Examination of both the index and its constituent parts allows us to dissect the potential relationships between elements of centralization and aid allocations.

Four traits of the state aid system are examined for their impact on the allocation of state assistance: (1) the percent of state aid which is federal assistance passed through the state to local governments,[423] (2) the percent of total state aid allocations which is distributed through project grants, (3) the percent of total state aid which is targeted specifically to central cities, and (4) the total amount of state aid.[424]

The socioeconomic diversity of substate governments is measured by the standard deviation for the measures of social need and fiscal strain within each state.

RESEARCH DESIGN

The analysis progresses in three steps. Initially, the relationship between per capita state aid allocations[425] and indicators of social need and fiscal distress for the pooled sample of municipal governments (N = 845) is probed. The same analysis is then repeated for each state, in order to determine the degree of congruence between the aggregate and disaggregate analyses.[426] Finally, states are classified as equalizers or nonequalizers based on the significance of the slopes for aid allocations on

measures of need and fiscal capacity. The correlates of both populations are then examined.

A departure from previous analysis procedures has been made, in that the unstandardized regression coefficient rather than (standardized) correlation coefficient is used to measure equalization over time. Comparisons among standardized coefficients cannot be made over time, since the mean and variance—the hypothesized source of variation in the observed correlations—are invariant (i.e., mean = 0, variance = 1). Because the unstandardized coefficient does not alter the mean or variance of either variable, it allows a comparison of the magnitude of change in per capita outlays as a function of a unit change in the same variable measured over time. Substantively, the unstandardized regression coefficient is interpreted as the dollar increase in per capita allocations associated with a unit change in need of fiscal capacity.

A potential problem arises when measuring the degree of state aid targeting with unstandardized regression coefficients. Two states may have identical slopes for the same aid expenditure-need relationship but different "y"-intercepts. The latter reflects differences in the level of total aid funding while the slopes address the manner with which these moneys are allocated. Even though two states have the same slope values, one may be allocating more money than the other to cities with the same level of need. It would be wrong, however, to conclude that one state is better at targeting than the other. The error arises in assuming that targeting aid moneys is concerned with the absolute level of funding a city receives. Targeting addresses what cities within a single state receive relative to the need and fiscal capacity of other cities in the same state. Disparities in the level of aid allocations between equally needy cities in different states does not establish greater targeting efforts for the state allocating higher levels of aid. Moreover, it should not be assumed that small aid allocations, independent of need, necessarily are evidence of nontargeting. These states may employ other means to fulfill the needs of their municipal governments (e.g., direct expenditures), an issue to be examined empirically in this study.

Findings

Table B–1 shows the unstandardized coefficients for the regression of state aid allocations on the indicators of need and fiscal strain. The slopes for four of the six relationships are consistently significant in each of the three years studied. Only the slopes for owner-occupied home value and median family income were insignificant in each year. Moreover, the slope values for social need, population growth, tax burden, and percent unemployed increased between 1967 and 1977, indicating that a unit change in each indicator of need netted a significantly larger per capita aid allocation in each succeeding year.[427]

Replicating the above analysis for each state, however, fails to produce the expected pattern of equalization within each of the states studied. *Table B–2* reports the number of states, by year, in which the slopes for state aid allocations on need and fiscal indicators were statistically significant and in the predicted direction. In no instance were there ever more than 20 states which produced statistically significant slopes between aid allocations and need/fiscal strain. These findings tentatively suggest that the level of equalization observed at the aggregate level is in fact a function of a small number of states which have been extremely successful at targeting aid moneys to their neediest and most fiscally strained cities. Moreover, the number and composition of states targeting their aid allocations is relatively stable over time.

Nine states (see *Table B–3*) consistently targeted their aid allocations to needier and fiscally strained cities be-

Table B–1

UNSTANDARDIZED COEFFICIENTS FOR PER CAPITA STATE AID ALLOCATIONS TO MUNICIPAL GOVERNMENTS ON SELECTED INDICATORS OF SOCIAL NEED, FISCAL CAPACITY AND FISCAL EFFORT BY YEAR, 1967, 1972, AND 1977

	Year		
Variable	**1967**	**1972**	**1977**
Social Need	5.96*	13.02*	22.62*
Percent Population Growth 1960–70	−.43*	−.83*	−1.48*
Tax Burden	3,365*	3,162*	4,570*
Percent Unemployed	54.65	184.33*	657.08*
Owner-Occupied Home Value	.000	.000	.000
Median Family Income	−.000	−.000	−.001

* $P \leq .05$
SOURCE: Author's calculations from various data sources.

Table B–2

NUMBER OF STATES DEMONSTRATING SIGNIFICANT EQUALIZATION IN THE ALLOCATION OF STATE-LOCAL ASSISTANCE, BY NEED, FISCAL INDICATOR, AND YEAR ($N = 4^3$)

Variable	1967	1972	1977
Social Need	12	14	13
Percent Population Growth 1960–70	6	11	8
Tax Burden	20	15	18
Percent Unemployed	12	8	9
Owner-Occupied Home Value	11	8	7
Median Family Income	5	5	9

SOURCE: Author's calculation from various data sources.

Table B–3

THE NUMBER OF SIGNIFICANT EQUALIZATION SLOPES BY STATE, 1967–77*

State	Number of Significant Slopes	State	Number of Significant Slopes
Minnesota	16	Oklahoma	3
New Jersey	16	Washington	3
Michigan	15	Arkansas	2
Massachusetts	14	Texas	2
Wisconsin	12	Utah	2
California	10	Alabama	1
New York	10	Idaho	1
Iowa	9	Kentucky	1
Ohio	9	Maine	1
Connecticut	6	Maryland	1
Illinois	6	Mississippi	1
Louisiana	6	Montana	1
New Hampshire	5	Nebraska	1
Colorado	4	New Mexico	1
Florida	4	North Carolina	1
Indiana	4	South Carolina	1
Pennsylvania	4	South Dakota	1
Tennessee	4	West Virginia	1
Arizona	3	Nevada	0
Georgia	3	North Dakota	0
Kansas	3	Oregon	0
Missouri	3	Rhode Island	0

* A maximum score of 18 was possible.
SOURCE: Author's calculations from various data sources.

tween 1967 and 1977. Each of them had significant slopes in the predicted direction for more than half of the hypothesized relationships. Interestingly, there is no pronounced regional pattern associated with the states which effectively target their aid allocations. Five of the states are from the old midwest, while three are in the northeast, with California the only western state. The only noticeable regional pattern is the absence of any southern or southwestern states among the top targeters.

Examination of the slopes for each relationship over time confirms the hypothesized degree of variation in state aid allocations (*Table B–4*). The standard deviations for each slope (i.e., those that were statistically significant) are more than twice the size of the mean slope for each hypothesized relationship. The only slopes where the standard deviation scores were not twice the size of the mean were for the aid to home value and median income relationships. These slopes were insignificant at the aggregate level, and, with a few exceptions, insignificant in each of the states studied. For these equalization relationships, the congruity between aggregate and disaggregate level findings is strong and skewed toward a nonequalizing relationship.

The findings in *Table B–4* confirm the fragility of aggregate level analyses of state aid allocations. The variance among states in their capacity to target aid moneys to needy cities severely undermines the validity of aggregate level generalizations about the distribution of state aids. Moreover, these findings clearly demonstrate the need for more penetrating state level analyses of aid allocations.

Tables B–5 to *B–10* show the difference of means test, Eta and R^2, for selected correlates of aid allocations between equalizing and nonequalizing states for each need fiscal capacity indicator. Equalizers on social need were states that are generally more centralized and provide their substate governments limited home rule and functional and fiscal discretion. This pattern was slightly diminished in 1972 and 1977. Characteristics of the state aid system do not distinguish between equalizers and nonequalizers on social need. Only the total amount of state aid allocated to all municipal governments has a positive influence on the degree of equalization. Interestingly, the percent of federal passthrough moneys, project grants, and central-city aid programs do not enhance the state's ability to target assistance to socially needier cities. The targeting of aid moneys was strongly influenced by the diversity of social need within a state. In each of the years studied, equalization of aid allocations was achieved by states which had wide variation in the social need of their recipient city governments.

The correlates of equalization on population growth vary over time. The percent of city aid programs and the total amount of state aid were the only factors which significantly distinguished equalizers and nonequalizers in 1967. In 1972 and 1977, however, equalizers and nonequalizers were distinguished by the latter's higher level of local home rule, functional discretion, and centralized state government. Among the traits of the state aid system, only the amount of aid allocated retained its significant discriminative power. Variation in the degree of population growth of cities within each state did not

Table B–4

MEAN AND STANDARD DEVIATION VALUES FOR SLOPES OF PER CAPITA STATE AID ALLOCATIONS ON SELECTED INDICATORS OF SOCIAL NEED AND FISCAL CAPACITY AND EFFORT BY YEAR (N = 43), 1967, 1972, and 1977

	1967		1972		1977	
VARIABLE	$\bar{X}$	**SD**	$\bar{X}$	**SD**	$\bar{X}$	**SD**
Social Need	9.82	26.4	16.7	50.0	204.4	976.0
Percent Population Growth 1960–70	−.238	.676	−.571	1.20	−1.635	5.86
Tax Burden	540.6	4,181	1,156	5,573	2,832	4,357
Percent Unemployment	44.5	157.8	4,287	28,156	318.31	3,404
Owner-Occupied Home Value	.001	.000	.000	.000	.001	.007
Median Family Income	.000	.000	.000	.000	−.004	.028

SOURCE: Author's calculations from various data sources.

Table B–5

DIFFERENCE OF MEANS, ETA, AND R^2 FOR SELECTED STATE CHARACTERISTICS BETWEEN EQUALIZERS AND NONEQUALIZERS OF SOCIAL NEED IN THE ALLOCATION OF STATE-LOCAL AID 1967, 1972, and 1977

	1967			1972			1977		
Variables	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**
State-Local									
Home Rule	1.33	1.54	.346*	1.40	1.52	.215	1.44	1.50	.091
Functional Discretion	1.34	1.33	.021	1.31	1.34	.055	1.33	1.33	.005
Fiscal Discretion	1.32	1.46	.299*	1.35	1.45	.215	1.37	1.44	.152
Central (%)	45.4	51.4	.378*	44.7	52.2	.492*	45.5	50.7	.370*
Direct Expenditure[1]	$1,280	544	.456*	1,957	1,044	.348*	3,480	1,887	.350*
Dominant Function (%)	22.8	27.8	.223	21.8	28.6	.318*	23.4	27.7	.192
State-Aid									
Pass-through (%)	18.6	16.6	.105	20.2	15.7	.240	10.2	8.4	.120
Project (%)	5.0	7.6	.086	13.9	16.3	.163	14.7	15.9	.078
City Aid (%)	6.9	6.4	.084	12.4	14.5	.150	13.9	13.8	.006
Total Aid[1]	$872	240	.455*	758	252	.381*	1,028	230	.377*
Social Diversity									
Standard Deviation									
Social Need	.819	.316	.350*	.656	.360	.415*	.716	.344	.365*
R^2			.447			.490			.567
*F≤.05 N	(12)	(31)		(14)	(29)		(13)	(30)	

[1] Millions of dollars.
SOURCE: Author's calculations from various data sources.

Table B–6

DIFFERENCE OF MEANS, ETA, AND R^2 FOR SELECTED STATE CHARACTERISTICS BETWEEN EQUALIZERS AND NONEQUALIZERS OF POPULATION CHANGE IN THE ALLOCATION OF STATE-LOCAL AID, 1967, 1972, AND 1977

	1967			1972			1977		
Variables	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**
State-Local									
Home Rule	1.38	1.42	.079	1.43	1.50	.102	1.30	1.52	.325*
Functional Discretion	1.25	1.34	.124	1.34	1.33	.014	1.32	1.33	.010
Fiscal Discretion	1.38	1.42	.079	1.27	1.47	.418*	1.32	1.44	.230
Central (%)	46.5	50.3	.182	43.3	52.0	.531*	44.7	50.9	.343*
Direct Expenditure[1]	$995	709	.136	2,345	965	.521*	4,386	1,908	.461*
Dominant Function (%)	28.0	26.1	.064	19.1	28.9	.422*	17.1	28.5	.440*
State-Aid									
Pass-through (%)	16.1	17.3	.046	18.6	16.6	.090	19.8	16.5	.145
Project (%)	12.3	16.0	.183	13.8	16.1	.141	15.6	15.5	.009
City Aid (%)	17.2	13.2	.213*	12.5	14.3	.120	14.6	13.7	.056
Total Aid[1]	776	358	.238*	945	235	.499*	1,063	269	.497*
Social Diversity									
Standard Deviation									
Population Change (%)	6.4	8.2	.147	7.9	7.9	.003	8.1	7.4	.060
R^2			.584			.526			.403
*F≤.05 N	(6)	(37)		(11)	(32)		(8)	(35)	

[1] Millions of dollars.
SOURCE: Author's calculation from various data sources.

Table B–7

THE DIFFERENCE OF MEANS, ETA, AND R^2 FOR SELECTED STATE CHARACTERISTICS BETWEEN EQUALIZERS AND NONEQUALIZERS OF TAX BURDEN IN THE ALLOCATION OF STATE-LOCAL AID, 1967, 1972, and 1977

	1967			1972			1977		
Variables	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**
State-Local									
Home Rule	1.44	1.52	.150	1.34	1.55	.371*	1.41	1.53	.228
Functional Discretion	1.33	1.33	.011	1.30	1.35	.092	1.29	1.36	.114
Fiscal Discretion	1.38	1.45	.161	1.42	1.41	.023	1.42	1.42	.005
Central (%)	47.1	52.1	.351*	43.8	52.9	.609*	45.7	52.7	.482*
Direct Expenditure[1]	$933	589	.237	2,009	984	.397*	3,173	1,790	.326*
Dominant Function (%)	24.7	27.9	.156	20.7	26.1	.419*	20.1	30.9	.525*
State-Aid									
Pass-through (%)	18.0	16.4	.092	19.1	16.1	.163	19.5	15.4	.229
Project (%)	14.3	16.5	.160	15.3	15.6	.025	14.6	16.2	.115
City Aid (%)	13.8	13.9	.007	13.1	14.2	.079	13.0	14.4	.110
Total Aid[1]	$617	242	.301*	754	236	.397*	174	898	358*
Social Diversity									
Standard Deviation									
Tax Burden	.002	.000	.496*	.003	.001	.408	4.01	.000	.430*
	R^2		.239			.404			.410
*F≤.05	N (20)	(23)		(15)	(28)		(18)	(25)	

[1] Millions of dollars.
SOURCE: Author's calculations from various data sources.

Table B–8

DIFFERENCE OF MEANS, ETA, AND R^2 FOR SELECTED STATE CHARACTERISTICS BETWEEN EQUALIZERS AND NONEQUALIZERS OF UNEMPLOYMENT IN THE ALLOCATION OF STATE-LOCAL AID, 1967, 1972, AND 1977

	1967			1972			1977		
Variables	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**
State-Local									
Home Rule	1.33	1.54	.346*	1.40	1.50	.148	1.44	1.49	.074
Functional Discretion	1.34	1.33	.021	1.35	1.32	.044	1.38	1.31	.103
Fiscal Discretion	1.32	1.46	.294*	1.42	1.42	.015	1.33	1.44	.218
Central (%)	45.4	51.4	.378*	43.5	51.2	.423*	46.4	50.6	.293*
Direct Expenditure[1]	$1,280	544	.456*	1,695	1,260	.137	3,739	2,006	.337*
Dominant Function (%)	22.8	27.8	.223	25.0	26.7	.067	20.0	28.4	.303*
State-Aid									
Pass-through (%)	18.6	16.6	.101	21.2	16.2	.218	18.5	16.8	.081
Project (%)	14.8	15.9	.086	13.3	16.0	.153	14.2	15.8	.098
City Aid (%)	14.7	13.5	.084	13.5	13.9	.027	15.0	13.5	.093
Total Aid[1]	$872	240	.455*	470	404	.041	749	328	.275*
Social Diversity									
Standard Deviation Unemploy (%)	.819	.316	.350*	.013	.010	.258	.013	.010	.222
R^2			.337			.263			.545
*F≤.05 N	(12)	(31)		(8)	(35)		(9)	(34)	

[1] Millions of dollars.
SOURCE: Author's calculations from various data sources.

Table B–9

DIFFERENCE OF MEANS, ETA, AND R^2 FOR SELECTED STATE CHARACTERISTICS BETWEEN EQUALIZERS AND NONEQUALIZERS OF HOME VALUE IN THE ALLOCATION OF STATE-LOCAL AID, 1967, 1972, AND 1977

	1967			1972			1977		
Variables	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**
State-Local									
Home Rule	1.32	1.53	.339*	1.35	1.51	.236	1.37	1.50	.183
Functional Discretion	1.34	1.33	.014	1.34	1.33	.016	1.35	1.32	.037
Fiscal Discretion	1.41	1.42	.072	1.41	1.46	.025	1.38	1.42	.072
Central (%)	46.7	50.8	.255	46.0	50.6	.252	45.2	50.6	.281*
Direct Expenditure[1]	$848	715	.080	1,926	1,208	.227	2,774	2,225	.085
Dominant Function (%)	22.4	27.7	.228	23.6	27.0	.130	12.7	19.7	.169
State-Aid									
Pass-through (%)	15.1	17.8	.132	16.0	17.4	.062	17.9	17.0	.039
Project (%)	15.3	15.6	.019	14.9	15.6	.037	12.4	16.1	.200
City Aid (%)	12.6	14.2	.111	14.4	13.7	.140	12.0	14.2	.123
Total Aid[1]	$461	401	.042	536	389	.092	492	402	.053
Social Diversity									
Standard Deviation									
Home Value ($)	10,005	11,347	.004	9,003	3,602	.258	4,603	2,974	.053
R^2			.191			.258			.296
*F≤.05 N	(11)	(32)	(8)	(35)		(7)	(36)		

[1] Millions of dollars.
SOURCE: Author's calculations from various data sources.

Table B–10

DIFFERENCE OF MEANS, ETA, AND R^2 FOR SELECTED STATE CHARACTERISTICS BETWEEN EQUALIZERS AND NONEQUALIZERS OF MEDIAN FAMILY INCOME IN THE ALLOCATION OF STATE-LOCAL AID BY 1967, 1972, AND 1977

	1967			1972			1977		
Variables	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**	**Equalizers**	**Non-Equalizers**	**ETA**
State-Local									
Home Rule	1.40	1.49	.112	1.47	1.48	.015	1.33	1.52	.286*
Functional Discretion	1.37	1.32	.054	1.31	1.33	.038	1.30	1.34	.054
Fiscal Discretion	1.42	1.42	.001	1.35	1.43	.148	1.36	1.43	.140
Central (%)	43.4	50.6	.326*	46.3	50.5	.315*	43.2	51.5	.476*
Direct Expenditure[1]	$861	735	.056	1,788	1,239	.173	4,206	1,883	.452*
Dominant Function (%)	23.1	26.8	.117	24.3	26.9	.090	16.9	28.9	.481*
State-Aid									
Pass-through (%)	18.4	17.0	.051	20.4	16.4	.176	16.7	18.9	.104
Project (%)	10.0	16.1	.256	12.1	16.3	.231	12.0	16.4	.256
City Aid (%)	13.3	13.9	.029	16.3	13.2	.186	14.3	13.7	.052
Total Aid[1]	$532	401	.061	473	403	.043	1,068	244	.539*
Social Diversity									
Standard Deviation									
Family Income	1,653	1,328	.133	1,790	1,269	.259	1,849	1,238	.318*
R^2			.333			.358			.427
*F≤.05 N	(5)	(38)		(5)	(38)		(9)	(34)	

[1] Millions of dollars.
SOURCE: Author's calculations from various data sources.

differentiate between targeting and nontargeting states.

Centralization, larger state aid allocations, and greater diversity of tax burden among city governments were the most distinguishing characteristics of states that allocated their aid moneys to the most heavily taxed cities. The same pattern of relationships was observed between equalizers and nonequalizers of aid allocations on unemployment. In the case of tax burden and unemployment, project grants and special urban aid programs did not help in differentiating between states in the allocation of state aid.

Given the invariant slopes for aid allocations for the home value and median family income variables, it is not surprising that few of the hypothesized relationships are significant. This is particularly true in the case of home value, where only two of a possible 33 relationships were statistically significant.

DISCUSSION

The findings in *Tables B–5* to *B–10* clearly demonstrate that a significant portion of the variation in targeting of aid allocations is a function of state-local relations and to a lesser extent the existing socioeconomic diversity of municipal governments within the state. Surprisingly, the character of state aid systems does not distinguish between equalizers and nonequalizers. This finding is not altogether unexpected and confirms an earlier hypothesis that state aid allocations reflect more the pattern of state-local relations.

The absence of southern or southwestern states from the list of equalizers is partially explained by the influence of socioeconomic diversity on aid allocations. Socioeconomic diversity is greatest in states which targeted their aid allocations to the neediest recipients. Southern and southwestern cities over 25,000 are extremely homogeneous,[428] making it difficult to differentiate between eligible recipients in the allocation of state aid. It would be hasty, then, to assume that these states were less committed to the goals of equalization. Rather, they are less burdened by the effects of socioeconomic diversity and employ other strategies (i.e., centralization) for assuring uniform and adequate levels of public services. Thus it is not surprising that southern and southwestern states have higher levels of centralization than other regions or state groupings.

The moderate amount of variance explained in *Tables B–5* to *B–10* suggests factors other than those studied that may account for the equalization of aid outlays. Absent from this analysis are political variables which might identify interest groups (i.e., rural vs. urban) operative in the state political arena. However, the findings, clearly do point to a significant degree of variation in the capacity of states to target their aid allocations to the neediest recipients. Future research needs to concentrate on the source of this interstate variation as well as its policy consequences. Moreover, we should not assume that states which do not target their aid allocations are not dealing with the problems of their urban/central cities. State centralization and functional transfers may represent alternative means for states to assist fiscally distressed and needy cities.

FOOTNOTES

[1] Luther H. Gulick, "Reorganization of the State," *Civil Engineering*, August 1933, pp. 420–21.

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[4] Daniel J. Elazar, "The New Federalism: Can the States Be Trusted?", *The Public Interest*, No. 35, Spring 1974, p. 90; and Parris N. Glendening, "The Public's Perception of State Government and Governors," *State Government* 53:3, Summer 1980, p. 116. See also, Parris N. Glendening and Mavis Mann Reeves, *Pragmatic Federalism: An Intergovernmental View of American Government*, Pacific Palisades, CA, Palisades Publishers, 1977, p. 323.

[5] See, for example, Luther H. Gulick, *The Metropolitan Problem and American Ideas*, New York, Alfred A. Knopf, 1962, p. 164, in which he discusses the states as the key to improved governmental arrangements in metropolitan areas.

[6] Samuel H. Beer, "The Modernization of American Federalism," *Publius: The Journal of Federalism*, Vol. 3, No. 2, Philadelphia, PA, Temple University Center for the Study of Federalism, Fall 1973, pp. 53–91.

[7] ACIR staff calculations.

[8] ACIR, *A Crisis of Confidence and Competence*, A–77, Washington, DC, U.S. Government Printing Office, 1980, p. 120. Updated by ACIR staff.

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[10] ACIR, *Recent Trends in Federal and State Aid to Local Governments*, M-118, Washington, DC, U.S. Government Printing Office, 1980, p. 10.

[11] ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition*, M–123, Washington, DC, U.S. Government Printing Office, October 1980, p. 165.

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[13] The amounts varied with the methodology used in the calculation. Using a traditional model for computation, the net effect of a dollar of federal aid was the expenditure of $1.12 per capita. Computed under a public employment model, the amount was $2.22. See ACIR, *Federal Grants: Their Effects on State-Local Expenditures, Employment Levels, and Wage Rates*, A–61, Washington, DC, U.S. Government Printing Office, February 1977, p. 65. Computation

was by the Maxwell School at Syracuse University.

[14] *Ibid.*, p. 61.

[15] William Pound, "The State Legislatures," *Book of the States, 1980–81*, Lexington, KY, The Council of State Governments, 1980, p. 82. See, also, Comptroller General of the U.S., *Federal Assistance System Should Be Changed to Permit Greater Involvement by State Legislatures* (GAO Report GGD–81–13), Washington, DC, General Accounting Office, December 15, 1981.

[16] ACIR, Report M–123, *op. cit.*, pp. 35, 41.

[17] Testimony of Rep. Elliott Levitas of Georgia, May 26, 1976, in *Improving Congressional Oversight of Regulatory Agencies*, Hearing before the Committee on Government Operations, U.S. Senate, 94th Congress, 2nd Session, pp. 186–87.

[18] For a regulatory model of federal grants-in-aid, see George F. Hale and Marian Lief Palley, *The Politics of Federal Grants*, Washington, DC, Congressional Quarterly, Inc., 1981, especially chapters 2 and 6.

[19] ACIR, Report A–77, *op. cit.*, p. 87.

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[35] 377 U.S. 533.

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[92] *Book of the States, 1970–71, op. cit.*, pp. 66–67 and *Book of the States, 1980–81, op. cit.*, pp. 108–109.
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[107] *Book of the States, 1970–71, op. cit.*, p. 76, and *Book of the States, 1978–79, op. cit.*, pp. 42–43.
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[109] *Book of the States, 1980–81, op. cit.*, p. 129
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[112] The Consumer Price Index for 1970 was $116.3; for January 1980, it was $233.2.
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[146] National Advisory Commission on Criminal Justice Standards and Goals, *Courts*, Washington, DC, 1973, p. 183; ACIR, Report A–38, *op. cit.*, p. 39; American Bar Association, *Standards Relating to Court Organization*, Chicago, IL, American Bar Association, 1973, p. 76.

[147] *Book of the States, 1980–81, op. cit.*, p. 164; Jag C. Uppal, Director, Secretariat Services, National Center for State Courts, Williamsburg, VA, by letter to author, March 5, 1981.

[148] Berkson and Carbon, *op. cit.*, p. 11. See, also, Jeffrey Parness and Chris Korbakes, *A Study of the Procedural Rule-Making Power in the United States*, Chicago, IL, American Judicature Society, 1973.

[149] Berkson and Carbon, *op. cit.*, p. 12 citing Glen Winers, "A.B.A. House of Delegates Approves Model Judicial Article for State Constitutions," *Journal of the American Judicature Society*, 45, April 1962, pp. 279–280; National Municipal League, *Model State Constitution*, 1973; and National Advisory Commission on Criminal Justice Standards and Goals, *op. cit.*, p. 176.

[150] New York State, *Justice for All: Report of the Temporary Commission on the New York Court System*, 1973, Part I, p. 55.

[151] Berkson and Carbon, *op. cit.*, p. 13 citing Carl Baar, *Separate But Subservient: Court Budgeting in the American States*, Lexington, MA, D.C. Heath, 1975, p. 13.

[152] New York State, *op. cit.*, p. 55.

[153] Berkson and Carbon, *op. cit.*, p. 12.

[154] ACIR, Report A–38, *op. cit.*, p. 45; ACIR, Report M–101, *op. cit.*, p. 65.

[155] ACIR, Report A–38, *op. cit.*, p. 108, from U.S. Bureau of the Census, *Criminal Justice Expenditure and Employment Data for Selected Large Governmental Units, 1960–69*, Washington, DC, 1970.

[156] *Ibid.*, p. 108 (using U.S. Law Enforcement Assistance Administration and U.S. Bureau of the Census, *Expenditure and Employment Data for the Criminal Justice System, 1968–69*, Washington, DC, Table 5).

[157] *Book of the States, 1976–77, op. cit.*, p. 88 (New York State took over the costs of the court system in late 1976 and so was not originally included).

[158] *Substantial* indicates state funding for at least one trial court or trial court major expense (e.g., personnel other than judges). The states are: Arkansas, Alaska, Colorado, Connecticut, Delaware, Hawaii, Kansas, Kentucky, Maine, Maryland, Massachusetts, Missouri, Nebraska, New Mexico, New York, North Carolina, Oklahoma, Rhode Island, South Dakota, Vermont, Virginia, and West Virginia. Harry O. Larson, et. al., *State Funding of Court Systems: An Initial Examination*, Washington, DC, American University Bar Institute Criminal Courts and Technical Assistance Project, 1979.

[159] *Book of the States, 1980–81, op. cit.*, pp. 156–157.

[160] *Book of the States, 1954–55*, Lexington, KY, Council of State Governments, 1954, p. 436.

[161] *Book of the States, 1980–81, op. cit.*, pp. 156–157.

[162] *Ibid.*

[163] ACIR, Report A–38, *op. cit.*, p. 44.

[164] The states with neither of these limitations are: Connecticut, Delaware, Florida, Georgia, Kentucky, Michigan, Nevada, New Mexico, North Dakota, Oklahoma, Rhode Island, Tennessee, and West Virginia. Timothy Pyne, *Judicial Retirement Plans*, Chicago, IL, American Judicature Society, 1980, pp. 4–5.

[165] *Book of the States, 1980–81, op. cit.*, pp. 158–163. In Ohio, the supreme court names the commission when a complaint is filed. *Ibid.* The State of Washington recently proposed a constitutional amendment that would provide for a judicial qualifications commission. *Comparative State Politics Newsletter*, Vol. 1, No. 4, Lexington, KY, University of Kentucky, May 1980.

[166] Uppal, *op. cit.*, p. 143.

[167] *Ibid.*, pp. 144–146.

[168] Nelson C. Dometrius, "An Assessment of Tenure," a paper prepared for the 1980 Annual Meeting of the Southern Political Science Association, Atlanta, GA, November 1980.

[169] *Book of the States, 1954–55*, Lexington, KY, Council of State Governments, 1954, pp. 154–55; *Book of the States, 1980–81, op. cit.*, pp. 182–183.

[170] Council of State Governments, *State Government Organization (A Preliminary Compilation)*, Lexington, KY, 1979.

[171] *Book of the States, 1954–55, op. cit.*, pp. 160–163; *Book of the States, 1980–81, op. cit.*, pp. 204–205. Information on North Carolina from Prof. Thad Beyle, Department of Political Science, University of North Carolina at Chapel Hill, by telephone March 1981.

[172] All information in this section from *Book of the States, 1956–57*, Chicago, IL, Council of State Governments, 1956, and *Book of the States, 1980–81, op. cit.*

[173] Information on New York supplied by Prof. Joseph F. Zimmerman, State University of New York at Albany, by letter, February 13, 1981.

[174] Thad H. Beyle, "Governors' Views on Being Governors," *State Government*, Vol 52, No. 3, Summer 1979, p. 108. Beyle's observations were based on responses to two surveys conducted in 1976: 16 incumbent Governors as of 1976 and 58 former Governors who had served and left office by that date.

[175] *Ibid.*, pp. 109–110.

[176] *Book of the States, 1980–81, op. cit.*, p. 171.

[177] For an examination of gubernatorial style of one Massachusetts Governor, see Martha Weinberg, *Managing the State*, Cambridge, MA, MIT Press, 1977. In regard to New York, see Robert H. Connery and Gerald Benjamin, *Rockefeller of New York: Executive Power in the State House*, Ithaca, NY, Cornell University Press, 1979, and for California, John C. Bollens and G. Robert Williams, *Jerry Brown: In a Plain Brown Wrapper*, Pacific Palisades, CA, Palisades Publishers, 1978, among others.

[178] Gerald Benjamin, "Executive Powers and State Fiscal Policy," a paper prepared for delivery at the 1978 annual meeting of the American Political Science Association, New York, August/September 1978, p. 21.

[179] Larry Sabato, "Governors' New Office Careers: A New Breed Emerges," *State Government*, Vol. 52, No. 3, Lexington, KY, Summer 1979, p. 95. See, also, his *Goodbye to Goodtime Charlie: The American Governor Transformed, 1950–1975*, Lexington, MA, Lexington Books, 1978, for further discussion of the change in American governors.

[180] Glendening, *op. cit.*, p. 119.

[181] David S. Broder, "Nation's Governors Will Be Heard," *New Haven Register*, New Haven, CT, August 26, 1980.

[182] As quoted by Michael J. McManus, "Governors Propose Realignment of Federal, State Functions," *Omaha World-Herald*, Omaha, NE, August 8, 1980.

[183] National Governors' Association, *Agenda for Restoring Balance in the Federal System*, Washington, DC, August 4, 1980.

[184] Letter from Gov. Bruce Babbitt of Arizona to all Governors, National Governors' Association, February 17, 1981.

[185] John Herbers, "Governors Press for New State Powers," *The New York Times*, New York City, November 16, 1980, p. 36.

[186] Babbitt Letter, *op. cit.*

[187] As quoted in *ibid.*

[188] Initial research for this section was conducted by Patricia Jaggers.

[189] Committee for Economic Development, *Modernizing State Government*, New York, 1967, p. 14.

[190] James Reichley, *States in Crisis*, Chapel Hill, NC, University of North Carolina Press, 1964, p. 198.

[191] John C. Buechner, *State Government in the Twentieth Century*, Boston, MA, 1967, p. 131.

[192] Council of State Governments, *Reorganization in the States*, Lexington, KY, 1972, pp. 12–13.

[193] James L. Garnett, *Reorganizing State Government: The Executive Branch*, Boulder, CO, Westview Press, 1980, p. 120.

[194] Council of State Governments, *Reorganization in the States, 1967–69*, Lexington, KY, October 1969, p. 11.

[195] A. E. Buck, *The Reorganization of State Governments in the United States*, New York, Columbia University Press, 1938, p. 14.

[196] *Book of the States, 1964–65*, Lexington, KY, Council of State Governments, 1964, p. 151, and *Book of the States, 1978–79*, *op. cit.*, pp. 182–185.

[197] Council of State Governments, *Reorganizing State Government*, Chicago, IL, 1950, and *State Government Organization (A Preliminary Compilation)*, Lexington, KY, 1979.

[198] Council of State Governments, *Integrating and Coordinating State Environmental Programs*, Lexington, KY, 1975.

[199] Council of State Governments, *State Government News*, January 1980.

[200] *Ibid.* See also Council of State Governments, *Human Services Integration: State Functions in Integration*, Lexington, KY, 1974.

[201] George A. Bell, "State Administrative Organization Activities, 1974–75," *Book of the States, 1976–77*, *op. cit.*, p. 107.

[202] See Council of State Governments, *Integrating and Coordinating State Environmental Programs*, *op. cit.*

[203] Thad H. Beyle, "State Reorganization Activities Survey," National Governors' Association, 1978.

[204] Responses were received from 40 states. *Ibid.*

[205] Bell, *op. cit.*, p. 112.

[206] *Book of the States, 1964–65*, *op. cit.*, pp. 162–63.

[207] *Book of the States, 1980–81*, pp. 208–212.

[208] *Book of the States, 1980–81*, *op. cit.*, p. 181. These are in addition to the constitutionally required cabinet system in Florida that discourages coordination at the state level.

[209] Judith Nicholson, "State Administrative Organization Activities, 1976–77," *Book of the States, 1978–79*, *op. cit.*, p. 107.

[210] James L. Garnett, *Reorganizing State Government: The Executive Branch*, Boulder, CO, Westview Press, 1980.

[211] George A. Bell, "State Administrative Activities, 1972–73," *Book of the States, 1974–75*, Lexington, KY, Council of State Governments, 1974, p. 138; and "Executive Reorganization and Its Effect on Budgeting," *Summary of the 29th Annual Meeting of the National Association of State Budget Officers*, Lexington, KY, Council of State Governments, 1973, p. 91.

[212] Garnett, *op. cit.*, pp. 47, 48.

[213] *Ibid.*, p. 123.

[214] Kenneth J. Meier, "Executive Reorganization of Government: Impact on Employment and Expenditures," *American Journal of Political Science*, Vol. 24, No. 3, August 1980, pp. 396–411.

[215] ACIR, *State Administrators' Opinions on Administrative Change, Federal Aid, Federal Relationships* (Report M–120), Washington DC, U.S. Government Printing Office, December 1980.

[216] The 1974 American State Administrators Project survey was conducted by Deil S. Wright.

[217] States with a preponderance of "poor" and "fair" ratings in 1974 were: Arizona, Georgia, Illinois, Massachusetts, Missouri, and West Virginia. Only one response, "fair," was received from Oklahoma. No results for Hawaii were reported on this question. In 1978, state administrators perceived reorganization results to be only "poor" or "fair" in Arkansas, Connecticut, Indiana, Maryland, Massachusetts, Missouri, New Mexico, Virginia, West Virginia, and Wisconsin.

[218] "State Reorganization Activities" survey, National Governors' Association, 1978.

[219] Alfred R. Light, "Federalism and the Energy Crisis," *Publius: The Journal of Federalism*, Vol. 6, No. 11, Philadelphia, PA, Temple University Center for the Study of Federalism, p. 83.

[220] Council of State Community Affairs Agencies, *State Departments of Community and Economic Development*, Washington, DC, 1978.

[221] Northwest Federal Regional Council, *Red Tape in the Federal Supermarket*, June 1976, p. 27.

[222] *Ibid.*

[223] National Academy of Public Administration, *Reorganization in Florida: How Is Services Integration Working?*, Washington, DC, September 1977, pp. 65–66.

[224] James Ramsey and Merlin H. Hackbart, *Innovations in State Budgeting: Process, Impact*, Lexington, KY, Center for Public Affairs, College of Business and Economics, University of Kentucky, 1980. This section draws heavily from this source.

[225] Commission on Organization of the Executive Branch of the Government, *Budgeting and Accounting*, Washington, DC, U.S. Government Printing Office, 1949, p. 8.

[226] Allen Schick, *Budget Innovation in the States*, Washington, DC, The Brookings Institution, 1971, p. 56.

[227] *Ibid.*, pp. 59–69, 86.

[228] Ramsey and Hackbart, *op. cit.*, p. 6.

[229] *Ibid.*

[230] *State Progress in Planning and Budgeting Systems*, Lexington, KY, Council of State Governments, 1969, pp. 8–17 as cited in Ramsey and Hackbart, *op. cit.*, p. 6.

[231] Ramsey and Hackbart, *op. cit.*, p. 8.

[232] *Ibid.*, p. 7.

[233] Janet W. Patton and Merlin M. Hackbart, *Innovation in State Government Processes: An Analysis of Selected Programs*, Lexington, KY, Center for Public Affairs, Office for Research, University of Kentucky, 1976, p. 28.

[234] Robert Anthony, "Zero-Based Budgeting is a Fraud," *The Wall Street Journal*, April 27, 1977, p. 26.

[235] Attributed to the state budget officer of New Mexico in Ramsey and Hackbart, *op. cit.*, p. 31.

[236] South Dakota authorized zero-based budgeting in 1978. Robert de Voursney and Elaine S. Knapp, "State Executive Branch Activities," *Book of the States, 1980–81*, *op. cit.*, p. 169.

[237] Ramsey and Hackbart, *op. cit.*, p. ix.

[238] *Ibid.*

[239] Patrick J. Chase did much of the basic research for this section.

[240] Raymond A. Shapek, "Federal Influence in State and Local Personnel Management: The System in Transition," in Joseph A. Uveges, Jr., *The Dimensions of Public Administration*, Boston, MA,

Allyn and Bacon, Inc., 1979, pp. 337–338.

[241] Linda Barbarotta, *The Federal Civil Service Reform Act: Implications for the States*, State Service Note 1, Washington, DC, National Governors' Association Center for Policy Research, *n.d.*, pp. 20–21.

[242] *Ibid.*, p. 20.

[243] *Ibid.*, p. 142.

[244] 5 U.S.C. 1501–1508.

[245] P.L. 93–443, Sec. 401.

[246] The Commission on Political Activity of Government Personnel, *A Commission Report: Research, Volume II*, Washington, DC, U.S. Government Printing Office, 1967, p. 93.

[247] *An Evaluation of the Intergovernmental Personnel Act of 1970: A Report to the Congress of the United States by the Comptroller General* (Report FPCD–80–11), Washington, DC, U.S. General Accounting Office, December 19, 1979, p. 21.

[248] *Ibid.*, p. iii.

[249] On this point, see Shapek, *op. cit.* State governments have been engaged in substantial litigation, both with their employees and with the federal government, over some of these matters. See *National League of Cities v. Usery*, 426 U.S. 833 (1976), and *Elrod v. Burns*, 427 U.S. 347 (1976), among other cases, for example.

[250] U.S. Senate Committee on Government Operations, Subcommittee on Intergovernmental Relations, *More Effective Public Service: The First Report to the President and Congress by the Advisory Council on Intergovernmental Personnel Policy—January, 1973*, Washington, DC, U.S. Government Printing Office, March 1974, p. 70.

[251] 426 U.S. 833 (1976).

[252] David R. Cooke and Evan B. Hammond, "Civil Service Reform," *Book of the States, 1980–81, op. cit.*, p. 242.

[253] *Ibid.*, p. 243.

[254] U.S. Office of Personnel Management, *Civil Service Reform: A Report of the First Year*, Washington, DC, U.S. Government Printing Office, 1980, p. 24.

[255] John Shannon, "The Politics of Fiscal Containment—Its Effects on State and Local Governments on the Federal Aid System," a paper presented to the faculty, Bureau of Governmental Research and Service, University of South Carolina, Columbia, SC, March 17, 1980, Bureau of Governmental Research and Service, University of South Carolina, forthcoming, p. 1.

[255a] *Ibid.*

[256] John Shannon, "State-Local Revenue Issues: What are the Characteristics of a High Quality State-Local Revenue System? Who Pays the Property Tax?," outline of remarks before the National Conference of State Legislatures, New York, NY, July 9, 1980.

[257] *Ibid.*

[258] ACIR, Report M–123, *op. cit.*, p. 95.

[259] *Ibid.*, p. 96.

[260] ACIR, *The Property Tax in a Changing Environment: Selected State Studies* (Report M–83), Washington, DC, U.S. Government Printing Office, March 1974, p. 4.

[261] ACIR, Report M–123, *op. cit.*, p. 95.

[262] ACIR staff compilation.

[263] ACIR staff compilation.

[264] *National Civic Review*, July 1980, p. 406.

[265] Jeanne and David Walker, "Rationalizing Local Government Powers, Functions and Structure," in *States' Responsibilities to Local Governments: An Action Agenda*, prepared by the Center for Policy Research of the National Governors' Association, Washington, DC, 1975, p. 39.

[266] Luther H. Gulick, *The Metropolitan Problem and American Ideas*, 1962, p. 164.

[267] *City of Clinton v. Cedar Rapids and Missouri Railroad Co.*, 24 Iowa 455, 462, 463 (1868).

[268] "It is a general and undisputed proposition of law that a municipal corporation (*read: local government*) possesses and can exercise the following powers and no others: First, those granted in *express words*; second, those *necessarily or fairly implied* in or *incident* to the powers expressly granted; third, those *essential* to the declared objects and purposes of the corporation—not simply convenient but indispensable. Any fair respondable doubt concerning the existence of power is resolved by the courts against the corporation and the power is denied." John F. Dillon, *Commentaries on the Law of Municipal Corporations*, 5th ed., Boston, MA, Little, Brown and Co., 1911, Vol. 1, Sec. 237. Italics in the original except "read: local government."

[269] Joan Aron and Charles Brecher, "Recent Developments in State-Local Relations: A Case Study of New York," a paper prepared for the Conference on the Partnership Within the States: Local Self Government in the Federal System, November 18–20, 1975, pp. 1–2.

[270] Article VII, Sections 1 and 2, adopted March 7, 1978.

[271] Daniel R. Grant, "Urban Needs and State Response: Local Government Reorganization," in The American Assembly, *The States and the Urban Crisis*, edited by Alan K. Campbell, Englewood Cliffs, NJ, Prentice-Hall, Inc., 1970. For recent activity on city-county consolidation, see *Chapter 6* below.

[272] Land Use Planning Reports, *A Summary of State Land Use Controls*, Report 2, Washington, DC, Plus Publications, Inc., January 1975, p. 1. For a discussion of the spread of innovations in land use legislation among the states, see Nelson Rosenbaum, *Land Use and the Legislatures*, Washington, DC, The Urban Institute, 1976.

[273] Council of State Governments, *State Growth Management*, Lexington, KY, May 1976, pp. 24–25. The council has published a series of studies on state land use programs and policies developed by the Task Force on Natural Resource and Land Use Information and Technology. The Council sponsored the task force in cooperation with the U.S. Department of the Interior. The studies are: *State Alternatives for Planning and Management* (final report of the task force); *Land-Use Management: Proceedings of The National Symposium on Resource and Land Information; A Legislator's Guide to Land Management; Land-Use Policy and Program Analysis Number 1: Intergovernmental Relations in State Land-Use Planning; Land-Use Policy and Program Analysis Number 2: Data Needs and Resources for State Land-Use Planning; Land-Use Policy and Program Analysis Number 3: Organization, Management and Financing of State Land-Use Programs; Land-Use Policy and Program Analysis Number 4: State of the Art for Designation of Areas of Critical Environmental Concern; Land-Use Policy and Program Analysis Number 5: Issues and Recommendation—State Critical Areas Programs*; and *Land-Use Policy and Program Analysis Number 6: Manpower Needs for State Land-Use Planning and Public Involvement in State Land-Use Planning*.

[274] U.S. General Accounting Office, *State and Local Government's Views on Technical Assistance* (Report GGK–78–58), Washington, DC, July 12, 1978, pp. ii, 38, 45.

[275] ACIR, *State–Local Relations Bodies: State ACIRs and Other Approaches* (Report M–124), Washington, DC, U.S. Government Printing Office, March 1981, p. 37.

[276] Joseph F. Zimmerman, "State Agencies for Local Affairs: The Institutionalization of State Assistance to Local Governments," mimeographed, Albany, NY, State University of New York at Albany, Graduate School of Public Affairs, Local Government Center, 1968.

[277] ACIR, Report M–124, *op. cit.*, pp. 38–39.

[278] *Ibid.*

[279] ACIR, *The States and Intergovernmental Aids* (Report A–59), Washington, DC, U.S. Government Printing Office, February 1977, p. 9.

[280] See Table 5, ACIR, *Recent Trends in Federal and State Aid to Local Governments* (Report M–118), Washington, DC, U.S. Government Printing Office, 1980, p. 8.

[281] ACIR, *Urban America and the Federal System* (Report M–47), Washington, DC, U.S. Government Printing Office, 1969, p. 2.

[282] Roscoe C. Martin, *The Cities and the Federal System*, New York, Atherton Press, 1965, p. 77. See, also: The American Assembly, *The States and the Urban Crisis*, edited by Alan K. Campbell, Englewood Cliffs, NJ, Prentice-Hall, Inc., 1970; Lee S. Green, Malcolm E. Jewell, and Daniel R. Grant, *The States and the Metropolis*, University, AL, University of Alabama Press, 1968; A. James Reichley, "The States Hold the Keys to the Cities," *Fortune*

Magazine, June 1969; and Paul N. Ylvisaker, "The Growing Role of State Government in Local Affairs," *State Government,* Summer 1968.

[283] *Ibid.,* p. 79.

[284] In this respect, the experience in West Virginia is enlightening. More than 40 years after the voters approved a constitutional amendment providing for municipal home rule, the state supreme court ruled that cities did not have home rule at all because the legislature's authority to implement the amendment had been used in such a way that it circumscribed local autonomy. Those counting home rule states included West Virginia all these years, although persons familiar with its operations were cognizant of its limited nature.

[285] See ACIR, *Measuring Local Discretionary Authority,* M-131, Washington, DC, U.S. Government Printing Office, November, 1981.

[286] For an account of home rule development, see William N. Cassella, Jr., "A Century of Home Rule," *National Civic Review,* New York, National Municipal League, October 1975, pp. 441–450.

[287] David B. Walker, "The Localities and the New Intergovernmental System (Will More Aid Assist, Atrophy, or Asphyxiate American Counties, Cities, and Towns?)", a paper prepared for the seminar on "A Federal Response to the Fiscal Crises in American Cities," Washington, DC, June 15, 1978.

[288] ACIR (Report M–131), *op. cit.*

[289] The four types of discretionary authority were weighted as follows: financial—4; functional—3; personnel—2; and structural—1. The index for each type of local unit (cities, counties, towns, villages, townships, and boroughs) became the weighted average of the four separate indexes. The composite index for each state was calculated by weighting the index for each of the six types of local units according to the portion of the state's nonschool local direct expenditures represented by that type of unit. ACIR staff ratings, *ibid.*

[290] Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration,* Athens, GA, University of Georgia Institute of Government, 1978, p. 44.

[291] *Ibid.*

[292] In addition, traditions and the desire to create a state budget surplus by requiring local governments to perform certain functions may also operate. Advisory Commission on Intergovernmental Relations, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, 1978, p. 16.

[293] Commonwealth of Massachusetts, Legislative Research Council, *Report Relative to Restricting the Application of State Laws Adding to Local Government Costs,* House Report No. 5841, April 15, 1975, p. 53.

[294] From the statement of Alameda County Supervisor Fred F. Cooper before the House of Representatives, Committee on Banking, Finance and Urban Affairs' Subcommittee on the City, July 25, 1978.

[295] ACIR, *In Brief: State Mandating of Local Expenditures* (Report B–2), Washington, DC, U.S. Government Printing Office, 1978, p. 6. This is a brief summary of *State Mandating of Local Expenditures, op. cit.*

[296] Catherine H. Lovell, Robert Kneisel, Max Neiman, Adam Z. Rose, and Charles A. Tobin, *Federal and State Mandating on Local Governments: An Exploration of Issues and Impacts,* Final Report to the National Science Foundation, June 20, 1979, Riverside, CA, Graduate School of Administration, University of California, Riverside, p. 71.

[297] Catherine H. Lovell and Charles Tobin, "Mandating—A Key Issue for Cities," in *The Municipal Year Book, 1980,* Washington, DC, The International City Management Association, 1980, p. 73. This is a summary version of some of the points in the major study.

[298] Lovell, et. al., *Federal and State Mandating on Local Governments: An Exploration of Issues and Impacts, op. cit.,* p. 72.

[299] ACIR (Report A–67), *op. cit.,* pp. 2–3.

[300] *Ibid.*

[301] Among the state studies are: James M. Banovetz and Carol A. Kachadoorian, *One Half of Property Tax for Payment of State Mandated Costs* (Illinois), DeKalb, IL, Northern Illinois University, Center for Governmental Studies, 1979; Lynn P. Pehrns under the direction of J.D. Arehart, "Mandated Costs for Colorado Local Governments," Colorado Division of Local Government, Denver, CO, February 1975; Kenneth J. Emmanuels, "California Cost Reimbursement Law," paper presented at the Annual Convention of the Michigan Municipal League, September 8, 1976; David Minge with the collaboration of Audie L. Blevins, Jr., *Effect of Law on County and Municipal Expenditures, as Illustrated by the Wyoming Experience,* Laramine, WY, Wyoming Law Institute, University of Wyoming, 1975; and *Restricting the Application of State Laws Adding to Local Government Costs,* Boston, MA, Massachusetts Legislative Research Bureau, 1975.

[302] ACIR (Report A–67), *op. cit.,* p. 3.

[303] Jane F. Roberts, "States Respond to Tough Fiscal Challenges," *Intergovernmental Perspective,* Spring 1980, p. 24.

[304] ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, 1980, pp. 4, 15, 18.

[305] *Ibid.,* p. 35.

[306] *Ibid.,* p. 36.

[307] See Education Commission of the States, *Equity in School Finance,* Denver, CO, Education Finance Center, Education Commission of the States, 1980.

[308] See *Table 62.*

[309] *John Serrano, Jr., et. al. v. Ivy Baker Priest,* 5 CA 3rd 584 (1971).

[310] ACIR, *Significant Features of Fiscal Federalism, 1978–79 Edition* (Report M–115), Washington, DC, U.S. Government Printing Office, 1979, p. 23 and Report M–123, *op. cit.,* p. 18.

[311] *Ibid.,* Report M–115, p. 24; Report M–123, p. 18. 1979 figures are ACIR staff calculations.

[312] ACIR staff calculations.

[313] ACIR, Report M–115, *op. cit.,* p. 170.

[314] *Ibid.,* p. 169.

[315] ACIR, Report M–118, *op. cit.,* Table A–1, pp. 32–33.

[316] *Ibid.,* p. 9

[317] See Tables A–2 and A–4, *ibid.,* pp. 34–35; 38–39.

[318] U.S. Bureau of the Census, *State Government Finances in 1979,* GF 79, No. 3, Washington, DC, U.S. Government Printing Office, 1980, p. 53.

[319] U.S. Bureau of the Census, *State Government Finances in 1972,* GE 72, No. 3, Washington, DC, U.S. Government Printing Office, 1973, p. 39.

[320] ACIR, *Pragmatic Federalism: The Reassignment of Functional Responsibility* (Report M–105), Washington, DC, U.S. Government Printing Office, 1976, p. 37.

[321] *Connecticut Public Acts of 1959,* Number 152. *Connecticut General Statutes Annotated,* Title 6-2a and 6-2b.

[322] ACIR, Report M–105, op. cit., pp. 19–23.

[323] *Ibid.,* p. 43, Table XIII.

[324] *Ibid.,* p. 23.

[325] *Ibid.,* citing *Rhode Island General Laws Annotated,* Sec. 23-25-19 (1968), and *Delaware Code Annotated,* Title 7, Sec. 6207 (1968).

[326] ACIR, Report M–83, *op. cit.,* pp. 4–6.

[327] *The States and Distressed Communities: Indicators of Significant Actions,* a Report by Staff of the National Academy of Public Administration and the Advisory Commission on Intergovernmental Relations to the Office of Community Planning, U.S. Department of Housing and Urban Development, September, 1979, p. 32.

[328] David B. Walker, "The Localities and the New Intergovernmental System (Will More Aid Assist, Atrophy, or Asphxiate American Counties, Cities, and Towns?)," a paper prepared for the seminar on "A Federal Response to the Fiscal Crises in American Cities," Washington, DC, June 15, 1978, pp. 15–16.

[329] These states are Alabama, Alaska, Arizona, Delaware, Indiana, Kentucky, Maine, Nebraska, New Mexico, Oklahoma, Tennessee, Texas, and West Virginia. ACIR staff compilation.

[330] Steven David Gold, *Property Tax Relief,* Lexington, MA, Lexington Books, 1979, pp. 56–57.

[331] Jane Roberts, "The States Respond to Tough Fiscal Challenges," *Intergovernmental Perspective,* 6:2, Spring, 1980.

[332] ACIR, *State Limitations on Local Taxes and Expenditures* (Report

A–64), Washington, DC, U.S. Government Printing Office, 1977, pp. 1–2.

[333] *Ibid.*, p. 11.

[334] *Ibid.*, p. 12.

[335] *Ibid.*

[336] John Shannon and Carol S. Weissert, "After Jarvis: Tough Questions for Policy Makers," *Intergovernmental Perspective*, 4:3, Summer, 1978.

[337] National Governors' Association, *Governors' Bulletin*, June 6, 1980, *op. cit.*, p. 1. The study is "State Tax Policy, 1979," prepared by the NGA Center for Policy Research, Washington, DC, 1980.

[338] ACIR, *State Limitations on Local Taxes and Expenditures* (Report A–64), Washington, DC, U.S. Government Printing Office, 1977, p. 3.

[339] John E. Petersen, Lisa A. Cole, and Maria L. Petrillo, *Watching and Counting: A Survey of State Assistance to and Supervision of Local Debt and Financial Administration*, National Conference of State Legislatures and the Municipal Finance Officers Association, October, 1977, p. 3.

[340] The Bond Buyer's "Municipal Finance Statistics," Vol. 14, June 1976, as included in ACIR, *Significant Features of Fiscal Federalism, 1976–77 Edition* (Report M–110), Washington, DC, U.S. Government Printing Office, 1977, p. 82.

[341] Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration*, Athens, GA, Institute of Government, University of Georgia, 1978, p. 7.

[342] ACIR, *State Constitutional and Statutory Restrictions on Local Government Debt* (Report A–10), Washington, DC, U.S. Government Printing Office, 1961.

[343] ACIR, Report M–110, op. cit., pp. 83–91.

[344] Hill, *op. cit.*, p. 46.

[345] *An Evaluation of the Intergovernmental Personnel Act of 1970, op. cit.*, p. 79.

[346] See ACIR, *City Financial Emergencies: The Intergovernmental Dimension* (Report A–42), Washington, DC. U.S. Government Printing Office, July 1973, p. 5.

[347] These definitions are based on those used in John E. Petersen, C. Wayne Stallings, and Catherine Lavigne Spain, *State Roles in Local Government Financial Management: A Comparative Analysis*, Washington, DC, Government Finance Research Center for the Department of Housing and Urban Development, June 1979, p. 28.

[348] The accounting principles related to: (1) fund accounting, providing for the establishment of different types of funds for restricting and general purpose monies; (2) a budget or financial plan for each fund, showing actual and budgeted revenues and expenditures; (3) legal compliance, meaning that violations of the law are to be reported even though, in some instances, the law may conflict with accounting principles; (4) the use of accrual or modified accrual basis for timing the reporting of financial transactions; (5) separate accounts for fixed assets and depreciation recording for enterprise funds only, with no general fixed asset depreciation; (6) separate accounts for long-term liabilities; and (7) financial statements for each fund and a comparison of actual budgeted revenues and expenditures. See John E. Petersen, Lisa A. Cole, and Maria L. Petrillo, *Watching and Counting: A Survey of State Assistance to and Supervision of Local Debt and Financial Administration*, National Conference of State Legislatures and Municipal Finance Officers Association, October 1977, pp. 22–23.

[349] ACIR, *Information Bulletin*, No. 79–7, Washington, DC, November 1979.

[350] John E. Petersen, Lisa A. Cole, and Maria L. Petrillo, *Watching and Counting: A Survey of State Assistance to and Supervision of Local Debt and Financial Administration*, Washington, DC, National Conference of State Legislatures and Municipal Finance Officers Association, October 1977, p. 4.

[351] *Ibid.*, p. 10.

[352] David T. Stanley, "Cities in Trouble," prepared for the Academy for Contemporary Problems, Columbus, Ohio, as reprinted in *Managing Fiscal Stress*, edited by Charles H. Levine, Chatham, NJ, Chatham House Publishers, Inc., 1980, pp. 113–114.

[352a] Martin Shefter, "New York City's Fiscal Crisis: The Politics of Inflation and Retrenchment," *The Public Interest*, No. 47, Summer 1977, pp. 98–127, as reprinted in Levine, *op. cit.*, pp. 82–83.

[353] *The States and Distressed Communities: Indicators of Significant Actions, op. cit.*, p. ii.

[354] *The 1981 Distressed Communities Report:* A Report by the U.S. Advisory Commission on Intergovernmental Relations to the Office of Community Planning and Development, Washington, DC, U.S. Department of Housing and Urban Development, forthcoming.

[355] *Ibid.*

[356] Thomas R. Dye and Thomas L. Hurley, "The Responsiveness of Federal and State Governments to Urban Problems," *Journal of Politics*, 40:1, February 1978, p. 204. For comments on the methodology used in this research and a response, see Peter D. Ward, "The Measurement of Federal and State Responsiveness to Urban Problems," *Journal of Politics*, Volume 43, Number 1, February 1981, pp. 83–101; and Thomas R. Dye and P. Lane Hurley, "Measuring Responsiveness: A Brief Reply," *ibid.*, pp. 102–103.

[357] *Bypassing the States: Wrong Turn for Urban Aid*, Washington, DC, National Governors' Association Center for Policy Research, 1979, pp. 2, 12.

[358] See *Chapter 3*, Appendix.

[359] Charles Warren, "Analysis of State Activity in Development of Comprehensive Community Strategies," January 1979, as cited in "The Urban Policy Role of the States," prepared for the Office of the Assistant Secretary for Community Planning and Development, Purchase Order HUD 848–79, by Hamilton-Rabinovitz, Inc., August 7, 1979, pp. 36–38.

[360] Robert D. Thomas' comment at meeting of Council of University Institutes for Urban Affairs, Washington, DC, March 12, 1980.

[361] Florence Zeller, *ibid.*

[362] For a detailed account of these activities, see ACIR, *State-Local Relations Bodies: State ACIRs and Other Approaches* (Report M–124), Washington, DC, U.S. Government Printing Office, March 1981.

[363] For an analysis of these departments, see Joseph F. Zimmerman, "State Agencies for Local Affairs: The Institutionalization of State Assistance to Local Governments," mimeographed, Albany, NY, State University of New York at Albany, Graduate School of Public Affairs, Local Government Center, 1968; ACIR, Report M–124, *op. cit.*; Council of State Community Affairs Agencies, *DCA Roles in Local Government Financial Management: Ten State Profiles*, Washington, DC, Department of Housing and Urban Development, December 1978; and Page L. Ingraham, "New Role for the States," *Public Management*, June 1968, pp. 138–142.

[364] The most comprehensive work on commissions on interstate cooperation is Patricia S. Florestano, *Interstate Cooperation Commissions*, Annapolis, MD, Maryland Commission on Interstate Cooperation, 1974.

[365] For more information on these organizations, see Vincent L. Marando and Patricia S. Florestano, "State Commission on Local Government: A Mechanism for Reform," *State and Local Government Review*, May 1977, pp. 49–59.

[366] See Nicholas B. Wilson, "Enhancing Federal-State Relations: State Liaison Offices in Washington," Ph.D. Dissertation, University of Maryland, College Park, MD, 1975.

[367] This section relies heavily on Mavis Mann Reeves, "The Federal Problem in State-Local Relations," *South Atlantic Urban Studies*, forthcoming, 1981.

[368] ACIR, Report A–77, *op. cit.*, p. 4.

[369] See *Chapter 2*, herein.

[370] ACIR, *The Intergovernmental Grant System As Seen by Local, State, and Federal Officials* (Report A–54), Washington, DC, U.S. Government Printing Office, 1977, p. 91.

[371] Paula Alford and Hamilton Brown, "Fiscal Management of Federal Pass-Through Grants: The Need for More Uniform Requirements and Procedures," preliminary draft of a study for ACIR, 1980.

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[373] I. Carl Candoli, "The Impact of Grants Consolidation on Local Schools," in *Grants Consolidation: A New Balance in Federal, Aid to Schools?*, edited by C. Phillip Kearney and Elizabeth A. VanderPutten, Washington, DC, The Institute for Educational Leadership, The George Washington University, 1979, p. 37.

[374] Gardner, *op. cit.*

[375] Mavis Mann Reeves, "Politics, Public Policy, and Intergovernmental Relations: The Rural Community Fire Protection Program," a paper prepared for delivery at the American Society for Public Administration, San Francisco, CA, 1979. See, also, ACIR, *The Federal Role in Local Fire Protection* (Report A–85), Washington, DC, U.S. Government Printing Office, 1980, pp. 99–100.

[376] P. L. 94–142.

[377] 45 *Code of Federal Regulations* 121a. 34.

[378] Edith K. Mosher, Anne H. Hastings, and Jennings L. Wagoner, Jr., *Pursuing Equal Educational Opportunity: School Politics and the New Activists*, New York, Clearing House on Urban Education, Teachers College, Columbia University, 1979, p. 21.

[379] Michael W. Kirst, "State Role in Regulating Local Schools," in *Government in the Classroom: Dollars and Power in Education*, edited by Mary Frese Williams, New York, The Academy of Political Science, Columbia University, 1978, p. 51.

[380] Mosher, et. al., *op. cit.*, p. 18.

[381] Bruce O. Boston, *Education Policy and the Education for All Handicapped Children Act (P.L. 94–142): A Report of Regional Conferences, January-April, 1977*, Washington, DC, Institute for Educational Leadership, The George Washington University, 1977, p. 31.

[382] G. Ross Stephens and Gerald W. Olson, "The Redistributive Function of Federal and State Governments," a revision of a paper presented to the Conference on Resource Targeting to Urban Areas, University of Maryland, College Park, MD, May 15, 1980, p. 3.

[383] Reeves, "Politics, Public Policy, and Intergovernmental Relations," *op. cit.*

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[385] *Ibid.*

[386] Gardner, *op. cit.*

[387] See Janet Simons and Barbara Dwyer, "Education of the Handicapped: Impacts at the State Level," in Williams, *op. cit.*

[388] See ACIR, Report A–85, *op. cit.*

[389] See *Chapter 5*.

[390] ACIR staff calculations. For other examples, see J. Norman Reid, Jerome N. Stam, Susan E. Kestner, and W. Maureen Godsey, *Federal Programs Supporting Multicounty Substate Regional Activities: An Analysis*, Washington, DC, Economic Development Division, Economic Statistical and Cooperative Service, U.S. Department of Agriculture, May 1980.

[391] 29 U.S.C. 801 *et. seq.*

[392] 42 U.S.C. 300K through 300T, especially section 300L.

[393] 42 U.S.C. 3121 *et. seq.*; 30 C.F.R. 303.

[394] Bruce D. McDowell, "Most States Support Regional Councils, All Could Do More," *National Association of Regional Councils Report*, No. 42, Washington, DC, September 1979, p. 3.

[395] Regional Planning Council Act of 1980, *Florida Statutes*, Chapter 160.

[396] Reeves, *op. cit.*

[397] For example, state budget officers supported a number of federal management circulars: FMC 74–7, Uniform administration requirements for grants; FMC 74–4, Cost principles applicable to grants and contracts; and FMC 72–3, Audit of federal programs by executive agencies. ACIR, *The Intergovernmental Grant System As Seen by Local, State, and Federal Officials* (Report A–54), Washington, DC, U.S. Government Printing Office, 1977, pp. 93–95.

[398] U.S. House Committee on Banking, *City Need and The Reponsiveness of Federal Programs*, Washington, DC, U.S. Government Printing Office, 1978; Theodore J. Aragnoson, "Politics in the Distribution of Federal Grants," in *Political Benefits*, Barry Rundquist, ed., Lexington, Heath, 1979; Robert M. Stein, "Federal Categorical Aid: Equalization and the Application Process," *Western Political Quarterly*, 32, 1979, pp. 396–409; and Thomas Anton, "Intergovernmental Change in the United States: Myth and Reality," Ann Arbor, MI, Intergovernmental Fiscal Project, 1980.

[399] Thomas J. Dye and Thomas Hurley, "The Responsiveness of Federal and State Governments to Urban Problems," *Journal of Politics* 40, 1978, pp. 196–201; National Governors Association, *By-Passing the States: Wrong Turn for Urban Aid*, Washington, DC, National Governors' Association, 1980.

[400] National Governors' Association, *op. cit.*, p. 1.

[401] ACIR, *The States and Intergovernmental Aids* (Report A–59), Washington, DC, U.S. Government Printing Office, 1977; and Selma Mushkin and Kenneth Biederman, "Defining Tax Revenue Relationships" (a paper presented to National Governors' Association, June 8–11, 1975, New Orleans, LA).

[402] Mushkin and Biederman, "Defining Tax Revenue," *op, cit.*, p. 3.

[403] ACIR, *op. cit.*, p. 25.

[404] *Ibid.*, p. 26, and ACIR unpublished 1977 update.

[405] Paul Dommel, "Urban Policy and Federal Aid: Redistributive Issues," in *Urban Problems and Public Policy*, ed., Louis Massotti and Robert Lineberry, Lexington, MA, Heath, 1975, p. 135.

[406] G. Ross Stephens, "State Centralization and the Erosion of Local Autonomy," *Journal of Politics* 36, 1974, pp. 44–76.

[407] This assumption, however, may be in need of strong qualification. It remains to be shown that the distributional and policy impact of direct state expenditures is uniform throughout individual states. It is safe, however, to assume that the distribution of direct state expenditures is subject to less of distortion than the allocation of state aid moneys. For a further discussion of this issue set within the municipal context see Robert Lineberry, *Equality and Urban Policy: The Distribution of Municipal Public Services*, Beverly Hills, CA, Sage, 1977.

[408] Thomas Anton, "Data Systems for Urban Fiscal Policy: Toward a Reconstruction," (a paper presented at the NSF Conference on Comparative Urban Research, February, 1979, Chicago, Illinois.

[409] The Census Bureau's measure of state aid expenditures includes federal aid moneys passed through to municipal governments and thus tends to systematically overstate the amount of state aid allocated to substate governments. The problem of separating federal passthrough moneys from state aid expenditures is widely recognized but only minimally discussed in their literature; see Anton, "Data Systems . . ." ACIR, *Recent Trends in Federal and State Aid to Local Governments* (Report M–118), Washington, DC, U.S. Government Printing Office, 1980, and ACIR, *The States and Intergovernmental Aids, op. cit.* The ACIR's estimates of the federal portion of state-local aid expenditures reveals that most passthrough moneys go to independent school districts and counties (i.e., welfare, education, and highway services) and *not* to municipal governments. This fact lessens the degree to which federal passthrough moneys distort state aids to municipal governments.

[410] U.S. Department of Housing and Urban Development has recently compiled a special census of small cities (i.e., under 25,000). Pending the wider availability of this data base, the current analysis should be taken as a tentative test of the diversity of state aid allocations. The District of Columbia was excluded from the sample since it is not covered by any state jurisdiction.

[411] ACIR, *The Federal Influence on State and Local Roles in the Federal System* (Report A–89), Washington, DC; U.S. Government Printing Office, 1981, Technical Appendix.

[412] ACIR (Report A–59), *op. cit.*, and ACIR (Report M–118), *op. cit.*

[413] See National Academy of Public Administration and ACIR, *The States and Distressed Communities: Indicators of Significant Actions*, Washington, DC, National Academy of Public Administration, 1979.

[414] Data on each independent measure of social and fiscal need were available for the three years studied. In the case of several population-based measures (aged and school age children), the data are estimates for each year based on the projected figure from the 1970 census. These estimates are made by the Bureau of Census, Bureau of Eco-

nomic Statistics, and Office of Revenue Sharing, *General Revenue Sharing, Initial State and Local Data Elements, Entitlement Periods 1–11*, Washington, DC, U.S. Government Printing Office 1979, pp. i–xv.

[415] Factor analysis was employed as a data-reduction technique and as a means of verifying the dimensionality hypothesis. Factor scores were computed by *inputting* the hypothesized indicators to a principal components analysis. Components associated with eigenvalues of one or greater were retained. It was hypothesized that only one component would be extracted. Standardized social need scores were then computed. No per capita or percentage measures have been used in the measure of social need, for want of a theoretical compelling reason. The inclusion of total population together with per capita measures of other independent variables in a single equation would artificially suppress the explanatory power of population by introducing a control for size through the use of standardized measures. See Eric Uslaner, "The Pitfalls of Percapita," *American Journal of Political Science*, 35, 1976, pp. 125–133, for a further discussion of this issue.

[416] Susan McManus, *Revenue Patterns in U.S. Cities and Suburbs: A Comparative Analysis*, New York, NY, Praeger, 1978, p. 12.

[417] The revenue sources included: property, general sales, alcoholic, motor fuels, public utilities, tobacco, motor vehicles licenses, other licenses, income taxes and other selective sales and gross receipts tax.

[418] Scale scores for state-local discretionary authority (i.e., homerule, functional and fiscal authority) were computed by summing index values (i.e., 2 = discretion extended to locality, 1 = discretion not extended to locality) and dividing the total by the number of items comprising the index. The resulting score is the average score per indicator. This procedure reduces the bias introduced by missing data due to noncomparable state statutes.

[419] The source of this data is Melvin Hill, *State Laws Governing Local Government Structure and Administration*, Athens, GA, Institute of Government, 1978.

[420] The source of this data is ACIR (Report A–59), *op. cit.* and ACIR, *Pragmatic Federalism: The Reassignment of Functional Responsibility*, (Report M–105), Washington, DC, U.S. Government Printing Office, 1976.

[421] *Ibid.*

[422] *Ibid.*, and ACIR, (Report M–118), *op. cit.*

[423] ACIR (Report M–118), *op. cit.* Functional dominance is defined as state expenditures which exceed 50% of total state-local expenditures.

[424] *Ibid.*, and ACIR, unpublished 1977 update.

[425] There is a growing debate over the appropriateness of per capita aid measures when examining the allocation of state-local assistance. Uslaner, "Pitfalls of Per Capita," and Peter Ward, "The Measurement of Federal and State Responsiveness to Urban Problems," *Journal of Politics* (February 1981), both argue that there must be a theoretically compelling reason for the use of standardized aid measures. Ward notes that aid moneys are not allocated by states or federal government on a per capita basis and therefore evaluations of these aid programs employing per capita or percentage measures produce distorted results. Although we agree with the logic of this argument, our own analysis fails to produce a significant empirical difference between per capita and total aid measures. Both dependent measures of aid allocations were employed in separate analyses and failed to produce different results. Although the coefficients are obviously different due to difference in metrics, the pattern of equalization observed for both dependent measures is virtually identical. We have reported per capita measures because of their ease of interpretation, not because they are more theoretically meaningful.

[426] Seven states—Alaska, Delaware, Vermont, Virginia, Hawaii, Wyoming, and South Dakota—were excluded from the analysis. The number of cities over 25,000 in six of these states was not large enough to permit the calculation of need-aid slopes. A large number of cities in Virginia have urban county status. Their inclusion poses problems of comparability and thus they have been excluded from the analysis.

[427] All independent and dependent measures have been deflated for national rates of inflation, using 1967 as the base year.

[428] George Sternlieb, and James Hughes, "New Regional and Metropolitan Realities of America," *Journal of the American Institute of Planners* 43, 1977, pp. 227–241.

The Five Types of Local Government: Characteristics and Development

Chapter 2 found that among all types of local government, municipalities account for the largest share of direct expenditures and provide the greatest number and variety of services. At the same time, it revealed that in the past ten years municipalities have regressed by both these measures and that counties and special districts have increased in relative importance.

The purpose of this chapter is to identify the essential characteristics of each type of local unit and the principal forces fostering or inhibiting the growth and development of their functional responsibilities. The objective is to gain an understanding of why each of the types plays its current role, and why shifts are occurring—and may continue to occur—in their relative importance as providers and funders of local services.

THE TYPES OF UNITS

A basic fact about local governments in the United States is their great diversity with respect to such matters as legal nature, size, area, functions, and organizations, both within and among states. Disregarding numerous variations in detail, however, local units may be grouped into a relatively small number of classes on any one of several bases. According to their legal nature, for instance, they may be divided between municipal corporations and quasi-municipal corporations. Or, on the basis of the number of functions, a differentiation may be made between general-purpose governments, such as municipalities and counties, providing a range of services and special-purpose governments, such as school districts, limited to one or a few services.

The first comprehensive effort to inventory local units of government, by Prof. William Anderson in the early 1930s, sorted localities into four principal classes: (1) counties, (2) incorporated places, (3) townships, and (4) special districts, with the last being subdivided into school districts and all other special districts.[1] The Anderson classification was used by the U.S. Bureau of the Census in its first enumeration in 1942,[2] and is essentially the one that has been employed in the quinquennial censuses of local governments—from the first in 1957 until the latest in 1977—with "municipalities" replacing "incorporated places" and school districts set out separately from other special districts.

Like all typologies, the Census classification obscures individual differences among items included in the same class. Such differences can have a significant dollars and cents impact, as when the classes are used in determining entitlements for federal aid funds, as is increasingly the case.[3] Yet, the Census classification is readily accepted by most students of government and hence was used in delineating the current pattern of functional assignment in *Chapter 2* and is followed in this chapter. An effort is made, however, to note diversity within classes where appropriate.

Numbers and Sizes

In 1977 the Census Bureau counted almost 80,000 units of local government. *Table 87* sets forth the numbers of each of the five classes for 1977 and the preceding three governmental censuses.

For the 35-year period 1942 to 1977, the most notable trend in the number of local units is the growth in number of special districts and the decline in number of school districts (see *Table 88*). Continuing new incorporations have added to the number of municipalities but at a declining rate of increase. Taken together, counties, municipalities, and townships—the three types of general-purpose local governments[4]—have remained relatively stable in number.

Few surprises are revealed in the distribution of counties, municipalities, and townships by population size (see *Table 89*). Over one-half of the municipalities have less than 1,000 population each and together account for less than 3% of the total municipal population; and 0.5% of the townships include over one-fifth of the total township population.

The variation in size of the governmental units themselves also is evident when the units are grouped by number of full-time equivalent employees (*Table 90*). The proportions with no full-time employees are substantial for municipalities (23.4%), townships (51.5%), and special districts (67.4%). Some of the 3,000-plus counties fell into this relatively inactive or "paper government" category. The following proportion of these units have fewer than 25 full-time equivalent employees: municipalities—73.3%, townships—93.5%, special districts—93.9%, and counties—4.2%, or a total for all local units of 72.1%. Stated another way, the proportion of units of government with 25 or more full-time employees was counties—95.8%, municipalities—26.7%, townships—6.5%, and special districts—6.1%.

Table 87

NUMBER OF UNITS OF LOCAL GOVERNMENT, BY TYPE, FIVE-YEAR INTERVALS, 1962–77

	1977	1972	1967	1962
Counties	3,042	3,044	3,049	3,043
Municipalities	18,862	18,517	18,048	18,000
Townships	16,822	16,991	17,105	17,142
School Districts	15,174	15,781	21,782	34,678
Special Districts	25,962	23,885	21,264	18,323
Total	79,862	78,218	81,248	91,186

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1972 and 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1974 and 1979, Table A.

THE LOCAL SYSTEM'S HISTORIC ORIGIN

The history of an institution can help explain its present nature. Hence, before examining each of the five types of units, the American beginnings of each are briefly described.

The county, the municipality, and the township originated at about the same time and from the same general source. The school district and the special district had different, separate origins.

Counties, Townships, and Municipalities

The basic pattern of American local government came originally from the well-developed 17th Century system of local government in England.[5] The county, the township or parish, and the borough were thriving institutions of English local government at the time the Pilgrims left Plymouth. When these forms were transplanted to the colonies, such alterations as occurred were adaptations

to local conditions rather than adjustments to the influences of other national groups. These variations generally followed sectional lines: New England, the Middle Atlantic, and the South.

In New England, counties existed as geographic subdivisions of the colonies but had primarily judicial duties. The unincorporated town was the primary local unit. Towns were composed mostly of groups of landowners belonging to a particular church congregation on a covenant basis and living in a defined area. Town functions included poor relief, road building and maintenance, public schools, militia organization, business regulation, land recording, and criminal and civil justice. Constituting areal subdivisions of the counties and therefore blanketing the entire territory of the colony, towns served as the unit of representation in the colonial assembly. Despite considerable uniformity imposed on them by the assembly, they retained substantial autonomy..

In the Middle Atlantic colonies (New York, Pennsylvania, New Jersey, and Delaware) a county-township combination evolved at the local level. In New York and New Jersey this took the form of an elective county board of town supervisors consisting of a freeholder from each town (township) which supervised, levied and assessed taxes for county purposes. The town had been the basis of local government, with town officers including the constable and overseers elected by freeholders in a town meeting. In Pennsylvania, a vigorous county government evolved in the absence of strong township government. Three county commissioners elected-at-large started with power to make tax assessments and in time developed into the chief county administrative authority. This county institution later was replicated in many western states. Pennsylvania counties also had certain offices transplanted from England, including the sheriff, clerk of the court, and coroner. Other county offices, such as the district attorney, recorder of deeds, and register of wills, developed from comparable provincial offices decentralized to the county level. Still others, including auditors and treasurers, represented original responses to the expanding needs of colonial county administration. Although most were appointed by the colonial governor, some were named by the county court of justices or the county commissioners.

Significant in this local government development in the Middle Atlantic states was the emergence of a county board to administer county affairs—taking away administrative responsibilities from the county courts of justice and foreshadowing the "separation of powers" of later national and state constitutions. In addition, the townships in these states were governmentally subordinate to the county rather than independent units of government as in New England.

The southern colonies developed still a third pattern of local government. The county early became the chief unit of local rural government as tobacco and other farming on large plantations made it the logical basis for local government. In Virginia, the original local units were parishes with an ecclesiastical focus; but in 1634, the colony was divided into shires or counties—each with a sheriff, lieutenant, coroner, and justices of the peace, all appointed by the governor. Although Maryland's local government started out its colonial period somewhat differently, at the time of the Revolution, it was similar to that of Virginia. In the royal colonies of the Carolinas, counties were also the important units of local government, although in South Carolina parishes served ecclesiastical and poor relief purposes. Until the post-Revolutionary period, parishes were the local units of Georgia, at which time counties were organized. In the southern colonies, the nuclei of county administration generally were the justices of the peace, sitting in quarterly sessions and serving both judicial and administrative purposes.

Urban growth was too meager to stimulate much development of municipal government in colonial America. Few incorporated municipalities existed; only 23 municipal charters were granted and seven of these did not last long. In their 17th Century form, these municipalities were very similar to the English borough. Although their charters came from the Crown through the royal govenor or proprietor, sometimes they were amended by the colonial assemblies. Such assembly action dealt with governmental structure, local police, public improvements, and finance. Mayors presided over municipal councils but had few other powers; what little administrative work there was came under the supervision of council committees.

Only five municipalities in 1760, had a population of more than 8,000. The municipal corporation was more a business enterprise than a governmental unit. Public utilities—such as markets, docks and ferries—and regulation and inspection fees were the main source of revenue. There was no public lighting, water supply, rubbish and sewage disposal, or street cleaning. Paved streets were rare, and night watches were only occasionally provided at public expense. Colonial legislatures granted the power of taxation sparingly up till the time of the Revolution.

School Districts

During most of the colonial period, education was not generally recognized as a governmental function. The New England theocrats shared the medieval view that

Table 88

NUMBER OF UNITS OF LOCAL GOVERNMENT, AND REGION, 1942, 1967, AND 1977, AND

State and Region	All Local Units					Counties					Municipalities		
	1977	1967	1942	1967–77	1942–77	1977	1967	1942	1967–77	1942–77	1977	1967	1942
				Percent Change					Percent Change				
UNITED STATES	79,912	81,299	155,067	−1.71	−48.47	3,042	3,049	3,050	−0.23	−0.26	18,862	18,048	16,220
NEW ENGLAND & MIDEAST	13,973	13,493	17,353	3.56	−19.48	222	222	231	—	−3.90	2,349	2,340	2,338
New England	3,258	3,051	2,334	6.78	39.59	52	52	61	—	−14.75	174	180	219
Maine	780	699	583	11.59	33.79	16	16	16	—	—	24	21	51
New Hampshire	507	516	545	−1.74	−6.97	10	10	10	—	—	13	13	11
Vermont	648	657	397	−1.38	63.22	14	14	14	—	—	57	65	74
Massachusetts	767	655	408	17.10	87.99	12	12	13	—	−7.69	39	39	39
Rhode Island	121	110	53	10.00	128.30	—	—	—	—	—	8	8	7
Connecticut	435	414	348	5.07	25.00	—	—	8	—	−100.00	33	34	37
Mideast	10,715	10,442	15,019	2.61	−28.66	170	170	170	—	—	2,175	2,160	2,119
New York	3,310	3,486	8,338	−5.05	−60.30	57	57	57	—	—	618	616	610
New Jersey	1,518	1,422	1,142	6.75	32.92	21	21	21	—	—	335	335	331
Pennsylvania	5,247	4,999	5,262	4.96	−0.29	66	66	66	—	—	1,015	1,005	984
Delaware	211	171	69	23.39	205.80	3	3	3	—	—	55	52	51
Maryland	427	362	206	17.96	107.28	23	23	23	—	—	151	151	142
District of Columbia	2	2	2	—	—	—	—	—	—	—	1	1	1
MIDWEST	37,792	50,039	96,584	−24.47	−60.87	1,051	1,052	1,051	−0.10	—	8,436	8,304	7,721
Great Lakes	17,915	17,803	39,527	0.63	−54.68	436	437	436	−0.23	—	3,879	3,829	3,550
Michigan	2,634	2,904	8,105	−9.30	−67.50	83	83	83	—	—	531	522	479
Ohio	3,286	3,284	4,020	0.06	−18.26	88	88	88	—	—	935	933	890
Indiana	2,855	2,670	3,042	6.93	−6.15	91	92	92	−1.09	−1.09	563	550	529
Illinois	6,621	6,454	15,853	2.59	−58.24	102	102	102	—	—	1,274	1,256	1,137
Wisconsin	2,519	2,491	8,507	1.12	−70.39	72	72	71	—	1.41	576	568	515
Plains	19,877	32,236	57,057	−38.34	−65.16	615	615	615	—	—	4,557	4,475	4,171
Minnesota	3,438	4,185	10,397	−17.85	−66.93	87	87	87	—	—	855	850	752
Iowa	1,853	1,803	7,518	2.77	−75.35	99	99	99	—	—	955	945	932
Missouri	2,938	2,918	10,739	0.69	−72.64	114	114	114	—	—	916	856	734
North Dakota	2,708	2,758	4,065	−1.81	−33.38	53	53	53	—	—	361	357	333
South Dakota	1,728	3,511	4,918	−50.78	−64.86	64	64	64	—	—	311	306	301
Nebraska	3,486	4,392	8,306	−20.63	−58.03	93	93	93	—	—	534	538	530
Kansas	3,726	3,669	11,114	1.55	−66.47	105	105	105	—	—	625	623	589
SOUTH	16,600	15,414	25,556	7.69	−35.04	1,396	1,400	1,405	−0.29	−0.64	6,107	5,576	4,659
Southeast	10,305	9,490	12,376	8.59	−16.73	1,019	1,023	1,029	−0.39	−0.97	4,311	4,021	3,426
Virginia	390	374	322	4.28	21.12	95	96	100	−1.04	−5.00	229	229	208
West Virginia	596	456	325	30.70	83.38	55	55	55	—	—	227	225	205
Kentucky	1,184	953	770	24.24	53.77	119	120	120	−0.83	−0.83	405	359	285
Tennessee	906	792	327	14.39	177.06	94	94	95	—	−1.05	362	297	206
North Carolina	875	753	602	16.20	45.35	100	100	100	—	—	472	437	431
South Carolina	586	562	2,056	4.27	−71.50	46	46	46	—	—	264	259	241
Georgia	1,264	1,204	945	4.98	33.76	158	159	159	−0.63	−0.63	530	512	470
Florida	912	828	502	10.14	81.67	66	67	67	−1.49	−1.49	389	383	267
Alabama	950	797	510	19.20	86.27	67	67	67	—	—	419	359	275
Mississippi	836	784	1,791	6.63	−53.32	82	82	82	—	—	283	268	270
Louisiana	459	734	522	−37.47	−12.07	62	62	63	—	−1.59	300	270	194
Arkansas	1,347	1,253	3,704	7.50	−63.63	75	75	75	—	—	467	423	374
Southwest	6,295	5,924	13,180	6.26	−52.24	377	377	376	—	0.27	1,796	1,555	1,233
Oklahoma	1,676	1,774	5,099	−5.52	−67.13	77	77	77	—	—	567	522	499
Texas	3,884	3,447	7,359	12.68	−47.22	254	254	254	—	—	1,066	883	637
New Mexico	314	308	224	1.95	40.18	32	32	31	—	3.23	93	88	66
Arizona	421	395	498	6.50	−15.46	14	14	14	—	—	70	62	33

BY TYPE OF GOVERNMENT, BY STATE
PERCENT CHANGE, 1942–77 and 1967–77

Townships							School Districts					Special Districts				
1967–77	1942–77	1977	1967	1942	1967–77	1942–77	1977	1967	1942	1967–77	1942–77	1977	1967	1942	1967–77	1942–77
Percent Change					Percent Change					Percent Change					Percent Change	
4.51	16.29	16,822	17,105	18,919	−1.65	−11.08	15,174	21,782	108,579	−30.34	−86.02	25,962	21,264	8,299	22.09	212.83
0.38	0.47	4,136	4,138	4,184	−0.05	−1.16	2,506	2,806	9,383	−10.69	−73.29	4,749	3,976	1,217	19.44	290.22
−3.33	−20.55	1,425	1,421	1,442	0.28	−1.18	611	569	269	7.38	127.14	990	823	343	20.29	188.63
14.29	−52.94	475	469	482	1.28	−1.45	86	65	—	32.31	—	178	127	34	40.16	423.53
—	18.18	221	222	223	−0.45	−0.90	159	181	231	−12.15	−31.17	103	89	70	15.73	47.14
−12.31	−22.97	237	238	239	−0.42	−0.84	272	267	24	1.87	1,033.33	67	72	46	−6.94	45.65
—	—	312	312	312	—	—	75	44	—	70.45	—	328	247	44	32.79	645.45
—	14.29	31	31	32	—	−3.13	3	3	—	—	—	78	67	14	16.42	457.14
−2.94	−10.81	149	149	154	—	−3.25	16	9	14	77.78	14.29	236	221	135	6.79	74.81
0.69	2.64	2,711	2,717	2,742	−0.22	−1.13	1,895	2,237	9,114	−15.29	−79.21	3,759	3,153	874	19.22	330.09
0.32	1.31	930	931	932	−0.11	−0.21	740	916	6,064	−19.21	−87.80	964	965	675	−0.10	42.81
—	1.21	232	232	235	—	−1.28	549	522	490	5.17	12.04	380	311	65	22.19	484.62
1.00	3.15	1,549	15,54	1,575	−0.32	−1.65	581	749	2,546	−22.43	−77.18	2,035	1,624	91	25.31	2,136.26
5.77	7.84	—	—	—	—	—	25	50	14	−50.00	78.57	127	65	1	95.38	12,600.00
—	6.34	—	—	—	—	—	—	—	—	—	—	252	187	41	34.76	514.63
—	—	—	—	—	—	—	—	—	—	—	—	1	1	1	—	—
1.59	9.26	12,686	12,904	14,667	−1.69	−13.51	6,557	11,747	70,297	−44.18	−90.67	9,050	7,020	2,848	28.92	217.77
1.31	9.27	6,278	6,287	6,319	−0.14	−0.65	3,017	3,913	27,814	−22.90	−89.15	4,300	3,332	1,408	29.05	205.40
1.71	10.86	1,245	1,253	1,265	−0.64	−1.58	606	935	6,270	−35.19	−90.33	168	110	8	52.73	2,000.00
0.21	5.06	1,319	1,324	1,339	−0.38	−1.49	631	710	1,655	−11.13	−61.87	312	228	48	36.84	550.00
2.36	6.43	1,008	1,009	1,010	−0.10	−0.20	307	399	1,182	−23.06	−74.03	885	619	229	42.97	286.46
1.43	12.05	1,436	1,432	1,434	0.28	0.14	1,063	1,350	12,138	−21.26	−91.24	2,745	2,313	1,042	18.68	163.44
1.41	11.84	1,270	1,269	1,271	0.08	−0.08	410	519	6,569	−21.00	−93.76	190	62	81	206.45	134.57
1.83	9.25	6,408	6,617	8,348	−3.16	−23.24	3,540	7,834	42,483	−54.81	−91.67	4,750	3,688	1,440	28.80	229.96
0.59	13.70	1,792	1,817	1,884	−1.38	−4.88	440	1,282	7,673	−65.68	−94.27	263	148	1	77.70	26,200.00
1.06	2.47	—	—	1,608	—	−100.00	464	478	4,861	−2.93	−90.45	334	280	18	19.29	1,755.56
7.01	24.80	326	343	329	−4.96	−0.91	574	870	8,613	−34.02	−93.34	1,007	734	949	37.19	6.11
1.12	8.41	1,360	1,378	1,399	−1.31	−2.79	346	538	2,272	−35.69	−84.77	587	431	8	36.19	7,237.50
1.63	3.32	1,010	1,050	1,128	−3.81	−10.46	194	1,984	3,423	−90.22	−94.33	148	106	2	39.62	7,300.00
−0.74	0.75	471	486	476	−3.09	−1.05	1,195	2,322	7,009	−48.54	−82.95	1,192	952	198	25.21	502.02
0.32	6.11	1,449	1,543	1,524	−6.09	−4.92	327	360	8,632	−9.17	−96.21	1,219	1,037	264	17.55	361.74
9.52	31.08	—	—	—	—	—	3,446	3,987	17,549	−13.57	−80.36	5,635	4,435	1,943	27.06	128.26
7.21	25.83	—	—	—	—	—	1,365	1,387	6,370	−1.59	−78.57	3,598	3,047	1,551	18.08	131.98
—	10.10	—	—	—	—	—	—	—	—	—	—	65	48	14	35.42	364.29
0.89	10.73	—	—	—	—	—	55	55	55	—	—	258	120	10	115.00	2,480.00
12.81	42.11	—	—	—	—	—	181	200	261	−9.50	−30.65	478	273	104	75.09	359.62
21.89	75.73	—	—	—	—	—	14	14	11	—	27.27	471	386	15	22.02	3,040.00
8.01	9.51	—	—	—	—	—	—	—	—	—	—	302	215	71	40.47	325.15
1.93	9.54	—	—	—	—	—	93	108	1,744	−13.89	−94.67	182	148	25	22.97	628.00
3.52	12.77	—	—	—	—	—	188	194	222	−3.09	−15.32	387	338	94	14.50	311.70
1.57	45.69	—	—	—	—	—	95	67	67	41.79	41.79	361	310	101	16.45	257.43
16.71	52.36	—	—	—	—	—	127	119	110	6.72	15.45	336	251	58	33.86	479.31
5.60	4.81	—	—	—	—	—	166	161	1,189	3.11	−86.04	304	272	250	11.76	21.60
11.11	54.64	—	—	—	—	—	66	67	67	−1.49	−1.49	30	334	198	−91.02	−84.85
10.40	24.87	—	—	—	—	—	380	402	2,644	−5.47	−85.63	424	352	611	20.45	−30.61
15.50	45.66	—	—	—	—	—	2,081	2,600	11,179	−19.96	−81.38	2,037	1,388	392	46.76	419.64
8.62	13.63	—	—	—	—	—	625	960	4,518	−34.90	−86.17	406	214	5	89.72	8,020.00
20.72	67.35	—	—	—	—	—	1,138	1,308	6,159	−13.00	−81.52	1,425	1,001	309	42.36	361.17
5.68	65.31	—	—	—	—	—	88	90	105	−2.22	−16.19	100	97	24	3.09	316.67
12.90	112.12	—	—	—	—	—	230	242	397	−4.96	−42.07	106	76	54	39.47	96.30

Table 88

NUMBER OF UNITS OF LOCAL GOVERNMENT, AND REGION, 1942, 1967, AND 1977, AND

State and Region	All Local Units					Counties					Municipalities		
	1977	1967	1942	1967–77	1942–77	1977	1967	1942	1967–77	1942–77	1977	1967	1942
				Percent Change					Percent Change				
WEST	11,547	11,352	15,574	1.72	−25.86	373	375	363	−0.53	2.75	1,970	1,828	1,502
Rocky Mountain	4,271	4,148	7,028	2.97	−39.23	214	214	214	—	—	893	870	790
Montana	959	1,104	2,174	−13.11	−55.89	56	56	56	—	—	126	125	115
Idaho	973	872	1,665	11.58	−41.56	44	44	44	—	—	199	194	152
Wyoming	386	473	530	−18.39	−27.17	23	23	23	—	—	90	87	83
Colorado	1,460	1,253	2,357	16.52	−38.06	62	62	62	—	—	262	251	239
Utah	493	446	302	10.54	63.25	29	29	29	—	—	216	213	201
Far West	7,276	7,204	8,546	1.00	−14.86	159	161	149	−1.24	6.71	1,077	958	712
Washington	1,667	1,653	1,905	0.85	−12.49	39	39	39	—	—	265	267	221
Oregon	1,448	1,457	2,331	−0.62	−37.88	36	36	36	—	—	239	222	193
Nevada	183	147	162	24.49	12.96	16	17	17	−5.88	−5.88	17	17	12
California	3,807	3,865	4,148	−1.50	−8.22	57	57	57	—	—	413	400	286
Alaska	151	62	—	143.55	—	8	9	—	−11.11	—	142	51	—
Hawaii	20	20	—	—	—	3	3	—	—	—	1	1	—

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Governmental Units in the United States: 1942,* Washington, DC, U.S. Government Printing Office, 1944; and Census of Government, 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1979, Table 4.

BY TYPE OF GOVERNMENT, BY STATE
PERCENT CHANGE, 1942–77 and 1967–77

Townships							School Districts					Special Districts				
1967–77	1942–77	1977	1967	1942	1967–77	1942–77	1977	1967	1942	1967–77	1942–77	1977	1967	1942	1967–77	1942–77
Percent Change					Percent Change					Percent Change					Percent Change	
7.77	31.16	—	63	68	−100.00	−100.00	2,665	3,242	11,350	−17.80	−76.52	6,528	5,833	2,291	11.91	184.96
2.64	13.04	—	—	—	—	—	862	1,241	5,434	−30.54	−84.14	2,297	1,818	590	26.35	289.32
0.80	9.57	—	—	—	—	—	465	713	1,932	−34.78	−75.93	311	209	71	48.80	338.03
2.58	30.92	—	—	—	—	—	117	120	1,148	−2.50	−89.81	612	513	321	19.30	90.65
3.45	8.43	—	—	—	—	—	55	177	377	−68.93	−85.41	217	185	47	17.30	361.70
4.38	9.62	—	—	—	—	—	185	191	1,937	−3.14	−90.45	950	748	119	27.01	698.32
1.41	7.46	—	—	—	—	—	40	40	40	—	—	207	163	32	26.99	546.88
12.42	51.26	—	63	68	−100.00	−100.00	1,803	2,001	5,916	−9.90	−69.52	4,231	4,015	1,701	5.38	148.74
0.75	19.91	—	63	68	−100.00	−100.00	302	346	1,148	−12.72	−73.69	1,060	937	429	13.13	147.09
7.66	23.83	—	—	—	—	—	375	398	1,844	−5.78	−79.66	297	800	258	−0.38	208.91
—	41.67	—	—	—	—	—	17	17	115	—	−85.22	132	95	18	38.95	633.33
3.25	44.41	—	—	—	—	—	1,109	1,239	2,809	−10.49	−60.52	2,227	2,168	996	2.72	123.59
178.43	—	—	—	—	—	—	—	1	—	−100.00	—	—	—	—	—	—
—	—	—	—	—	—	—	—	—	—	—	—	15	15	—	—	—

Table 89

NUMBER OF COUNTY, MUNICIPAL, AND TOWNSHIP GOVERNMENTS IN 1977 AND THEIR ESTIMATED 1975 POPULATION, BY POPULATION SIZE (Population amounts in thousands)

Population-size Group	County		Municipal		Township	
	Number	Population	Number	Population	Number	Population
300,000 or More	—	—	46	38,319	—	—
250,000 or More	137	92,392	—	—	—	—
200,000 to 299,999	—	—	18	4,665	—	—
100,000 to 199,999	—	—	99	13,550	—	—
100,000 to 249,999	206	32,085	—	—	—	—
100,000 or More	—	—	—	—	31	5,041
50,000 to 99,999	336	23,503	230	16,091	72	4,798
25,000 to 49,999	596	20,976	514	17,939	190	6,477
10,000 to 24,999	980	16,079	1,212	19,001	660	10,185
5,000 to 9,999	496	3,758	1,461	10,299	870	6,080
Less than 5,000	291	897	—	—	—	—
2,500 to 4,999	—	—	2,004	7,039	1,595	5,504
1,000 to 2,499	—	—	3,664	5,873	3,657	5,807
Less than 1,000	—	—	9,614	3,984	9,747	3,747
Total	3,042	189,690	18,862	136,760	16,822	47,639
Percentage Distribution						
300,000 or More	—	—	0.2	28.0	—	—
250,000 or More	4.5	48.7	—	—	—	—
200,000 to 299,999	—	—	0.1	3.4	—	—
100,000 to 199,999	—	—	0.5	9.9	—	—
100,000 to 249,999	6.7	16.9	—	—	—	—
100,000 or More	—	—	—	—	0.1	10.6
50,000 to 99,999	11.0	12.3	1.2	11.7	0.4	10.1
25,000 to 49,999	19.5	11.0	2.7	13.1	1.1	13.6
10,000 to 24,999	32.2	8.4	6.4	13.8	3.9	21.4
5,000 to 9,999	16.3	1.9	7.7	7.5	5.1	12.8
Less than 5,000	9.5	0.4	—	—	—	—
2,500 to 4,999	—	—	10.6	5.1	9.4	11.6
1,000 to 2,499	—	—	19.4	4.2	21.7	12.2
Less than 1,000	—	—	50.9	2.9	57.9	7.9
Total*	100.0	100.0	100.0	100.0	100.0	100.0

*Columns may not add to 100.0% because of rounding.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1979, Tables 6, 7, and 8.

Table 90

DISTRIBUTION OF LOCAL GOVERNMENTS BY NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES, BY TYPE OF LOCAL UNIT, IN PERCENT, OCTOBER 1977

Number of Full-time Equivalent Employees	Type of Local Government					Total
	Counties	Municipalities	Townships	School Districts	Special Districts	
0	—%	23.4%	51.5%	1.8%	67.4%	38.7%
1– 24	4.2	49.9	42.0	20.9	26.5	33.4
25– 49	10.9	8.7	2.2	15.6	2.3	6.7
50– 99	21.7	6.8	1.4	18.4	1.5	6.7
100–199	23.2	4.7	0.9	17.8	1.0	5.9
200–399	16.1	2.8	0.8	13.6	0.4	4.2
400–599	7.1	0.9	0.4	4.5	0.2	1.5
600–799	3.9	0.5	0.2	2.3	—	0.8
800–999	2.7	0.3	—	1.4	—	0.4
1,000 or more	9.8	1.5	0.1	3.2	0.2	1.4
Total	100.0	100.0	100.0	100.0	100.0	100.0

—Represents zero or rounds to zero. Columns may not add because of rounding.
SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 3, No. 2, Compendium of Public Employment,* Washington, DC, U.S. Government Printing Office, 1979, Table 24.

education was primarily a concern of the church and that its ultimate aim was to provide an educated clergy. In 1647, Massachusetts did enact a law requiring every township of more than 50 families to maintain a schoolmaster, but this was in harmony with the doctrine that the state is an arm of the church. Elementary education in that colony became a governmental function only when church and state were separated.[6]

In the middle colonies also, education was considered a responsibility of the church, the family, or voluntary secular groups. When provided outside the home, it was through the parochial school supplemented by private schools supported by the wealthy. Similarly the south made no general provision for education. Well-to-do families imported English tutors for their children and sent their older sons to England or to private institutions such as the College of William and Mary.

When public education finally was accepted as a proper subject of public undertaking—first in elementary and then in secondary schools—it was looked upon primarily as a matter for local action. Soon, however, state government recognized schooling as a subject of its concern as well. By 1800 the constitutions of at least seven of the original 13 states made some reference to education. As settlement moved westward, public education in the new territories was fostered by the Northwest Ordinance of 1787 which declared that "schools, and the means of education shall forever be encouraged."

Given this impetus for universal public education, the establishment of numerous small local school districts was a natural response to the conditions of a largely rural society. As Lane W. Lancaster explains:

> . . . under early conditions [this] was the only feasible plan of organization. If instruction was to be made available to all children, the area supporting a school had to be small enough to make it possible for pupils to get to and from school afoot or by the conveyances then in use. As a matter of fact, the school district may be looked upon as the political organization of the rural neighborhood in an even more intimate sense than the town or township or other local area with general governmental powers. . . .

> Under primitive conditions of travel, when men lived their whole lives within the boundaries of a single county, when hard work for long hours was the rule, when leisure was scanty, the schoolhouse was the social center of the neighborhood.[7]

Special Districts

Like school districts and unlike the other three types of local government, special districts did not represent an adaptation of a local government form imported from England.[8] We know that in this country they date back to the 18th Century,[9] but not exactly when they began.[10] As explained later in this chapter, special districts arose in response to problems and conditions that the general-purpose governments were not able to deal with, either by preference or from lack of legal authority.

* * *

To summarize, then, the basic pattern of general local government—county, town, and municipality—was laid down in the 13 colonies, where it had been brought from England. The varying emphasis on township (town) and county in the three sectors of the Atlantic seaboard reflected different social, economic, and even religious conditions in those areas. These sectional patterns were carried to the rest of the country, in various degrees, by westward-moving settlers, as will be seen in the discussion of interstate differences and regionalism later in this chapter.

The basic pattern continued in existence as the 13 colonies were transformed into 13 states under the new confederal system. However, the Constitution of 1787 creating the present system had one feature which profoundly affected the future development of local government: Nowhere did it mention local government. Hence, local governments were given no legal status apart from their state governments—they were "creatures of the state government," as the famed Judge Dillon was to declare a century later.[11] This fact is the preeminent conditioner of the subsequent history and current functioning of local governments, as will be apparent in the examination of each of the five classes of local unit which follows.

THE COUNTY

As in colonial days, the county is the most universal of all local government types. While many parts of the country are outside the jurisdiction of municipalities, townships, and special districts, practically the entire territory of the U.S. falls within the 3,042 organized counties.[12] These local units are found in all the states except Connecticut and Rhode Island[13] and parts of Alaska, Montana, and South Dakota. Also excluded from county government coverage by the Census Bureau are 15 city-counties in which the city and county are consolidated or substantially merged and operating primarily as cities, and St. Louis, Baltimore, and 41 Virginia cities that are "independent cities," not within a county.

The number of counties changes little over the years because they cover the whole country and there are political and legal obstacles to subdividing, abolishing, merging, or otherwise altering the boundaries of those that exist. In 1942 the Census Bureau counted 3,050 organized counties; in 1977, 3,042.

Counties vary in size from Arlington County, VA (26 square miles), to San Bernardino County, CA (20,117 square miles).[14] In population they range from 114 in Loving County, TX, to 6,987,000 in Los Angeles County, CA.[15] As shown in *Table 89*, the median county falls in the 10,000-to-24,999 population range. The bulk of the counties are small in population: the 58% that are under 25,000 total only 10.7% of the population in the country.

The virtual blanketing of nearly all of the states by the county reflects its origin as a subdivision of the state for the performance of state functions at the local level. As explained by Dvorin and Misner:

> Following English and colonial practice, counties evolved as subordinate local subdivisions of the state, created for the convenience of the state *without* any substantial popular consent, approval, or solicitation. The county is established almost exclusively to carry out the general policy of the state.[16]

Functions

That counties nationwide are first of all local units for state purposes is clear from an examination of their functions. A 1975 survey conducted by the Joint Data Center of the National Association of Counties (NACo) and the International City Management Association (ICMA) found a very high percentage of the reporting counties providing essential services required statewide—that is, by all the people, urban and rural. These included property tax assessment (92.5%); property tax collection (95.6%); judicial general jurisdiction (89.2%); elections (96.8%); road maintenance (87%); detention facilities (89.1%); police patrol (93.1%); and maintenance of land records (97.2%).[17]

EXPANSION OF ACTIVITIES

Yet, many counties have expanded well beyond their initial *raison d'etre* and have moved toward delivering services that previously had been considered appropriate only for municipalities.

One of the principal findings in *Chapter 2* was the increasing importance of county government over the past ten years. In a 19-function breakdown only three functions (highways, hospitals, and air transportation) did not show an increase in the county's share of local direct expenditure for the period 1967–77 (see *Table 3*).

The expansion of county activities started shortly after the turn of the century, as counties became increasingly involved in operating parks, libraries, airports, hospitals, and utility systems and in providing health and other types of services. Because the movement has picked up momentum in recent decades, the most dramatic revelation of the NACo-ICMA survey was the number and type of "urban services" for which county governments are assuming responsibility. Every "municipal type" service was provided by one or more counties.

Defining urban services as those furnished to meet the urban needs of densely populated areas rather than general needs of both urban and rural areas, the survey found substantial expansion of county activity in all areas of community need: physical, social, and economic. In functions of a physical character, the following percentages of reporting counties were active: home health (visiting nurses) (76.8%); maternal and child health (74%); communicable disease control (79%); mental health services (out-patient counseling services) (79.3%); developmental disabilities (training for the mentally retarded) (56.8%); fire protection (54.5%); recreational services (45.3%); airports (42.4%); comprehensive land-use planning (66.9%); zoning (63.2%); and building code enforcement (48.7%). Among social and economic services, 76.3% of the counties provided indigent defendants with legal services and 45.6% provided public assistance. Other such services and the percentage of active counties included emergency financial assistance (64.3%); family social services (64.7%); child welfare services (77.2%); and work experience manpower programs (59.7%).[18]

METROPOLITAN EMPHASIS

On the whole, one would expect that a larger percentage of counties in metropolitan areas would provide, in some fashion, more services than their nonmetropolitan counterparts. This was, in fact, the case for 87 of the 102 services listed by the NACo-ICMA survey. Yet, the difference between the proportion of services provided by nonmetropolitan and metropolitan counties for 26 of the 87 functions was quite small—in most cases, less than 10%. For the remaining 61 of the 87 functions, metropolitan counties provided the services to their citizens more frequently than did the nonmetropolitan counties by a range of 10% to 32%. These services were more of an urban character than the 26 others, and included mass transit, bikeways, water and air pollution control, noise control, land-use controls, building and housing code enforcement, industrial development, parks programs, performing arts programs, public information services, and consumer protection services. Moreover, the metropolitan counties tended to provide more of the "people" and "environmentally conscious" services than did the rural counties.[19]

Consistent with the above findings is the recent trend in services by metropolitan counties. Selected services performed by 150 metropolitan counties responding to a 1971 ICMA survey were compared with those performed by the 291 metropolitan counties in the 1975 study. For all 15 functions compared, the amount of county involvement increased (*Table 91*). The greatest amount of expansion took place in solid waste disposal (28%); industrial development (28%); subdivision control (27%); mass transit (23%); and solid waste collection (22%). The least amount of change occurred in air pollution control (3%), hospitals (6%), museums (9%), and water supply (10%).[20]

AREAS SERVED

Another aspect of the growing urban focus of counties is the increasing extent to which these government have been providing services throughout their jurisdiction—within incorporated as well as unincorporated areas. The NACo-ICMA survey found that 44 of 102 identified services are provided countywide by at least 90% of the counties. These services, of course, include the traditional ones that counties provide as agents of the state, but also include such activities as museums, vocational technical education, and consumer protection offices. An additional 29 services are provided countywide by at least 75% of the reporting counties, so that 73 out of 102 services are made available to all county residents by at least 75% of the county governments.

In relatively few cases do counties confine their activities to the unincorporated area. From 10% to 40% of the counties limited services to the unincorporated areas for 38 of the 102 functions. The most common services in this group were land-use controls and building and housing code enforcement. For the remaining 64

Table 91

SELECTED FUNCTIONS PERFORMED BY METROPOLITAN COUNTY GOVERNMENTS, 1971 AND 1975

Function	1971		1975		Percent Increase
	Number	Percent of Total	Number	Percent of Total	
Total Metropolitan Counties Responding to Questionnaire	150	100%	291	100%	—
Fire Protection	47	31	139	48	17%
Mental Health	104	69	240	82	13
Animal Control	75	51	204	70	19
Hospitals	61	41	137	47	6
Mass Transit	7	5	81	28	23
Airports	36	24	121	42	18
Water Supply	31	21	90	31	10
Solid Waste Collection	31	21	124	43	22
Solid Waste Disposal	55	37	190	65	28
Water Pollution Control	45	30	131	45	15
Air Pollution Control	55	37	115	40	3
Subdivision Control	77	51	226	78	27
Industrial Development	32	21	143	49	28
Museums	25	17	75	26	9
Libraries	86	57	216	74	17

— Indicates percent increase not relevant.
SOURCE: Carolyn B. Lawrence and John M. DeGrove, "County Government Services," *The County Year Book 1976*, Washington, DC, NACo-ICMA, 1976, p. 98.

functions, fewer than 10% of the reporting counties were restricted to providing the services in the unincorporated areas only.

County activity in the reverse situation—that is, providing services only to incorporated areas or special service or regional types of areas—was relatively rare. Thus, county activity limited to special service areas was reported for: fire protection (14.6% of the counties); water supply (26.3%); power supply (11.1%); sewage treatment (27.5%); and irrigation (17.5%); and for incorporated areas only: sewage treatment (11.5%) and conventional and leasing public housing (13.7% and 14.3%, respectively).[21]

Why the Changing Role?

The expansion of the role of the county stems from a variety of factors but to a great extent it is the story of the county's availability as an attractive alternative local unit at a time when municipal governments—the traditional providers of urban services—have faced grave problems in meeting constantly expanding needs generated by urbanization.

Restrictive annexation laws hampered cities' capacity to expand their boundaries to include territory at their fringes, where urbanization was occurring. This unincorporated territory was, of course, within a county's jurisdiction. Moreover, functions increasingly required an approach encompassing more territory than that included within the city's boundaries. These were primarily functions of a physical character, such as mass transportation, water supply, sewage disposal, and air pollution control.

In essence, as urbanization spread beyond the boundaries of major cities, five choices faced the residents of the fringe areas in their search for a supplier of urban services: (1) incorporation of a new municipality; (2) annexation to the adjoining city; (3) purchase of the

needed service(s) from the adjoining city; (4) formation of one or more special districts; or (5) provision of the service(s) by the county government. Often the county was chosen as the most expedient or economical option.

As cities found it more and more of a strain to muster resources to meet their existing needs—due in a large degree to the eroding effect of urbanizing forces on the tax base and the concentration of high-cost social problems within city boundaries—they welcomed the opportunity to transfer functions to the larger, [22] overlying county, such as health, hospital, libraries, welfare, and refuse collection.[23] Such transfers were especially appealing to the city when it appeared that noncity residents of the county were unjustifiably receiving the benefits of a service provided by the city without paying for them, and the transfer to the county resulted in the noncity residents contributing to their funding—as in the case of airport networks, parks, museums, and zoos.

Supplementing these forces for expansion of county functions was the county's expanding eligibility for federal grants of an urban character. From 1972 to 1977, counties' direct federal aid increased from $405 million to $3,738 million, or 822%. In the same period, such aid to municipalities went up 251%. An outstanding instance of this expanded direct involvement in federal urban programs was inclusion by the Congress of properly empowered county governments among local units eligible for entitlement under the community development block grant—a functional area long accepted as synonymous with city government.[24] Counties are also among the major "prime sponsor" recipients of federal Comprehensive Employment and Training Act (CETA) block grants.[25]

A final reason for the expanding role of the county is that many county governments represent the last hope of smaller cities for protection against center city dominance or some form of metropolitan government. In these cases, cities urge strengthened counties.

BROADENING COUNTY AUTHORITY

Counties must, of course, have legal authority for assuming new or expanding existing functions. Since they are "creatures of the state" this means obtaining the necessary grant of power from the state—usually from the legislature but sometimes from the voters through a constitutional amendment. Where the function or its expansion is mandated by the state, the mandate will usually carry the authority with it, although there may be some question about the adequacy of fiscal authority to finance the new or expanded function, at least from the local standpoint.[26] When the action is not mandated, the county itself may have to initiate steps to obtain the necessary power. Generally, this has meant going to the state legislature for specific authority. Moreover, it has sometimes involved requesting the legislature not only for power to carry on added functions but also to improve internal structure and procedures—whether to cope with the increasingly complicated and technical requirements of their traditional activities or those of newly assumed urban-type services.

In the era of expanding county functions, there have been some modifications in this basic piecemeal method of broadening county power. Some states have given their counties varying degrees of discretionary authority or home rule. Over half of the states have granted to them the power to adopt local charters, whether by constitutional provisions, by general state law, or by both. In about one-half of these states, this authority constitutes power to exercise broad functional authority; in the other half, the functional authority is limited.[27]

In all but a few cases, the local charter authority includes authority to revise governmental structure. In addition, by 1977, 19 states, by general legislation, authorized counties to adopt certain optional forms of government. Further, by 1978, 555 counties in 32 states had the council-administrator form of government and 140 counties in 23 states had the council-elected executive form. Both are generally acknowledged as superior to the historic plural executive or board form under which the board shares the administrative and, to an extent, legislative functions with numerous independently elected officials.[28]

Care must be taken, however, not to overstate the discretionary powers of the county nationwide. While many counties have moved far beyond their historic roles as the local arm of state government, many have not, and many that have have not gone as far as local government needs demand.

By definition, of course, rural counties would not be expected to provide urban services. In 1975, 25.8% of the counties were under 10,000 population, 9.5% less than 5,000. Counties in the 5,000–9,999 population bracket were less active than all other counties in providing every one of 17 urban services, according to the NACo-ICMA survey (*Table 92*). The difference ranged from 5.7% (fire protection) to 28.8% (mental health services) and reached 20% or more for seven of the 17 services.

In many urban areas, moreover, counties have not obtained powers necessary to provide needed urban services—either through lack of local will and political skill or legislative opposition, or a combination of both. Counties often lack powers necessary to take advantage

of their potential for meeting areawide needs, such as the authority to enter into interlocal contracts and agreements and to assume functions transferred from smaller local jurisdictions. Further, county boundaries are generally fixed in legislation (sometimes even in the Constitution, as in Oklahoma), so that the flexibility needed to consolidate counties or otherwise adapt their jurisdiction to needed functional performance is lacking. Finally, leagues of municipalities in most states are more powerful than associations of counties. The latter thus fare worse in legislative treatment.

While counties have been granted local home rule in 28 states,[29] by 1980 only 75 counties had adopted home rule charters, of which 21 adoptions had occurred since 1972.[30] On the structural front, moreover, over three-fourths of the counties still used the plural executive or board form of government including, in 1978, 32 of the 137 counties with populations of over 250,000.[31]

THE MUNICIPALITY

A municipality is defined for census purposes as a political subdivision within which a municipal corporation has been established to provide general local government for a specific population concentration in a defined area. It may be legally termed a city, village, borough (except in Alaska), or town (except in the New England states, New York, and Wisconsin). In Alaska, the term "borough" corresponds to units classed as county governments elsewhere. In New England, New York, and Wisconsin, the term "town" relates to an area subdivision which (although it may be legally termed a municipal corporation and have a similar governmental organization) has no necessary relationship to a concentration of population and thus corresponds to townships in other states.[32]

Table 92

PERCENTAGE OF RESPONDING COUNTIES PROVIDING SPECIFIED URBAN SERVICES: ALL COUNTIES AND COUNTIES OF 5,000–9,999 POPULATION, 1975

Service	All Counties	Counties 5,000–9,999 Population
Home Health (Visiting Nurses)	76.8%	64.6%
Maternal and Child Health	74.0	53.9
Communicable Disease Control	79.0	57.3
Mental Health Services	79.3	50.5
Developmental Disabilities	56.8	32.5
Fire Protection	54.5	48.8
Recreational Services	45.3	25.2
Airports	42.2	25.2
Comprehensive Land-Use Planning	63.2	44.3
Zoning	63.2	45.5
Building Code Enforcement	48.7	34.8
Indigent Defense	76.3	60.6
Income Maintenance	45.6	28.6
Emergency Financial Assistance	64.3	41.5
Family Social Services	64.7	46.0
Child Welfare Services	77.2	57.8
Work Experience Manpower Program	59.7	31.4

SOURCE: Carolyn B. Lawrence and John M. DeGrove, "County Government Services," *The County Year Book 1976*, Washington, DC, NACo-ICMA, 1976, pp. 91–129.

Table 93

NUMBER OF STATES WITH VARIOUS LIMITS ON INCORPORATION BY REGION, 1978

Minimum Limits	South (16 states)	West (13 states)	North Central (12 states)	North-east (9 states)	Total
Population	14	8	6	1	29
Area	4	2	2	1	9
Distance From Existing Units	9	5	4	0	18
Ad-Valorem Tax Base	2	0	3	0	5

SOURCE: Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration,* Athens, GA, Institute of Government, University of Georgia, 1978.

Incorporation

As the Census Bureau definition indicates, more than a specific population concentration in a defined area is necessary to constitute a municipality. The people of the area must meet state requirements for incorporation. These vary among the states but generally include as a minimum a minimum population (or density) and prescribed boundaries. Ordinarily necessary are (1) a petition from the community describing the boundaries and population of the proposed municipality, (2) an election to ascertain popular support, and (3) certification by the secretary of state that the election is favorable and other conditions are met.

The population requirement for proposed incorporations is low in most states. In Alabama, for example, it is 75; in Kansas, 300; in Utah, 100. In some states, the minimum population required is related to area: in West Virginia, a population of 100 is required for an area of less than one square mile, 500 people when the area is over one square mile. Still another condition is proximity to existing cities of a specified size. Thus, in Washington the minimum requirement is 300 people, but 3,000 if the proposed incorporation is within five air miles of a city of 15,000 population or more. Finally, some states require a minimum ad valorem tax base.[33]

A 1978 search of state statutes found the following numbers of states, set forth in *Table 93,* with statutes imposing the various types of limits on incorporation.

In recent years seven states have set up local boundary adjustment boards or commissions—at the local (either generally or in a few metropolitan areas) or state levels—to help control new incorporations and annexations. Their duties include approving or disapproving proposed incorporations and altering the terms of the proposals. They may consider fiscal adequacy, appropriateness of boundaries, size and density of population, adequacy of proposed governmental services, and impact on adjacent areas.[34]

When the community satisfactorily completes the statutory incorporation requirements, it achieves a legal personality and becomes a single entity for public purposes. It thereby has perpetual succession—regardless of changes in the individual residents over the years—and, like any public or private corporation, may be considered and act the same as a single individual.

The approximate number of places incorporating in the 27-year period 1950–1976 was 2,375, or an average of about 88 per year (*Table 94*). Most of the new municipalities were small: Of the 444 new incorporations between 1970 and 1975, 370 or 83.3% involved places with less than 1,000 population.[35]

Reasons for Incorporation

A number of reasons have been cited for communities seeking incorporation. In one way or another, it reflects a conclusion that alternative sources of needed services (annexation to an adjoining city, purchase of the needed service from the city, formation of one or more special districts, or service by the county government) are less desirable or feasible than incorporation. Often it is associated with flight from the city and a desire of the new community to have its own local government rather than to be annexed. At other times it may reflect either general

Table 94

APPROXIMATE NUMBER OF PLACES INCORPORATING IN EACH YEAR, 1950–76[1]

Year[2]	Number of Incorporations
1950–51	88
1951–52	97
1952–53	92
1953–54	103
1954–55	85
1955–56	131
1956–57	121
1957–58	108
1958–59	102
1959–60	144
1960	121
1961	90
1962	69
1963	103
1964	69
1965	59
1966	67
1967	85
1968	73
1969	74
1970	80
1971	76
1972	75
1973	100
1974	63
1975	62
1976	38

[1] The data for 1970–76 include only new incorporations and exclude reactivations of previous incorporations; the data for 1950–60 probably do not include any reactivations, but the data for 1960–69 probably include a few.

[2] For 1950–51 through 1959–60, the year is 1 April through 31 March; for 1960 through 1976 the year is 1 January through 31 December. Twenty-four places incorporated from 1 January through 31 March 1960 are counted in both the 1959–60 total and the calendar 1960 total.

SOURCE: ICMA, *The Municipal Year Book*, 1976, 1977, and 1978, Washington, DC.

or specific dissatisfactions with county government, which traditionally exercises jurisdiction over unincorporated areas and provides them with basic services. This situation may arise when the county government lacks authority to provide an urgently needed urban-type service or when the rural dwellers in the same area are unwilling to help pay for it. Complaints commonly center around inadequate levels of police and fire protection, central water supply and sanitary sewer systems, highway maintenance, land-use planning, and zoning enforcement. Through incorporation, a local community is able to gain control of these kinds of activities and direct them in accordance with expressed community needs.

Another reason cited for incorporation is financial gain: Municipalities are eligible for a number of federal grants for which unincorporated communities are not eligible. Also, in many states they qualify for state grants, the sharing of certain state collected revenues, and the conduct of certain business-type enterprises, such as liquor stores or utilities. Incorporation increases the community's political influence, as in providing additional local leverage in dealing with the state on a particular issue or in setting up a local legislative body to give full attention to local problems rather than having the part-time attention of a single supervisor on the county board. Moreover, a municipally adopted plan and zoning ordinance gives the local community greater land-use control for its special needs and avoids reliance upon a county planning and zoning ordinance. Finally, incorporation is the best defense against annexation by a nearby city.[36]

Functional Dominance

Activated by the desire to exercise greater control over their own community affairs, and within the limitations of authority granted by the state constitution and legislature, municipalities are involved in the widest range of services and activities of any type of local government. Moreover, they are far and away the leader in terms of the number of functions in which they have the greatest expenditure share. As highlighted in *Chapter 2*, municipalities in 1977 dominated local direct expenditure in highways, police, fire protection, sewerage, other sanitation, parks and recreation, housing/urban renewal, air transport facilities, parking facilities and libraries (*Table 3*). This dominance extended to nonmetropolitan areas except for the highway function where counties were the primary providers (*Table 5*).

Municipal functional preeminence at the local level was not as emphatic in 1977 as it had been ten years

earlier, however. The municipal share slipped in higher education, hospitals, health, police, fire protection, sewerage, other sanitation, parks and recreation, correction and libraries. The shift in the share of expenditures for these services was mainly toward the counties, but also impacted special districts.

Constraints on Municipalities

Municipalities do, of course, operate under certain inhibitions in providing needed services. As indicated earlier in this chapter, these limitations are responsible to a degree for the expansion of the scope of county services. Simply put, many municipalities lack the legal and economic resources and especially the territorial reach to meet adequately the demands made on them.

LEGAL AUTHORITY

As municipalities, they possess powers that generally distinguish them from other units of government. They have those powers, however, not because of some inherent right of self-determination or home rule, but because of the state constitution, the legislature, and the courts. The state and federal courts have consistently held to this view through a long history of efforts to establish a right of self-government for municipalities. Judge John F. Dillon's famous "Rule" is the classical statement of the principle of state delegation and strict construction of powers applied to municipal corporations. He enunciated it in a 1868 court decision and restated it in his *Commentaries:*

> It is a general and undisputed proposition of law that a municipal corporation possesses and can exercise the following powers, and no others: First, those granted in express words; second, those necessarily or fairly implied in or incident to the powers expressly granted; and third, those essential to the accomplishment of the declared objects and purposes of the corporation—not simply convenient but indispensable. Any fair, reasonable, substantial [illegible] concerning the existence of power is resolved by the courts against the corporation, and the power is denied.[37]

Dillon's rule was not accepted by all judges. Judge Thomas M. Cooley of Michigan argued that there was a right of local self-government that served as an implied restriction on state government and that it could not be taken away.[38] The rigors and inflexibilities of Dillon's rule had to be relaxed, he contended. This liberal theory of home rule spread to the courts of a number of other states, including Indiana, Kentucky, Iowa, Texas, Montana, and Florida.[39]

The home rule doctrine was not supported by the U.S. Supreme Court, however, when its advocates looked to the U.S. Constitution to provide protection from the excesses of state power. The Court,

> . . . rejected the contention that "due process" and "equal protection" were denied by strict state control and regulation over local government. Nor was the contract clause of the U.S. Constitution violated by state policies withdrawing municipal powers. The court held that the relationship between state and local governments was not contractual in nature (thereby implying equality) but was one of a superior (the creator) and inferior (the created).[40]

While the courts were enunciating the doctrine of state supremacy vis-a-vis municipal corporations, state bonds on localities were being loosened in other ways. Some state legislatures began to surrender detailed control over local affairs in piecemeal fashion, beginning with Iowa in 1858. They were sometimes moved by the unfairness of the state at large determining local policies, as well as by the sheer procedural burden of legislating for numerous individual localities. This legislative approach to granting cities more independence was sometimes termed legislative home rule.

Yet, action to grant greater local discretion was inhibited by the fear of surrendering certain portions of the state's sovereignty, such as taxation, eminent domain, and the police power. In addition, the grant of such powers was always subject to modification or rescission in the following legislative session, making state concessions to local discretion an uncertain matter.

The other approach to restraining legislative hegemony over municipalities was through the state constitution. Reacting to the legislature's abuse of its power to enact special laws applicable to individual cities, voters in several states approved constitutional amendments barring the legislature from enacting such laws. Then, in 1875, Missouri inaugurated constitutional home rule through provisions authorizing cities to frame charters for their own government. California followed in 1879, and by 1978 the constitutions of 30 states contained such provisions.[41] Generally, these provisions empower municipalities to enact local ordinances that are not in conflict with the general laws of the state.

Apart from empowering municipalities to adopt their own charters, constitutional grants of home rule also take

the form of limitations on the legislature. For example, the Minnesota constitution requires that, unless otherwise provided by general law, a special act of the legislature can become effective only after its approval by the affected local units is expressed through the voters or the governing body.[42]

The effectiveness of constitutional home rule provisions as limits on the legislature depends to a great degree on the court's interpretation of municipal affairs, since these are the matters that presumably are identified with municipalities and should be beyond the applicability of general laws. Judicial interpretations vary from state to state, but generally, where Dillon's rule is followed, local discretion may be considerably restricted. Some constitutions, such as Alaska and New Jersey, expressly require the courts to construe legislation in favor of local governments. In others, an effort is made to spell out matters of exclusive local concern, as in New York where the constitution guarantees to localities the powers necessary for intergovernmental cooperation in providing facilities or services and apportioning the costs thereof.

To avoid the problems in interpreting "municipal affairs" or in spelling out specific powers that municipalities may exercise, Jefferson B. Fordham in 1953 proposed a reverse approach to home rule. It is called the "residual powers" or "devolution of powers" approach. In his words:

> The familiar home rule distinction between general and local affairs, a distinction which has defied reasonably predictable application because of its lack of a firm rational core, is laid aside. A charter city . . . would have power to "exercise any power or perform any function which the legislature has power to devolve upon a non-home rule charter municipal corporation and which is not denied to that municipal corporation by its home rule charter, is not denied to all home rule charter municipal corporations by statute and is within such limitations as may be established by statute." This leaves room for constitutional questions as to what powers a legislature may devolve upon any municipality but makes nothing of the general concerns/local affairs dichotomy. It is designed to give practical expression to genuine home rule policy without exalting local independence in fixed geographical areas to the extent of materially hampering the making of provision for effective organization and authority to perform needed governmental functions in the state.[43]

Although no state has adopted the Fordham proposal *en toto*,[44] over ten have adopted it in part.

According to one analysis, in 1978 home rule authority of one kind or another by constitutional provision was granted to municipalities in 30 states and by general law in 23 states, with 12 states having both kinds. In 35 states this authority related to structural matters—the form of government. In 20 states it conveyed broad functional authority, granting to municipalities a great deal of autonomy in carrying out local government functions. The authority meant only limited local discretion in choosing and carrying out functions in 19 states. In seven (Alabama, Arkansas, Indiana, Kentucky, Mississippi, North Carolina, and Virginia), no kind of home rule power was given to cities.[45]

Short of granting municipalities authority to frame their own governmental structure through home rule constitutional provision or statute, states can give municipalities a choice of several alternative forms of government. In 1978, 39 states made such optional forms available to municipalities.[46]

To summarize, then, over the past century and more, municipalities have achieved various degrees of freedom from state control in the 50 states by legislative restraint, constitutional provisions, and judicial interpretation. Some have achieved no such independence, in terms of constitutional or statutory home rule. Even among those that have, the authority both to determine internal organization and the authority to choose functions and to decide how they shall be carried out may be denied or limited. Moreover, there is a real question as to exactly how much local decisionmaking discretion is really conveyed by formal constitutional and legislative enactments. In light of all these facts and the fundamental interpretation of the courts, both state and federal, municipalities remain creatures of the state—a condition which constitutes a key inhibition on the scope of their activities.

ECONOMIC AND FISCAL RESOURCES

No matter how much discretionary authority municipalities may have to choose their functions and establish organization and procedures, they are always restrained by their ability to raise money. This depends critically on the taxable resources within their borders—especially taxable property—and on state-granted authority to tax them. In recent years this situation has changed as more states have granted nonproperty tax sources to cities, counties, or both, and state and federal governments have provided increasing amounts of intergovernmental aid. In 1977, 38% of municipal general revenue was

from the state and federal governments compared to 25% ten years earlier.[47] Receipt of such aid, of course, reduces rather than increases municipal independence when most of it is highly conditioned categorical aid.

Insofar as cities depend on funds they must raise themselves, they are limited by state-granted authority. The authority to determine revenue sources and their rates is most jealously guarded by state legislatures and hence generally beyond any home rule grants of powers.

The property tax is traditionally the mainstay of the local revenue system. In 1977, 38 states had constitutional or statutory limitations (or both kinds) on the property taxing power of municipalities. Of the two other broad-based taxes, 28 states authorized some or all municipalities to levy a sales tax and 11 similarly authorized a municipal income tax. State statutes defined the base and rate of the taxes.[48]

States also place restrictions on municipal authority to borrow money. In 1976, 44 states had constitutional or statutory limits on the amount of long-term general obligation bonds that municipalities could sell, and in 43 the issuances of such debt required prior approval at a popular referendum.[49] Finally, as of November 1979, seven states had established an explicit expenditure lid on municipalities.[50]

TERRITORIAL LIMITS

Another factor inhibiting certain municipalities from meeting the needs of residents or urban areas is the difficulty of expanding their boundaries, once they have been established. Expansion of boundaries is often the logical course to pursue in order to provide services to developing areas at a city's fringe; to enable the city to protect itself from uncontrolled development outside of its borders or to take advantage of a taxable resource that seeks to stay beyond the city's reach; and to give it the areal scope needed to cope most effectively and economically with problems that spill over municipal boundaries, such as air and water pollution, mass transportation, and water supply.[51]

The normal way for cities to expand their areas is through annexation of adjoining territory. Major annexations in the U.S. date back at least to 1854, when Philadelphia added 300,000 to its population by extending its boundaries to include all of Philadelphia County. Annexations involving the creation or expansion of other large cities followed soon after and continued until about 1930, dropping off after the turn of the century. During a hiatus from 1930 until 1945, little annexation took place, either by the larger or smaller cities. Although annexation activity has resumed on a large scale since World War II, and has involved a record number of cities, major cities that had acquired their present boundaries before 1930 have not been involved. Since 1973 the number has tapered off and the average size of individual annexations has been small.[52] In 1977, however, population annexed was about 80,000 over 1976, mainly because of major annexations in Houston, TX, Charlotte, NC, and Baton Rouge, LA.[53]

Despite the postwar spurt in annexation activity, the annexation process has not been as easy as it was during the heyday of the latter part of the 19th Century, especially for the larger, older cities. After the turn of the century, more restrictive annexation laws were passed, reflecting increasing fringe-area resistance to being incorporated into older cities. Some legislatures surrendered their prerogatives of passing special annexation legislation. Many gave fringe-area residents a greater voice in the annexation process (1) by granting them the exclusive authority to initiate annexation proceedings, or (2) by requiring separate approval by the voters of the annexing city and the area proposed to be annexed. The larger, older cities are particularly stymied by state constitutional amendments increasingly limiting cities to annexing only unincorporated territory, and also by the growing number of incorporations by suburban communities at the fringes of central cities.[54]

Local boundary adjustment commissions—mentioned earlier in connection with new incorporations—have helped to ease the path to annexation. A 1974 ACIR study reported that the six then-existing commissions "generally look with favor upon annexations of fringe areas as opposed to separate municipal incorporations or special district formation."[55] The annexation issue is discussed at greater length in *Chapter 6*.

TOWNS AND TOWNSHIPS

Townships according to the Census Bureau definition include: (1) governmental units officially designated as "towns" in the six New England states, New York, and Wisconsin; (2) some "plantations" in Maine and "locations" in New Hampshire; as well as (3) governments called townships in 12 other states. The common characteristic that distinguishes them from municipalities is that they serve inhabitants of areas defined without regard to population concentrations. In the non-New England states particularly, this reflects the origin of townships as governmental subdivisions of the county.

Unlike the four other types of local government, townships are not a nationwide phenomenon. They are found only in 20 northeastern and north central states.

On a functional basis, townships fall into two general

groups. One group—governed by general law in New England,[56] New Jersey, and Pennsylvania, and to some degree in Michigan, New York, and Wisconsin—is vested with relatively broad powers and, where it includes closely settled territories, performs functions usually associated with municipal governments. The 11 states of this group are termed "strong-township" states by the Census Bureau.[57]

In this group, the New England town is a distinctive institution, renowned for its approach to pure democracy achieved through the town meeting. [58] Also, although New England towns are not unlike cities in powers and functions, the state uses them more often than it uses cities as units of administration and elections, taxation, land records, probate and other matters. This is similar to the use of counties in other states. In addition, the New England town often is responsible for public schools.[59]

In the second general group of township states are those in which townships by and large offer the possibility of local self-government primarily for rural areas. The Census Bureau calls these nine states "rural-township" states. They consist of the north central states of Illinois, Indiana, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and South Dakota.[60] Most townships in these states conform to the geographical or survey townships of 36 square miles, which were laid out by the U.S. government surveys of the public domain before the territory was settled.

In these states the authority from the constitution and state legislation for the townships to perform functions is much more limited than that granted municipalities and the townships of the first group. For example, they may have specific powers to construct a bridge or provide police protection, but no general grant of authority to legislate broadly on local matters. The vigor and usefulness of these units vary from place to place, but they undertake local government responsibilities where county government may seem far off, and full-fledged municipal government too ambitious an undertaking for the limited resources and size of the community. In rural areas, they perform only a very limited range of services, such as road construction and maintenance, rural law enforcement, maintenance of cemeteries, and weed control. In

Table 95

TOWNSHIP EXPENDITURE AS PERCENT OF TOTAL LOCAL GOVERNMENT DIRECT EXPENDITURE, NATIONWIDE AND IN TOWNSHIP STATES ONLY, BY FUNCTION, FY 1976–77

Function	All States	Township States		
		Total (20)	Strong (11)	Rural (9)
Education	3	6	9	—
Highways	11	22	32	9
Public Welfare	—	1	—	3
Hospitals	—	1	1	—
Health	1	3	4	—
Police	6	11	16	2
Fire Protection	7	13	17	6
Sewerage	5	9	15	—
Other Sanitation	7	13	18	1
Parks and Recreation	5	12	20	—
Housing/Urban Renewal	—	—	1	—
Libraries	6	11	18	—
Public Buildings	4	8	14	—
Total Direct Expenditures	3	6	8	1

—Represents zero or rounds to zero.
SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, No. 5, Compendium of Government Finances,* Table 49; *No. 4, Finances of Municipalities and Township Governments,* Washington, DC, U.S. Government Printing Office, 1979; Tables 18 and 19.

Table 96

TOWNSHIP FULL-TIME EQUIVALENT EMPLOYMENT AS PERCENT OF TOTAL LOCAL GOVERNMENT FULL-TIME EQUIVALENT EMPLOYMENT, NATIONWIDE AND IN TOWNSHIP STATES ONLY, BY FUNCTION, FY 1976–77

Function	All States	20 Township States	11 Strong Township States	9 Rural Township States
Local Schools	3	6	9	—
Highways	10	20	29	5
Public Welfare	1	1	1	1
Hospitals	—	1	2	—
Health	1	2	4	—
Police	6	11	17	1
Fire Protection	5	9	13	2
Sewerage	4	7	13	—
Other Sanitation	4	10	14	—
Parks and Recreation	3	8	13	—
Natural Resources	—	5	12	—
Housing/Urban Renewal	—	—	—	—
Air Transportation	—	1	2	—
Water Transport	—	1	1	—
Correction	—	—	—	—
Libraries	6	13	23	1
Financial Administration	6	16	24	4
General Control	7	13	18	7
All Functions	3	7	10	1

— Represents zero or rounds to zero.
SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 3, No. 2, Compendium of Public Employment,* Washington, DC, U.S. Government Printing Office, 1979, Table 13.

semi-rural places they may perform such additional services as fire protection, sewerage, and water supply. On the fringes of large urban areas, they may resemble small cities in services performed.

As indicated in *Chapter 2*, townships are the least active of the five types of local units in terms of the percentage of total local direct expenditure they account for nationwide. In the 20 states that have township government, however, they represent a more significant share of local government activity (*Table 95*).

Moreover, in the 11 "strong township" states, the township role is clearly more prominent than it is in the nine "rural township" states. In the former, townships account for 8% of total direct expenditure by local government, and for 32% of total highway expenditures, 20% of parks and recreation, 18% each of libraries and sanitation other than sewerage, and significant shares of expenditures for fire protection, police, and public buildings. Among the rural township states, the townships account for only 1% of total local expenditures and for over 5% of expenditures for individual functions only in the case of highways and police.

Another way to underscore the difference between the two groups of township states is by comparing per capita expenditures. The average state per capita expenditure (unweighted) for townships in the 11 strong township states in 1977 was $299; in the nine rural township states it was $30. Further, in the six New England states, where towns as a group most clearly resemble municipalities, the figure was $439.

The same general picture emerges in a comparison of full-time equivalent employees engaged in the various functions performed by townships in the two kinds of township states (*Table 96*). An additional point to note

here is the relatively high percentage of full-time equivalent employment devoted to financial administration and general control in the rural township states—indicating high relative emphasis on overhead and support activities, such as tax collection and recordkeeping, as against direct services to people.

The difference between townships in the strong township states and the rural township states can be highlighted in still another way—the relative percentage of township governments with no full-time employees (*Table 97*). The 11 strong township states range from zero (Connecticut and Rhode Island) to 41.0% (Michigan in this regard) the nine rural township states from 24.3% (Ohio) to 96.9% (South Dakota). The weighted average for the strong township states is 21.4%, compared to the rural states' 71.1%.

States differ with respect to area covered by township governments. Only one state—Indiana—has such units for virtually all its area and population.[61] In Massachusetts, New Hampshire, New Jersey, Pennsylvania, Rhode Island, and Wisconsin, operating townships or towns comprise all territory other than that served by municipalities. This also applies to Maine, except for its "unorganized territory," which lacks any local government. Of the remaining 12 township states, there are eight where this kind of government appeared only in certain counties as of early 1977. Nationwide, 22.7% of the U.S. population is in areas with township government.[62]

All municipal governments in Indiana, and some but not all municipalities in ten other township states (Connecticut, Illinois, Kansas, Michigan, Minnesota, Missouri, Nebraska, New York, Ohio, and Vermont), operate within territory that is served also by township governments. In the remaining nine of the 20 township states, on the other hand, these two kinds of units do not overlap geographically.[63]

Which Way Rural Townships?

Counties have assumed greater relative importance in performing local functions in recent decades. Municipalities have suffered a relative decline, but they are still by far the primary provider of local services. What can be said about towns and townships and their potential for the future?

The towns of the New England states and to a large extent the towns and townships of the five other "strong township" states are in a different position from that of the rural townships of the nine midwestern states. Many are urban and industrial, and in many cases are similar to municipalities in functional scope.

The townships of the nine midwestern township states are another story. In number of units, their long-range trend has been one of decline. The two states that discontinued use of townships as governmental units subsequent to 1942—Washington and Iowa—were of the rural group. Among the current nine rural township states, the number of townships declined from 10,523 in 1942 to 10,171 in 1977—or a drop of 352 (3.3%). By contrast, the decline in the 11 strong township states, was from 6,720 to 6,651 or a reduction of 69 (1.0%) (see *Table 88*).

The relative decline of rural township governments also shows in expenditure and employment data compiled by the U.S. General Accounting Office for the 30-year period 1942 to 1972. The overall per capita spending by township governments, adjusted for cost of living changes, increased by about 12% between 1942 and 1972. This compared, however, with an increase of nearly 168% for all general local governments (counties, municipalities, townships) in these nine states. Thus, townships' share of total local spending dropped from 10.6% in 1942 to 4.4% in 1972, or a reduction of 59%. In terms of full-time employment, the full-time staff of townships between 1942 and 1972 dropped by 61% while that of counties, municipalities, and townships together increased by 87%.[64] In sum, therefore, townships clearly suffered a substantial relative decline between 1942 and 1972 in the share of local services they were providing.

This fading of the midwestern township led some observers to forecast its demise. In a 1957 book, Prof. Clyde F. Snider stated that:

> All in all, available evidence points to the conclusion that the midwestern township as a governmental institution is on the way out.[65]

Snider went on to cite studies of township government in Illinois, Kansas, Missouri, Nebraska, North Dakota, and Ohio by research bureaus, academics, and legislative study committees that described the atrophy of functions and activities of township units in those states.

One consequence of the midwestern township's declining fortunes has been calls from various quarters for abolition of this local unit. In 1933, a committee on county government of the National Municipal League recommended that townships be gradually eliminated by transferring their functions to the county, city, or state; permitting individual townships to deorganize or consolidate; and providing that townships may be abolished by county option.[66] In 1966 the Committee for Economic Development concluded that:

Table 97

PERCENT DISTRIBUTION OF TOWNSHIP GOVERNMENTS IN STRONG TOWNSHIP AND RURAL TOWNSHIP STATES, BY NUMBER OF FULL-TIME EQUIVALENT EMPLOYEES, BY STATE, OCTOBER 1977

	Number of Full-Time Equivalent Employees									
Strong Township States	**0**	**1–24**	**25–49**	**50–99**	**100–199**	**200–399**	**400–599**	**600–799**	**800–999**	**1,000 or more**
Connecticut	—	14.0%	14.7%	10.7%	11.4%	22.8%	10.7%	6.7%	2.6%	6.0%
Maine	22.7%	60.8	7.7	2.7	3.5	1.8	0.4	—	—	—
Massachusetts	0.6	18.2	9.9	13.1	14.7	18.5	10.9	6.4	2.8	4.4
Michigan	41.0	54.3	2.7	1.2	0.3	0.3	—	—	—	—
New Hampshire	13.5	72.4	8.6	4.5	0.4	0.4	—	—	—	—
New Jersey	1.7	37.5	13.3	21.5	15.9	6.4	2.5	—	0.4	0.4
New York	1.7	80.1	8.2	4.8	2.2	1.5	0.5	0.2	0.1	0.4
Pennsylvania	16.8	76.6	3.4	1.9	0.6	0.3	0.1	—	—	—
Rhode Island	—	6.4	6.4	19.3	3.2	35.4	16.1	12.9	—	—
Vermont	13.9	81.4	2.5	1.6	0.4	—	—	—	—	—
Wisconsin	36.4	62.6	0.7	0.1	—	—	—	—	—	—
Rural Township States										
Illinois	27.7	70.2	1.3	0.4	0.1	—	—	0.1	—	—
Indiana	85.3	13.8	0.4	0.3	0.1	—	—	—	—	—
Kansas	86.5	13.3	—	—	—	—	—	—	—	—
Minnesota	86.7	13.1	0.1	—	—	—	—	—	—	—
Missouri	61.1	38.8	—	—	—	—	—	—	—	—
Nebraska	80.2	19.7	—	—	—	—	—	—	—	—
North Dakota	95.3	4.6	—	—	—	—	—	—	—	—
Ohio	24.3	73.0	2.0	0.5	0.1	—	—	—	—	—
South Dakota	96.9	3.0	—	—	—	—	—	—	—	—

—Represents zero or rounds to zero.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 3, No. 2, Compendium of Public Employment,* Washington, DC, U.S. Government Printing Office, 1979, Table 24.

> Townships not suited to full municipal incorporation should be abolished, and their functions should be assumed by newly consolidated county governments.[67]

Proposals for abolition generally are based on conclusions like that reached by the Missouri Public Expenditure Survey in 1960: that these units are unduly costly, inefficient and inconvenient, and that local services could be provided more efficiently and economically if the township organization were abandoned and its functions transferred to the county.[68]

Reasons other than costliness and inefficiency are also given. Lane W. Lancaster emphasized the low level of activity:

> The township outside New England has had . . . little vitality in spite of strenuous efforts to make it a vigorous exemplar of local democracy. It has been kept alive largely by a combination of artificial respiration in its early years and latterly by the stubborn inertia of vested interests.[69]

A study by the Illinois League of Women Voters labeled Illinois township government as duplicative, limited-purpose, and failing to provide equitable service. On the issue of equitable service it cited the unfairness of welfare administration and the lack of uniformity of local property assessment.[70] An additional reason cited for doing away with the rural township is the desirability of strengthening county government, which would follow from the transfer to it of the surrendered township functions. The resulting simplification of the local government scene is also stressed.

GAO STUDY ON GRS

Just recently the issue of abolishing or downgrading the midwestern rural township has taken on new significance by becoming caught up in federal policy considerations. These involve the legislation authorizing the federal government's general revenue sharing (GRS) with state and local governments. That legislation specifically includes townships as eligible general local government recipients. Critics have charged that midwestern rural townships are typically not general governments, since they provide few services—often so few as to warrant their being classified as special districts rather than general-purpose governments. It also is charged that many of the townships that receive GRS funds are "duplicative, obsolete, and/or defunct units of local government"[71] that are propped up by the GRS largess. The effect, it is alleged, is to divert substantial funds away from municipalities and counties which are the deserving eligibles intended by Congress.

In response to these allegations, the U.S. General Accounting Office (GAO) launched a study in 1976 "to determine whether there were indicators that federal *Revenue Sharing* funds are counteracting trends involving the viability or importance of these [midwestern township] . . . governments."[72]

Analyzing data on numbers of governmental units, expenditures, and employment, GAO traced the decline in the relative importance of rural township units from 1942 to 1972, as described above. It went on to point out that the amount of funds available to townships relative to those of other local governments in the nine states was being counteracted, to some degree, by the federal General Revenue Sharing Program. While the 1972 general revenues of township governments represented only 3.3% of all local general revenues (excluding revenue sharing), township governments were allocated 9.3% of local revenue sharing funds, increasing township revenues from 3.3% of all local general revenues to 3.7%.

The GAO study involved field visits to the nine midwestern states to determine (1) the extent and nature of services performed by townships, (2) the relative impact of GRS, and (3) the views of various interested groups about the effect of GRS funds. The investigators found that while townships were authorized to provide varying ranges of services in the nine states, they were actually providing only a limited number. Some services were not provided because the county or special district had assumed the function or the service was no longer required. The townships in the more populated states—Illinois, Indiana, and Ohio—provided more services, which was reflected in the relatively higher township expenditures in these states. But among the nine states as a group, the heavy concentration of spending on a single service made many townships more similar to special districts than general-purpose units.

GAO found no consensus among state and local officials, representatives of universities, and other interested parties regarding the viability of the midwestern township and the appropriateness of its participation in GRS. Most consistently opposed to its GRS role were state officials, university officials, and representatives of city and county organizations, who felt that townships were somewhat outmoded or limited as to activity and that other governments might make better use of their revenue sharing funds. County officials were divided in their general views, while township officials generally believed in the viability and the continued participation of townships in GRS. In the more urbanized states (Il-

linois, Indiana, Ohio), the state, county, and other groups queried showed more acceptance of township government and its participation in GRS.

In relation to General Revenue Sharing, the GAO study concluded that the minimum allocation to each participating local government—20% of the statewide average per capita—disproportionately rewarded many midwestern townships at the expense of other local governments in the nine states visited. The 20% floor gave many townships allocations that were quite large compared to their own revenues and meant a county and municipal government loss of about $24 million. The latter jurisdictions, the GAO noted, more nearly meet the GRS legislation's intent of providing assistance to local governments that have higher populations and taxes and lower per capita incomes.

"We believe," the study concluded, "by giving some townships a disproportionately large share of available local government revenue sharing funds, the *Revenue Sharing Program* may be slowing the trend that has occurred toward decreasing midwestern townships' relative contribution to governmental services when compared to other local governments."[73] It went on to reiterate the belief that the limited services in many midwestern townships raised questions about whether they are general-purpose governments or special districts, contrary to the intent of the *General Revenue Sharing Act*.

GAO recommended that if Congress did not intend for GRS to go to governments which provide essentially one service or a limited level of various services, it should consider two alternatives: (1) establishment of new eligibility criteria for GRS, based on the number, kind, and extent of services local government must perform, or (2) granting the states the authority to decide whether such governments render sufficient services to be eligible for GRS as general-purpose governments. A final recommendation was that Congress eliminate the 20% minimum allocation for any eligible government.

In its response to the GAO's draft report, the Office of Revenue Sharing (ORS) of the Treasury Department questioned GAO's use of quantitative measures of government employment, expenditures, and service delivery to assess the viability of local governments. It felt that that approach ignores the high level of voluntary service characteristic of small units of government and that the value of a forum for articulation and resolution of local policy issues is not susceptible to the measurements GAO used. GAO said it did not question the need for township government or its existence, but that it did question whether limited-purpose townships should be receiving revenue sharing funds.

AFTER THE GAO REPORT

Since the release of the GAO report, several additional years of experience have accumulated to enable further testing of the conclusions advanced in that report regarding the trends in the rural township form of government and the impact of GRS on those trends. The number of townships in the nine midwestern township states declined from 10,296 in 1972 to 10,171 in 1977, or about 1.2%. Every state experienced a reduction except Indiana (which had no change) and Illinois (which added four townships).

Two major studies of GRS impact evaluated the effect on small and limited-function units in rural areas after a few years' experience. A Brookings Institution study looked at the question of whether GRS tended to help small and limited-function governments to continue to exist. Its findings focused chiefly on suburban areas, and concluded that in those areas such units were probably more influenced by their wish to maintain control of land use and local autonomy than by issues of financial viability. Thus, it concluded, GRS had a limited impact on their decision to discontinue operations.

The Brookings study also considered the question of whether GRS encouraged small units to expand the scope of their activities. It found that, because the incentive for small units to spend in new functional areas was neutralized by the uncertainty about the program's continued existence, there was a tendency to allocate shared revenues to capital expenditures for traditional functions like roads.[74]

Another study—by the National Science Foundation's Research Applied to National Needs (NSF/RANN)—reached a different conclusion on the latter point. Its research findings suggested that the GRS program did tend to increase the activity level of small local governments. Eighty percent of state and local officials surveyed by NSF/RANN agreed with that conclusion.[75]

Fiscal and employment data from the 1977 Census of Governments now permit a reading of what happened over the first five years of the GRS program—a longer period than those covered in the Brookings, NSF/RANN, and GAO studies. Townships in the nine midwestern township states showed a substantially greater increase in direct expenditure from 1972 to 1977 than did all general local governments (counties, municipalities, townships) in those states and in the 11 strong township states (see *Table 98*).

The difference was even more dramatic in the increase in full-time equivalent employees (see *Table 99*).

That General Revenue Sharing had something to do with these changes is suggested by the relative impor-

Table 98

INCREASE IN DIRECT EXPENDITURE, 1972–77

	All general local units	Townships
11 Strong Township States	49.5%	59.1%
9 Rural Township States	60.5	72.8

SOURCE: ACIR staff computation from Census Bureau reports.

Table 99

INCREASE IN FULL-TIME EQUIVALENT EMPLOYEES, 1972–77

	All general local units	Townships
11 Strong Township States	5.8%	11.1%
9 Rural Township States	9.3	32.5

SOURCE: ACIR staff computation from Census Bureau reports.

tance of GRS as a revenue source in townships compared with counties and municipalities: Nationwide, in 1977, federal GRS represented 4.1% of counties' general revenue, 4.0% of municipalities', and 5.1% of townships. The ratios between the two groups of township states, were 4.5% for the 11 strong township states, and 16.2% for the nine rural township states. Clearly, GRS had a more significant impact on the revenues of townships, and particularly, on the townships of the rural township states.

Illinois was one midwestern township state in which GRS substantially affected the scope of township functions. Prior to 1974, Illinois townships were not authorized to perform certain functions for which federal GRS legislation required that they spend money if they were to qualify for GRS allocations. In that year, the Illinois legislature expanded township spending authority in order to comply with the federal requirement. Townships were permitted to enter into contractual agreements with other governmental units and with nonprofit corporations or service associations for services in the areas of public safety, environmental protection, public transportation, health, recreation, libraries, and social services for the poor and elderly. The statute limited such expenditures to ordinary and necessary operating and maintenance expenditures within the priority areas.

In 1976 Congress amended the *Revenue Sharing Act* to delete the requirement that federal funds be spent in the specific priority areas. This meant that Illinois townships would have to obtain express statutory authority to spend the GRS money outside the earlier specified areas.[76]

The Illinois League of Women Voters reported, that, thanks to the 1974 legislation and the large number of small townships in Illinois, the state's townships benefited more from GRS than those of any other state: more than $10 million was diverted to 582 units of government, 391 of them townships, in order to comply with the required 20% floor.[77]

IN DEFENSE OF RURAL TOWNSHIPS: THE NATT

Not to be overlooked in any effort to assess the likely future trend in rural townships is the fact that since 1976 townships have had their own organization to represent them in Washington.[78] With a full-time staff, the National Association of Towns and Townships (NATT) performs many of the services carried on by the longer-established representatives of city, county, and state government—including development of policy positions, lobbying, publication of a bimonthly newspaper, and conduct of meetings. In the area of policy and lobbying, NATT took an active role in pushing for adoption of the *Rural Development Policy Act* in September 1980.

NATT staunchly defends the role of the township, even in rural areas where the demand for broad-scale public programs is not extensive. In an article titled "Townships: Cradle of Democracy," it quotes with approval a professor who asserts that,

> . . . [the township system] offers more personal service, more attention to individual needs, and a better understanding of local problems than any other unit of local government. It does this at less cost and with a minimum of red tape because it is closest to those it serves.[79]

NATT goes on to take issue with those who equate public expenditures with governmental significance:

> Sometimes it is mistakenly concluded that, because total public expenditures made by township governments are much lower than those made by cities and counties, they are a

less significant system of local government. Nothing could be further from the truth. Low public expenditures in the case of townships is representative of the fact that they are efficient in character and do not create the high administrative costs associated with cumbersome bureaucratic organizations.[80]

SUMMARY

The midwestern rural townships have experienced a steady decline in number from the first Census of Governments in 1942 until the latest in 1977. From 1942 to 1972, they also showed a dramatic decline in their relative importance as units of general local government, measured in terms of expenditures and full-time equivalent employment. The advent of the federal General Revenue Sharing Program in 1972 seems to have had a counteracting effect on this long-range trend. Although objective evidence in the early years was not very clear, fiscal and other data from five years of experience appears incontrovertible. Townships in the rural township states have expanded the scope of their activities; have experienced increases in expenditures and employment at noticeably higher relative rates than other general governments in their states; and have relied on general revenue sharing for a larger share of their total revenues compared to other local general governments. On the basis of these data, therefore, and without reference to other considerations, there seems to be less reason than there was before GRS to anticipate the vanishing of rural township government—assuming that GRS continues the volume and allocational provisions of its first eight years. Even without GRS, the chances of the continuation—if not the flourishing—of rural townships have been enhanced by the establishment of the townships' own organized interest group, the NATT.

SPECIAL DISTRICTS

Special districts are units of local government established to perform a single, or at most a few, specific function(s). They are distinguished from general-purpose units—counties, municipalities, and townships—which are responsible for a broad range of local services.[81] Special districts conventionally are interpreted to exclude school districts, although school districts are a form of special district.[82]

Many of these local units are created by local action pursuant to authorizing state law. Others are established directly by state legislation.

Special districts are the most varied of the five basic types of local government. They are found in the District of Columbia and every state except Alaska. Fourteen states account for more than two-thirds of the total of 25,987 counted by the Bureau of the Census in the 1977 Census of Governments as follows: Illinois, 2,747; California, 2,228; Pennsylvania, 2,035; Texas, 1,425; Kansas, 1,219; Nebraska, 1,192; Washington, 1,062; Missouri, 1,011; New York, 965; Colorado, 954; Indiana, 889; Oregon, 797; Idaho, 612; and North Dakota, 587.

By function, the largest number—4,189—was fire protection units *(Table 100)*. Next in line were water supply, soil conservation, housing and urban renewal, and drainage. Of the total, 24,267 were single-function and 1,720 were multiple-function districts. More than 3,600 special districts are concerned with urban water supply as a sole function or as one of several.

Because of their extremely diverse nature, the Census Bureau considers it meaningless to group special districts by size according to population. It does, however, show the size of financial transactions of some of the very largest districts *(Table 101)*.

Most special districts conduct relatively small-scale operations, however. Thus, in 1976 only 6.2% of the total number had more than 20 full-time equivalent employees, and 67.6% had no full-time equivalent employees. Similarly, in that year only 3.6% of the districts had outstanding debts of $5 million or more and 63.1% had no debt whatsoever.

One-fourth of all special districts serve an area with the same boundaries as those of some other local government—county, city, or township government. Although the vast majority are located entirely within a single county, some 2,630 have territory extending into two or more counties, and 2,449 special districts have an area that includes part or all of a city of 25,000 inhabitants or more.[83]

Special districts are far and away the most rapidly growing of the five types of local government—increasing by 2,075, or 8.6%, from 1972 to 1977, and showing a 41.6% increase in 15 years. Most special districts are outside metropolitan areas (63%), but in the last five years the pace of growth has been far greater inside metropolitan areas (22%) than outside (2%). Use in metropolitan areas is notable in such heavily urbanized states as California, Illinois, and Pennsylvania.

Why Special Districts?

If general-purpose local governments are set up to perform a broad spectrum of functions, and if they col-

Table 100

NUMBER OF SPECIAL DISTRICTS, BY FUNCTION, 1977

Function	Number	Percent
Total	25,962	100.0%
Single-Function Districts	24,242	93.3
Fire Protection	4,187	16.1
Water Supply	2,480	9.5
Soil Conservation	2,431	9.4
Housing and Urban Renewal	2,408	9.3
Drainage	2,255	8.7
Sanitation, Including Sewerage	1,610	6.2
Cemetery	1,615	6.2
Education (School Building Districts)	1,020	3.9
Irrigation and Water Conservation	934	3.6
Parks and Recreation	829	3.2
Hospital	715	2.8
Flood Control	681	2.6
Highway	652	2.5
Library	586	2.3
Health	350	1.3
Composite Natural Resources	294	1.1
Electric Power, Transit System, and Gas Supply	224	0.9
Other	971	3.7
Multiple-Function Districts	1,070	6.6
Sewerage and Water Supply	1,065	4.1
Natural Resources and Water Supply	71	0.3
Other	584	2.2

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1978, Table 12.

lectively cover practically every square foot of territory in a state, the question arises as to why special districts are needed at all—to say nothing of why they should expand so rapidly. In its 1964 report on special districts, the ACIR identified a list of factors that influence their creation.[84] Among the financial reasons are: (1) debt and tax limitations on general-purpose local units;[85] (2) the district's suitability for financing services through service or user charges, as opposed to general tax revenues; and (3) the broader financial base which may be available to support a particular service by resort to a special district. Limitations on the powers of general-purpose units are another factor leading to the establishment of special districts. Such limitations include (1) strict construction of powers granted to general purpose governments, (2) lack of power for those governments to establish differential taxing areas within their boundaries, and (3) lack of authority to contract with other local units or to undertake joint responsibility for providing services.

Closely related to these limitations are those imposed by the limited territorial scope of existing units of general local government. City and county areas may be too small for efficient and effective management of certain functions, e.g., air pollution control; or may not conform to the natural boundaries needed for a function, e.g., the water basin needed for water supply.

Political factors are often involved in the creation of special districts. In some parts of the country, for example, a county may have authority to assume responsibility for a needed service or a municipality may have power to extend its territorial boundaries to include areas that need urban services. Nevertheless, those in control

Table 101

SPECIAL DISTRICTS WITH MAJOR FINANCIAL ACTIVITY, 1976–77
(in millions of dollars)

Special District[1]	Total Revenue	Total Expenditure	Outstanding Debt
Arizona:			
Salt River Project Agricultural Improvement and Power District	$232	$413	$1,198
California:			
San Francisco Bay Area Transit District No. 2	144	125	749
Southern California Rapid Transit District	190	195	15
Metropolitan Water District of Southern California	168	174	671
Sacramento Municipal Utility District	107	129	501
District of Columbia:			
Washington Metropolitan Area Transit Authority[2]	625	741	1,024
Georgia:			
Metropolitan Atlanta Rapid Transit Authority	225	248	50
Georgia Municipal Electric Authority	35	351	450
Illinois:			
Greater Chicago Metropolitan Sanitary District	192	219	270
Chicago Transit Authority	330	341	39
Maryland:			
Washington Suburban Sanitary Commission	174	191	615
Massachusetts:			
Massachusetts Bay Transportation Authority	283	306	396
Nebraska:			
Omaha Public Power District	141	274	729
Nebraska Public Power District	220	373	1,165
New York:			
Port Authority of New York and New Jersey[2]	538	611	2,103
Pennsylvania:			
Southeastern Pennsylvania Transportation Authority	239	246	87
Texas:			
Dallas-Fort Worth Regional Airport Authority	57	61	591
Washington:			
Washington Public Power Supply System	98	468	1,989
Chelan County Public Utility District	40	102	825

[1]*Units listed in this table had revenue or expenditures of at least $150 million or outstanding debt of $500 million or more.*
[2]Interstate district.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, No. 2, Finance of Special Districts*, Washington, DC, U.S. Government Printing Office, 1979, p. 5.

may be unwilling to assume the responsibility, perhaps for fear of the fiscal consequences or possible alterations in the local political power structure. A related political factor is the belief of some citizens that, by establishing a service in a special district, a community is removing that service from possible influence by the partisan politics that affect their city or county.

Some special districts came into being because of stimulation from the federal government. This occurred initially particularly in the natural resources area, in the establishment of soil conservation, drainage, flood control, and irrigation districts. In later years the federal influence was manifested in housing and urban renewal, airports, sewage disposal, and other environmental control.[86]

Finally, it must be noted that the origins of a few special districts actually antedated general-purpose units. Fire protection originally was provided largely by private and volunteer companies. When a more proficient service was needed, experience with these companies, as organizations distinct from established government—coupled with the widespread public support for continuing with them—influenced the establishment of fire suppression and prevention as a special district responsibility. As another example, the community land grant district in New Mexico is a carry-over of a structure which existed under the Spanish, and later Mexican, occupation of that territory.

The use of special districts is criticized on numerous grounds, including their unaccountability and obstruction of general local government policy.[87] Yet, the continuing expansion in their number is most eloquent testimony to their persisting popularity as a type of local government. Considering that most of the underlying factors responsible for this growth are not likely to vanish soon, chances are that this popularity will continue. As Robert G. Smith put it, the problem with special districts is how to work them "into American federalism without destroying their flexibility, their ability to attract and hold really talented employees, and their obvious capacity to get things done."[88]

SCHOOL DISTRICTS

School districts are the fifth general type of local unit identified by the Bureau of the Census. Although they are a form of special district within the strict meaning of the term, they are counted separately because of their near universality[89] and the importance of the function on the local scene, fiscally and in terms of personnel employed. In FY 1976–77, they accounted for 36% of all local direct general expenditure;[90] in October 1977 they accounted for 46% of total full-time employment equivalents and 45% of the total payroll at the local level.[91]

Although there were 16,548 school systems in the U.S. in 1977, only 15,174 were independent school districts and hence counted by the Census Bureau as units of government (*Table 102*). The other 1,374 were "dependent" school systems, regarded as agencies of other governments—county, municipality, township, or state—and, lacking the necessary ingredient of autonomy, were excluded from the count of local governmental units.

Independent school systems were operating in all states except Alaska, Hawaii, Maryland, North Carolina, and Virginia in 1977, and 13 states had both independent and dependent systems. In only five of these did dependent systems account for a major share of public school enrollment. Hence, in 40 states all or a major fraction of public school pupils were enrolled in independent school districts.

Of the dependent systems, those subordinate to counties were found largely in the southeast. Systems that were adjuncts to townships appeared only in New England and New Jersey. In 14 states and the District of Columbia, dependent systems were operated by municipal governments; but in most of these states, some other pattern predominated.

Whereas special districts have experienced the greatest growth in numbers in recent decades, school disctricts have shown the largest reduction, because of the movement for consolidation and reorganization of mainly small rural districts. Yet, the decline in numbers has diminished in recent years:[92]

School Year	Number of School Districts
1976–77	15,174
1971–72	15,781
1966–67	21,782
1961–62	34,678
1956–57	50,454
1951–52	67,355
1941–42	108,579

Four states with the largest numerical decrease between 1972 and 1977 accounted for nearly 60% of the total decline nationwide: Illinois, a reduction of 114 or 9.7%; Missouri—62 (9.8%); Montana—87 (15.8%), and Nebraska—179 (13.0%). In 1977 four states still had more than 1,000 school districts: Nebraska (1,195), Texas (1,138), California (1,109), and Illinois (1,063). These four accounted for nearly 30% of all school districts in the nation.

Although the school district is a special-purpose en-

tity, its activities sometimes are closely related to, if not seemingly duplicative of, those performed by general-purpose units of local government. The education function itself—and particularly vocational education—is an integral part of training programs covered by the *Comprehensive Employment and Training Act* administered by cities and counties as prime sponsors. Similarly, activities of city park and recreation departments frequently parallel activities conducted by schools. In large cities, moreover, efforts to establish neighborhood subunits for purposes of representation and service can vie with, or complement, similar efforts for strictly school purposes. As a basically unifunctional entity, however, the school district is not as likely as the three general-purpose types of local government to receive serious consideration for assumption of a nonschool function transferred from those units.

On the other hand, the general-purpose units have a potential for taking on the school function by the transformation of a school district into dependent status under the county, municipality, or township. The function can also be transferred to the state government, as it already has been in Hawaii.

Short of being transferred, the local school function—whether in an independent or dependent system—can have a significant indirect influence on functional assignment issues. This influence is exerted particularly on the revenue side where local governments, including school districts, are usually heavily dependent on the property tax. Intergovernmental competition for these resources may be critical in decisions on whether a function should be assumed, expanded, contracted, or dropped, by one or more local units.

Sometimes complicating the local government scene

Table 102

NUMBER AND PERCENT OF PUBLIC SCHOOL SYSTEMS, PUBLIC SCHOOLS, AND PUBLIC SCHOOL ENROLLMENT, BY TYPE OF SYSTEM, 1977

Type of Public School System	Public School Systems	Public Schools	Public School Enrollment[1] (1,000)
	Number		
All Public School Systems	16,548	86,174	47,582
Independent School Districts	15,174	71,883	38,726
Other School Systems	1,374	14,291	8,856
State	3	381	184
County	503	5,876	3,549
Municipal	284	5,598	3,992
Township (and "Town")	584	2,436	1,132
	Percent		
All Public School Systems	100.0%	100.0%	100.0%
Independent School Districts	91.7	83.4	81.4
Other School Systems	8.3	16.6	18.6
State	[2]	0.4	0.4
County	3.0	6.8	7.5
Municipal	1.7	6.5	8.4
Township (and "Town")	3.5	2.8	2.4

[1] Enrollment as of October 1976; includes 2,991,564 students enrolled in college-grade classes.
[2] Less than 0.05%.
SOURCE: U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1978, p. 6.

is the fact that only 4,043 of the 16,548 school systems (both independent districts and dependent systems) serve an area coterminous with some other local government—though they represent only 19% of all the independent school districts. Of the 12,505 noncoterminous systems, most serve rural areas or incorporated places with fewer than 2,500 residents and are mostly in the midwest. "Municipal" school systems make up 2,936 of the noncoterminous group. Although most of these include an entire municipal area plus some adjacent territory, some cover only part of a municipality.

INTERSTATE VARIATIONS IN LOCAL GOVERNMENT PATTERNS

The manner in which the five basic units of local government are combined varies from state to state. As has been noted, some states do not have certain of the units (counties in Connecticut and Rhode Island; townships in 30 states; independent school districts in some states). Moreover, units common to two or more states often are given different emphasis in different states.

And yet, with all the diversity, scholars and other observers have perceived certain patterns of local government emerge. The most familiar are regional patterns.

To begin with, the three-region system of local government that was founded in colonial days—based on the relative importance accorded the county and the township—has continued to the present day on the eastern seaboard. It is characterized by the preeminence of the town in the New England states, a combination of county and township in the mid-Atlantic tier, and the dominance of the county in the southeast, with municipalities established in places of concentrated population and becoming substantially more prominent with the urbanization of the late 19th and 20th Centuries.

According to a succession of scholars over the past 90 years, the subsequent settlement of the rest of the nation (or at least the contiguous 48 states) was characterized by the transplanting of the East Coast's tripartite system in a manner that generally followed the path of westward-moving settlers. This produced a regional pattern again based mainly on the relative importance of the township and the county, although some observers also have seen evidence of patterned distribution of municipalities and special districts.[93] Under this interpretation, the 48 contiguous states fall into four or five regions: (1) New England, with the town preeminent; (2) the south, the southwest and the far west, all using primarily the familiar county system initiated in the south and carried from there by westward-moving southerners; and (3) and (4), two parts of what is generally known as the midwestern or midcentral states, divided by the relative influence of the New York or Pennsylvania type of mixed county-township system. The Committee for Economic Development counted five regions, separating the mountain states and far west from the south, on the grounds of more use of special districts and lesser stress on municipalities than in the southeastern states.[94]

A recent effort by G. Ross Stephens to classify state systems of local government looks less to the origins and more to the differences and similarities in which the various types of local government are combined in the 50 states. The result is less emphasis on regional groupings.[95]

The Stephens classification weighs the roles of municipalities and school districts as well as counties and townships, and distinguishes between the New England town and the more limited town or township of 14 other states, particularly the midwestern states. The fifth type of local unit—the special district—is not considered a significant differentiating factor, however. The typology is described in *Table 103* and the manner in which the states are classified under the typology is presented in *Table 104*.

Neither *Table 103* nor *Table 104* presents the complete Stephens classification. The "southern" type is subdivided into two states with county systems and two with city and county systems. The combined "southern/conventional" arrangement is split further into three states with countywide school districts and seven with city and county school districts. In the "New England Town" group, two states have coterminous but independent school districts while the other four have dependent school systems.

Quite clearly, this typology is more indicative of multiple variations in local government systems among the 50 states than the traditional regional classification based mainly on cultural patterns transported by the western migration. For one thing, it includes the two newest states—Hawaii and Alaska—in which the ties to the colonial heritage were far less influential in shaping local governmental structure than they were in the 48 contiguous states.

Stephens comes to direct grips with the issue of simplicity and complexity by ranking the 14 classes "from simple to complex in terms of structure, number and types of local units, whether or not there are overlying jurisdictions, and so on" (*Table 105*).[96] The range extends from the simplicity of Hawaii's "state-county" system to the complexity of the "town-township/conventional" arrangement found in New York, Pennsylvania, and Wisconsin.

Table 103

TYPOLOGY OF STATE SYSTEMS OF LOCAL GOVERNMENT, 1977

I. STATE/COUNTY, Hawaii

State is highly centralized with three counties and one city-county. Puerto Rico is similarly organized with 76 municipalities, but the Commonwealth is even more highly centralized than Hawaii.

II. STATE/MUNICIPAL, Alaska

State also highly centralized. 140 municipalities perform local services where they exist. The seven regular boroughs (counties) are heavily state funded. There are three city-boroughs, and one borough that is really just a school district. Local service provided directly by the state throughout much of the area (23 unorganized borough areas).

III. SOUTHERN, four states

Counties and large cities or city or city-counties, with dependent school systems, are the important local governments. No minor civil subdivisions and, with one exception, few special districts. These states are fairly decentralized.

IV. NEW ENGLAND TOWN, six states

The town, an incorporated entity, is the principal unit of local government. Most cities are towns with a more urban character that choose to call themselves cities. Relatively little use is made of special district governments. Counties are unimportant or nonexistent.

III/V. SOUTHERN/CONVENTIONAL, ten states

Falls in between the Southern and Conventional systems with the use of coterminous school district governments. No township or other minor civil subdivisions. Use of special district governments is varied.

IV/V.A. TOWN/CONVENTIONAL, New Jersey

A conventional system where all (townships) have broad municipal powers.

IV/V.B. TOWN-TOWNSHIP/CONVENTIONAL, Pennsylvania, New York, and Wisconsin*

A conventional pattern with quite a number of New England type towns and Midwestern townships. The towns have municipal powers, but the townships do not.

V. CONVENTIONAL, 24 states

Consists of a miscellany of discrete and overlying jurisdictions; i.e., counties, municipalities—both often of several different classes, school districts, and special districts and authorities.

V.a. Without Townships 14 states

Either without township at all or what exists are mere vestiges of former minor civil subdivisions.

V.b. Townships Declining Missouri and Nebraska

Midwestern type township with limited powers exist in fewer than one-third of the county areas of the state.

V.c. Midwestern Townships six states

Midwestern type townships with limited authority exist in most or all county areas of the state.

V.d. Classified Townships Michigan and Minnesota

Two or more classes of townships, a few with municipal powers usually located in urban areas.

* Wisconsin may actually fall in between types IV/V(B) and V(d).

SOURCE: G. Ross Stephens and Gerald W. Olson, *Passthrough Federal Aid and Interlevel Finance in the American Federal System, 1957 to 1977*, Kansas City, MO, University of Missouri-Kansas City, 1979, Vol. 1, p. 89.

Table 104

CLASSIFICATION OF STATES BY SYSTEM OF LOCAL GOVERNMENT, 1977

I. STATE/COUNTY
Hawaii (Puerto Rico)

II. STATE/MUNICIPAL
Alaska

III. SOUTHERN
Maryland, North Carolina, Virginia, and Tennessee

IV. NEW ENGLAND TOWN
Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont

III/V. SOUTHERN/CONVENTIONAL
Alabama, Florida, Georgia, Kentucky, Louisiana, Mississippi, Nevada, South Carolina, Utah, and West Virginia

IV/V.A. TOWN/CONVENTIONAL
New Jersey

IV/V.B. TOWN-TOWNSHIP/CONVENTIONAL
New York, Pennsylvania, and Wisconsin*

V. CONVENTIONAL

V.a. Without Townships
Arizona, Arkansas, California, Colorado, Delaware, Idaho, Iowa, Montana, New Mexico, Oklahoma, Oregon, Texas, Washington, and Wyoming

V.d. Classified Townships
Michigan and Minnesota

V.b. Townships Declining
Missouri and Nebraska

V.c. Midwestern Townships
Illinois, Indiana, Kansas, North Dakota, Ohio, and South Dakota

* Wisconsin may actually fall in between IV/V(B) and V(d).
SOURCE: G. Ross Stephens and Gerald W. Olson, *Passthrough Federal Aid and Interlevel Finance in the American Federal System, 1957 to 1977,* Kansas City, MO, University of Missouri-Kansas City, 1979, Vol. 1, p. 89.

HOW MUCH LOCAL DISCRETIONARY AUTHORITY?

The evolving role of local units of government—especially general purpose units—sketched in this chapter in many respects is the story of their changing relationship to their parent authority, their state governments. This relationship—for municipalities and more recently and to lesser but increasing extent for counties—has been marked by constant local efforts to obtain more authority to deal with their own affairs, often loosely called "home rule" power but more accurately termed local discretionary authority. Localities have made progress in these efforts in varying degrees, but until recently there has been no measure of its extent and the degree to which it varies in the various components of local discretionary authority (structural, functional, fiscal) and among the 50 states. A recent study for the ACIR by Prof. Joseph Zimmerman of the State University of New York (Albany) has made a pioneering attempt to provide such a measure.[97]

Using the official names of general purpose local units in each of the states instead of the three classes employed by the Census Bureau, Zimmerman researched state laws and constitutions and surveyed state and local officials and others familiar with state-local relations. From the collected data he derived a preliminary index of local discretionary authority for each of six identified types of general-purpose units (city, county, town, village, borough, township) by type of authority (structural, functional, fiscal, and personnel). Each person surveyed then was asked to confirm or correct the preliminary ratings for the classes of localities in his or her state. The preliminary ratings were revised on the basis of these reviews and the final ratings derived.

Much of the value of the study lies in an examination of ratings for the individual states. Yet, highlights of the 50 state summary by type of units are not without interest, even though they largely confirm conventional wisdom. For example, the indices show that:

- Cities (which comprise the bulk of the Census Bureau's "municipalities" classification) have about an equal amount of discretionary authority

in regard to their structure of government, functions, and personnel. The widest variations among the states are found in the structural area, with cities in Arkansas, Georgia, Indiana, and Vermont having minimal discretionary authority relative to their structure in contrast to cities in 20 states with broad authority.

- Cities in 38 states possess the least local power in the area of finance. The major exceptions—i.e., where financial discretion is relatively broad—are cities in Arizona, Illinois, Maine, and Texas.
- Counties nationwide have been granted significantly fewer powers than cities by state consti-

Table 105

STATE SYSTEMS OF LOCAL GOVERNMENT RANKED ON SIMPLICITY-COMPLEXITY SCALE, 1977

Ratings		States
Simplest	I. State/county	Hawaii
	II. State/municipal	Alaska
	III. Southern, a) counties	Maryland, Virginia
	III. Southern, b) cities and counties	North Carolina, Tennessee
	IV. New England town, a) dependent schools	Connecticut, Maine, Massachusetts, Rhode Island
	IV. New England town, b) independent schools	New Hampshire, Vermont
	III/V. Southern/conventional a) countywide schools	Florida, Nevada, West Virginia
	III/V. Southern/conventional b) city and county schools	Alabama, Georgia, Kentucky, Louisiana, Mississippi, South Carolina, Utah
	V. Conventional, a) without townships	Arizona, Arkansas, California, Colorado, Delaware, Idaho, Iowa, Montana, New Mexico, Oklahoma
	V. Conventional, b) declining townships	Missouri, Nebraska
	V. Conventional, c) midwest townships	Illinois, Indiana, Kansas, North Dakota, Ohio, South Dakota
	V. Conventional, d) classified townships	Michigan, Minnesota
	IV/V.A. Town/conventional	New Jersey
Most Complex	IV/V.B. Town-township/conventional	New York, Pennsylvania, Wisconsin

SOURCE: G. Ross Stephens and Gerald W. Olson, *Passthrough Federal Aid and Interlevel Finance in the American Federal System, 1957 to 1977,* Kansas City, MO, University of Missouri-Kansas City, 1979, Vol. 1, p. 89.

tutions and statutes, relative to all four types of authority examined. The greatest differences are in the areas of structure and functions, where counties, with certain exceptions, have little latitude, while cities desiring to change their structure or expand their functions have relatively fewer state-imposed restraints in most states.

- Towns (generally equivalent to the "strong township" Census Bureau category) seem to have discretionary powers identical or nearly identical to those of cities with the major exceptions of Oklahoma, Texas, and Wisconsin where cities' powers are relatively broad and towns' are relatively narrow. A similar pattern exists with respect to villages (generally grouped under "municipalities" by the Census Bureau) in comparison with cities, with the exceptions of Maine, Missouri, Nebraska, New Hampshire, and Texas, where village powers are substantially weaker than city powers.
- Townships (basically equivalent to the Census Bureau's "rural townships") generally possess relatively little discretionary authority in the nine Midwestern states with so-called "rural" townships. These units are controlled tightly by the state government and are allowed to exercise few discretionary powers.

A Composite Index

Using the indices for each of the six types of units broken down by the four types of authority, the ACIR staff undertook to develop a single index representing a level of discretionary authority possessed by local government as a whole in each of the 50 states. The objective was to develop the relative standing of the states with respect to the overall picture of state government in relation to local government as a whole. This composite index was computed by first assigning arbitrary weights to each of the four types of authority (financial—4; functions—3; personnel—2; and structure—1) and then combining these for each of the six types of general purpose local government unit by weighting each type of unit based on its share of the state's nonschool local direct expenditures represented by that unit. *Table 106* ranks the states according to this composite index, with the states granting the highest degree of local discretion at the top. Since the cities and counties carry by far the greatest weight in the composite—by virtue of their high proportions of nonschool local direct expenditures—the

Table 106

STATES RANKED BY DEGREE OF LOCAL GOVERNMENT DISCRETIONARY AUTHORITY, 1980

	Composite (All Types of Local Units)	Cities Only	Counties Only
1	Oregon	Texas	Oregon
2	Maine	Maine	Alaska
3	North Carolina	Michigan	North Carolina
4	Connecticut	Connecticut	Pennsylvania
5	Alaska	North Carolina	Delaware
6	Maryland	Oregon	Arkansas
7	Pennsylvania	Maryland	South Carolina
8	Virginia	Missouri	Louisiana
9	Delaware	Virginia	Maryland
10	Louisiana	Illinois	Utah
11	Texas	Ohio	Kansas
12	Illinois	Oklahoma	Minnesota
13	Oklahoma	Alaska	Virginia
14	Kansas	Arizona	Florida
15	South Carolina	Kansas	Wisconsin
16	Michigan	Louisiana	Kentucky
17	Minnesota	California	California
18	California	Georgia	Montana
19	Missouri	Minnesota	Illinois
20	Utah	Pennsylvania	Maine
21	Arkansas	South Carolina	North Dakota
22	New Hampshire	Wisconsin	Hawaii
23	Wisconsin	Alabama	New Mexico
24	North Dakota	Nebraska	Indiana
25	Arizona	North Dakota	New York
26	Florida	Delaware	Wyoming
27	Ohio	New Hampshire	Oklahoma
28	Alabama	Utah	Michigan
29	Kentucky	Wyoming	Washington
30	Georgia	Florida	Iowa
31	Montana	Mississippi	New Jersey
32	Washington	Tennessee	Georgia
33	Wyoming	Washington	Nevada
34	Tennessee	Arkansas	Tennessee
35	New York	New Jersey	Mississippi
36	New Jersey	Kentucky	New Hampshire
37	Indiana	Colorado	Alabama
38	Rhode Island	Montana	Arizona
39	Vermont	Iowa	South Dakota
40	Hawaii	Indiana	West Virginia
41	Nebraska	Massachusetts	Nebraska
42	Colorado	Rhode Island	Ohio
43	Massachusetts	South Dakota	Texas
44	Iowa	New York	Idaho
45	Mississippi	Nevada	Colorado
46	Nevada	West Virginia	Vermont
47	South Dakota	Idaho	Missouri
48	New Mexico	Vermont	Massachusetts
49	West Virginia	New Mexico	—
50	Idaho	—	—

SOURCE: ACIR suvey and staff calculation, as presented in ACIR, *Measuring Local Government Discretionary Authority* (Report M-131). Washington, DC, U. S. Government Printing Office, 1981.

states also were ranked separately on these two indices. These two rankings help explain whether the cities or counties or both are responsible for the general posture of local discretionary authority in each state.

Cautions, of course, must be observed in using these rankings because of the many subjective factors entering into their construction. Still, the ratings can be accepted as a general indication of the relative standing of the 50 states with respect to the amount of local discretion that they give to their general purpose local governments as a whole. Thus, one would be justified in saying, as a minimum, that the ten states rated at the top—Oregon, Maine, North Carolina, Connecticut, Alaska, Maryland, Pennsylvania, Virginia, Delaware, and Louisiana—give their local governments relatively great discretion in the management of their own affairs, whereas the ten ranked at the bottom—Nebraska, Colorado, Massachusetts, Iowa, Mississippi, Nevada, South Dakota, New Mexico, West Virginia, and Idaho—tend to maintain the greatest degree of control over their local units. Further, the 30 states in between ranked neither highest nor lowest in the degree of local discretion accorded to their general-purpose local units. Of course, because of the many judgmental factors involved, too much must not be read into the specific place rankings of the individual states.

The Actual Use of Local Authority

Local government's possession of discretionary authority is one thing: its actual use of that power is another. The questionnaire survey of state officials and other informed observers sought their assessment of the extent of actual use. It revealed that:

- The power to draft and adopt a charter is not utilized often by eligible local governments. This conclusion seems at least partly explainable by the fact that many local governments drafted and adopted charters years ago and still are satisfied with them or prefer optional charters made available by statute or by general laws that grant meager discretionary powers.
- Cities and other local governments possessing the power to amend their charters do so infrequently.
- Only one-fifth to one-fourth of the respondents reported that there was an increase over time in the utilization of each of the four types of local discretionary powers, with the greatest increase concentrated in the functional area.
- Twenty-seven states authorize some or all of their general-purpose local units to supersede general and special state laws by the enactment of a local law, bylaw, or ordinance and only 37% of the respondents in these states indicated that local governments often or occasionally actually supersede state laws.
- About a third of the respondents indicated that local governments often request the legislature to pass special legislation on matters that already fall within the purview of local discretionary authority. This suggests the ambivalence that exists among many local officials with respect to increased authority to take care of their own affairs.
- Respondents reported that various factors tended to reduce the actual exercise of local discretionary authority. Forty-one percent of the respondents reporting reductions attributed them to the state legislature, 27% to state court decisions, 18% to federal court decisions, 54% to federal grant conditions, and 30% to state grant conditions. The exercise of local discretionary authority was found to be reduced by fiscal restraints in every state. Thirty-six percent of the respondents attributed the reduction to debt limits, another 35% cited tax limits, and an additional 29% placed the blame on a lack of revenue.

Ambivalence About Local Authority

The indices of local authority indicate that in most states general-purpose local governments fall short of possessing broad structural, functional, and financing powers—particularly the latter. At the same time, as the ACIR's survey showed, localities in some key areas do not always use all of their available authority, such as the power to adopt or amend local charters. Moreover, cities and counties often request special state legislation even when they already have the requested authority under their charters or general legislation.

In its report, ACIR suggested the reasons for this apparent contradiction:

> Some see this ambivalence of many local officials as a healthy recognition that certain local problems are beyond local solution and require the superior resources of the state. Others see it as reflecting—despite the pleas for more "home rule"—a cautious conservatism among officials who may be accustomed to operating under special legislation, unsure of their local powers, and hesitant to test their authority. Still others discern a desire to pass the buck

> of political repercussions to the state. Overall, the gap between the rhetoric and the reality seems to demonstrate again some of the basic characteristics of American federalism in general and state-local relations in particular: the central power position of state government, and the basic pragmatic interest at all levels in using whatever governmental institutions are available to solve public problems.[98]

If this interpretation is correct, it portends for the future that the roles of the various types of local units will continue to evolve in pragmatic response to the shifting currents of political, economic, and social forces, so that the likely pattern of local government in the 24th Century would be as hard to predict as the pattern of the late 20th Century would have been for colonial peoples of the 17th Century.

CONCLUDING OBSERVATION

One conclusion stands out in this sumary look at the evolving roles of the various types of American local government: the gradual blurring of differences among the general-purpose units—particularly between the municipality and the county. This change is reflected in the halt, if not the actual reversal, of the municipality's growing dominance in the provision and financing of local services, and the rise of the urban county. It is also reflected to some extent in the complex patterns delineated by the Stephens' typology.

The reason for the blurring has been touched upon in the discussion of the county and the municipality. Essentially, it may be seen as a case of the one historic urban form—the municipality—not keeping up with the demands of galloping urbanization. The reasons for the lag are complex: the legal, political, economic, and territorial inhibitions on municipalities—particularly the older, larger ones; the availability of the county and the special district to meet urban needs; the tendency in recent years toward increased demand by citizens in both rural and urban areas for urban-type services; and the expanded importance of federal assistance and the federal government's growing practice of making such assistance available to counties and special districts, as well as to municipalities.

Some might add to the picture of diminishing differences between the municipality and other local government types the potential—if not already actual—expansion of the role of some townships in rural township states as a consequence of the stimulus of general revenue sharing. Townships then become closer in nature to municipal-type towns in the strong township states.

The constantly changing nature of local government forms represents, of course, the adaptation of institutions to changing conditions. Various aspects of this adaptive process are examined in depth in the ensuing two chapters and in a separate volume. *Chapter 5* is devoted to a description of the emergence and status of substate regional bodies—relatively new institutions for meeting functional needs at the substate level. *Chapter 6* describes the many efforts at the state and local levels to make local institutions more equitable, effective, and responsive through procedural and organizational improvements. These efforts, always under powers accorded, and within rules established, by state governments, have scored various degrees of success. A companion volume, *The Federal Influence on State and Local Roles in the Federal System*,[99] discusses another important force at work in the assignment and reassignment of functions at the state, substate regional, and local levels—the growing influence of the federal government.

FOOTNOTES

[1] William Anderson, *The Units of Government in the United States*, Chicago, IL, Public Administration Service, 1949 ed., p. 17.

[2] U.S. Department of Commerce, Bureau of the Census, *Governmental Units in the United States: 1942*, Washington, DC, U.S. Government Printing Office, 1944.

[3] See G. Ross Stephens and Gerald W. Olson, *Pass-Through Federal Aid and Interlevel Finance in the American Federal System, 1957 to 1977*, Kansas City, MO, University of Missouri-Kansas City, 1979, Vol. 1, p. 85.

[4] Some authorities believe that many townships—particularly those in the nine "rural township" states—do not have sufficient functional responsibilities to qualify as general purpose units.

[5] This summary account of the early history of local government in the United States is based mainly on Harold F. Alderfer, *American Local Government and Administration*, New York, NY, The MacMillan Co., 1956, pp. 51–68; and Jefferson B. Fordham, *Local Government Law*, Mineola, NY, the Foundation Press, Inc., 1975, pp. 17–23.

[6] Oliver P. Field, Pressly S. Sikes, John E. Stoner, *State Government*, 3rd ed., New York, NY, Harper and Brothers, 1949, pp. 461–462.

[7] Lane W. Lancaster, *Government in Rural America*, Princeton, NJ, D. Van Nostrand Co., Inc., 1952, pp. 228–29.

[8] The literature on special districts is silent on the issue of pre-colonial precedents. See John C. Bollens' authoritative work, *Special District Governments in the United States*, Berkeley and Los Angeles, CA, University of California Press, 1957; Robert G. Smith's, *Public Authorities, Special Districts and Local Government*, Washington, DC, National Association of Counties Research Foundation, 1964; and standard texts on local government. Smith does note that special districts "may well be traced historically to the medieval guilds." (p. xiii.)

[9] Smith, *op. cit.*, p. xiii.

[10] Advisory Commission on Intergovernmental Relations (ACIR), *The Problem of Special Districts in American Government* (Report A–22), Washington, DC, U.S. Government Printing Office, May 1964, p. 1.

[11] John F. Dillon, *Commentaries on the Law of Municipal Corporations*, Boston, MA, Little, Brown, & Co., 1911, 5th ed., Vol. I, Sec. 237.

[12] School systems also blanket the nation but many systems are dependent or subordinate agencies of municipalities or counties. They are not independent local governments, i.e., school districts as defined by the Census Bureau. See discussion of school districts below.

[13] Connecticut abolished counties in 1960, and their functions were assumed by the state, i.e., mainly jails. Rhode Island counties were never more than judicial districts.

[14] National Association of Counties-International City Management Association (NACo-ICMA), *County Year Book 1978*, Washington, DC, 1978, Directory 1/3. Some consolidated city-counties and some of Virginia's independent cities are smaller and Alaska's North Slope Borough has 88,281 square miles.

[15] *Ibid.*, Table 1/1.

[16] Eugene P. Dvorin and Arthur J. Misner, *Governments Within the States*, Reading, MA, Addison-Wesley Publishing Co., 1971, p. 113.

[17] Carolyn B. Lawrence and John M. DeGrove, "County Government Services," *The County Year Book 1976*, Washington, DC, NACo-ICMA, 1976, p. 91.

[18] *Ibid.*, pp. 91–99. Some people might question whether certain of these functions were exclusively of an urban character, particularly those in the human services area, such as maternal and child health, mental health services, and family social services. Their demurrer is borne out by the relatively small differences reported on this type of service in the metropolitan-nonmetropolitan county comparison, cited later.

[19] *Ibid.*, pp. 98–99.

[20] *Ibid.*, p. 99.

[21] *Ibid.*, pp. 97–98.

[22] Counties usually are larger than cities; 103 of the 285 SMSAs in October 1979 were single-county areas.

[23] See "Midwest Cities, in Fiscal Squeeze, Are Shifting Powers to Counties," *The New York Times*, Novermber 9, 1979.

[24] See ACIR, *Community Development: The Workings of a Federal-Local Block Grant* (Report A–57), Washington, DC, U.S. Government Printing Office, 1977, pp. 23–26.

[25] See ACIR, *The Comprehensive Employment and Training Act: Early Readings from a Hybrid Block Grant* (Report A–58), Washington, DC, U.S. Government Printing Office, 1977.

[26] Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration*, Athens, GA, Institute of Government, University of Georgia, 1978.

[27] See ACIR, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, July 1978.

[28] NACo-ICMA, *County Year Book 1978*, Washington, DC, 1978, Directory 1/3.

[29] *County News*, November 13, 1978, p. 3.

[30] "Governmental Facts," Governmental Research Institute, Cleveland, OH, No. 371–B, January 28, 1980.

[31] NACo-ICMA, *County Year Book 1978*, Washington, DC, 1978, Directory 1/3. This excludes eight counties in Massachusetts over 250,000 population.

[32] U.S. Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Governmental Organization*, Washington, DC, U.S. Government Printing Office, 1978, p. 2.

[33] See *Ibid.*, for individual state descriptions.

[34] Joseph F. Zimmerman, "Coping with Metropolitan Problems/The Boundary Review Commission," *State Government*, Autumn 1975, pp. 257–260. This article identifies nine commissions but those in New Mexico and Nevada are not active.

[35] Richard L. Forstall, "Annexations and Corporate Changes: 1970–75," *The Municipal Year Book 1977*, Washington, DC, International City Management Association, 1977, Table 3/2.

[36] Dvorin and Misner, *op. cit.*, pp. 107–12.

[37] Dillon, *op. cit.*

[38] *People vs. Hurlburt*, 24 Mich. 44 (1871).

[39] Alderfer, *op. cit.*, p. 144.

[40] Dvorin and Misner, *op. cit.*, p. 122. The court cases involved were *City of Trenton vs. New Jersey*, 262 U.S. 182 (1923) (due process), *City of Newark vs. New Jersey*, 262 U.S. 192 (1923) (equal protection), and *Hunter vs. City of Pittsburg*, 207 U.S. 161 (1907) (contractual nature).

[41] Hill, *op. cit.*, p. 43.

[42] Minnesota constitution, article XI, sec. 2.

[43] Fordham, *op. cit.*, p. 76. The ACIR endorsed this approach for the functional authority of certain local government units in *State Constitutional and Statutory Restrictions Upon the Structural, Functional and Personnel Powers of Local Governments* (Report A-12), Washington, DC, U.S. Government Printing Office, 1962, p. 72.

[44] Joseph F. Zimmerman, "Local Discretionary Authority Within State Governmental Systems," paper presented at 1978 Annual Meeting, American Political Science Association, New York, NY, August 31–September 3, 1978, p. 2.

[45] Hill, *op. cit.*, p. 43.

[46] *Ibid.*, p. 43.

[47] U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1967, 1977, Vol. 4, No. 5, *Compendium of Government Finances*, Washington, DC, U.S. Government Printing Office, 1969, 1979.

[48] ACIR, *Significant Features of Fiscal Federalism, 1976–77 Edition, Part II—Revenue and Debt* (Report M-110), Washington, DC, U.S. Government Printing Office, 1977, Tables 93, 96, and 116.

[49] *Ibid.*, Tables 61 and 62.

[50] John Shannon, "The Tax Revolt—Its Effect on Local Finances," outline of remarks before OMB National Conference on Improving A-95, Washington, DC, November 19–20, 1979, Appendix Table 1.

[51] See Lynne E. Browne and Richard F. Syron, "Cities, Suburbs, and Regions," *New England Economic Review*, January/February 1979, pp. 52–55. Extraterritorial exercise of powers in unincorporated adjacent areas is another way of expanding a municipality's reach but its effectiveness is relatively limited. See *Chapter 5*.

[52] The 1965 Voting Rights Act may be deterring some annexations. See Joseph F. Zimmerman, "The Federal Voting Rights Act: Its Impact on Annexation," *National Civic Review*, June 1977, pp. 278–83.

[53] Richard L. Forstall, "Annexations and Corporate Changes Since the 1970 Census: With Historical Data on Annexation for Larger Cities for 1900–1970," *The Municipal Year Book 1975*, Washington, DC, International City Management Association, 1975, p. 21. Also see annual updates in subsequent issues of *The Municipal Year Book*.

[54] ACIR (Report A–44), *op. cit.*, pp. 82–83.

[55] *Ibid.*, p. 88.

[56] New England towns are also governed by many special laws and powers exercised under constitutional amendments in Connecticut, Massachusetts, and Rhode Island.

[57] U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, No. 4, Finances of Municipalities and Township Governments*, Washington, DC, U.S. Government Printing Office, 1979, Table 19.

[58] See Joseph F. Zimmerman, *The Massachusetts Town Meeting: A Tenacious Institution*, Albany, NY, State University of New York at Albany, 1967.

[59] Fordham, *op. cit.*, pp. 25–26. This is less the case now than in the past, thanks to the school district consolidation movement.

[60] U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, No. 4, Finances of Municipalities and Township Governments*, *op. cit.*, Table 21.

[61] Census Bureau actually reports 99.9% of Indiana population served by township government. U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Gov-*

ernmental Organization, Washington, DC, U.S. Government Printing Office, 1978, Table 8.

[62] *Ibid.,* Table 8.

[63] *Ibid.,* p. 3.

[64] U.S. Comptroller General, *Revenue Sharing Fund Impact on Midwestern Townships and New England Counties,* Washington, DC, 1976, pp. 9 and 12.

[65] Clyde F. Snider, *Local Government in Rural America,* New York, NY, Appleton-Century-Crofts, Inc., 1957, p. 232.

[66] Arthur W. Bromage, "Recommendations on Township Government" (Report No. 3 of the Committee on County Government of the National Municipal League), *National Municipal Review,* Feburary 1934, Supplement, pp. 139–45.

[67] Committee for Economic Development, *Modernizing Local Government,* New York, NY, 1966, p. 42.

[68] Missouri Public Expenditure Survey, *Pilot Study of Township Government in Vernon County, Missouri,* Jefferson City, MO, May 1960. For other examples see League of Women Voters of Illinois, *The Anatomy of Our Townships,* Chicago, IL, December 1976; and Arthur W. Bromage, "Shall We Save the Township?" *National Municipal Review,* October 1936, pp. 585–88.

[69] Lancaster, *op. cit.,* p. 62.

[70] League of Women Voters of Illinois, *op. cit.*

[71] ACIR, *General Revenue Sharing: An ACIR Re-evaluation* (Report A–48), Washington, DC, U.S. Government Printing Office, October 1974, p. 12.

[72] U.S. Comptroller General, *op. cit.,* p. 2.

[73] *Ibid.,* p. 22

[74] Richard P. Nathan, Charles F. Adams, Jr., and Associates, *Revenue Sharing: The Second Round,* Washington, DC, The Brookings Institution, 1977, p. 142.

[75] National Science Foundation, Research Applied to National Needs, *General Revenue Sharing Research Utilization Project,* Vol. 4, Washington, DC, U.S. Government Printing Office, December 1975, p. 46.

[76] League of Women Voters of Illinois, *op. cit.,* p. 5.

[77] *Ibid.,* p. 5.

[78] The township organization was established in the early 1960s.

[79] National Association of Towns and Townships, *National Community Reporter,* November-December 1980.

[80] *Ibid.*

[81] Only certain townships—generally those in the "strong township" states—are characterized by a broad range of services.

[82] Sometimes public authorities are differentiated from special districts, with the former having bonding power but no taxing power and the latter just the reverse. See Roscoe C. Martin, *Metropolis in Transition,* Washington, DC, Housing and Home Finance Agency, 1963, p. 10. The Census Bureau counts both types as special districts.

[83] U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1978, p. 6.

[84] ACIR (Report A–22), *op. cit.,* Chapter VII.

[85] A subsequent ACIR report found that among 12 states with no tax or spending limits in 1972, none was rated as having a high reliance on special districts. ACIR, *State Limitations on Local Taxes and Expenditures* (Report A–64), Washington, DC, U.S. Government Printing Office, 1977, p. 23.

[86] For a full discussion of the federal role vis-a-vis substate regional districts, see *Chapter 5.*

[87] See *Chapter 6* for a full discussion of the pros and cons of the special district.

[88] "Special Purpose Governments," *The American County,* November 1971, p. 10.

[89] Schools are a state function in Hawaii.

[90] U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 4, Government Finances, No. 5, Compendium of Government Finances,* Washington, DC, U.S. Government Printing Office, 1979, Table 10.

[91] U. S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 3, Public Employment, No. 2, Compendium of Public Employment,* Washington, DC, U.S. Government Printing Office, 1979, Table 4.

[92] U.S. Department of Commerce, Bureau of the Census, Census of Governments, 1977, *Vol. 1, No. 1, Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1978, p. 4.

[93] Anderson, *op. cit.*; and Committee for Economic Development, *Modernizing Local Government to Secure a Balanced Federalism,* New York, NY, 1966, both cited in David R. Beam, *Regional Culture and American Local Governmental Systems,* unpublished Ph.D. dissertation, Dekalb, IL, Northern Illinois University, 1976, pp. 31–46.

[94] Committee for Economic Development, *op. cit.,* pp. 24–32.

[95] Stephens and Olson, *op. cit.,* pp. 84–89.

[96] Stephens and Olson, *op. cit.*

[97] ACIR, *Measuring Local Government Discretionary Authority* (Report M–131), Washington, DC, U.S. Government Printing Office, November 1981.

[98] *Ibid.,* p. 110.

[99] ACIR (Report A–89), Washington, DC, U.S. Government Printing Office, 1981.

Chapter 5

Areawide Organizations: Metropolitan and Nonmetropolitan

The year 1965 was a turning point for substate regionalism in the U.S. The *Housing and Urban Development Act* of that year made areawide organizations of local elected officials (commonly referred to as councils of governments) eligible for planning funds, and the *Public Works and Economic Development Act of 1965* provided funding for multicounty economic development districts. These two acts, together with several others which followed, literally changed the governmental structure of the United States by inserting a nationwide system of substate regions between the local and state governments. Actually, these new regions are not governments at all. They are, rather, intergovernmental mechanisms designed to fill the gaps between the existing levels; facilitate the work of the federal, state, and local governments; and latch onto the implementation powers of these traditional levels without creating the infamous "fourth level of government" which has been railed against so often in discussions of regionalism.

The series of federal acts in the regionalism movement, beginning with the two cited above, triggered what has become virtually full coverage of the nation in the past 15 years by substate regional planning organizations.

DEVELOPMENT OF SUBSTATE REGIONALISM

Regional organizations are a frequently created response to boundary limitations which arise when public problems spill beyond the jurisdiction of any single government capable of acting alone to address the problem.

Very often, such problems are recognized long before a regional organization is established, and the earliest organizations to respond generally are unofficial. Gradually—as the problem becomes better defined, and as the stake in common intergovernmental solutions becomes clearer to affected governments—the informal organizations are transformed into, or are supplemented by the creation of, official public bodies.

The rationale for regional planning in metropolitan areas developed prior to World War I and was reinforced by the planning efforts related to providing war housing during that war. The extraordinary fragmentation of local government in the face of metropolitan needs for transportation, sanitation, and major parks became well known before the war. In the early 1920s, private regional planning associations were established in several major metropolitan areas and actually produced plans for their regions. By the end of the decade, a handful of regional planning bodies were in existence.

After World War II, federal urban transportation funds began to encourage more areawide planning, and in 1954 comprehensive planning funds became available from the Department of Housing and Urban Development's predecessor agency in support of metropolitan planning commissions. By 1960, about two-thirds of the nation's 212 metropolitan areas had such commissions. Then, with the enactment of federal legislation in 1965 and 1966, federal funds became available to support the "council of governments" type of regional planning in which local elected officials are the prime participants, and the metropolitan planning organizations were given responsibility for reviewing a broad range of federally aided physical development projects before federal approval. By 1970, all of the then existing metropolitan areas had official regional planning and most were pursuing it through the council of governments type of organization.

In nonmetropolitan America, interlocal regional planning also has sprung up. Its roots go back to agriculturally related organizations such as soil conservation districts, farmer cooperatives, resource conservation and development committees, and local chambers of commerce. Then, in the latter part of the 1960s and all during the 1970s, general-purpose regional councils were formed throughout the rural and small community portions of most states. These organizations help to bring federal aid into their regions; supply much needed administrative, professional, and technical expertise to the small, ill-equipped local governments there; and represent local needs to the state government. They also deliver certain public services in some cases and prepare regional plans.

Table 107 shows the cumulative numbers of regional councils established by selected years in the forms in which they existed in 1979. This table understates the earlier growth of metropolitan planning somewhat, because of the changing forms of organization (creating more recent establishment dates), and because the number of metropolitan areas continues to grow. Yet, it clearly documents the metropolitan surge in the 1966–70 period, followed by the big growth of nonmetropolitan organizations in the 1970s.

Substate district systems have been established statewide in 43 states by executive order, legislation, or a combination of the two, and Maryland has achieved the same end less formally through supportive policies and financial aid from its state planning department. Estab-

Table 107

NUMBER OF REGIONAL COUNCILS ESTABLISHED IN METROPOLITAN AND NONMETROPOLITAN AREAS, SELECTED YEARS

Established Before	Total[1]		Metropolitan Regional Councils		Nonmetropolitan Regional Councils	
	Number	Percent	Number	Percent	Number	Percent
1956	7	1	5	2	2	1
1961	36	5	25	9	11	3
1966	119	18	71	24	48	13
1971	423	64	222	76	201	55
1978	659	100	292	100	367	100

[1] Four regional councils did not report their year of establishment.
SOURCE: National Association of Regional Councils, *1979 Regional Council Directory,* Washington, DC, October 1978; presentation in J. Norman Reid, *Regional Councils in Metropolitan and Nonmetropolitan Areas: Some Characteristics,* ESCS Staff Report, Washington, DC, U.S. Department of Agriculture, September 1980.

Table 108

SUBSTATE REGIONAL ACTIVITY IN THE UNITED STATES, 1977

Activity Measure	Regional Organizations		
	Total	General-Purpose	Special-Purpose
Number of Organizations	1,932	675 (35%)	1,257 (65%)
Total Expenditures* (Millions of Dollars)	$1,278.2	$373.7	$904.5
Average Per Organization		$615,000	$940,023
Total Number of Employees*	147,852	21,611	126,241
Average Per Organization		35.6	131.2
Number of Governing Board Members*	43,111	16,673	26,438
Average Per Organization		27.5	27.5

* Based upon 1,569 organizations responding to the survey, of which 607 (39%) were general purpose and 962 (61%) were special purpose.

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Regional Organizations*, Vol. 6, No. 6 of the 1977 Census of Governments, Washington, DC, U.S. Government Printing Office, August 1978.

lished mostly after 1967, these systems are attempts by the states, with federal encouragement, to bring about some commonality of boundaries and organizations for the various types of regional planning and for the field operations of state agencies.

By the late 1960s, the growing number of federal aid programs supporting regional planning expanded the number of multiple regional planning organizations in many metropolitan and nonmetropolitan areas—a condition which still exists. By 1977, the latest year for which data are available, there were almost two single-purpose regional planning organizations at the local level for every general-purpose regional council in the nation, and 12 states had even higher ratios. In New York, the ratio was over 4:1. Neither federal nor state policies have stemmed this development nationally, although the general-purpose regions out-number special ones in six states and South Dakota has none of the special ones. Certain federal policies, in fact, are responsible for much of this proliferation.

Thus, thanks to the combined influence of locally felt needs for interlocal cooperation, state enabling legislation, federal aid and requirements for regional planning, the substate districting systems, and other forms of state encouragement, regional planning organizations at the local level now blanket virtually the whole nation, encompassing 99% of all counties. In 40 cases, the local regions cross state lines, creating interstate planning organizations.

These substate regional planning organizations have demonstrated their usefulness largely in performing planning tasks, but in some other ways as well. At the same time, most remain completely voluntary; more than one regional organization usually serves any given region; and the accomplishments of these organizations have been disappointing compared with the expectations held out for them when they were created. These organizations are controversial, not only because of their disappointing performance but also because of proposals to extend their functions and make them more effective. Thus, regional organizations continue to raise significant intergovernmental issues.

THE CENSUS OF REGIONAL ORGANIZATIONS

The 1977 Census of Governments provided, for the first time, an official count of substate regional organizations.[1] It identified a total of 1,932 such organizations, of which 675 were general-purpose organizations, while 1,257 were special purpose. As shown in *Table 108*, the

1,569 of these organizations responding to the census survey spent almost $1,3 billion in 1977, employed nearly 148,000 people, and involved over 43,000 people in their governing bodies. Substate regionalism clearly has become a governmental sector of growing proportions affecting virtually the whole nation.

General vs. Special-Purpose Organizations

All of these organizations are publicly created and/or funded, serve multiple local jurisdictions, and are not currently classified by the census as governments in their own right (since they do not have independent political authority and taxing powers). Those which are general-purpose, according to the census, "are primarily engaged in multijurisdictional planning, coordination, and policy discussion in order to promote intergovernmental cooperation, identify regional problems, and work toward the solution of those problems. They are involved in a variety of programs of areawide concern"[2] and are viewed as meeting local and state objectives, as well as the objectives of federal aid programs. "They are usually established under state or local government auspices, are mainly comprised of local governments, and operate under the direction of elected officials of member governments."[3]

Table 109

TYPES OF ORGANIZATIONS DESIGNATED FOR FEDERALLY ASSISTED AREAWIDE PROGRAMS, 1977

Type of Regional Program (Federally Aided)	Type of Organization Carrying it Out (Number of Federal Program Designations)				Total Number of Federal Organizational Designations
	Agency of State or Local Government	General-Purpose Regional Organization	Independent Special-Purpose Regional Organization		
			Survey Responses	Total	
Community Action	89	5	568	731	825
Aging Services	152	147	136	176	475
Health Systems Planning	4	7	162	178	189
Criminal Justice Planning	57	203	77	90	350
Water Quality Planning	23	138	11	11	172
Employment and Training	403*	0*	0	0*	403
Other	104*	1,774	8	71*	1,949*
Totals: Number	832	2,274	962	1.257	4.363
Percent	19.0%	52.1%		28.9%	100%

* Estimated.
SOURCE: U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments,* Vol. 6, No. 6, "Regional Organizations," Washington, DC, U.S. Government Printing Office, August 1978; and National Association of Regional Councils, *1980 Directory of Regional Councils: Matrix,* Washington, DC, December 1979.

Table 110

METHOD OF ESTABLISHMENT: SUBSTATE REGIONAL ORGANIZATIONS, 1977

Method	General-Purpose Organizations		Single-Purpose Organizations	
	Number	Percent	Number	Percent
State Enabling Legislation	385	63.4%	34	3.5%
Executive Order	25	4.1	17	1.8
Private Nonprofit Corporation	45	7.4	773	80.4
Joint Exercise of Powers	87	14.3	31	3.2
Other	64	10.5	106	11.0
Not Reported	1	0.2	1	0.1
Total Organizations Responding	607	100.0	962	100.0

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Regional Organizations,* Vol. 6, No. 6, 1977 Census of Governments, Washington, DC, U.S. Government Printing Office, August 1978, p. 7.

The special-purpose regional organizations also serve multiple local jurisdictions, but address only a single functional or program area such as aging or health. They are engaged in planning, coordination, and—more frequently than the general purpose regions—in the delivery of services as well. "Characteristically, most are created in response to federal legislation or federal administrative regulations. Their governing boards are made up primarily of persons outside of government, often the result of a federally imposed requirement that there be substantial representation from the specific population being served."[4]

The Census Bureau found that only five federal grant programs created significant numbers of independent special purpose regional organizations. As shown in *Table 109,* these programs are community action (antipoverty), special programs for the aging, health systems planning, criminal justice planning, and water quality planning. The first three actually account for most of these organizations and are those in which the independent form of organization is the rule rather than the exception.

The approximately 130 local government consortiums, acting as "prime sponsors" in 1977 under the Comprehensive Employment and Training (CETA) Program of the Department of Labor, apparently did not create independent multijurisdictional organizations under the census definitions, and also have not become the responsibility of general-purpose regional councils, according to a tabulation by the National Association of Regional Councils.[5] Instead, they operate as interjurisdictional committees administered by regular units of state or local government holding the appropriate program implementation powers.

The five programs establishing significant numbers of single-purpose regional organizations also were lodged sometimes in regular units of state or local government, in other limited purpose organizations, or in general-purpose regional organizations. For all five programs combined, the recipient of federal aid was state and local government 16.1% of the time, general-purpose regional organizations 24.9%, and special-purpose 59%. Most other areawide federal aid programs, however, provide funds primarily to the general-purpose regional councils. Thus, when the whole range of federal areawide program designations is considered, these figures shift noticeably toward the general-purpose councils. Overall, they were used 52.1% of the time, while the special organizations were tapped only 28.9% of the time, and the state and local governments 19.0%.

As seen in *Table 110,* most general-purpose regional councils are public bodies formed under state enabling

Table 111

REGIONAL ORGANIZATION SURVEY RESPONSE: 1977 CENSUS OF GOVERNMENTS

	Total Organizations		General-Purpose Organizations		Special-Purpose Organizations	
	Number	Percent	Number	Percent	Number	Percent
Number of Organizations Surveyed	1,932	100.0%	675	100.0%	1,257	100.0%
Number of Questionnaires Returned	1,569	81.2	607	89.9	962	76.5

SOURCE: U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments,* Vol. 6, No. 6, "Regional Organizations," Washington, DC, August 1978.

legislation or voluntary joint exercise of powers agreements, while most of the special-purpose organizations are private nonprofit corporations. In the descriptions of these organizations based upon the 1977 Census of Governments, it is important to keep in mind that the Census survey drew an overall response rate of only 81.2%, with the general-purpose regional bodies responding significantly more than the special-purpose ones—89.9% to 76.5%. The actual numbers and response rates are shown in *Table 111,* and should serve to remind the reader that the data are not complete.

As indicated in *Table 112,* slightly more than 99% of all counties in the nation (including similar areas where counties do not exist) were found to be served by one or more regional organizations of the types enumerated in this special census survey. Nearly two-thirds were served by either two or three of these regional bodies. The table provides a state by state breakdown of these figures.

The Size and Nature of Regional Councils

The population size of substate regions varies greatly. As indicated by *Table 113,* most are relatively small—nearly three-quarters having populations of less than 250,000. Only 43% of the general-purpose regional councils serve metropolitan areas.

The most numerous type of general-purpose regional organization is the nonmetropolitan one which is not adjacent to a metropolitan area. This is true in every part of the nation, as can be seen from *Table 114.* The next most common is the nonmetropolitan region adjacent to a metropolitan area, although the northeast and south are exceptions to this general pattern. The third most common is the regional council in medium-sized metropolitan areas, although these regions are slightly more common in the northeast and slightly less common in the north central part of the nation. The councils in large metropolitan areas are the least common, except in the northeast where there are fewer small metropolitan areas. The latter are most numerous in the south, where they outnumber all regions except the nonmetropolitan ones which are not adjacent to metropolitan areas. These patterns are detailed in *Table 114.*

The average metropolitan regional council serves a population of about 612,000, while the average nonmetropolitan unit serves about 122,000. As *Table 115* indicates, these averages vary somewhat from one part of the nation to another. The main deviations are in the south where regional councils in medium-sized metropolitan areas and nonmetropolitan areas are larger than the average, and in the west where the large metropolitan councils serve substantially larger areas while small metropolitan and nonmetropolitan councils serve smaller populations than are typical in other parts of the nation.

Regional Council Spending and Staffing

Using the same classification of metropolitan and nonmetropolitan regions for different sections of the nation, the average general-purpose regional council in metropolitan areas spends over $1 million per year, "more than three times the $345,000 average spent each year

Table 112

NUMBER OF COUNTIES SERVED BY REGIONAL ORGANIZATIONS, 1977

State	Total Number of Counties in State[1]	Number of Counties Served by[1]					
		At Least One Regional Organization	Only One Regional Organization	Two Regional Organizations	Three Regional Organizations	Four Regional Organizations	Five or More Regional Organizations
United States, TOTAL							
Number	3,070	3,044	413	960	994	506	171
Percent	100%	99.2%	13.4%	31.3%	32.4%	16.5%	5.6%
Alabama	67	67	1	23	39	3	1
Alaska	10	10	9	1	—	—	—
Arizona	14	14	7	5	2	—	—
Arkansas	75	75	—	—	20	47	8
California	58	58	4	19	22	7	5
Colorado	63	63	6	38	18	1	—
Connecticut	8	8	—	—	1	4	3
Delaware	3	3	2	—	1	—	—
Florida	67	67	12	37	12	5	1
Georgia	159	159	2	69	79	9	—
Hawaii	4	4	1	3	—	—	—
Idaho	44	44	37	6	1	—	—
Illinois	102	102	—	6	40	30	26
Indiana	92	92	2	20	42	19	9
Iowa	99	99	—	8	20	37	34
Kansas	105	105	3	69	24	9	—
Kentucky	120	120	26	46	43	3	2
Louisiana	64	64	—	14	27	21	2
Maine	16	16	—	3	5	6	2
Maryland	23	23	2	6	7	7	1
Massachusetts	14	14	1	4	5	—	4
Michigan	83	83	1	13	33	21	15
Minnesota	87	87	8	17	43	19	—
Mississippi	82	79	32	38	9	—	—
Missouri	115	115	2	16	38	56	3
Montana	56	46	19	23	4	—	—
Nebraska	93	93	13	38	35	7	—
Nevada	17	17	10	4	2	1	—
New Hampshire	10	6	6	—	—	—	—
New Jersey	21	17	5	5	5	2	—
New Mexico	32	32	20	10	2	—	—
New York	57	57	7	26	20	4	—
North Carolina	100	100	6	44	45	5	—
North Dakota	53	53	6	46	1	—	—
Ohio	88	88	—	14	28	34	12
Oklahoma	77	75	23	46	5	1	—
Oregon	36	36	9	19	7	1	—
Pennsylvania	67	67	1	10	15	22	19
Rhode Island	3	3	2	1	—	—	—
South Carolina	46	46	—	14	31	1	—
South Dakota	64	64	63	1	—	—	—
Tennessee	95	95	—	26	68	1	—
Texas	254	253	20	91	80	51	11
Utah	29	28	11	13	3	1	—
Vermont	14	13	5	6	1	1	—
Virginia	95	95	—	6	53	29	7
Washington	39	39	4	13	13	6	3
West Virginia	55	55	22	26	7	—	—
Wisconsin	72	72	—	5	29	35	3
Wyoming	23	23	3	12	8	—	—

SOURCE: U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments*, Volume 6, "Regional Organizations," Washington, DC, August 1978, Table 7, p. 76.

— Represents zero.

[1] Refers to county governments as classified by the Census Bureau with the exception of 11 county areas in Rhode Island and Connecticut which have no county governments. Also included are the following governments generally treated as municipalities: City-boroughs of Juneau and Sitka, Alaska, city-county of San Francisco, Calif., city-county of Denver, Colo., city of Jacksonville, Fla., city of Columbus, Ga., city-county of Honolulu, Hawaii, city of Indianapolis, Ind., Lexington-Fayette Urban Government, Ky., city-parishes of New Orleans and Baton Rouge—East Baton Rouge, La., Boston city—Suffolk County, Mass., Nantucket town—Nantucket County, Mass., city of St. Louis, Mo., Carson City, Nev., city of Philadelphia, Pa., and Metropolitan Government of Nashville-Davidson, Tenn.

Table 113

POPULATION CLASSES OF SUBSTATE REGIONAL COUNCILS (INCLUDING SMSA STATUS), 1978

Population of Region (000)	Regional Councils		
	Number	Percentage	Cumulative Percentage
1–99	208	31.1%	31.0%
100–249	286	42.6	73.6
250–499	66	9.8	83.4
500–999	67	10.0	93.4
1,000 and over	44	6.6	100.0
Total	671	100.0	
Regional Councils Serving SMSAs	292 (43% of Total)		

SOURCE: National Association of Regional Councils, NARC DATA Printouts #3 and #4, Washington, DC, 1980.

Table 114

NUMBER OF GENERAL REGIONAL ORGANIZATIONS, BY REGION AND METROPOLITAN STATUS, 1977

Metropolitan Status of Headquarters	United States	Northeast	North Central	South	West
Metropolitan	267	48	81	105	33
Greater	53	16	18	10	9
Medium	110	20	31	46	13
Small	104	12	32	49	11
Nonmetropolitan	340	40	124	102	74
Adjacent to SMSA	127	17	48	39	23
Not Adjacent to SMSA	213	23	76	63	51
Total	607	88	205	207	107

SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations,* Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 5.

Table 115

AVERAGE POPULATION SERVED BY GENERAL REGIONAL ORGANIZATIONS, BY REGION AND METROPOLITAN STATUS, 1977 (in thousands)

Metropolitan Status of Headquarters	United States	Northeast	North Central	South	West
Metropolitan	612	601	600	508	989
Greater	1,579	1,030	1,588	1,426	2,707
Medium	503	440	429	586	482
Small	234	296	209	247	183
Nonmetropolitan	122	101	108	181	75
Adjacent to SMSA	134	108	113	197	90
Not Adjacent to SMSA	115	96	105	172	69
Total	337	374	302	347	357

SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations,* Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 5.

Table 116

AVERAGE NUMBER OF FULL-TIME EMPLOYEES OF GENERAL REGIONAL ORGANIZATIONS, BY REGION AND METROPOLITAN STATUS, JULY 1977

Metropolitan Status of Headquarters	United States	Northeast	North Central	South	West
Metropolitan	33	20	23	49	28
Greater	44	32	41	55	56
Medium	22	16	23	27	16
Small	39	12	13	67	18
Nonmetropolitan	14	9	8	23	16
Adjacent to SMSA	17	10	5	32	20
Not Adjacent to SMSA	13	8	10	18	14
Total	23	15	14	36	19

SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations,* Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 13.

by nonmetropolitan councils."[6]

The average full-time employment by these organizations is 33 in metropolitan areas, or somewhat more than double the 14 in nonmetropolitan areas. Variations in this employment picture, by types of metropolitan and nonmetropolitan area and sections of the nation, are shown in *Table 116*. Generally speaking, employment is higher in the south and lower in the northeast and north central parts of the nation.

Budget and employment figures in relation to population served, however, show a reverse pattern. As indicated in *Table 117*, and *118*, it is more costly, on a per capita basis, and takes a proportionately larger staff to operate regional councils in nonmetropolitan areas.

Table 117

AVERAGE PER CAPITA REVENUES OF GENERAL REGIONAL ORGANIZATIONS, BY REGION AND METROPOLITAN STATUS, 1977[1]

Metropolitan Status of Headquarters	United States	Northeast	North Central	South	West
Metropolitan	$2.25	$1.20	$1.35	$3.23	$2.86
Greater	1.25	1.44	.68	1.74	1.49
Medium	1.55	.95	1.32	1.90	1.79
Small	3.50	1.30	1.76	4.78	5.24
Nonmetropolitan	3.36	3.62	1.56	4.00	5.36
Adjacent to SMSA	2.84	3.17	1.00	4.07	4.34
Not Adjacent to SMSA	3.66	3.94	1.91	3.95	5.81
Total	2.87	2.30	1.47	3.60	4.58

[1] Figures are unweighted averages and indicate the per capita revenues of the average regional organization in each category.
SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations,* Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 6.

Table 118

AVERAGE NUMBER OF FULL-TIME EMPLOYEES OF GENERAL REGIONAL ORGANIZATIONS PER 10,000 POPULATION, BY REGION AND METROPOLITAN STATUS, JULY 1977

Metropolitan Status of Headquarters	United States[1]	Northeast	North Central	South	West
Metropolitan	1.09	.57	.59	1.87	.61
Greater	.47	.70	.30	.48	.40
Medium	.51	.43	.63	.53	.33
Small	2.01	.63	.72	3.40	1.10
Nonmetropolitan	1.45	1.62	.87	1.42	2.38
Adjacent to SMSA	1.39	1.25	.51	1.77	2.69
Not Adjacent to SMSA	1.49	1.89	1.09	1.21	2.24
Total	1.29	1.05	.76	1.65	1.83

[1] Figures are unweighted averages.
SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations,* Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 13.

THE PRESENT PATTERN OF REGIONAL COUNCILS

The focus of ACIR's previously adopted recommendations (1973) concerning substate regionalism was on those units which the Census Bureau has termed "general-purpose regional organizations." Hence, this chapter also will concentrate on these bodies. For convenience, they will be called "substate regional councils" or simply "regional councils." This is consistent with the terminology used by the National Association of Regional Councils.

ACIR has called upon the federal, state, and local governments to use these general-purpose regional bodies throughout the nation to address needs in both metropolitan and nonmetropolitan regions—minimizing the creation of, or supervising the activities of, independent special-purpose regional organizations.[7] Between 1972 and 1976, the presence of regional councils increased from about one-half of the nation's substate regions to about 95%.[8]

Only Alaska, Hawaii, and Rhode Island lack strong regional council activity of the general-purpose variety. Alaska's boroughs and Hawaii's counties are areawide units of government, and Rhode Island is small enough that its state government can deal with areawide problems. Nevertheless, the Fairbanks Town and Village Association for Development in Alaska, the Blackstone Valley Council of Governments in Rhode Island, and one regional organization in Hawaii identified as a general-purpose unit by the 1977 Census of Governments demonstrate that even these three states are not totally unaffected by the regional council movement. In addition, Alaska has three health systems agencies, while Rhode Island and Hawaii each have three independent special purpose regional organizations for community action programs.

Two-thirds of all the states (35) have general-purpose regional councils blanketing all or virtually all of their territory. Six others (Pennsylvania, Ohio, Kansas, Oregon, Nebraska, and Wisconsin) are 80% served by regional councils. California, Illinois, and New Jersey are about 70% covered; and 50% of the territory is covered in Montana, Wyoming, and Rhode Island. Finally, Nevada has about 30% coverage. Those areas still not served by general-purpose regional planning councils are mostly in sparsely settled portions of the far west. (See *Figure 10.*)

Today, most regional councils are official public agencies established under state law. About 40 of them (mostly in metropolitan areas) span state boundaries in interstate areas. The councils may be known by various names, including council of governments, regional council, regional planning council, planning district commission, regional planning and development commission, and area planning and development commission.

Typically, as was noted earlier, there are several special-purpose regional organizations in the same substate districts where regional councils ply their trade. Nationwide, the ratio computed by the 1977 Census of Governments was almost two special-purpose regional organizations for every general-purpose regional council. This varied from state to state, of course, ranging from no special-purpose regional organization in South Dakota to well over four for each general-purpose in the State of New York. According to the census, nine states have fewer special-purpose than general-purpose regional organizations, while 12 states have more than twice as many special, in relation to general-purpose, organizations. These relationships are shown in *Table 119.*

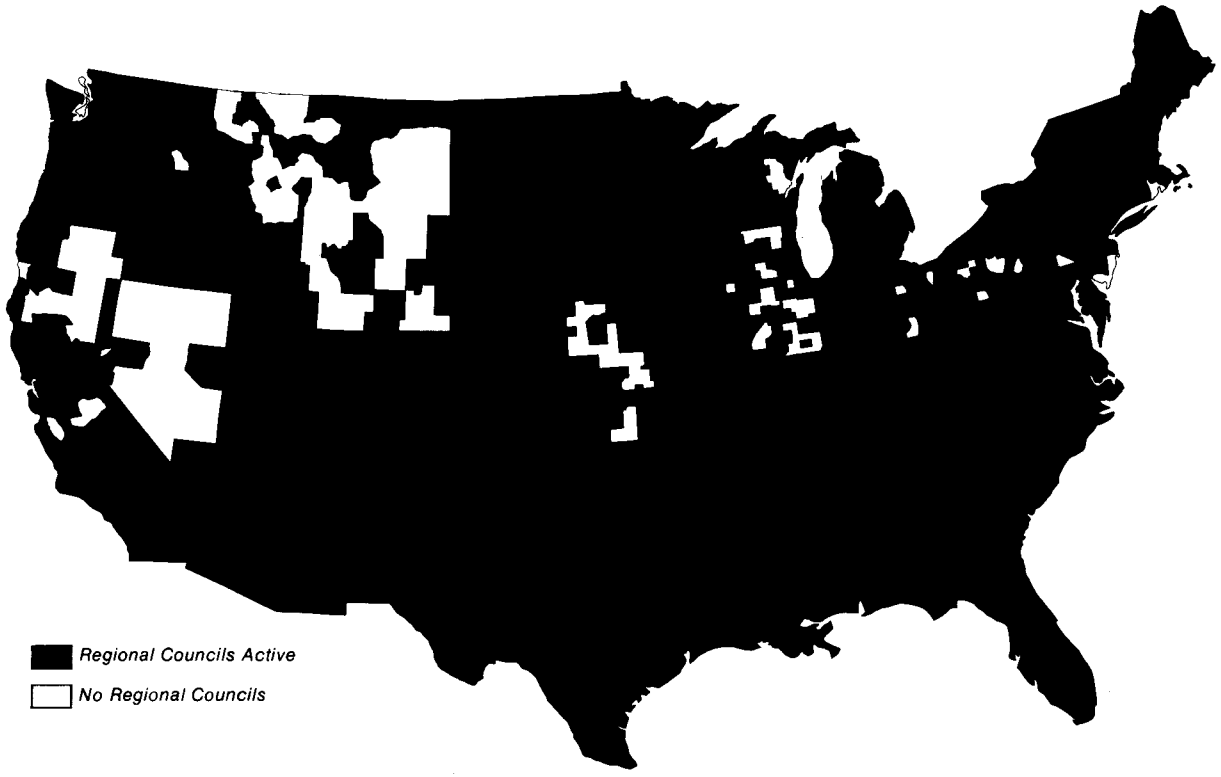
There are substantial differences between substate regional planning organizations in metropolitan areas and those in nonmetropolitan areas. Population size, budget, and employment differences have been noted previously; other differences will be noted below.

REPRESENTATION AND VOTING

The traditional metropolitan planning commissions established up through the mid 1960s drew their memberships mainly from citizen appointees. Only a handful of metropolitan councils of governments existed in 1965 when funding for them became available from HUD. Since then, the council of governments type of organization has become most common in metropolitan areas and is the one which has spread, very largely, to the nonmetropolitan areas as well. According to a 1977 survey by the National Association of Regional Councils (NARC), 26.4% of metropolitan regional councils had memberships totally composed of elected officials, about 90% had at least a majority of such members, and only 1.6% had none. This compared with 16.8% of nonmetropolitan councils consisting entirely of elected officials, about 80% with at least a majority of elected officials, and nearly 5% with none. (See *Table 120.*) The 1977 Census of Governments confirmed this pattern, but found a smaller difference: 87% of the metropolitan regional councils had a majority of local elected officials on their governing bodies, while nonmetropolitan councils registered 85%.[9] In general, the northeastern states tend to have fewer regional councils with a majority of elected officials than other regions in the nation. Other types of

Figure 10

Area Covered by Multipurpose Regional Councils, 1979



SOURCE: National Association of Regional Councils.

Table 119

THE OVERLAPPING OF SUBSTATE REGIONAL ORGANIZATIONS, BY STATE, 1977
(Special-Purpose Units as a Percentage of General-Purpose Units)

States in Which General-Purpose Regional Councils Outnumber Special-Purpose Regional Organizations		States in Which the Number of Special-Purpose Regional Organizations Equals or Exceeds (by not more than 100%) the Number of General-Purpose Regional Councils				States in Which the Number of Special-Purpose Regional Organizations is More Than Double the Number of General-Purpose Regional Councils	
South Dakota	0%	New Mexico	100%	Mississippi	145%	Oklahoma	209%
North Dakota	14	Delaware	100	Iowa	153	Alabama	233
Colorado	38	Kentucky	106	Indiana	160	Pennsylvania	252
Idaho	42	Kansas	109	Minnesota	162	Wisconsin	288
New Hampshire	50	Washington	110	Florida	164	Arkansas	290
Vermont	50	Georgia	121	Virginia	166	Michigan	292
Utah	62	Maine	125	Arizona	166	Alaska	300
Montana	90	Ohio	127	Illinois	174	Hawaii	300
Nebraska	93	Wyoming	128	North Carolina	182	Maryland	325
		Oregon	128	Louisiana	184	New Jersey	400
		Missouri	131	Massachusetts	190	New York	444
		Nevada	133	California	195	Rhode Island	(no regional councils)
		South Carolina	136	Texas	200		
		Connecticut	142	Tennessee	200		
		West Virginia	144				

SOURCE: ACIR staff compilation from U.S. Department of Commerce, Bureau of Census, 1977 Census of Governments, Volume 6, Number 6, *Regional Organizations.*

Table 120

PERCENTAGE OF LOCAL ELECTED OFFICIALS ON REGIONAL COUNCIL MEMBERSHIP BODIES, 1977

Percent of Local Elected Officials	Percent of All Regional Councils	Percent of Metropolitan Regional Councils	Percent of Nonmetropolitan Regional Councils
100%	20.9%	26.4%	16.8%
90–99	7.7	8.0	7.5
80–89	11.1	10.4	11.1
70–79	11.1	16.8	7.0
60–69	21.2	20.8	21.5
50–59	15.2	10.4	18.6
40–49	3.0	1.6	4.1
30–39	2.7	2.4	2.9
20–29	2.0	1.6	2.3
10–19	1.7	0	2.9
1– 9	0	0	0
0	3.4	1.6	4.7
Totals	100.0	100.0	100.0

SOURCE: National Association of Regional Councils, *Regional Council Representation and Voting,* Washington, DC, March 1979, Table XIII, p. 12.

members are shown in *Figure 11*.

The involvement of local elected officials is much less prevalent in the special-purpose regional organizations enumerated by the census. In fact, the pattern of dominance was almost completely reversed. While 68% of regional council members were elected or appointed local officials, 62% of the special-purpose organizations' members were private citizens representing target groups or some other nongovernmental interest.[10] This is consistent with the fact noted earlier that 80% of these special-purpose bodies are organized as private nonprofit corporations. (See *Table 110*.)

Councils of governments began with the idea that each unit of government represented on the body should have an equal voice in its decisionmaking. This confederative "one unit one vote" principle was almost universal at the beginning. However, as judicial decisions were handed down during the 1960s calling for reapportionment of legislative bodies, and as these decisions began to be applied to local governments, councils of governments began to respond to the concept of "one person one vote." By 1972, about half had given some recognition to this new principle, either in the apportionment of its policymaking board or in provisions for weighted voting on a population basis for at least some issues, or a combination of both.[11] By 1977, 64% of these general-purpose regional councils had adopted such provisions for their full membership bodies, though only 42% had done so for their day-to-day governing body. (See *Table 121*.) Regional councils in metropolitan areas more frequently recognized population factors in their voting systems (66%) than did those outside such areas (57%). The population principle is incorporated most heavily in the largest metropolitan areas (70% for those with populations exceeding 1 million) and in the mid-Atlantic (68%), midwest (74%), and southwest (84%) states.

While the courts have not yet applied this one person one vote principle to regional councils, it could be logically concluded that the courts would do so if regional councils take on substantial governmental roles beyond advisory planning.[12]

The first regional council to be transformed into a directly elected limited-purpose metropolitan government by the citizens of a major metropolitan area in the U.S. came into being on January 1, 1979, in Portland, OR. Responding to a referendum authorized by the state legislature, the citizens of that area voted to consolidate their existing council of governments with the metropolitan service district which already was responsible for operating the zoo and managing solid waste. In addition to taking on all of the functions of both existing organizations, this new elected areawide government is authorized to establish a tax base (through another referendum)[13] and take on additional areawide functions, including operation of the transit system. This new organization is consistent with the regional structures recommended by ACIR as the ultimate solution to regional problems throughout the nation.[14]

Table 121

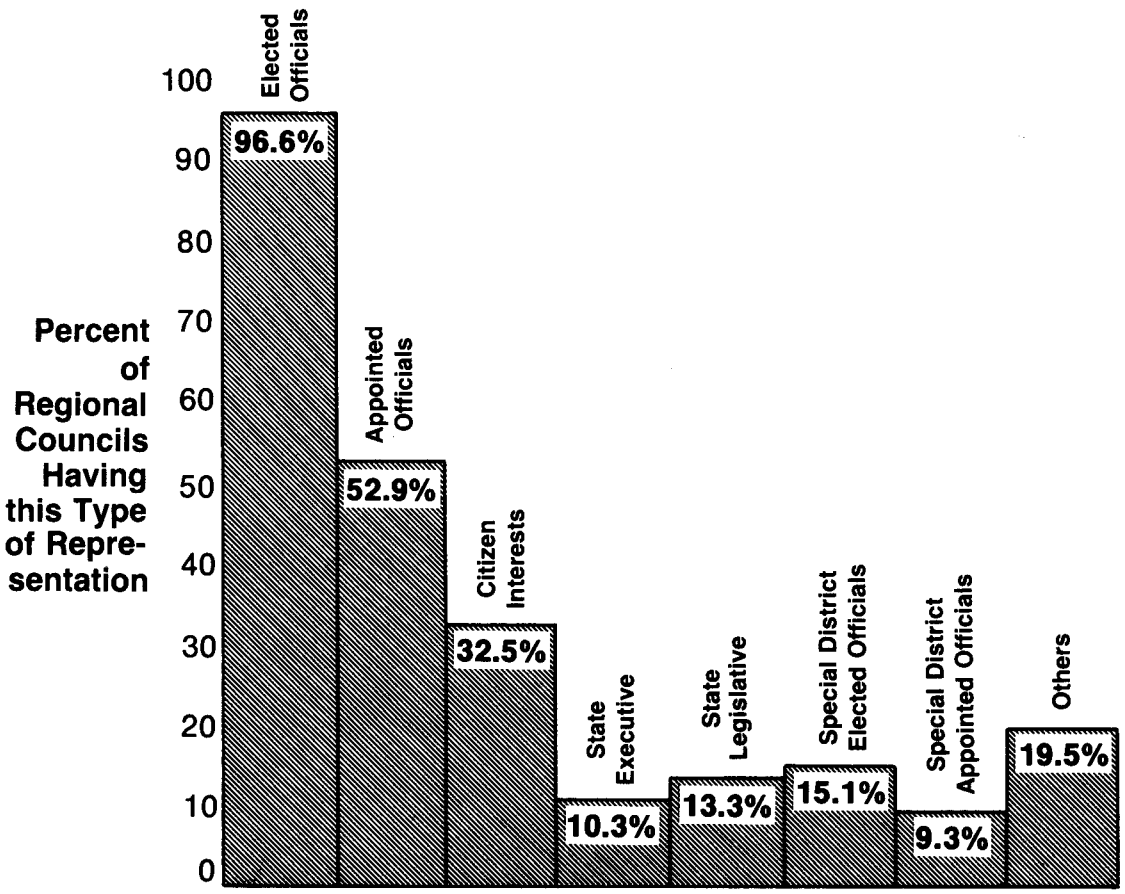
REGIONAL COUNCIL VOTING SYSTEMS, 1977

Characteristic of Regional Council	Percentage of Regional Councils Using	
	One Unit, One Vote	Population Related Voting
Full Membership Body	36%	64%*
Governing Body	58	42*
Metropolitan	34	66
Nonmetropolitan	43	57
Population Class:		
Less than 50,000	77	23
50,000–99,000	41	59
100,000–499,000	35	65
500,000–1,000,000	38	62
More than 1,000,000	30	70
Standard Federal Region		
I Boston	59	41
II New York	84	16
III Philadelphia	32	68
IV Atlanta	45	55
V Chicago	26	74
VI Dallas	16	84
VIII Kansas City	56	44
VIII Denver	41	59
IX San Francisco	50	50
X Seattle	45	55

* Includes councils using the weighted voting option.
SOURCE: National Association of Regional Councils, *Regional Council Representation and Voting,* Washington, DC, March 1979, Tables III, IV, V, and VI. Data have been adjusted to eliminate nonresponses.

Figure 11

Types of Regional Council Membership Body Composition, 1977*



* Average size is 33.

SOURCE: National Association of Regional Councils, *Regional Council Representation and Voting,* Washington, DC, March 1979, Table XI, p. 10.

PURPOSES AND FUNCTIONS OF REGIONAL COUNCILS

The purposes of the general-purpose substate regional organizations most frequently cited are to prepare plans and to review and comment upon actions to be taken by others within the region. This is indicated in *Table 122* (and *Figure 12*), where 544 and 517, respectively, of the 671 regional councils identified by the National Association of Regional Councils are designated for roles in the A–95 federal project review and comment process and in HUD's Section 701 Comprehensive Planning Program. The review and comment, presumably, is based upon the regional plans, although frequently this linkage is not as direct as might be hoped.

Regional councils are involved in a very broad array of program activities, as shown in *Table 122* and *Figure 12*. These span the fields of community and economic development, transportation, environmental protection, natural resources, energy, health and social services, public safety, fire protection, surplus property disposition, and the arts. Other activities in which the regional councils are involved, but for which data on the number of councils are unavailable, include: noise control, tourism, regional library cooperation, mental health, alcoholism/drug abuse, nutrition, and child development/day care.

Where comparative data are available for program activities subject to official federal aid designations, more regional councils often reported being involved than the number officially designated. This added activity is particularly striking in the fields of water quality, social services, community action, rural development, air quality, health systems, and solid waste management. (See *Figure 12*.) It is also significant that 184 regional councils are involved with rural transportation, despite the lack of any systematic federal areawide planning requirements in those areas comparable to that for urban areas. These are indications of grass roots needs being met regionally without federal mandates or encouragement.

Under such federal programs as transportation, water quality, and health facilities, the responsible regional planning organizations have a certain degree of control over project funding. These programs, respectively, involve 145, 125, and 40 regional councils, plus 11 single-purpose regional organizations in the water quality field and 149 in health. (See *Table 122* and *Figure 12*.)

Responsibilities for delivery of public services are much less frequent, involving 70 regional councils in coordination of car and van pools (urban areas), 18 in the operation of transit systems (mostly small areas), and six in the operation of solid wastes disposal facilities (metropolitan and small urban). See *Table 123*. A number of regional councils involved in the aging program deliver such services as "meals on wheels."

Technical assistance and service to local governments are quite common and varied, as is also shown in *Table 123*. Grantsmanship services are, by far, the most frequently provided (417 regional councils), followed by a variety of professional services made available by circuit riders. Planners are the most often provided circuit riders (113 regional councils provide them), outnumbering financial experts (61 councils) and city managers (60 councils) almost two-to-one. Other circuit riders are legal counsel, engineers, and building code inspectors. Additional services to local governments include codifying local ordinances, cooperative purchasing, centralized accounting, and centralized property tax billing.

These purposes and functions change over time. Although available survey data for 1972, 1976, and 1978 are not directly comparable,[15] they can be used to give a rough idea of these shifts.

Comprehensive planning (including the closely related land use planning and A–95 federal project review activities) was consistently among the most frequently pursued regional council activities in all three survey years, as evidenced by *Table 124*. This table indicates that transportation and criminal justice programs remained fairly stable in the moderately frequent range, although criminal justice rose briefly into the very frequent category in 1976 when it was combined with some other public safety functions, and will probably drop well below its present levels as the federal law enforcement assistance grants phase out in fiscal year 1981. Air quality and youth programs remained at relatively low levels of regional council participation throughout the survey periods.

Table 124 shows that several programs have increased or decreased in the number of regional councils participating. Moving into greater prominence were social services, special programs for the elderly, and energy concerns. At the same time, airports, recreation and open space, water quality, solid waste, health systems, and manpower declined in importance. During the survey period, regional funding increased for all three of the programs which became more prominent, was dropped by HUD for open space, was directed to special-purpose organizations for health and manpower, and became less geared to regional organizations in the case of solid waste. Clearly, the fortunes of regional councils are significantly linked to federal program changes.

The role of housing and economic development programs is left unclear by these surveys. While both appear

Table 122

REGIONAL COUNCIL PROGRAM INVOLVEMENT

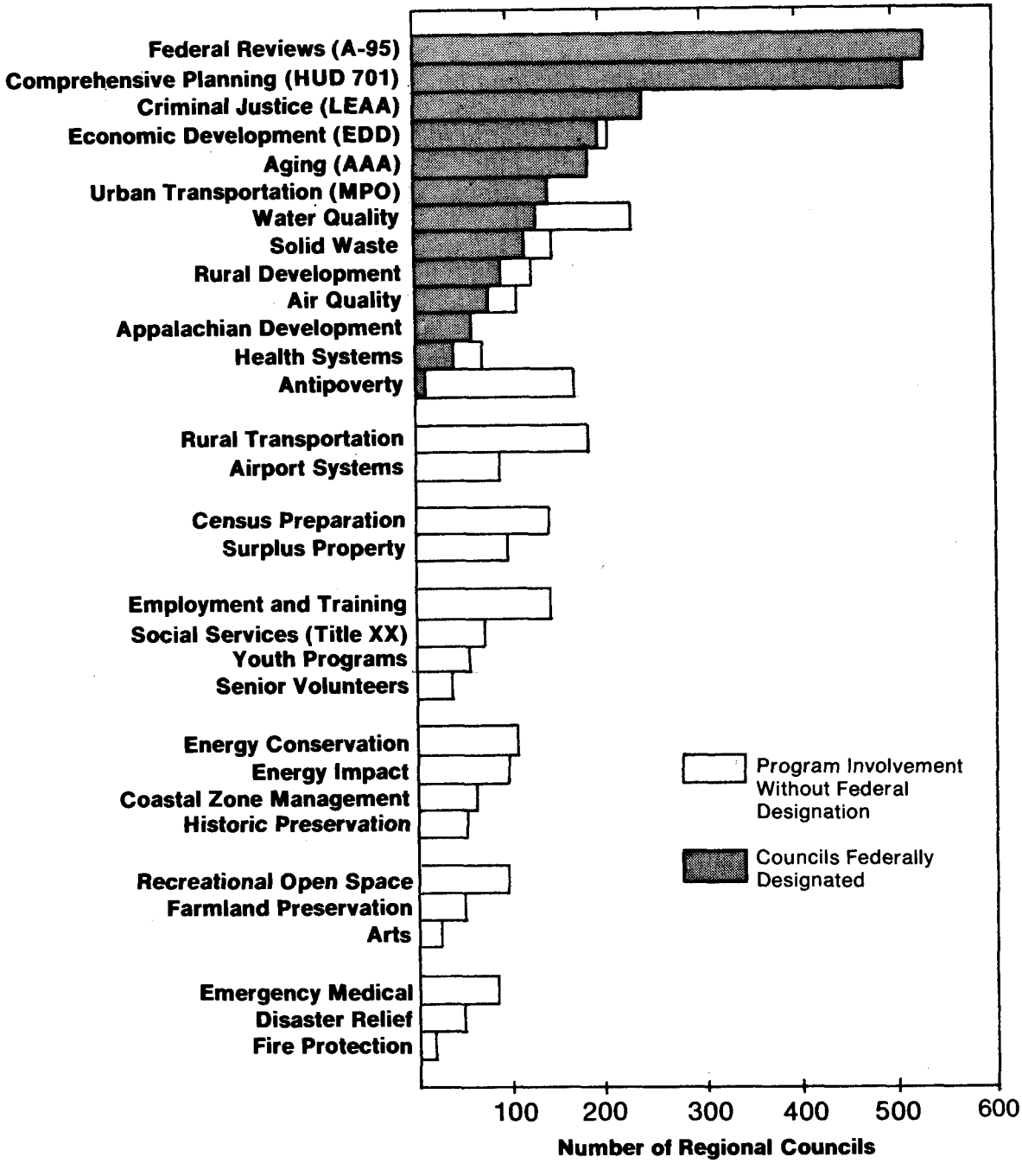
Program Name	Regional Councils				
	Involved in 1978			Federally Designated in 1979	
	Degree of Involvement Tabulated*	Number	Percent (N = 660)	Number	Percent (N=671)
Programs with Designation					
Project Review and Comment		NA		544	81.1%
Comprehensive Plan		NA		517	77.0
Criminal Justice		NA		242	36.1
Economic Development	H	208	31.5%	204	30.4
Aging		NA		198	29.5
Urban Transportation		NA		145	21.6
Water Quality	MH	229	34.6	125	18.6
Solid Waste	MH	140	21.2	115	17.1
Rural Development	H	128	19.4	98	14.6
Air Quality	MH	112	16.9	85	12.7
Local Development (Appalachian)		NA		66	9.8
Health Systems	MH	72	10.9	40	6.0
Community Action	MH	161	24.4	5	0.7
Other Federally Aided Programs					
Housing	H	222	33.6		
Energy Conservation	MH	104	15.7		
Energy Impact	MH	95	14.4		
Coastal Zone Management	MH	58	8.8		
Historic Preservation	H	50	7.6		
Employment and Training	MH	138	20.9		
Social Services (Title XX)	MH	68	10.3		
Youth Programs	MH	51	7.7		
Senior Volunteers	Y	27	4.1		
Emergency Medical	MH	73	11.0		
Disaster Relief	MH	34	5.1		
Fire Protection	H	13	2.0		
Rural Transportation	MH	184	27.8		
Airport Systems	MH	92	13.9		
Census Preparation	MH	139	21.0		
Surplus Property Disposition	Y	46	7.0		
Other Programs					
Recreation and Open Space	H	92	13.9		
Farmland Preservation	H	40	6.0		
Arts	MH	14	2.1		

* H = Heavy Involvement (considered a major Council priority). M = Moderate Involvement (explicitly provided for in the Council budget). Y = Yes (involvement at any level at all).

SOURCE: National Association of Regional Councils, *1980 Regional Councils Directory: Matrix,* Washington, DC, December 1979; and NARCDATA computer printouts supplied by National Association of Regional Councils, Washington, DC, September 1980.

Figure 12

Federal Designations and Functional Involvement of Substate Regional Councils, 1978



SOURCE: *Table 122.*

Table 123

SERVICES PROVIDED BY REGIONAL COUNCILS, 1978

Type of Service	Number of Regional Councils Providing Service
To Local Governments:	
Grantsmanship Assistance	417
Professional Circuit Riders:	
Planners	113
Financial Budget Officer	61
City Manager	60
Legal Counsel	31
Engineer	26
Building Code Inspector	8
Codify Local Ordinances	77
Cooperative Purchasing	30
Centralized Accounting and Finance	17
Centralized Property Assessment Billing	6
To the Region:	
Coordinate Car/Van Pooling	70
Operate a Transit System	18
Operate Solid Waste Disposal Facilities	6

SOURCE: NARCDATA computer printouts supplied by the National Association of Regional Councils, September 1980.

to have increased from moderately common work elements in 1972 to nearly universal in 1976, both dropped back into the moderate category again in 1978. Much of this decrease, however, is due to the 1978 data including only regional councils which were "heavily involved" in these two programs. Since most regional councils received HUD planning assistance in 1978, it might be expected that the true figure for housing would be much higher than shown. The federal economic development program, however, is not nearly as prevalent, so a drop in its overall significance might be expected with the increased number of councils surveyed in 1978.

Gauged by aggregate expenditures for all regional councils, the importance of these activities ranks as follows: human resources (35%), economic and community development (16%), environment (16%), transportation (14%), land use and conservation (11%), and other (8%).[16] Of all other expenditures for special-purpose regional planning organizations, 97% are for human resources programs—largely community action, special services for the aging, and health systems planning. Only about 2% of all expenditures by special-purpose regional units were devoted to economic and community development, and less than 1% on environmental and other activities. The Census Bureau reported no expenditures by such organizations in the transportation, land use, and conservation fields.

Based on ACIR's 1972 data—which were classified by metropolitan and nonmetropolitan areas—it can be said that the general-purpose regional councils in metropolitan areas generally were more active in physical planning activities, while the nonmetropolitan councils tended to stress social and economic programs to a larger degree.[17] More specifically, the metropolitan agencies were more active in land use, water quality, open space, transportation, housing, airports, air quality, and drug abuse (the only exception to the rule). At the same time, the nonmetropolitan councils were more active in economic development, law enforcement, programs for the elderly, employment and training, youth programs, and the antipoverty program.

The 1977 census data tended to confirm this pattern, although they used a broader classification of functions which conceals some of the earlier distinctions—economic and community development; land use and conservation. Where the distinctions remain clear, however, it was in the same direction, as can be seen from *Figure 13*. Transportation and environmental concerns were more important in metropolitan areas, while human resources and economic development stood out elsewhere. The several metropolitan activities are quite evenly balanced in the average regional council budget—with each expenditure category approximately equal to each other—while the average nonmetropolitan council concentrates on the "big three" of development, conservation, and human resources.

FEDERAL SUPPORT

For most substate regional organizations, whether general-purpose or special, federal programs are their reason for being and occupy most of their time. This has been

Table 124

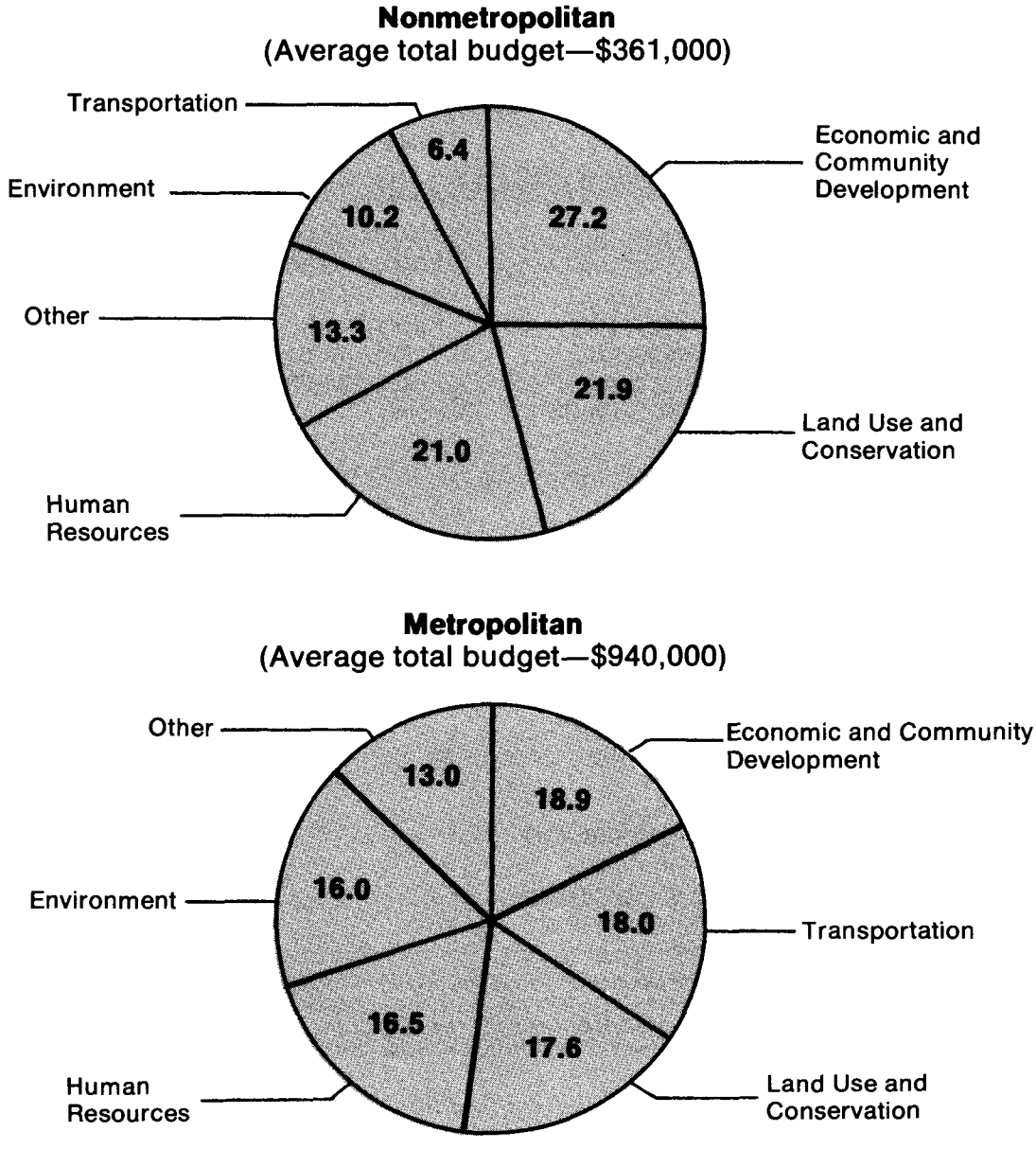
REGIONAL COUNCIL PROGRAMS SHIFT OVER TIME, 1972–78
(Rough Rank Order of Program Frequency)
(Programs Experiencing Major Shifts are Shown in Capital Letters)

Percentage of Regional Councils Involved	Year of Survey		
	1978	1976	1972
70–100%	A–95 Review Comprehensive Planning	Comprehensive Planning Housing WATER QUALITY Economic Development A–95 Review Public Safety	Land Use WATER QUALITY OPEN SPACE
30–70%	Transportation Criminal Justice WATER QUALITY Housing Economic Development Aging	Transportation SOLID WASTE Aging HEALTH SYSTEMS MANPOWER SOCIAL SERVICES	Transportation SOLID WASTE Economic Development Criminal Justice Housing Resource Conservation HEALTH AIRPORTS MANPOWER
1–29%	SOCIAL SERVICES SOLID WASTE MANPOWER Rural Development Air Quality ENERGY AIRPORTS RECREATION AND OPEN SPACE HEALTH SYSTEMS Youth Programs	ENERGY Air Quality	Aging Youth Programs SOCIAL SERVICES

SOURCES: Advisory Commission on Intergovernmental Relations, *Regional Decision Making: New Strategies for Substate Districts* (Report A–43), Washington, DC, October 1973, p. 270; National Association of Regional Councils, "What Regional Councils are Doing, III," *From a Regional Perspective,* Volume 2, Number 10, Washington, DC, p. 2; National Association of Regional Councils, NARCDATA Computer Printouts, Washington, DC, supplied to ACIR September 1980 (summarized from *Table 122* in this chapter).

Figure 13

Expenditures of General Regional Organizations, by Function, 1977 (Unweighted Averages)



SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations*, Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 12.

true since the 1960s, and the number of federal aid programs has continued to increase to the present. Yet, the federal regional programs shift from year to year, causing related shifts in the activities of the regional bodies.

The characteristics of the federal aid programs affect not only the work programs of the substate regional organizations, but also their basic form and composition. With respect to the work programs, the expansion of federal aids for these organizations, from 24 in 1972[18] to 38 in 1979,[19] has brought about a comparable expansion in the elements of regional planning which are being practiced. Conversely, of course, when a federal aid program (such as Open Space Grants) is terminated, that activity usually dies out or shrinks substantially in the areawide agencies. Even the more subtle shifts of emphasis within a federal aid program from year to year are quite directly reflected in the regional organizations' activities.

Table 125 shows the latest listing of federal programs supporting substate regional organizations. Thirteen of these programs (according to the table's "Classification Code") strongly encourage or mandate the creation of specified sets of substate regional organizations and provide continuing financial support for them. Eighteen may be, and often are, used to support particular activities of substate regional organizations from time-to-time, but not on a continuing basis. The remaining eight programs occasionally support substate regional organizations incidental to their main purposes.

The main federal programs providing continuing support for the general-purpose regional councils, are listed in *Table 126*. Only the A–95 Federal Project Review and HUD 701 Comprehensive Planning Programs apply generally, across the full spectrum of substate councils. The criminal justice, economic development, and aging programs rank next in extent of coverage, but each affects considerably less than half of the councils. The urban transportation and environmental protection programs are limited to major metropolitan areas, and affect less than one-third of the regional councils, although they usually are major programs where they apply. The rural development planning program is new and small, affecting fewer than one-sixth of the substate regions. Finally the Appalachian Regional Commission's substate district assistance, while very important and quite substantial where it exists, applies only to those councils in one complete state and parts of 12 others. Similar assistance from Title V regional action commissions is limited to five of the 11 commissions, is not systematically applied, and is small in amount.

The other federal programs listed as strongly encouraging or mandating substate regional organizations (USDA Classification #1 in *Table 125*) usually or exclusively tend to encourage special-purpose units, not regional councils. These separate organizations are chiefly health systems agencies, community action agencies, resource conservation and development committees, and community mental health centers.

Federal assistance from the remaining federal programs listed in *Table 125* (presented previously) must be actively sought by regional councils on a competitive basis for individual projects—much as a consultant would bid for contracts. In no case do as many as 100 of the 671 regional councils recognized by the National Association of Regional Councils participate in any of these remaining programs. Usually it is far fewer than this, and the amounts of money are small.

The overall impact of federal aid on metropolitan and nonmetropolitan regional council budgets, by federal departments or agencies, is shown in *Table 127*. For all councils together, HUD provides the greatest share of support, followed in order by Commerce, HEW (now the separate Departments of Health and Human Services and of Education), and Transportation. All others provide less than 10% each. In metropolitan areas, HUD retains its leadership, but Transportation is a close second, and EPA is third; others are less than 10% apiece. In nonmetropolitan areas, HUD again leads, followed by Commerce, and an array of small contributors.

A direct linkage between both the general and special-purpose regional organizations and the several federal aid programs occurs because of the very great financial dependence of these organizations on federal financing. As of 1977, 87% of all revenues for these general and special-purpose regional bodies (combined) were derived from the federal government. They received only 6% from the states, 5% from local governments, and 2% from other sources.[20]

This high degree of dependence is even higher for the special-purpose regional organizations. Ninety-two percent of their funds are federal, while only 4% are state, 2% local, and 2% other. The general-purpose regional councils, on the other hand, are not quite so dependent. Unlike the special-purpose regions, which usually derive nearly all their funds from a single federal program, the general-purpose regions usually rely on several different federal sources, and a greater proportion of their overall funds derive from nonfederal sources. Funds for the general-purpose regional councils are 76% federal, 10% state, 12% local, and 2% other.

A major reason the special-purpose regional organizations are created as separate entities is that the federal requirements for the programs which fund them are too specific to be met by any general-purpose body. Usually

Table 125

FEDERAL PROGRAMS SUPPORTING SUBSTATE REGIONAL ACTIVITIES, 1977–79

Number, function, and program name[1]	CFDA number[2]	Federal agency[3]	Areawide agency[4]	Classification code[5]
Rural Development:				
1. **Area Development Assistance Planning Grants (Section 111)**	10.426	USDA-FmHA	Varies	2
2. **Rural Rental Assistance Payments**	10.427	USDA/FmHA	Varies	3
3. **Energy Impacted Area Development Assistance (Section 601)**	10.430	USDA/FmHA	Varies	2
4. **Resource Conservation and Development (RC&D)**	10.901	USDA/SCS	RC&D Council	1
Community and Economic Development:				
5. **Economic Development District Program**	11.302 11.303 11.306	Commerce/EDA	Economic Development District (EDD)	1
6. **Section 8 Housing**	14.156	HUD	Areawide Planning Organization (APO) and others, such as Regional Housing Authority	3
7. **"701" Planning Assistance**	14.203	HUD	Areawide Planning Organization (APO)	1
8. **Community Development Block Grants**	14.218 14.219	HUD	Varies	3
9. **Historic Preservation Grants**	15.411	Interior/Heritage Conservation and Recreation Service	Varies	3
10. **Appalachian Regional Commission Assistance**	23.009 23.011 23.012	ARC	Local Development District (LDD)	1
Title V Economic Development Commissions:[6]				
11. **Coastal Plains Technical and Planning Assistance**	28.002	Coastal Plains Regional Commission	Varies	2
12. **Four Corners Technical and Planning Assistance**	38.002	Four Corners Regional Commission	Varies	2
13. **Upper Great Lakes Technical and Planning Assistance**	63.002	Upper Great Lakes Regional Commission	Varies	2
14. **Old West Technical and Planning Assistance**	75.002	Old West Regional Commission	Varies	2
15. **Pacific Northwest Technical and Planning Assistance**	76.002	Pacific Northwest Regional Commission	Varies	2
Environmental Protection:				
16. **Coastal Zone Management Program Development (CZMP)**	11.418	Commerce/NOAA	Varies	2
17. **Coastal Energy Impact Program**	11.421 11.422	Commerce/NOAA	Varies	2
18. **Air Pollution Control Program Grants**	66.001	EPA	Varies	2

[1] Either the *Catalog of Federal Domestic Assistance* (CFDA) or commonly accepted name for the program. Names selected for brevity.

[2] Numbers from U.S. Office of Management and Budget, *Catalog of Federal Domestic Assistance* (CFDA), Washington, DC, U.S. Government Printing Office, 1979.

[3] Sponsoring or funding federal agency.

[4] Name of substate regional agency receiving the federal assistance and administering the program.

[5] The importance of these programs for creating and supporting substate regional organizations varies greatly. The programs have been classified into three categories according to the nature of their support for substate regional activities as follows:

Code — Description

(1) *Create Substate Areawide Organizations:* Includes programs that encourage or mandate the creation of a particular set of substate regional organizations and which provide rules regarding such items as their operation, functions, and composition. Funding is expected to be available on a continuous basis. Piggybacking on to other programs is sometimes difficult or impossible. (*Piggybacking refers* to the use of existing substate regional organizations—particularly multipurpose regional councils—by other federal programs of a single-purpose functional nature to administer their activities.)

Table 125 (continued)

FEDERAL PROGRAMS SUPPORTING SUBSTATE REGIONAL ACTIVITIES, 1977–79

Number, function, and program name[1]	CFDA number[2]	Federal agency[3]	Areawide agency[4]	Classification code[5]
19. Quiet Communities	66.030 66.031	EPA	Varies	2
20. Water Pollution Control Planning Grants	66.426	EPA	208 Agency	2
21. Solid Waste Planning Grants	66.451	EPA	Varies	3
Transportation:				
22. Airport Planning Grants	20.103	DOT/FAA	Metropolitan Planning Organization (MPO)	2
23. Highway Aid Program	20.205	DOT/UMTA	Metropolitan Planning Organization (MPO)	1
24. Mass Transportation Technical Studies Grants		DOT/UMTA		
Urban	20.505		MPO	1
Rural	20.509		Varies	2
Health and Social Services:				
25. Alcohol Formula and Project Grants	13.252 13.257	HHS	Varies	2
26. Drug Abuse Prevention Formula Grants	13.269	HHS	Varies	2
27. Emergency Medical Services	13.284	HHS	EMS Systems Agency	2
28. Health Planning—Health Systems Agencies	13.294	HHS	Health Systems Agency (HSA)	1
29. Community Mental Health Centers	13.295	HHS	Community Mental Health Center	1
30. Special Programs for the Aging	13.633	HHS	Area Agency on Aging (AAA)	1
31. Title XX Social Services	13.642	HHS	Varies	2
32. Comprehensive Employment and Training Programs (CETA)	17.232	Labor	Prime Sponsors; Consortia	1
33. Highway Safety Program	20.600	DOT	Varies	3
34. Community Action	49.002	CSA	Community Action Agency (CAA)	1
Protective Services:				
35. Law Enforcement Assistance—Conprehensive Planning Grants (LEAA Part B)[7]	16.500	Justice/LEAA	Regional Planning Unit (RPU); Criminal Justice Coordinating Council (CJCC)	1
36. Juvenile Justice and Delinquency Prevention[8]	16.516	Justice/LEAA	Regional Planning Unit (RPU); Criminal Justice Coordinating Council (CJCC)	1
General Purposes:				
37. Project Notification and Review Process (A–95)	—	OMB	A–95 Areawide Clearinghouse	1
38. Intergovernmental Personnel Grants	27.012	OPM	Varies	3
39. Excess Property Program	39.003	GSA	Varies	3

(2) *Support Substate Areawide Organizations:* Includes programs that provide funds for planning, operations, and related substate regional organization administrative expenses. Programs can be and usually are piggybacked onto others. Funds may not be available continuously beyond an initial startup period.

(3) *Limited Support for Areawide Organizations:* Includes programs that provide support to substate regional organizations for operations other than planning or administrative costs or which provide assistance other than funding to substate regional organizations. Includes programs that are infrequent or minor sources of financial aid to areawides and whose primary purpose is other than to establish or maintain a system of regional organizations.

[6] This list includes only five of the 11 title V commisions. Six commissions either have chosen not to support substate regional administrative and planning activities or are too new to have done so during 1977–79.

[7] This program was replaced in fiscal 1980 by a new program titled Criminal Justice—Part D Formula Grants. The new program is numbered 16.530 in the 1980 *Catalog of Federal Domestic Assistance* (CFDA).

[8] This program was renumbered 16.540 in the 1980 *Catalog of Federal Domestic Assistance* (CFDA).

SOURCE: Jerome M. Stam and J. Norman Reid, *Federal Programs Supporting Multicounty Substate Regional Activities: An Overview*, Rural Development Research Report No. 23, Washington, DC, U.S. Department of Agriculture, Economic, Statistics, and Cooperatives Service, August 1980, pp. 30–34.

Table 126

ROLE OF MAJOR FEDERAL AID PROGRAMS IN SUPPORTING SUBSTATE REGIONAL COUNCILS, 1977–79

Name of Federal Program	Characteristics of Federal Programs				
	A. Number of Regional Council Supported Numerically	B. Amount of Federal Funding for Regional Councils (FY '77) (millions of dollars)	C. USDA Classification	D. Provide Funding for A–95 Process (estimate FY 80 amount in millions of dollars)	Limitations and Other Remarks
Important Support:					
A–95 Federal Project Review	544	0	1	0	Provide a very important role, but no direct financing.
HUD 701 Comprehensive Planning	517	34.1	1	$5–$7	Has been the best all-round financing source for all types of regions and subject matter, but funds recently getting scarce and more narrowly targeted.
Criminal Justice (LEAA)	242	17.8	1	0	Most wide spread of the "functional" planning assistance programs, but being phased out in FY 81.
Economic Development (EDD)	204	15.1	1	$1.2–$1.3	Good general support, but number of regions is relatively limited. "Depressed Area" focus, although this is being diluted.
Aging (AAA)	198	51.6[1]	1	$0.5–$0.6	Highly oriented toward a single function and immediate service delivery needs.
Urban Transportation (MPO)	145	35.3	1	$8–$12	Urban areas only, but very strong there. Usually meshes with other programs, especially community development and environmental protection.
Water Quality (Section 208)	125	44.7[2]	2	0	Targeted toward special problem areas and particular aspects of problems.
Solid Waste	115	—[2]	3	0	Allows, but does not require, regional approach.
Air Quality (Section 175)	85	—[2]	2	—[3]	Associated with urban transportation programs in the most highly polluted areas.
Rural Development (Section 111)	98	3.3	2		Small new program for rural communities only. Allows, but does not require regional approach.

Appalachian Development (LDD)	66[4]	5.5	1	$0.35–$0.4	Very supportive, but only affects West Virginia and portions of 12 other states. Some Title V Regional Action Commissions offer similar support, but at a greatly reduced level.
Little, If Any Support					
Health Systems	40	—[1]	1	0	Primarily supports special-purpose regional organizations.
Community Action	5	NA	1	0	Primarily supports special-purpose regional organizations.
Employment and Training (CETA)	0	NA	1	0	Supports local consortiums, at local option, which are neither general nor special-purpose regional organizations.
Resource Conservation and Development	0	NA	1	0	Supports informally structured committees.
Community Mental Health Centers	0	NA	1	0	Supports specific centers.
		$207.4 ($282.5)[5]			

[1] Amount includes both aging and health systems programs.
[2] Amount includes water, air, and solid waste programs.
[3] Amount is included under urban transportation.
[4] Three additional regional councils headquartered outside Appalachia have single county portions of their jurisdiction in that multistate region.
[5] Total from all federal programs, including several for which funding is not shown above.

SOURCES: (A) National Association of Regional Councils, *1980 Regional Councils Directory: Matrix,* Washington, DC, December 1979.
(B) U.S. Bureau of the Census, *Regional Organizations,* Vol. 6, No. 6, 1977 Census of Governments, Washington, DC, U.S. Government Printing Office, August 1978, Table 5, p. 69. J. Norman Reid, Jerome M. Stam, Susan E. Kestner, and W. Maureen Godsey, *Federal Programs Supporting Multicounty Substate Regional Activities: An Analysis,* ESCS Staff Report, Washington, DC, U.S. Department of Agriculture, May 1980.
(C) Jerome M. Stam and J. Norman Reid, *Federal Programs Supporting Multicounty Substate Regional Activities: An Overview,* Rural Development Research Report No. 23, Washington, DC, U.S. Department of Agriculture, August 1980. Table 1, pp. 30–34.
(D) U.S. Office of Management and Budget, Intergovernmental Affairs Division, *Conceptual Outline c. Proposed Revisions to OMB Circular A–95,* Washington, DC, August 1980, Attachment VII, p. 2.

Table 127

FEDERAL AID TO TYPICAL REGIONAL COUNCILS, AS PERCENT OF TOTAL FINANCIAL AID, BY FEDERAL AGENCY AND METROPOLITAN STATUS, 1977

Federal Department or Agency	Total[1]	Metropolitan				Nonmetropolitan		
		Total	Greater	Medium	Small	Total	Adjacent to SMSA	Not Adjacent to SMSA
Department of Agriculture	.3%	.2%	[2]	.1%	.5%	.4%	.2%	.5%
Department of Commerce	13.7	7.2	3.6	7.6	8.6	18.8	13.1	22.3
Department of HEW	11.3	9.0	4.5	9.9	10.4	13.1	12.8	13.3
Department of HUD	24.6	24.6	20.4	25.0	26.4	24.5	28.0	22.4
Department of the Interior	.3	.3	.1	.2	.5	.3	.2	.4
Department of Justice	5.6	5.0	5.1	5.7	4.3	6.1	5.7	6.3
Department of Labor	8.8	7.4	4.2	5.3	11.4	9.9	11.1	9.1
Department of Transportation	10.8	20.6	25.3	21.8	16.9	3.2	2.9	3.3
Environmental Protection Agency	9.7	15.4	22.6	14.4	12.9	5.1	6.8	4.2
All Other	8.6	5.4	3.1	5.5	6.3	11.2	6.5	14.0

[1] Figures are unweighted averages.
[2] Less than .05%.

SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations*, Report ESS–8, Washington, DC, U.S. Department of Agriculture, Economic Development Division, May 1981, p. 9.

there are distinct requirements for particular types of individuals, other than local elected officials, on their governing bodies,[21] as well as for setting the population size and boundaries of the region.[22] Governing board requirements affect over three-fifths (24) of the federal programs, while population/boundary requirements affect over two-thirds (27). Thus, the fragmentation of regional planning at the substate level usually is directly traceable to federal aid programs.

Most of the general-purpose regional councils are responsible for more than one federal aid program. The national average is nearly four. The metropolitan councils typically average somewhat more than this (4.3), while the nonmetropolitan ones average only 3.4.[23] Over 12% of the metropolitan councils have seven or more programs, compared with under 5% of nonmetropolitan councils.[24] Generally speaking, the larger the substate region's population, the more federal programs for which it has responsibility.

A geographic analysis (*Table 128* and *Figure 14*) of federal agency designations of regional organizations for responsibility in administering federal aid programs shows that the general-purpose substate regional councils have the largest number of such designations in the Southwest (5.06 per council), followed by the Southeast (4.79), and the Mideast (3.96). Other parts of the nation (as divided into Census regions) have fewer designations per council than the national average (3.73). In Appalachia, however, where major emphasis is placed upon substate regional planning as the basis for state and multistate planning and for the creative packaging of federal aid, the average number of designations per council rises to a high 5.35—while the average for all regional councils in the states covered wholly or in part by the Appalachia program is only 4.30.

Of course, federal use of special-purpose regional organizations tends to be the reverse. Where the general-purpose regional councils are used frequently, there are fewer which are special-purpose.

In recent years, federal funding for general-purpose regional planning and for the A-95 federal aid review and comment process has been declining, while functional planning funds in individual specialized program areas has shifted rather rapidly from one purpose or priority to another. According to the U.S. Office of Management and Budget, planning assistance has remained steady at 1% of all federal aid annually over the past decade, but "The percentage for comprehensive (coordinative) [planning] dropped from 38 to 20%. . . . Functional planning rose from 47 to 54%, while project planning has nearly doubled from 15 to 26%. Specifically in 1979, eight comprehensive programs totaled $161 million, 20 functional programs provided $445 million and five project programs had $212 million."[25]

This shifting of federal aid has made it difficult for the general-purpose regional councils to maintain a stable work program. Instead, their activities increasingly tend to resemble those of consulting firms—shifting from project to project with little sense of continuity. Their objective tends to gravitate toward one of simply keeping the staff employed despite well intentioned resistance.

The shifts in federal support for substate regional councils are continuing. Considering the major programs listed in *Table 126*, HUD's Section 701 Program suffered still further financial cuts for FY 1981 and greater targeting to specific national goals. Criminal justice is being phased out in fiscal 1981. Economic development assistance is being more narrowly channeled to federally selected target activities. And, except for A–95 and Rural Development Programs, the rest are very functionally oriented. Rural development aid may be increasing, but it is still quite small and not necessarily focused on regional council support. The A–95 Program does not provide funds directly through OMB, but simply encourages all federal agencies with planning assistance programs whose projects must be reviewed by substate regional councils (areawide clearinghouses) to reimburse the councils for the costs of the review process. Unfortunately, there is no workable way for this reimbursement to occur in the case of most federal programs, and the funding for the clearinghouses is getting increasingly restricted.

Overall, federal support for regional councils has been a very significant and vital factor in their success. However, the growing complexity, unstable features, and deteriorating amounts associated with this type of support raise questions about long-term reliance upon it.

STATE SUPPORT

Despite the massive role of federal programs in establishing and determining the activities of substate regional organizations, the states also play important roles in the success of such organizations. Regional councils are established under state law, for the most part, and derive their formal responsibilities and powers largely from the state. Although state support for these regional operations has been growing in recent years, it is not nearly as influential as federal support.

This support was measured in late 1978 and early 1979 by a survey of the states made by the National Association of Regional Councils. Forty-three states responded, providing the information summarized below.[26]

Table 128

FEDERAL DESIGNATIONS OF SUBSTATE REGIONAL COUNCILS, 1979

State and Region	Total Number of Regional Councils	Average Number Federal Designations			# A–95 Councils w/other Federal Designations											Regional Councils Designated by Appalachian Regional Commission	
		All Councils	Number Federally Designated	Federally Recognized Councils	0	1	2	3	4	5	6	7	8	9	10	Number	Average Number Federally Designated
United States	671	3.73	51	3.92	26	75	102	118	109	63	41	13	4	1	0	66	5.35
NEW ENGLAND & MIDEAST	111																
New England	65	2.57		2.60													
Maine	12	3.66	0			2	3	1	5								
New Hampshire	11	2.36	0		2	3	5	1									
Vermont	13	2.53	1	2.75		7	1	4									
Massachusetts	13	3.61	0		1	1	4	4	2	1							
Rhode Island	1	0.0	1	0.0	No Areawide Clearinghouses												
Connecticut	15	3.26	0			4	7	1	2	1							
Mideast	46	3.96		4.22													
New York	14	3.35	1	3.61		1	3	5	3							4	4.75
New Jersey	1	7.0	0								1						
Pennsylvania	24	2.25	6	3.00	2	4	2	3	4							5	4.20
Delaware	1	4.0	0					1									
Maryland	5	2.2	1	2.75						1						1	3.00
Dist. of Columbia	1	5.0	0						1								
MIDWEST	209																

Great Lakes	108	3.46		3.76													
Michigan	14	5.64	0				1	1	3	3	3	1					
Ohio	31	2.80	8	3.78	1	3	3	4	5	2	2					5	4.80
Indiana	19	3.05	0			7	7	1	1	1	1						
Illinois	35	2.08	7	2.60	2	10	7	3		1	1						
Wisconsin	9	3.77	0			1	3	2	1	1							
Plains	101	3.38		3.61													
Minnesota	19	3.68	3	4.37			4	5	4		1		1				
Iowa	16	3.18	1	3.40		5	4	2	3	1							
Missouri	20	3.60	0		1	1	9	5	2	2							
North Dakota	8	3.12	0		No Areawide Clearinghouses*												
South Dakota	6	5.33	0				1	1		3	1						
Nebraska	20	1.70	6	2.42	4	1	2	3	1								
Kansas	12	3.08	0			3	2	5									
SOUTH	219																
Southeast	169	4.79		4.87													
Virginia	23	3.69	0		1	1	6	9	4	1						6	4.66
West Virginia	11	5.27	0				1	4	2	1	2		1			11	5.27
Kentucky	17	5.52	2	6.26	1			2		2	7	3				7	7.00
Tennessee	9	5.66	0					1	3	3	2					5	6.00
North Carolina	18	4.83	0				1	6	7	3	1					6	5.50
South Carolina	11	5.81	0			1			3	4	2		1			1	7.00
Georgia	19	6.05	0			1		1	2	5	6	2		1		6	7.83
Florida	11	4.36	0			2			4	4			1				
Alabama	12	4.58	0			1	2	3	3	1	2					6	5.50
Mississippi	14	3.85	1	4.15		1		4	5		1					3	4.00
Louisiana	13	3.15	0			3	5	2	2								

Table 128 (continued)

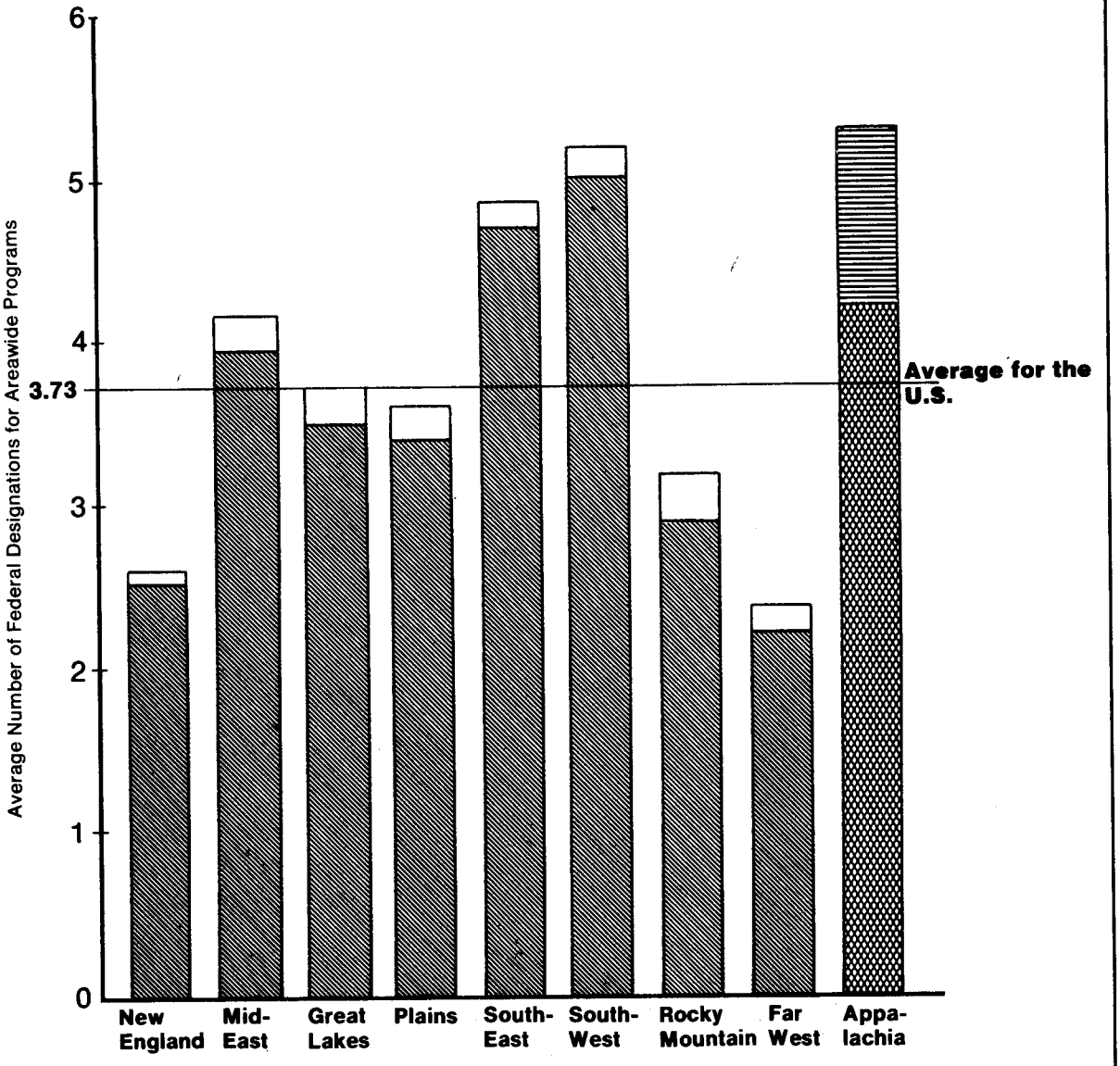
FEDERAL DESIGNATIONS OF SUBSTATE REGIONAL COUNCILS, 1979

State and Region	Total Number of Regional Councils	Average Number Federal Designations			# A–95 Councils w/other Federal Designations											Regional Councils Designated by Appalachian Regional Commission	
		All Councils	Number Federally Designated	Federally Recognized Councils	0	1	2	3	4	5	6	7	8	9	10	Number	Average Number Federally Designated
Arkansas	11	4.72	0					7	1	2	1						
Southwest	50	5.06		5.22													
Oklahoma	11	5.0	0			1			7	3							
Texas	26	5.23	0			1		5	6	10	1	2					
New Mexico	7	3.71	1	4.33			1	2	3								
Arizona	6	6.33	0						1	3	1	1					
WEST	116																
Rocky Mountain	53	2.92		3.24													
Montana	12	0.91	0			1	1	1									
Idaho	10	4.20	1	4.66	1		1	2	1	2	1						
Wyoming	6	0.66	3	1.33	No Areawide Clearinghouses												
Colorado	15	4.66	0				2	3	2	2	2	1					
Utah	10	4.20	1	4.66	1		1	1	3			1	1				
Far West	63	2.19		237													
Washington	26	1.92	2	2.08	9	7	5	3									
Oregon	12	4.66	0			1	1	3	2	2	2						
Nevada	2	2.5	0			1	1										
California	22	3.09	5	4.00			6	3	3	2		1					
Alaska	1	1.00	0														
Hawaii	0	0	0		No Regional Council												

* Except an Interstate clearinghouse headquartered in Minnesota.
SOURCE: National Association of Regional Councils, *1980 Regional Councils Directory: Matrix*, Washington, DC, December 1979.

Figure 14

Average Number of Federal Program Designations for Substate Regional Councils in Census Regions and Appalachia, 1979



SOURCE: *Table 128.*

The NARC survey questionnaire was based on the ideal view of state support held by both the Advisory Commission on Intergovernmental Relations and the National Association of Regional Councils. According to this view, the state should create a statewide system of multipurpose regional councils; direct that all of the areawide federal programs be carried out through them; provide the councils with a broad set of responsibilities and powers adequate to deal with emerging areawide problems; supply a substantial amount of general support funds unfettered by specific program requirements; and establish direct links between regional planning and policymaking, on the one hand, and the state's own planning and budgeting processes, on the other.

Figure 15 and *Table 129* show results of the survey, ranking the states against the ideal. Most states have taken some action in support of regional councils, but the degree of support varies widely. On the rough scale used, about half the states scored better than 50%, while only nine scored better than 70%, and the top state (Georgia) reached only 80%. Thus, most states have quite a way to go if they are to support their regional councils fully, as the following detailed analysis demonstrates.

Establishment of Regional Councils

Forty-three states have taken action either by legislation, executive order, or a combination of the two, to establish statewide systems of substate districts as the framework for general-purpose regional councils within their borders (as shown in *Table 130*).

Only 19 states have legislation which calls for a statewide system. The others rely upon enabling legislation which simply allows localities to join together of their own volition to form a regional organization. Gubernatorial executive orders, in the absence of positive districting legislation, are attempts to persuade local governments to cooperate voluntarily in the regional movement; but they are sometimes less effective than legislation, and they tend to shift or lose emphasis from one administration to the next. These orders also cannot provide the funding and other incentives which legislation can. Thus, enactment of substate districting legislation by the states is a key indicator of how serious the states are about supporting regional councils. By this measure, a majority of the states are not as serious as they might be.

The incentive for state action to establish a statewide system of regional districts usually has been the desire to help coordinate the diverse federal aid programs coming into the states at the regional level and to put state agency field offices on the same geographic basis as the regional councils and their federal aid programs. *Table 131* indicates that 37 states assist in delineating regional boundaries and 34 attempt to apply these same boundaries to state field structures. Federal programs most often subject to these state boundary policies are HUD's Comprehensive Planning Program, OMB's Circular A–95 Review and Comment Process, EPA's Environmental Protection Programs, and Labor's Comprehensive Employment and Training Program. Other affected programs, in order, were HHS's program on the aging, Justice's program on law enforcement, HHS's program on health systems planning, DOT's metropolitan transportation program, and Commerce's economic development program. A number of other federal programs were affected less frequently by these state-delineated boundaries.

About 19 states provide for regional councils to be established across state lines in interstate areas, but over twice that number of states (40) contain parts of existing interstate metropolitan areas and/or interstate regional councils. The states involved are listed in *Table 132*. Action by others is needed.

State Financial Support

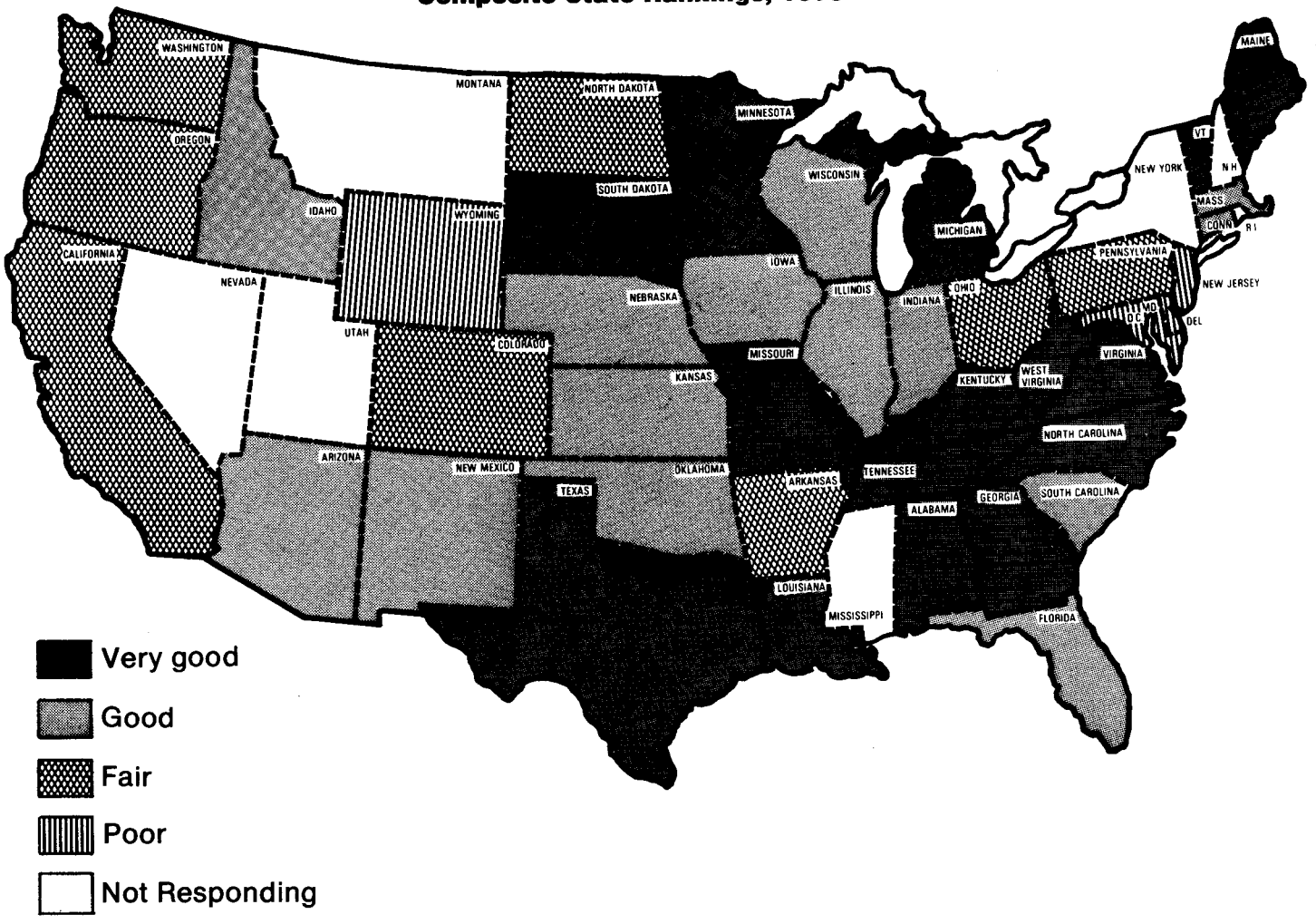
From 1972 to 1979, the number of states offering general financial support to their regional councils (other than passthrough federal funds) increased from 20 to 27, and the aggregate amount increased from $7.7 million to almost $12.5 million. The actual numbers in 1978 (as shown in *Table 133*) ranged from 70 cents per capita down to only one cent, while the average state funding per regional council in these states ran from $100,000 in Kentucky to $4,769 in Nebraska. Sixty percent of these funds, however, are provided by only six states—Texas, Kentucky, Georgia, Virginia, Michigan, and Minnesota. Thus, based on their funding effort, most states could be expected to do more.

Other State Support

Nearly three-quarters of the states have established some formal communications channels between the state government and the regional planning organizations. The states do this in a variety of ways, as indicated in *Table 134*. In eight states, the governors meet regularly with the chairmen of their regional planning organizations, and governors in 23 states are assisted by a more general

Figure 15

State Support of Regional Councils: Composite State Rankings, 1979



SOURCE: ACIR staff tabulation and analysis of NARC 1978–79 Survey of state policies toward Regional Councils.

Table 129

STATE RANKINGS: STATE SUPPORT OF REGIONAL COUNCILS, 1977*

	Method of Establish-ment	Percent Estab-lished	State Fund-ing	Responsi-bilities	Powers	Gover-nor's Relation-ship	Directory	Total
Alabama	10	10	0	8	6	10	5	49
Alaska	0	0						
Arizona	5	10	0	8	7	8	0	38
Arkansas	10	10	2	0	0	0	5	27
California	10	9	0	1	0	4	0	24
Colorado	10	10	0	0	0	0	0	20
Connecticut	10	10	6	2	0	0	5	33
Delaware	0	10	0	0	0	2	0	12
Florida	5	10	6	4	2	2	5	34
Georgia	10	10	9	6	2	10	5	52
Hawaii	0	0						
Idaho	5	10	0	8	4	4	0	31
Illinois	5	7	4	6	4	0	5	31
Indiana	5	10	1	8	4	2	5	35
Iowa	5	10	0	6	5	6	5	37
Kansas	5	8	6	4	1	0	5	29
Kentucky	5	10	10	8	4	10	0	47
Louisiana	5	10	7	8	3	8	5	46
Maine	10	10	3	8	4	2	5	42
Maryland	2	10	1	0	1	0	0	14
Massachusetts	5	10	0	8	1	2	5	31
Michigan	5	10	8	8	2	4	5	42
Minnesota	10	10	9	8	4	4	0	45
Mississippi	10	10						20
Missouri	10	10	6	6	2	8	5	47

* Key:
Weights for all items except Directory—0 (low) to 10 (high)
Directory—0 (low) to 5 (high)

Table 129 (continued)

STATE RANKINGS: STATE SUPPORT OF REGIONAL COUNCILS, 1977*

	Method of Establish-ment	Percent Estab-lished	State Fund-ing	Responsi-bilities	Powers	Gover-nor's Relation-ship	Directory	Total
Montana	5	5						10
Nebraska	10	8	3	6	1	2	5	35
Nevada	2	3						5
New Hampshire	5	10						15
New Jersey	5	7	0	0	0	0	0	12
New Mexico	5	10	5	4	0	6	0	30
New York	5	10						15
North Carolina	10	10	0	8	4	4	5	41
North Dakota	5	10	0	3	0	10	0	28
Ohio	5	7	2	4	3	0	5	26
Oklahoma	10	10	6	8	0	0	5	39
Oregon	5	8	2	6	1	4	0	26
Pennsylvania	5	8	2	0	0	6	0	21
Rhode Island	2	5						7
South Carolina	10	10	5	8	2	2	0	37
South Dakota	5	10	0	8	5	8	5	41
Tennessee	10	10	7	8	2	6	5	48
Texas	5	10	8	8	4	2	5	42
Utah	5	10						15
Vermont	10	10	8	6	1	0	5	40
Virginia	10	10	8	8	5	2	5	48
Washington	5	9	0	8	0	2	0	24
West Virginia	10	10	5	10	0	8	5	48
Wisconsin	5	8	6	8	5	0	5	37
Wyoming	0	5	0	0	0	4	0	9

SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More,* Special Report No. 42, Washington, DC, National Association of Regional Councils, September 1979, Table 1.

Table 130

GENERAL STATE PROVISIONS FOR ESTABLISHING REGIONAL COUNCILS, 1980

	Substate Districting		Regional Planning or COG Enabling Legislation	Interlocal Cooperation Legislation
	Executive Orders	Legislation		
Alabama	X	X	X	
Alaska				X
Arizona	X			X
Arkansas		X	X	X
California		X	X	X
Colorado		X	X	X
Connecticut		X	X	X
Delaware				
Florida	X	X	X	X
Georgia		X	X	X
Hawaii				
Idaho	X		X	X
Illinois	X		X	X
Indiana	X		X	X
Iowa	X		X	X
Kansas	X		X	X
Kentucky	X		X	X
Louisiana	X		X	X
Maine	X	X	X	X
Maryland			X	
Massachusetts	X		X	X
Michigan	X		X	X
Minnesota	X	X	X	X
Mississippi	X	X	X	
Missouri	X	X	X	X

SOURCE: ACIR staff compilation.

Table 130 (continued)

GENERAL STATE PROVISIONS FOR ESTABLISHING REGIONAL COUNCILS, 1980

	Substate Districting		Regional Planning or COG Enabling Legislation	Interlocal Cooperation Legislation
	Executive Orders	Legislation		
Montana	X			X
Nebraska		X	X	X
Nevada			X	X
New Hampshire	X		X	
New Jersey	X		X	X
New Mexico	X		X	X
New York	X			X
North Carolina	X	X	X	X
North Dakota	X		X	X
Ohio	X		X	
Oklahoma	X	X		X
Oregon	X			X
Pennsylvania	X		X	X
Rhode Island			X	
South Carolina	X	X	X	X
South Dakota	X		X	X
Tennessee	X	X	X	X
Texas	X		X	X
Utah	X			X
Vermont	X	X	X	X
Virginia		X	X	X
Washington	X		X	X
West Virginia	X	X	X	X
Wisconsin	X		X	X
Wyoming				X
Total	36	19	40	42

Table 131

STATE DELINEATION OF SUBSTATE DISTRICT BOUNDARIES, 1978

	For Regional Councils		For State Agencies		Programs Affected											
	Yes	No	Yes	No	EDA	A–95 HUD	Health	All	Aging	LEAA	CZM	EPA	DOT	Social Services	CETA	Other
Alabama	X		X		X	X			X							
Alaska																
Arizona	X		X		X	X				X		X	X	X		
Arkansas		X		X												
California	X		X													
Colorado	X		X					X								
Connecticut	X		X				X		X			X		X		
Delaware																
Florida	X		X													
Georgia	X		X							X	X	X	X			X
Hawaii					X	X			X	X	X		X		X	X
Idaho	X		X													
Illinois	X		X		X	X	X								X	
Indiana	X		X													
Iowa	X		X									X				
Kansas	X			X		X			X	X		X		X	X	X
Kentucky	X		X													
Louisiana	X															
Maine	X		X									X	X		X	
Maryland		X		X												
Massachusetts	X		X													
Michigan	X		X			X						X	X		X	X
Minnesota	X		X									X	X			X

Mississippi																
Missouri	X		X			X						X	X			X
Montana																
Nebraska	X		X				X		X						X	X
Nevada																
New Hampshire																
New Jersey	X		X			X										
New Mexico	X		X			X	X		X			X				
New York																
North Carolina	X		X			X			X	X				X	X	X
North Dakota	X		X							X					X	
Ohio	X		X			X	X			X					X	
Oklahoma	X		X		X	X	X			X						
Oregon	X		X					X								
Pennsylvania	X			X												
Rhode Island																
South Carolina	X		X					X								
South Dakota	X		X					X								
Tennessee	X		X					X								
Texas	X		X						X			X		X	X	X
Utah																
Vermont	X		X													
Virginia	X		X		X		X		X	X					X	X
Washington	X		X													
West Virginia	X		X					X								
Wisconsin	X		X													
Wyoming																
Total	37	2	34	4	6	12	7	6	9	9	2	11	7	5	11	10

SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More*, Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey of the states upon which this report was based; Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

Table 132

STATE LAWS PROVIDING FOR INTERSTATE REGIONAL COUNCILS, 1978

	Law Provides	Existing Interstate Regional Council	Existing Interstate SMSA	Combined RC or SMSA
Alabama	X	X	X	X
Alaska				
Arizona				
Arkansas		X	X	X
California	X	X		X
Colorado				
Connecticut	X	X	X	X
Delaware		X	X	X
Florida				
Georgia	X	X	X	X
Hawaii				
Idaho		X		X
Illinois	X	X	X	X
Indiana		X	X	X
Iowa	X	X	X	X
Kansas		X	X	X
Kentucky	X	X	X	X
Louisiana				
Maine	X			
Maryland		X	X	X
Massachusetts			X	X
Michigan		X	X	X
Minnesota		X	X	X
Mississippi		X	X	X
Missouri	X	X	X	X

SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More*, Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey of the states upon which this report was based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

Table 132 (continued)

STATE LAWS PROVIDING FOR INTERSTATE REGIONAL COUNCILS, 1978

	Law Provides	Existing Interstate Regional Council	Existing Interstate SMSA	Combined RC or SMSA
Montana				
Nebraska	X	X	X	X
Nevada		X		X
New Hampshire		X	X	X
New Jersey	X	X	X	X
New Mexico				
New York		X	X	X
North Carolina	X		X	X
North Dakota		X	X	X
Ohio	X	X	X	X
Oklahoma	X	X	X	X
Oregon		X	X	X
Pennsylvania		X	X	X
Rhode Island			X	X
South Carolina		X	X	X
South Dakota	X	X		X
Tennessee	X	X	X	X
Texas	X	X	X	X
Utah		X		X
Vermont	X	X		X
Virginia		X	X	X
Washington		X	X	X
West Virginia	X	X	X	X
Wisconsin		X	X	X
Wyoming				
Total	19	37	34	40

Table 133

STATE FUNDING, PER CAPITA AND PER DISTRICT, 1978

States	State Funding	State Population[1]	Per Capita		Number of Substate Districts	Per District	
			Funding	Rank		Funding	Rank
TOTAL	$12,436,612						
Texas	1,700,000	13,014,000	.13	6	24	70,833	4
Kentucky	1,500,000	3,498,000	.42	2	15	100,000	1
Georgia	1,170,000	5,594,000	.21	4	18	65,000	5
Virginia	1,075,000	5,148,000	.21	5	22	48,864	7
Michigan	1,000,000	9,189,000	.11	8	14	71,429	3
Minnesota	969,500	4,008,000	.24	3	13	74,577	2
Florida	505,000	8,594,000	.06	20	11	45,909	10
Missouri	500,000	4,860,000	.10	12	20	25,000	15
Tennessee	450,000	4,357,000	.10	13	9	50,000	6
Louisiana	389,600	3,966,000	.10	14	8	48,700	8
Wisconsin	372,900	4,679,000	.08	17	8	46,613	9
Illinois	371,800	11,243,000	.03	21	14	26,557	13
Oklahoma	358,000	2,880,000	.12	7	11	32,545	11
Connecticut	350,000	3,099,000	.11	9	15	23,333	16
Vermont	340,830	487,000	.70	1	13	26,218	14
South Carolina	270,000	2,918,000	.09	16	10	27,000	12
Kansas	250,000	2,348,000	.11	10	11	22,727	17
West Virginia	200,000	1,860,000	.11	11	11	18,182	18
Nebraska	124,000	1,565,000	.08	18	26[2]	4,769[2]	25[2]
New Mexico	120,000	1,212,000	.10	15	7	17,143	19
Ohio	100,000	10,749,000	.01	24	15	6,667	23
Pennsylvania	100,000	11,750,000	.01	25	10	10,000	20
Maine	88,000	1,091,000	.08	19	11	8,000	21
Oregon	70,000	2,444,000	.03	22	14	5,000	24
Arkansas	61,982	2,186,000	.03	23	8	7,748	22
Indiana*		5,374,000			18		
Maryland*		4,143,000			7		

* State responded affirmatively, but no details provided.

[1]July 1, 1978, Provisional Census Estimates.

[2] In Nebraska, the 26 geographic districts are combined in various fashions when regional organizations are established. Eighteen substate regional organizations exist, covering about 80% of the state. In fiscal year 1979, sixteen of these were supported by the $124,000 indicated in column 1. Thus, the actual amount per funded district was $7,750. In fiscal year 1981, only twelve were funded, bringing the per council figure up to $10,333.

SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More,* Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey of the states upon which this report was based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

Table 134

GOVERNOR'S RELATIONSHIPS WITH REGIONAL COUNCILS, 1978

	Meets With Regional Council Chairmen	Intergovernmental Advisory Committee to Assist Governor	State Agency Policy and Plng. Interchange	RC Imputs to State Priorities/ Budgets	Preferred Designation of RC for Federal or State Regionalization	Review Federal Aid Regulations
Alabama		X	X	X	X	X
Alaska						
Arizona	X	X	X			X
Arkansas						
California		X				X
Colorado						
Connecticut						
Delaware		X				
Florida						
Georgia	X	X				
Hawaii		X	X	X	X	X
Idaho						
Illinois			X	X		
Indiana						
Iowa		X				
Kansas			X		X	X
Kentucky	X					
Louisiana	X	X	X		X	X
Maine		X	X	X		
Maryland		X [1]			X	
Massachusetts						
Michigan		X				
Minnesota		X			X	
Mississippi					X	X

Missouri		X		X	X	X
Montana						
Nebraska	X					
Nevada						
New Hampshire						
New Jersey						
New Mexico	X	X			X	X
New York						
North Carolina					X	X
North Dakota		X	X	X	X	X
Ohio						
Oklahoma						
Oregon					X	X
Pennsylvania		X		X		X
Rhode Island						
South Carolina					X	
South Dakota	X	X	X	X	X	
Tennessee		X		X		X
Texas		X [2]			X	
Utah						
Vermont		X [1]				
Virginia		X			X	
Washington		X				X
West Virginia	X			X	X	X
Wisconsin						X
Wyoming		X				X
Total	8(19%)	23(51%)	9(21%)	10(23%)	17(40%)	17(40%)

[1] Temporary.
[2] Correction supplied by ACIR.
SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More*, Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey upon which this report was based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

type of intergovernmental advisory committee. In nine states, there is a direct interchange of policies and plans with state agencies, while the regional bodies in ten states provide inputs to the state budget process. The governors in 17 states show a preference for designating general purpose regional planning organizations for responsible roles in federal and state programs, and rely upon regional advice in developing state comments on proposed federal aid regulations.

Nearly 80% of the states give one or more responsibilities to their regional councils, but less than two-thirds actually confer powers on them. (See *Tables 135* and *136.)* Usually, the powers granted are to adopt the plans for which they have preparation responsibility. The next most common "power" is to review and comment upon nonfederally funded projects in the region which might have a relationship to the regional plan. Sixteen states provide this review power with respect to special district projects, while 18 states (including some of the above 16) broaden this review to other state and local projects. Eleven states have authorized their regional councils to become regional service agencies, but usually they must seek the approval of their member local governments or a popular referendum in order to take advantage of this power.

Almost three-quarters of the states now have state associations of regional councils. This can be an important channel for communicating with the Governor and the legislature about their responsibilities and powers. Communications between the state and its regions have become significant enough to cause 60% of the states responding to the NARC survey to maintain directories of their regional councils. The states with such associations and directories are identified in *Table 137.*

Overall, the states have endowed their regional councils with an impressive array of responsibilities and powers, but the powers lag substantially behind the responsibilities.

Meaning of the NARC Survey

NARC's survey marks the first attempt to rate states on the adequacy of their policies and activities in support of regional councils. As such, it provides a benchmark for future efforts to monitor progress by the states. Almost all of the states are in this business, and some have done a great deal to benefit their regional councils. Others have been less helpful. No state is perfect, either by NARC or by ACIR standards.

State actions undoubtedly have played an important role in furthering the regional council movement in this decade. For example, in 1972 there were 40 states with substate districting systems. Today, there are 44 (including Maryland, which has used the state planning program to this end, rather than legislation or executive order). Perhaps even more important, 34 of these states have regional councils in all of their districts, compared with only 14 in 1972. In these same seven years, regional councils moved up from covering about half of the nation to covering well over 90%. State funding for regional councils also rose during this period—from 20 states and $7.7 million to 27 states and $12.4 million. Still, only ten states provide as much as $45,000 per district, and federal funding still predominates by a wide margin.

The gap between regional council responsibilities and powers, noted at great length in earlier studies, is still quite evident in the actions of most states. While nearly three-quarters of the states have some formal communications channels between the state and the regional councils, only about 20% have a fairly full set of channels. On the other hand, half of the states provide a directory of regional councils in their states, and three-quarters of the states now have some sort of state association of regional councils—a rather new development.

Both NARC and ACIR have stressed the importance of state action to the success of regional councils. Such action is necessary to give regional councils legitimate status as units of local government; to offset the often overwhelming predominance of federal programs in the affairs of regional councils; and to give regional councils the degree of independence and stability needed for them to prosper as constructive partners in the American federal system. NARC's survey shows that there is still a great deal of room for improvement in this vital state support.

OVERALL FINANCIAL SUPPORT

In addition to the federal and state financial support already mentioned, regional councils receive modest sums from their member local governments. Usually these are in the form of dues, but in a few cases (like Minnesota) it is a local tax levy. Also, some of the federal aid provided to regional councils is channeled through state or local governments.

Table 138 details the shares of total revenues from each source for the average-sized regional council in each of several categories. In both metropolitan and nonmetropolitan areas, the federal share is a little under two-thirds, but the metropolitan councils rely more heavily upon local governments to make up the remainder, while nonmetropolitan councils rely more on state funds. The share of federal funds reaching both types of councils

through the states is much larger than that channeled through the local governments. Nonmetropolitan councils receive about 10% more of their federal funds from the states than is the case for the metropolitan councils. Considering the fact that most federal funds must be matched, these figures indicate a very high reliance by regional councils on federal revenues—with an even larger share of their budgets being directed by federal program requirements than would be indicated by the federal revenue share alone. In aggregate terms, in 1977 the Census Bureau found that 76% of the revenues for all regional councils in the nation came from the federal government, while state funding was only 10% and local funds provided about 12%.[27]

SPECIAL FEATURES OF SOME REGIONAL COUNCILS

Inadequate performance of regional councils may result from a combination of factors. Without a doubt, financing which is constantly shifting, federally dominated, and inadequate must carry some of the blame. Likewise, deficient legal authority and inadequate state funding can be cited. But, in addition, the councils themselves must take responsibility for failing to provide good management and innovative work programs.

To help overcome inadequate performance, several special powers and procedures have been used on a limited scale by certain substate regional councils. The main ones are:

- The Twin Cities Metropolitan Council (Minneapolis-St. Paul) has become the policy body for a number of areawide special districts which administer airports, transit, parks, and water resources. It also serves as a regional housing authority.
- Both the Twin Cities Metropolitan Council and the Atlanta, GA, Regional Commission review local plans for their relationship to the metropolitan plan. In the Twin Cities, local planning is mandatory under state law, and the metropolitan council can return a plan for further work if it does not conform with respect to matters of "metropolitan significance." The Atlanta review is advisory only, but the commission also has water resource planning powers over the Chattahoochee River Basin which make it illegal to develop in an inconsistent manner.
- In Florida, 1980 state legislation has strengthened the state's 11 regional planning councils in their roles of (a) assisting in the preparation of the state comprehensive planning, (b) coordinating with regional water management districts and the substate districts of the state department of environmental regulation, (c) reviewing local plans mandated by the state to be prepared by the counties and cities, and (d) reviewing developments of regional impact, electrical power plant siting plans, and coastal zone management plans. To help ensure that the regional councils will live up to the state's expectations, the Governor, beginning in 1980, appoints one-third of the council's members.
- The federal government provides a joint funding mechanism by which several different federal grants may be combined within a single work program to be administered by a single federal agency in accordance with an interagency agreement. The most frequent users of this technique have been substate regions. However, the cumbersomeness of this procedure has been a major factor in keeping it from becoming generally used.
- The National Association of Regional Councils, in cooperation with a number of substate regions and federal agencies, has developed techniques for integrated regional programming of future actions needed to achieve regional goals. Somewhat analogous to capital improvement programming at the local government level—though not limited only to capital projects—this process would seek to identify all federal, state, and local funds to be spent in the region for a variety of different functional purposes and interrelate the projects to achieve best the overall results. While difficult to conduct effectively, this process would produce results important for improving the A–95 review and comment process. Currently, 61 of the 69 regional councils serving Appalachia have approved "areawide action plans" which achieve this objective.
- A variation of the regional programming concept is the current experiment in negotiated investment strategies (NIS). Such strategies would be equivalent to the annual budget phase of a long-range capital improvements program in the local government, though not limited to capital projects. At the regional level, negotiations would have to be consummated among a large array of federal, state, and local officials, achieving firm commitments for specific actions. Some of the regional councils in Minnesota are working on this concept.

Table 135

STATES GIVING NARC ENDORSED RESPONSIBILITIES TO REGIONAL COUNCILS, 1978

	Umbrella for Functional Planning	Overall Policy Planning and Coordination Management	Set Goals, Policies, and Priorities	Local Forum for Policy and Implementation	Technical Assistance	Review and Comment	Recommend Distribution of Federal Block Grants and GRS	State Totals
Alabama	X	X	X		X	X	X	6
Alaska								
Arizona	X	X	X	X	X	X		6
Arkansas								0
California	X							1
Colorado								0
Connecticut	X				X			2
Delaware								0
Florida	X				X	X	X	4
Georgia		X	X	X	X	X		5
Hawaii								
Idaho	X	X	X		X	X	X	6
Illinois		X	X	X	X	X		5
Indiana	X	X	X		X	X	X	6
Iowa	X	X	X		X	X		5
Kansas			X	X	X	X		4
Kentucky	X		X	X	X	X	X	6
Louisiana	X	X	X		X	X	X	6
Maine	X	X	X	X	X	X		6
Maryland								0
Massachusetts	X	X	X		X	X	X	6
Michigan	X	X	X	X	X	X		6
Minnesota	X	X	X		X	X	X	6
Mississippi								

Missouri		X	X	X	X	X		5
Montana								
Nebraska	X		X	X	X	X		5
Nevada								
New Hampshire								
New Jersey								0
New Mexico	X		X		X	X		4
New York								
North Carolina	X	X	X	X	X	X		6
North Dakota	X		X		X			3
Ohio		X	X		X	X		4
Oklahoma	X	X	X		X	X	X	6
Oregon			X	X	X	X	X	5
Pennsylvania								0
Rhode Island								
South Carolina	X		X	X	X	X	X	6
South Dakota	X	X	X		X	X	X	6
Tennessee	X	X	X		X	X	X	6
Texas	X	X	X		X	X	X	6
Utah								
Vermont	X	X	X		X	X		5
Virginia	X	X	X	X	X	X		6
Washington	X	X	X	X	X	X		6
West Virginia	X	X	X	X	X	X	X	7
Wisconsin	X	X	X	X	X	X		6
Wyoming								0
Total	28(65%)	24(56%)	31(72%)	16(37%)	33(77%)	31(72%)	15(35%)	

SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More*, Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey upon which this report was based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

Table 136

POWERS PROVIDED TO REGIONAL COUNCILS BY GENERAL STATE POLICY, 1978

	State Total	Basic Provisions (NARC)			Optional Provisions (NARC)						
		Adopt Plan and Programs	Reviews Special District Projects	Allocate State and Federal Funds	Subsidiaries	Regional Services	Certificate of Need	Nonfederal Review and Comment	Special District Reform	Special District Budget Control	Consistency with Areawide Plan
Alabama	6	X	X				X	X		X	X
Alaska	0										
Arizona	7	X	X			X	X		X	X	X
Arkansas	0										
California	0										
Colorado	0										
Connecticut	0										
Delaware	0										
District of Columbia	0										
Florida	2	X	X								
Georgia	2	X					X				
Hawaii											
Idaho	4		X	X		X		X			
Illinois	4	X	X			X		X			
Indiana	4	X	X					X	X		
Iowa	5	X	X		X	X		X			
Kansas	3	X			X			X			
Kentucky	4	X		X		X		X			
Louisiana	4		X		X	X		X			
Maine	2		X					X			
Maryland	1						X				
Massachusetts	1							X			
Michigan	2	X						X			
Minnesota	3	X	X	X							
Mississippi											

Missouri	2	X		X							
Montana											
Nebraska	1							X			
Nevada											
New Hampshire											
New Jersey	0										
New Mexico	0										
New York											
North Carolina	4	X	X		X	X					
North Dakota	0										
Ohio	3	X	X					X			
Oklahoma	0										
Oregon	1					X					
Pennsylvania	0										
Rhode Island											
South Carolina	2					X		X			
South Dakota	5		X	X				X	X		X
Tennessee	2	X	X								
Texas	4	X	X			X		X			
Utah											
Vermont	1	X									
Virginia	5	X			X	X		X			X[1]
Washington	0										
West Virginia	0										
Wisconsin	5	X	X					X		X	X[1]
Wyoming	0										
Total		19	16	5	5	11	4	18	3	3	5

[1] In certain circumstances.
SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More*, Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey upon which this report was based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

Table 137

STATES WHERE DIRECTORIES AND ASSOCIATIONS OF REGIONAL COUNCILS EXIST, 1978

States	Directory	State Association of Regional Councils
Alabama	X	X
Alaska		
Arizona		X
Arkansas	X	X
California		X
Colorado		X
Connecticut	X	
Delaware		
Florida	X	X
Georgia	X	X
Hawaii		
Idaho		
Illinois	X	X
Indiana	X	X
Iowa	X	X
Kansas	X[1]	X
Kentucky		X
Louisiana	X	X
Maine	X	X
Maryland		
Massachusetts	X	
Michigan	X	X
Minnesota	X[3]	X
Mississippi		X
Missouri	X	X
Montana		
Nebraska	X	X
Nevada		
New Hampshire		X
New Jersey		
New Mexico		X
New York		X
North Carolina	X	X
North Dakota		X
Ohio	X[2]	X
Oklahoma	X	X
Oregon		X
Pennsylvania		X
Rhode Island		
South Carolina		X
South Dakota	X	X
Tennessee	X	X
Texas	X	X
Utah		
Vermont	X	X
Virginia	X	X
Washington		X
West Virginia	X	X
Wisconsin	X	X
Wyoming		
Total	26(60% of 43)	37(74% of 50)

[1] Under development.
[2] Out of date.
[3] Correction supplied by ACIR.
SOURCE: Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More,* Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey upon which this report was based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

Table 138

REVENUES OF SUBSTATE REGIONAL COUNCILS, BY SOURCE AND METROPOLITAN STATUS, 1977

Metropolitan Status of Headquarters	Average Total Revenues in Thousands of Dollars	Percentage of Revenues from Federal Government				Percentage of Revenues From State Government	Percentage of Revenues From Local Governments	Percentage of Other Revenues
		Total[1]	Direct	Through State Government	Through Local Government			
Metropolitan	$929	64.1%	32.3%	25.7%	3.1%	8.0%	24.3%	3.2%
Greater	1,570	58.3	32.3	14.5	5.0	8.7	25.3	7.7
Medium	817	64.7	31.9	26.9	3.1	7.6	25.1	1.7
Small	720	66.4	32.6	30.7	2.0	8.1	23.1	2.5
Nonmetropolitan	366	62.5	20.5	35.2	2.1	12.2	22.2	2.9
Adjacent to SMSA	377	57.9	17.2	31.2	2.3	10.1	29.4	2.7
Not Adjacent to SMSA	359	65.2	22.6	37.7	1.9	13.4	17.9	3.0
Total	613	63.2	25.6	31.1	2.5	10.3	23.1	3.0

[1] Percentages are unweighted averages.
SOURCE: J. Norman Reid, *A Statistical Profile of Substate Regional Organizations,* Report ESS-8, Washington, DC, U.S. Department of Agriculture, Economics and Statistics Service, May 1981, p. 8.

- A process for regional council evaluation has been developed cooperatively by the National Association of Regional Councils and the State of Texas. It has been applied successfully in Kentucky, and is now being pursued in the State of Minnesota. The procedure involves (a) questionnaires and interviews administered throughout the region to both governmental and nongovernmental interests, (b) an outside review team composed of experts in regionalism, and (c) a searching self-evaluation by the regional council staff and policy board, resulting in (d) a program of improvements for the organization's performance.

A recent survey by the National Association of Regional Councils shows that many regional councils are making special efforts to improve their planning reviews; to use sound accounting and auditing procedures which will meet the unusually complex intergovernmental demands of their revenue system; to facilitate participation by governing body members and citizen advisors; to provide sound personnel administration; and to regularly evaluate their own organizational performance. These efforts are shown in *Table 139*.

Yet, this same table shows that much remains to be done on these matters: Only 69 regional councils are using the regional programming idea, and only 74 councils regularly undertake a performance evaluation of their organization. In addition, recent evaluations of the OMB Circular A–95 federal project review and comment process indicate that its full potential is far from being reached.[28] While almost all regional councils are involved in this process, they frequently get bogged down simply in the logistics of notifying local governments of the project applications, causing them to neglect the substantive review of projects. Federal agencies too often take action without waiting for reviews to be completed and fail to explain actions which go contrary to regional council views.

Lost potentials such as these do little to improve the image of regional councils among those whose support they must have in the state legislatures and the Congress if they are to continue developing toward full maturity.

Table 139

MANAGEMENT ACTIVITIES UNDERTAKEN BY REGIONAL COUNCILS, 1978

Council Activity	Number Participating
PLANNING REVIEWS OF PROJECTS	
Publish A-95 Guide	349
Regional Council Improvement Programs	69
Charge Fee for A-95 Review	9
ACCOUNTING/AUDITING	
Consolidated Audit System to Meet All Federal Requirements	211
Use of Independent CPA	345
Federally Approved Indirect Cost Plan	257
Use of In-Kind Services as Match	336
PARTICIPATION COSTS	
Pay Costs for Board Meetings	171
Compensate Board Members Beyond Expenses	45
Pay Costs of Advisory Committees	122
PERSONNEL ADMINISTRATION	
Formal Personnel System	392
Retirement Program	350
Public Official Liability Insurance	98
PERFORMANCE EVALUATION	
Audio-Visual Presentation on Council	146
Regular Agency Evaluation	74
Board Evaluation of Executive Director	60
Executive Director Under Contract	36

SOURCE: National Association of Regional Councils, NARC-DATA Computer Printouts, Washington, DC, supplied September 1980.

CONCLUSION

The past two decades have seen the development of a nationwide network of substate regional organizations and a strong cadre of regional planners. Both are buttressed by a major national interest group in Washington known as the National Association of Regional Councils. Yet, several different regional organizations—general and special-purpose—exist side by side in the typical region, and the quality of their planning, their positive effects on the effective, efficient, and equitable expenditure of public funds in the regions, and the proper role of these organizations in relation to the state agencies and local governments all have been questioned. Numerous proposals have been made, both to simplify the almost-unmanageable federal aid system under which

they work and to stabilize and improve the quality of their work programs. So far, there has been little improvement along these lines except for some gradual refinements in the A–95 federal project review and comment process. But, at least, the A–95 clearinghouse network has gotten many of the affected parties talking to one another.

Despite their problems, regional councils generally have established useful roles and services upon which the other levels of government have come to depend. From discussion forums to interlocal agreements, from technical assistance to model codes, from areawide plans to federal aid allocations, from car-pooling to bus operations, and from small area population projects to air quality monitoring, it is difficult to imagine how most regions could get along without their regional councils. Local governments learn to live side by side through these organizations, while the federal government translates its policies into local programs through them, and states receive local inputs to their policy and budgeting processes from them.

While substate regionalism is maturing in many constructive ways, it needs active participation by all levels of government if it is to outgrow its present adolescence. "Adult" regional councils, fully able to stand on their own feet, secure their own revenues, and control their own work programs, are rare. This means, too often, that regional problems are going unsolved. Regional problems, after all, are among the most intergovernmental and difficult faced by domestic government. Yet, these problems have been assigned generally to the nation's newest and weakest units—the regional councils. It is little wonder, therefore, that these councils are often strained to their limits and still cannot reach their goals. The state and federal governments need to enable local governments to work together more effectively at this regional level, while local officials grasp these opportunities to solve their own problems amongst themselves and guide the use of state and federal resources toward locally determined ends.

FOOTNOTES

[1] U.S. Department of Commerce, Bureau of the Census, *Regional Organizations*, Vol. 6, No. 6 of the 1977 Census of Governments, Washington, DC, U.S. Government Printing Office, August 1978.

[2] *Ibid.*, p. 1.

[3] *Ibid.*

[4] *Ibid.*

[5] National Association of Regional Councils, *1980 Regional Councils Directory: Matrix*, Washington, DC, December 1979.

[6] J. Norman Reid, *Regional Councils in Metropolitan and Nonmetropolitan Areas: Some Characteristics*, ESCS Staff Report, Washington, DC, U.S. Department of Agriculture, September 1980, p. 2.

[7] Advisory Commission on Intergovernmental Relations, *Regional Decisionmaking: New Strategies for Substate Districts* (Report A–43), Washington, DC, 1973, pp. 339–74.

[8] *Ibid.*, pp. 240–241. The Council of State Governments, *State Growth Management*, Washington, DC, U.S. Department of Housing and Urban Development, May 1976, pp. 42–43.

[9] J. Norman Reid, *Regional Councils in Metropolitan and Nonmetropolitan Areas: Some Characteristics*, ESCS Staff Report, Washington, DC, U.S. Department of Agriculture, September 1980, p.4.

[10] Bureau of Census, *Regional Organizations*, p. 4.

[11] ACIR, (Report A–43), *op. cit.*, p. 82.

[12] National Association of Regional Councils, *Regional Council Representation and Voting*, Washington, DC, March 1979, pp. 53–54.

[13] Unfortunately, a referendum on this matter failed in the November 1980 election.

[14] For further description of the Portland Metropolitan Service District, see *Chapter 6*.

[15] The 1972 and 1976 surveys included less than half as many regional councils and most likely are biased toward the more active ones (which are more likely to be involved in a wider range of programs). Therefore, the "percent involved" would be expected to be somewhat lower for 1978 unless an actual increase took place. In addition, some of the tabulations for 1978 program categories include only those regional councils with "heavy" involvement—meaning that they accord the activity a major priority in their work program.

[16] U.S. Bureau of the Census, *Regional Organizations*, *op. cit.*, p. 7.

[17] ACIR, (Report A–43), *op. cit.*, p. 270.

[18] *Ibid.*, p. 169.

[19] Jerome M. Stam and J. Norman Reid, *Federal Programs Supporting Multicounty Substate Regional Activities: An Overview*, Rural Development Research Statistics, and Cooperatives Service, August 1980.

[20] U.S. Bureau of the Census, *Regional Organizations*, *op. cit.*, p. 7.

[21] J. Norman Reid, *Characteristics of Federal Programs Supporting Substate Regionalism*, EDD Working Paper 8006, Washington, DC, U.S. Department of Agriculture, May 1980, pp. 36–41.

[22] *Ibid.*, pp. 29–36.

[23] J. Norman Reid, *Regional Councils in Metropolitan and Nonmetropolitan Areas: Some Characteristics*, ESCS Staff Report, Washington, DC, U.S. Department of Agriculture, September 1980, p. 5.

[24] *Ibid.*, p. 8.

[25] U.S. Office of Management and Budget, Intergovernmental Affairs Division, *Conceptual Outline of Proposed Revisions to OMB Circular A–95*, Washington, DC, August 1980, Attachment VII, p. 1.

[26] Bruce D. McDowell, *Most States Support Regional Councils, All Could Do More*, Report No. 42, Washington, DC, National Association of Regional Councils, September 1979. The following states did not respond to the survey of the states upon which this report is based: Mississippi, Montana, Nevada, New Hampshire, New York, Rhode Island, and Utah.

[27] U.S. Bureau of the Census, *Regional Organization*, *op. cit.*, Table 1, p. 7.

[28] U.S. Office of Management and Budget, *Office of Management and Budget Circular A–95: An Assessment*, Washington, DC, May 15, 1978.

Chapter 6

State and Local Actions Modifying Functional Assignments

The allocation of responsibility for the performance of governmental service at the local level is a continually changing process. As areas have become increasingly urbanized, creating complex social and economic problems; as new services have been demanded by citizens; and as fiscal resources have shifted from one jurisdiction to another, local governments have sought to adapt to these new conditions by acting cooperatively, shifting functions, or changing local structures. In some measure, all of these local actions have attempted to resolve—although not often successfully—the conflicts arising from areal limitations and unbalanced servicing needs and fiscal resources.

One of the early listings of methods available for adjusting functional responsibilities was developed by Roscoe C. Martin. It included: informal cooperation, service contracts, joint service agreements, conferences (interjurisdictional exchanges of information for the development of agreements on policy), compacts, transfer of functions, extraterritorial jurisdiction, incorporation, annexation, city-county separation, functional consolidation, governmental consolidation, special districts and authorities, metropolitan government, and regional agencies.[1] Since catalogued by Martin, they have been modified and studied several times by the Advisory Commission on Intergovernmental Relations, most recently in its reports on substate regionalism and transfer of functions.[2]

This chapter is an updated evaluation of the principal local mechanisms for adjusting the assignment of functions. Included are intergovernmental service agree-

ments, transfers of functions, extraterritorial powers, state mandating, special districts, annexation, county modernization, city-county consolidations and other multijurisdictional organizations. The first four of these are procedural—assigning functions without changing government structures—and the last four change local government boundaries, create new governments, or reorganize existing governments so they may take on new functions.

All of these actions are usually initiated by local governments. The exception is state mandating which is imposed on local governments generally against their will. While mandating is essentially a state action and the other seven mechanisms are essentially local actions, the scope and use of these local methods is influenced in various ways by state governments. State laws authorize their use and define the conditions under which they occur. Through these laws or other actions—judicial, administrative, or financial—states can either encourage or discourage their use. In some cases, states have taken a more active role by compelling local changes. For instance, states have enacted laws transferring functions or approving specific annexations. On rare occasions, states have ordered major modifications. For example, Arkansas and Tennessee mandated reorganizations for all counties by constitutional amendment. The consolidation of Indianapolis and Marion County was the one city-county consolidation since 1907 to be established exclusively by state legislative action. Other consolidations were achieved after special state legislation authorized local referenda. Thus, the importance of the state role cannot be overlooked as local governments take actions to readjust functional responsibilities.

The purpose of this chapter is to examine the various methods used by local governments to allocate and reallocate functions. Specifically, their current scope and usage are assessed, particularly the differences in usage as they relate to such factors as region of the country, size of the jurisdiction, and the characteristics of each of the methods. Moreover, changes in usage over time are explained. The state role is summarized; and, where relevant, the federal influence is noted. The functional impact of these various actions is analyzed as it relates to particular functions and as it affects the overall functional assignment setting.

PROCEDURAL APPROACHES FOR THE ASSIGNMENT OF FUNCTIONS

Procedural approaches for adjusting local servicing assignments, as contrasted with structural changes, are those methods of shifting government services from one level of government—state vs. local—or from one unit of local government to another without modifying either the structure of local governments and their boundaries or by creating new types of local governments. ACIR's last examination of procedural changes focused on intergovernmental service agreements and transfers and consolidations of functions. It concluded that they were more popular than structural changes, being more cooperative and voluntaristic in nature; but that their shortcomings led many to regard them as "desirable but only partial alternatives to changing substate functional assignments."[3]

In this current examination of procedural approaches, ACIR updates the status of intergovernmental service agreements and transfers of functions from its 1974 report, looks again at the use of extraterritorial powers of municipal governments, and analyzes the impact of state mandating on functional responsibilities. Although state mandating is a long-time phenomenon in state-local relations, its fiscal impact recently has become an increasing concern to local government officials and has been the subject of an ACIR report.[4] Based on ACIR's recent research, this study examines the role of mandating in the functional assignment area. All of these procedural approaches—intergovernmental service agreements, transfers of functions, state mandating (and, to a lesser extent, extraterritorial powers)—continue to play a major role in determining the unit of government for servicing performance. Yet, the haphazard nature of most of these decisions means that they still fail to solve some of the most pressing local governmental servicing problems.

Intergovernmental Service Agreements

Of all the procedural methods used by local governments to reassign government services, the intergovernmental service agreement is the method least likely to erode the authority of the participating local governments. For this reason, localities use it frequently to solve many of their pressing functional problems—both local and areawide. The ACIR last looked at this procedure for functional realignment in 1972 in its series, *Substate Regionalism and the Federal System*.[5] Since then, no new major research has been completed. However, recent studies by individual states, technical handbooks explaining the procedures for writing intergovernmental service agreements, and studies of specific types of interlocal cooperation confirm that the use of intergovernmental service agreements, at the end of the

1970s, was similar to what it had been at the beginning of the decade.

DEFINITION AND LEGAL AUTHORITY

Intergovernmental service agreements are voluntary agreements between two or more local governments for the purpose of cooperating in the provision of a public service (or some component activity) for the benefit of either one or all of the localities party to the agreement. These agreements can take several different forms: (1) A contractual arrangement—that is, one locality hires another local government to provide the service to its citizens, similar to the local government contracting with a private firm. (2) When two or more local governments jointly perform the service, provide support activities, or operate a public facility. (3) When a service is run by a jointly created separate organization which aids all jurisdictions party to the agreement. Another kind of interlocal agreement is when two or more governments agree to mutually assist one another in emergency situations.[6] Local governments also contract with private firms for services, but this topic is not explored in this section.

These agreements may be either formal (a written document[7] detailing rights and responsibilities for each government) or informal (the personal commitment of government officials, that is, a verbal understanding). Formal agreements are more likely to be used for major areawide services such as water supply, sewage treatment, or joint facilities; informal agreements are more likely to be used for mutual aid agreements[8] and information exchange.[9] Informal agreements actually may be more prevalent than formal agreements.[10]

Localities may engage in intergovernmental service agreements when state governments have given them the legal authority to cooperate interlocally. Some states have numerous specific laws which grant certain types of localities, or even specifically named communities, the power to cooperate in certain designated functions such as fire and police services or the maintenance of highways and bridges, or similar local services.[11] More importantly, most states now grant general powers of intergovernmental cooperation to localities.

As of 1976, 43 states had some type of general law (see *Table 140*)—one more than in 1972 and 11 more than in 1967.[12] New Hampshire, the most recent state to adopt general legislation, granted both general cooperative and contract powers with only one unit of the local government needing to have the authority to perform the function in order for it to cooperate with another community.

Although these 44 states did provide some general authorization for cooperation, many of the states qualified the law so that it impeded local governmental agreements rather than encouraging them. These restrictions were mainly of two types.

First was the requirement in 31 states that all local governments party to the agreement have the authority to perform the service. In other words, if a city and county wanted to perform a service jointly, both the city and the county would have to have the power to exercise the function on their own before they could do it cooperatively (see *Table 140*). Moreover, two of the states that permitted cooperation when only one of the units had the power allowed cooperation for contracting only. Yet, three states—Illinois, New Hampshire, and Oregon—have recently authorized contracting power.

The second type of impediment to intergovernmental service agreements is the failure to permit the general cooperation law to supersede any individual laws allowing intergovernmental cooperation in specific functional areas. Thirteen states do not have overriding provisions; and for those states with many specific statutes, the opportunity to employ the general cooperation law may be hindered by the inflexible procedures in state legislation covering specific functional areas.[13]

Less significant, but still a limiting factor in the use of service agreements, is the fact that only 32 states grant contract powers—the power of one unit to provide services for another. In addition, not all states permit cooperation with other than local units: Twenty-seven do allow cooperative agreements with the U.S. Government, 34 permit cooperation with the state government, and 30 authorize cooperation with local governments across state lines.

ADVANTAGES AND DISADVANTAGES

Local governments have made intergovernmental service agreements a popular method of reassigning functions for many reasons. These agreements

- provide the local government with the opportunity to obtain a service which it could not conduct itself (for instance, water supply if it has no water source);
- lower costs by taking advantage of economies of scale;
- improve the quality of the service because a larger government may have a more varied service;
- avoid the problems associated with changing the basic structure of local government, such as vot-

Table 140

GENERAL INTERGOVERNMENTAL COOPERATION AUTHORIZATION, 1976

States	General Law Citation or Code Reference	Cooperation Power*	Contract Power**	Across State Lines	Local Unit With Home St.	Local Unit With U.S.	Power of Only One Unit Necessary	Requires Action of Governmental Bodies	Approval of Attorney General	Other Statutes Unaffected	Revocation or Termination	Responsibility Clause
Alabama												
Alaska	29.48.010 (4)	X			X	X	X					
Arizona	Sec. 11-951	X	X	X	X	X		X	X	X	X	X
Arkansas	Sec. 14-901	X	X	X	X	X		X	X		X	X
California	Gov. 6500	X	X[2]	X	X	X		X			X[4]	
Colorado	Title 29, Art. 1	X	X	X	X	X		X		X		X
Connecticut	Sec. 7-339a	X[1]	X[1]	X	X			X	X	X		X
Delaware												
District of Columbia												
Florida	Sec. 163.01	X	X	X	X	X			X	X	X[4]	X
Georgia	Sec. 2-5901	X			X			X				
Hawaii												
Idaho	67-2326	X	X	X	X	X		X	X		X	
Illinois	127 Sec. 741-48	X	X	X	X	X		X				
Indiana	Sec. 53-1104	X	X	X	X	X		X	X			X
Iowa	Sec. 28E.1	X	X	X	X	X	X[3]	X		X	X	X
Kansas	12-2901	X		X	X	X	X	X	X		X	X
Kentucky	65.210	X	X	X	X	X		X	X		X	X
Louisiana	33 Sec. 1321	X					X	X				
Maine	30 Sec. 1951	X			X	X	X	X	X		X	X
Maryland												
Massachusetts	Ch. 40 Sec. 4a	X	X					X			X	
Michigan	124.501	X	X	X	X	X			X[6]	X	X[4]	
Minnesota	Sec. 471.59	X	X	X	X	X		X		X	X	
Mississippi												
Missouri	Sec. 70.210	X	X	X	X			X			X[4]	

Montana	16-4901	X	X		X		X	X	X		X		
Nebraska	Sec. 23-2201	X	X	X	X	X		X			X	X	
Nevada	277.080	X	X	X	X	X	X[3]	X	X		X	X	
New Hampshire	Ch. 53-A	X	X				X						
New Jersey	40:48B-1	X						X		X	X		
New Mexico	4-22-1	X		X	X	X		X			X[4]		
New York	Gen. Munic. Law Art. 5G and 14G	X	X	X	X			X	X		X[4]		
North Carolina	Sec. 160A-461	X	X	X			X	X			X		
North Dakota	54-40-01	X		X	X	X	X	X		X	X[4]		
Ohio													
Oklahoma	74 Sec. 1001	X	X	X	X	X	X	X	X		X	X	
Oregon	Sec. 190.003	X	X	X	X	X	X				X		
Pennsylvania	53 Sec. 481	X	X	X	X	X		X	X[7]				
Rhode Island	45-43-1												
South Carolina	Sec. 1-75	X						X					
South Dakota	1-24-1	X	X	X	X	X		X			X	X	
Tennessee	12-801	X	X	X	X	X		X	X	X	X	X	
Texas	Art. 4413 (32c)	X	X		X			X		X			
Utah	Sec. 11-13-1	X	X	X	X	X		X	X		X	X	
Vermont	24 Sec.-4801	X	X					X[5]	X				
Virginia	Sec. 15.1-21	X						X			X	X	
Washington	39.34.010	X	X	X	X	X		X		X	X	X	
West Virginia	Sec. 8-23-1	X	X					X	X	X	X	X	
Wisconsin	66.30	X	X	X	X				X				
Wyoming	Sec. 9-18.7	X		X	X	X	X	X			X[4]		

* Power to undertake point or cooperative provision of services. .
** Power of one unit to provide services for another.
[1] The functions are limited—seem to include everything but general government.
[2] Cities and counties only.
[3] Only for contracting.
[4] May be provided for, but is not mandated.
[5] Requires concurrent voter majorities.
[6] Requires approval of governor when state money is used. When state, U.S., another state or subdivision, Canada or subdivision are party to the agreement.
[7] Requires approval of local government commission if agreement is with any unit except Pennsylvania municipality.
SOURCE: ACIR, *Pragmatic Federalism: The Reassignment of Functional Responsibility* (Report M–105), Washington, DC, U.S. Government Printing Office, July 1976, pp. 11–12.

ers' fear of loss of local government autonomy over their own services, or reluctance to approve reorganization;

- make it possible to change a system by permitting termination of agreements;[14]
- help curb the proliferation of special districts;[15] and
- promote coordination and uniform administration of services.[16]

Although all of these reasons can play some role in the impetus for agreements, the expectation of lower costs appears to be the major incentive. Economies of scale was the advantage cited nearly unanimously by cities responding to ACIR's 1972 survey as the chief motivation for entering into an intergovernmental service agreement for all functions.[17]

In general, then, the advantage of intergovernmental service agreements is that they allow local governments to seek the best service for the least money from whatever government is able to meet these needs. Intergovernmental agreements provide maximum flexibility with the greatest local autonomy. Moreover, in those states in which local governments do not have to have the authority to perform a service in order to enter into an agreement for provision of that very service, the functional authority of these governments is effectively enlarged and may give them the ability to meet citizen service demands even though they have not reorganized structurally, obtained home rule powers,[18] or received specific state authorization.[19]

Despite the popularity of intergovernmental service agreements, they have disadvantages which can make them an ineffective means for achieving a rational functional assignment system. First, they are voluntary, so any dissension among local governments can either prevent their participation or lead to a dissolution of the agreement. Conflict can occur over the adequacy of service provision,[20] the apportionment of costs,[21] or when a local interest is different from the multijurisdictional interest.[22] Thus, local governments must be willing to negotiate and compromise,[23] otherwise this "conflict and isolation [will not lead] to accord."[24]

Second, the ad hoc nature of intergovernmental service agreements may lead to a patchwork system of meeting service needs, with some services getting too much attention and others receiving too little. Cooperation of this kind may mean no complete overview and this uncoordinated approach may do little to solve servicing problems.[25] Thus, the overall needs and resources of all local governments may not be considered. Another result can be governmental complexity giving citizens no clear understanding of which government is really responsible for service performance in their community. Finally, the use of intergovernmental service agreements may preclude more comprehensive reorganization in that improving service quality of certain services in the short-run, may reduce incentives to employ long-run solutions.[26]

SCOPE AND USE

The most thorough study of the use of intergovernmental services is the ACIR's 1972 survey of municipalities.[27] Based on completed questionnaires, the analysis drew the following conclusions:

- Intergovernmental service agreements are a widely used method of assigning functions—60% of all local governments responding were involved in at least one agreement.
- The vast majority of agreements involve only one service and two governments.
- Localities tend to use agreements in areas where there is (1) an inability to undertake the function because of initially high capital costs (e.g., sewage and solid waste disposal), (2) no existing provider of the service, and (3) jurisdictional control over delivery of the citizen-oriented part of a service is not affected (e.g., specialized aspects of law enforcement such as a crime laboratory or police training as opposed to police patrol).
- Generally, the more populous, metropolitan, and suburban jurisdictions are most frequently involved in agreements; small and nonmetropolitan cities use agreements less, reflecting minimal service needs or an inability to find other service providers.
- Rural municipalities more often have agreements with state agencies than with metropolitan units.
- Interlocal cooperation tends to be more of an intersuburban and urban-rural phenomenon than a central city-suburban one.
- Only 11% of the reporting cities offer two or more services in a package and only 13% of the cities obtain any package agreements from another jurisdiction.
- Only 6% of the cities have rescinded agreements.
- Thirty-five percent of the reporting cities have agreements for joint provision of services and joint construction and leasing of facilities, al-

though some have been terminated because of cost.

- Most agreements involve local governments only, although a significant number involve state government.
- Forty-three percent of the cities provide some type of service by agreement to other local governments.
- Jails and detention homes, police training, street lighting, refuse collection, libraries, solid waste disposal, water supply and crime laboratory services are the most common services subject to agreements.

Of the major findings from ACIR's research listed above, one of the most significant is the popularity of intergovernmental service agreements as a method of adjusting the performance of functions by local governments in the early 1970s. The question is whether localities still find them to be a desirable procedure. No comprehensive research has been completed recently; but a study of intergovernmental cooperation agreements in Iowa suggests that they continued to be a common, perhaps even an increasing, practice during the rest of the 1970s.[28]

Since enactment of Iowa's *Joint Exercise of Governmental Powers Act* (chapter 28E) in 1965, there has been a steady increase in almost every year in the number of agreements filed in the office of Iowa's Secretary of State: In 1965, there was one agreement; in 1970, 12; and in 1974, 67 agreements. By 1975, the number jumped dramatically to 118, although many of these were for fire protection agreements. Even if these are excluded from the totals for 1975 through 1977, the number of agreements still increased from 1974 to 1977 (see *Table 141*). Other than the fire function, most of the agreements were in two functions—police and public works and utilities— although a substantial number were in public health, hospitals, and welfare.

Kansas is another state which has broadened the scope if not the use of interlocal agreements. In 1978, there were 37 servicing areas in which interlocal cooperation occurred—an increase of six over the 1964 total of 31. Moreover, of the original 31, two functions—social welfare and elections—have been transferred to the state and are not included in the 1978 total of 37.[29] This trend toward increasing use is supported by other state studies.[30]

STATE AND FEDERAL ENCOURAGEMENT

One of the major concerns about intergovernmental service agreements is the degree to which the states and the federal government encourage their use. Although there is no definitive evidence of the exact degree of federal and state encouragement, there are several indications that the states—and, to a lesser degree, the federal government—have had an impact on the creation of interlocal agreements.

Most local officials view state government as providing active encouragement to the cooperative provision of services. Based on the findings in ACIR's 1972 survey, 76% of the responding city officials believed that state governments foster intergovernmental service agreements. Forty-eight percent reported that the states do this by grants-in-aid; 42% by financial assistance for studies; and 56% by technical assistance. Certainly another indication of state encouragement is that in recent years several states have published guides describing the procedures for undertaking an intergovernmental service agreement.[31]

States can encourage local governments to engage in intergovernmental service agreements by still other actions. For instance, a state may mandate that a local government perform a service, forcing it to turn to service agreements as a means of doing so. In Iowa, the state legislature required townships to provide fire protection service in 1975. Prior to 1975, four fire protection agreements were filed with the Secretary of State. Then in 1975, 38 fire protection agreements were filed; followed by 50 and 43 in the two succeeding years, respectively. In 130 of these agreements, townships contracted with other governmental units to provide service. A similar situation occurred with ambulance services and child support services.[32] A Virginia local government official asserted that the service agreements in his area are "usually not voluntary; there is a mandate somewhere."[33]

The basic state law on interlocal cooperation, however, is the means by which the state can give the most encouragement. If it is comprehensive and gives localities substantial flexibility, they will find it easier to set up agreements. Unfortunately, such overall encouragement from a state law is sometimes tempered by the state attorney general's rulings, which have had the practical effect of restraining the use of contracts and agreements.[34] Some states, however, actively encourage cooperative agreements. An example is New Jersey, which not only authorizes agreements through its interlocal services act but at various times has supplied financial assistance to conduct feasibility studies and has subsidized certain costs resulting from joint provision of services.[35]

Through the grant-in-aid process, the federal government also provides incentives for local agreements, al-

Table 141

INTERGOVERNMENTAL SERVICE AGREEMENTS IN IOWA, BY YEAR*

Function or Activity	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978**	Total
Council of Governments	—	—	—	—	—	—	—	—	2	2	1	2	—	—	7
Police	—	—	2	2	—	1	2	7	6	14	16	24	28	9	111
Fire	—	1	—	1	—	—	—	1	1	1	38	50	43	6	142
Public Works and Utilities	1	2	7	3	5	8	12	25	34	22	25	18	18	8	188
Parks and Recreation	—	—	—	—	—	—	—	2	2	2	3	2	5	—	16
Public Health, Hospitals and Welfare	—	3	3	6	2	1	7	9	11	7	8	3	13	14	87
Libraries	—	—	—	—	—	—	—	1	—	—	—	—	—	—	1
Planning & Housing	—	1	1	—	1	—	—	—	3	7	—	2	6	7	28
Data Processing	—	1	—	—	1	—	1	—	1	—	—	—	2	2	8
Communications	—	—	—	—	—	—	—	—	—	1	11	7	8	4	31
Facilitating Private Business Enterprises	—	—	—	—	—	—	—	—	—	—	7	4	1	—	12
Community Development	—	—	—	—	—	—	2	—	—	3	2	2	10	5	24
Environmental Protection	—	—	—	—	—	—	2	1	1	—	—	—	—	—	4
Transfer of Jurisdiction	—	—	—	—	—	2	2	—	5	5	3	2	—	—	19
Airports	—	—	—	—	—	—	—	—	—	3	1	3	1	1	9
Others	—	—	—	—	—	—	2	—	—	—	3	—	2	—	7
Total	1	8	13	12	9	12	30	46	66	67	118	119	137	56**	694

* Filed in the Office of the Iowa Secretary of State.
** Partial year only.
SOURCE: Institute of Public Affairs, The University of Iowa, *A Handbook of Intergovernmental Cooperative Agreements in Iowa,* in cooperation with the Office of Planning and Programming, State of Iowa, Iowa City, 1978.

though to a lesser degree than state governments. In ACIR's 1972 survey of intergovernmental agreements, local officials reported that 49% of the cities believed that federal statutes and regulations encouraged intergovernmental contracting and cooperation.[36] Furthermore, several state studies have reported that various intergovernmental service agreements have been established because of federal laws and/or financing arrangements. For instance, one of Salt Lake City's seven agreements is financed by the federal government.[37] Illinois' selected catalogue of intergovernmental agreements notes several funded by the federal government in services such as solid waste disposal and community development. Federal regulations for sanitary landfills and the equipment needed for waste disposal have generated countywide intergovernmental agreements to coordinate landfill efforts.[38]

The *Housing and Community Development Act* is an example of one federal law which induces certain local governments to act cooperatively in order to receive funding. When the act was passed, counties with less than 200,000 people in the unincorporated areas were

required to enter into cooperative agreements with their municipalities, villages, boroughs, and townships to receive funding.[39]

As explained in the Illinois report on intergovernmental cooperation:

> So far the propagation and substance of many interlocal agreements—especially those involving management, planning, and community development—has been somewhat dependent upon the outside stimulus of the state and federal governments.
>
> Although the constitution and the intergovernmental cooperation act [of Illinois] provide a legal permissiveness, a green light to local governments, to "go forth and cooperate," the developmental stage of interlocal collaborations has needed, at critical points, limited infusions of federal and state money. At the same time, local governments have found that those guidelines which usually follow many kinds of federal and state grants have had the effect of encouraging cooperation.[40]

AREAWIDE IMPACTS

A key intergovernmental issue is whether intergovernmental service agreements lead to areawide government, greater regional service performance, or even encouraging transfers or consolidations of functions. No analytical studies have been undertaken, and so far speculation and modest evidence support both sides of the controversy.

Some observers believe that intergovernmental service agreements, at a minimum, have created a climate for more comprehensive approaches to areawide problems[41] and that they have benefited local government by coordinating governmental services, particularly those having a regional character.[42] For instance, ACIR's 1972 survey revealed that cooperation is more likely to occur in the regional rather than local aspects of a function. Over twice as many agreements occurred in the sewage disposal function as in the construction of sewer lines and 80% more agreements in water supply than in water distribution (see *Table 142*).

To the extent that participation in service agreements induces counties to become comprehensive policymakers and service deliverers, such agreements may enhance their viability as areawide governments. In 1972, 62% of the cities had intergovernmental agreements with counties.[43] Yet, counties in these circumstances may not always be the dominant actors in the agreements. Instead, they may only be participating jointly with a municipality or supplying services on a contract basis to large central cities which dominate the local governmental scene.

The degree to which counties actually have major policy control over intergovernmental service agreements is unknown. Also unknown is whether service agreements lead cities and villages ultimately to transfer control of a function to the county because of the success of an intergovernmental service agreement. What *is* known is that many transfers of functions are relocations to the county level. Of 18 functions surveyed by ACIR in 1975, 13 were functions in which the dominant recipient of the transfer was the county. Of all transfers reported, counties received 56%.[44] Moreover, several counties have incrementally added to the number of functions which have been consolidated by cities and counties, although it varies whether the city or the county runs the service.[45]

In yet another sense, the intergovernmental agreement process has been instrumental in the establishment of regional servicing approaches or areawide jurisdictions. General intergovernmental cooperation legislation has been used, at least in Utah, to establish regional councils of governments.[46] These, of course, are not regional governments but they do deal with regional problems.

Yet, intergovernmental service agreements on balance appear not to have been a major impetus for areawide government—the most striking evidence being the very lack of authoritative regional governments, regardless of the frequent use of intergovernmental agreements. In fact, these agreements are sometimes advocated as a viable alternative to regional government. For instance, the Illinois legislature argued for intergovernmental service agreements because they would prevent metropolitan government.[47] Furthermore, it suggested that the use of intergovernmental agreements could be a deterrent to the creation of special districts.[48]

In general, it can be said that intergovernmental agreements may be one possible method for solving regional problems on an ad hoc basis but that they do little to create a comprehensive solution to areawide problems, either through the packaging of services by counties or cities or by restructuring local boundaries in metropolitan areas.

SUMMARY

Because intergovernmental service agreements help solve problems without involving the difficult process of structural reorganization, they continue to be a popular method for dealing with the mismatch between jurisdictional boundaries and services areas. Moreover, of all

Table 142

FUNCTION OR ACTIVITY RANKED BY PREVALENCE OF COOPERATION, 1972

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

SOURCE: ACIR, *The Challenge of Local Governmental Reorganization* (Report A–44), Washington, DC, U.S. Government Printing Office, February 1974, p. 9.

the potential methods for realigning functions, interlocal agreements allow participating local governments the most control over local services, while permitting great flexibility in adjusting to changing service needs. In addition, most intergovernmental agreements are voluntary efforts initiated by local governments. Yet, federal and state governments have had an impact by creating the need for cooperation, encouraging it, or financing (in whole or part) the cooperative endeavor.

Although intergovernmental service agreements are a practical method for solving interlocal servicing problems, they complicate the local government system by reducing the possibility of a coordinated approach to servicing problems and by diminishing the likelihood of citizen accountability. In the short-run, intergovernmental service agreements may be the most viable alternative for meeting service needs, but in the long-run they are unlikely to solve some of the most difficult servicing problems. For specific regional issues, intergovernmental service agreements may be a workable solution, but they are not likely to lead to structural realignment on a regional basis.

Transfer of Functions

Another procedural method for realigning services is to transfer functions to a different unit of government—from locality to locality, locality to the state, or the state downward to the locality. In its 1974 series on *Substate Regionalism and the Federal System,* ACIR briefly looked at this method for adjusting functional responsibility.[49] Based on functional assignment studies, the conclusions were that local governments transferred functions to achieve economies of scale, to eliminate duplicative services, to expand or redefine subcomponents of a function, and to lower or redistribute service costs. Moreover, transfers of functions resulted in more uniform service levels, more efficient support services, more coordinated management, and more efficient use of capital facilities. The report also noted that, although transfers occurred more in areawide or shared functions, some local functions were also transferred to areawide governments; and when this happened, service coordination problems were sometimes created.[50]

To obtain data on the actual extent of functional transfers, their functional characteristics, the reasons for and perceived results of functional shifts, a survey of local officials was conducted by the ACIR in 1975. Questionnaires were sent to 5,930 municipalities—cities, villages, boroughs, incorporated towns—with over 2,500 population requesting information on transfers from 1965 to 1975. Fifty-six percent of the cities responded. The following discussion is based primarily on the survey results in ACIR's 1976 report.[51]

DEFINITION AND LEGAL AUTHORITY

Transfers of responsibility for the performance of a function or component of a function are defined as "a permanent change in the unit of government responsible for performing a given function or component of a function."[52] In practice, the conditions set forth in this definition sometimes are not rigorously followed. First, a transfer does not have to be permanent. (Five states with constitutional and/or statutory provisions authorizing transfers allow for revocation—three of them by a very simple process.) Second, the responsibility for financing the service does not have to be assumed by the government taking on the service. California, Michigan, and Pennsylvania require that a reimbursement be made for a transfer. Third, a shift in policy control is not necessarily required. The general cooperation statutes of 19 states, under which transfers may occur, designate that the ultimate responsibility for a function should remain with the original government.[53] Thus, the definition of functional transfers is applied broadly.

Functional transfers occur in a variety of ways: They may be voluntary, in which case the local government has initiated the process, or mandatory, in which case the state has required that a service be shifted from one local government to another or to the state (although the local government may actually favor the shift). Transfers of functions may also occur—usually from cities to counties—when there has been a structural reorganization of local government, such as a city-county consolidation, or the creation of a home rule charter county government. Normally, however, transfers of functions are viewed as ad hoc arrangements to meet a particular servicing problem rather than as the result of a comprehensive restructuring of local government.

Although a specific shift in responsibility for the performance of a function may be initiated by the local government, the state must first authorize a transfer of functions. Ten states, as of 1976, had a general provision (see *Table 143*). Of the ten, four had constitutional authority, one had statutory authority, and five had a combination. Half of the states—Florida, New York, Ohio, Pennsylvania, and Vermont—required voter approval by concurrent majorities in the transferring and assuming jurisdictions, whereas the others—Alaska, California, Illinois, Michigan, and Virginia—did not. The requirement of voter approval may hinder the transfer of a function. For those states with no general authorizing

Table 143

AUTHORITY FOR TRANSFER OF FUNCTIONS, 1976

Citation	Approval of Governing Body of Transferor	Approval of Governing Body of Transferee	Concurrent Voter Majorities	Revocation
		Constitutional Provisions		
Art. X, §13	Alaska (city)			Alaska
Art. XI, §8 (a)	California[1] (municipality)	California[1]		
Art. VIII, §4	Florida	Florida	Florida	
Art. VII, §10	Illinois[1]	Illinois[1]		
Art. VII, §28	Michigan	Michigan		
Art. IX, §1 (h)		New York[2] (county)	New York	
Art. X, §1	Ohio[1] (municipality or township)	Ohio (county)	Ohio	Ohio
Art. IX, §5	Pennsylvania	Pennsylvania	Pennsylvania	
Art. VII, §3	Virginia	Virginia[1]		
		Statutory Provisions		
§29.33.260	Alaska[1]	Alaska (borough)		
§§25204 and 51330	California[1] (municipality)	California (county)		California
§§124.531–124.536	Michigan	Michigan		Michigan
Municipal Home Rule Law, §33-a		New York[2] (county)	New York	New York
Chap. 53, §§481–89	Pennsylvania	Pennsylvania[1]		
Chap. 24, §§4901–4902 (b) (4)	Vermont[2]	Vermont[1]	Vermont[3]	

[1] The necessity of the consent of the governing body is implied not explicitly stated. The Pennsylvania Home Rule Chapter and Optional Plans Law—Act 62, 1972—allows a county by adoption of an ordinance to exercise a power currently exercised by a municipality provided the municipality within 120 days does not enact an ordinance excluding the county from exercising the power within the municipality.

[2] The county begins the act of transfer by local law or ordinance, but is not necessarily the body the function is transferred to as the county may transfer functions between and among the political subdivisions within it.

[3] The transfer also must be recommended by a joint survey committee from the municipalities and approved by the attorney general of the state.

SOURCE: ACIR, *Pragmatic Federalism: The Reassignment of Functional Responsibility* (Report M–105), Washington, DC, U.S. Government Printing Office, July 1976, p. 10.

statute, transfers can be achieved by state legislative action on a function-by-function basis.

REASONS FOR TRANSFERS

The popularity of functional transfers—over a third of the cities have made them—is a product of three recent developments: (1) the increasing spillover of service demands to a larger geographic area and resultant potential economies of scale; (2) the growing number of regional problems (particularly environmental) and the lack of political support for restructuring local governments into regional units; and (3) the fiscal problems of municipalities aggravated by recessions and inflation. The fiscal factor applies especially to older central cities, which have suffered a loss of tax base and increases in residents with greater servicing needs. Significantly, these cities have had an above-average proportion of transfers.

The 1975 survey asked municipalities to designate their three primary reasons for transferring a function. Of the municipalities reporting, 58% designated economies of scale; 44% cited the elimination of duplication; 41%, the lack of facilities and equipment; and 24%, fiscal restraints. Loss of the tax base resulting from shrinking employment and population was the prime reason given recently by several Midwest cities for transferring so many functions to county governments or city-county agencies.[54]

Federal influence was not perceived in the 1975 survey as a leading cause of transfers: Only 20% checked federal aid requirements/incentives as a reason for shifting functions.[55] Federal aid, however, was found to have a strong influence on cities giving up or transferring functions in a 1979 analysis done for the ACIR. The effect was negative, though. This study of 845 cities over 25,000 population in the ten-year period 1967–77 found that a decline in the level of federal aid received by a municipality generated the transfer of at least one function.[56]

USE AND TYPES OF TRANSFERS

Transferring functions is not only a common action, it is the most common for larger, central cities—which also transfer functions with a greater degree of frequency. During the preceding ten years, 31% of responding cities had transferred one or more functions to another municipality, the county, the state, special districts or a council of governments.[57] Large cities were more likely to transfer a function and to transfer more functions per unit (79% of those with over 500,000 population and 82% of those between 250,000 and 500,000). The overall average (mean) number of transfers in the ten-year period was 1.6 per city, but cities over 500,000 averaged 4.2.[58] No correlation was found, however, between population size and the extent of functional transfer. Growing cities did not have a greater tendency to shift services.[59]

Regionally, there was almost no difference in the percentage of cities which transferred functions. In contrast, central cities were much more likely to transfer than suburban and nonmetropolitan cities (51% and 30%, respectively)[60] and they transferred more per unit (2.6% and 1.5%, respectively).[61] This can be seen in such central cities as Detroit, Cleveland, and Louisville, which have experienced major shifts. For example, in the last decade Cleveland has converted its mass transit, port authority, and health and welfare functions into city-county systems.[62]

Of the 18 major functions surveyed, the most common transfers from 1965 to 1975 were for solid waste collection and disposal (17% of total transfers), law enforcement (11%), public health (11%), and sewage collection and treatment (10%).[63]

The 1975 survey also determined for each function the distribution of transfers according to four factors: (1) the size of the city, (2) the city type (central, suburban, or nonmetro), (3) the geographical location, and (4) the form of government. For solid waste collection and disposal, law enforcement, public health, sewage collection and disposal, and social services, the greatest percentage of transfers were from cities under 25,000, except for solid waste in which 35% of the transfers was from cities under 2,500. Not surprisingly, 60% of the transfers of the solid waste function were from nonmetropolitan cities. Council-manager cities had a greater tendency to shift functions for both law enforcement and public health, (57% and 63%, respectively). The sewage collection and disposal function was more likely to be transferred by suburban cities (72%). A social service transfer was most likely to occur in the Northeastern states (61%).

RECIPIENTS OF TRANSFERS

The fragmentation of governmental jurisdictions at the local level continues to complicate the rational assignment of servicing responsibilities. The number and types of local governments creates a system—if it can be called that—of competing, overlapping, uncoordinated political units. Major comprehensive structural reorganizations of local governments, such as city-county consolidations and metropolitan federations, are still an infrequent occurrence on the local government scene. Thus, policymakers at the local level are forced to use less sweeping methods to shift functional responsibilities to meet the servicing needs of their constituents in an efficient, eq-

Table 144

FUNCTIONS TRANSFERRED TO VARIOUS TYPES OF GOVERNMENTAL UNIT: PERCENTAGE DISTRIBUTION BY TYPE OF GOVERNMENTAL UNIT, 1965–75

Function	Total Number of Functional Transfers (A)	Another Municipality		County		State		Special District		Council of Governments	
		Number	Percent of (A)	Number	Percent of (A)	Number	Percent of (A)	Number	Percent of (A)	Number	Percent of (A)
Total Functions	1,708	121	7	958	56	231	14	324	19	74	4
Administrative and Legal	53	5	10	26	49	12	23	4	8	6	11
Taxation and Assessment	153	3	2	106	69	29	19	12	8	3	2
Elections	44	0	0	43	98	1	2	0	0	0	0
Social Services	134	1	1	46	34	82	61	5	4	0	0
Planning	65	3	5	27	42	1	2	11	17	23	35
Recreation	44	4	9	17	39	2	5	18	41	3	7
Law Enforcement	185	10	5	135	73	27	15	5	3	8	4
Fire Protection and Civil Defense	59	7	12	33	56	3	5	15	25	1	2
Environmental Protection	27	0	0	11	41	6	22	9	33	1	4
Public Works	44	3	7	22	50	10	23	9	21	0	0
Sewage Collection and Treatment	166	25	15	34	21	2	1	96	58	9	5
Solid Waste Collection and Disposal	294	23	8	220	75	4	1	37	13	10	3
Water Supply	60	24	40	8	13	0	0	28	47	0	0
Transportation	56	2	4	20	36	4	7	28	50	2	4
Education	49	1	2	23	47	5	10	20	41	0	0
Public Health	185	9	5	137	74	19	10	18	10	2	1
Housing and Community Development	15	0	0	9	60	1	7	3	20	2	13
Building and Safety Inspections	66	1	2	39	59	22	33	1	2	3	5
Miscellaneous	9	0	0	2	22	1	11	5	56	1	11

Note: Percentages may not add to 100% due to rounding.
SOURCE: ACIR, *Pragmatic Federalism: The Reassignment of Functional Responsibility* (Report M–105), Washington, DC, U.S. Government Printing Office, July 1976, p. 37.

uitable, effective and accountable way.

Do functional transfers, as ad hoc responses to particular servicing problems, aid in reducing the complexity of local functional servicing patterns? ACIR's survey suggests that the cumulative impact of functional transfers, if not a solution for the fragmentation of functional assignment, at least did not increase the fragmentation of servicing patterns in most functional areas. The reason is that the majority of transfers were to county government. Of the 1,708 functional transfers noted in this survey, 56% were from the city to the county.[64] (See *Table 144.*) Special districts received the next highest number of transfers (19%). While the type of special district—single-function, multifunction, local, or areawide—was not appraised in those cases where transfers were to multifunction or areawide districts, they would lessen the complexity of functional assignment patterns.

In 13 of the 18 functions, counties were the dominant recipient (accounting for at least 41% of the transfers within each of these 13 functions). In four of the remaining five (transportation, sewage collection and disposal, recreation, and water supply), the dominant recipient was special districts (50%, 58%, 41%, and 47%, respectively), while in two—education (41%) and environmental protection (33%)—school and special districts, respectively, were strong secondary recipients. For only one function was the state government the dominant recipient—social services (61%).

The several types of governments tended to receive different types of functions by the transfer process. Municipalities were more likely to receive responsibility for sewage collection and treatment (21%), water supply (20%) and solid waste collection and disposal (19%). (See *Table 145.*) The four functions that counties received most frequently were solid waste collection and disposal (23%), law enforcement and public health (14% each), and taxation and assessment (11%). Of the total functions received by the state, 36% was for social services; and of those assumed by special districts, 30% was for sewage collection and treatment and 11% for solid waste collection and disposal. More than two-thirds of the transfers to councils of governments were for four functions—planning (31%), solid waste collection and disposal (14%), sewage collection and treatment (12%), and law enforcement (11%).

EFFECTS ON MIDDLE-TIER UNITS

The existence of certain types of local structures in addition to municipalities—modernized county governments, special districts, multicounty service agencies, and councils of governments—can influence patterns of functional transfers and vice versa. The majority of responding city officials believed that functional transfers had had no effect on three of these mid-tier categories—subcounty special districts, multicounty service agencies, and councils of governments. More officials, however, felt that transfers increased the need for these types of entities than the reverse. (See *Table 146.*) In the case of subcounty special districts, more responding cities saw a reduced need for this type of government if functional transfers occurred.

MUNICIPAL ASSUMPTION OF FUNCTIONS

Municipalities not only shift responsibilities to other jurisdictions, they also assume servicing responsibilities from other governments. Understandably, assumptions are most common among cities undergoing growth. Functions were assumed by 29% of the rapid growth municipalities, 28% of the moderate growth cities, 24% of the slow growth cities, and 23% of the declining cities.[65]

Cities of all sizes are most likely to assume a function from a private firm (13% of those reporting)—for instance, a bankrupt, local, private transportation company or a private sanitary landfill; 4% of cities reporting assumed a function from the states; 5% from another municipality; and 6% from the county.[66]

POTENTIAL FOR FUNCTIONAL TRANSFERS

Several factors are likely to determine whether transfers of functions will continue to be an important method for realigning functions. One is the degree to which transfers are successful. ACIR's survey indicates that city officials are generally satisfied with the results of functional transfers: Forty-four percent of the responding officials of cities transferring a function believed that more uniform service levels had been achieved.[67] More efficient use of capital resources, more efficient use of personnel, and better management were checked by 40%, 41%, and 43% of the respondents, respectively. Overall, 43% of the cities believed that lower unit costs had been achieved vs. 21% who believed the costs were higher per unit; 44% believed service was of a higher quality vs. 14%, lower. In only two functional areas—social services and water supply—did officials perceiving higher costs outnumber those seeing them as lower. In no functional area did city officials perceiving poorer quality outnumber those perceiving higher quality service.[68]

ACIR's survey also asked if cities were planning to shift a function. Of officials reporting, 360 (or 12%) indicated that they were planning to transfer at least one function in the next two years. There was a correlation between city size and the likelihood of transfer: Forty-three percent of the cities over 500,000 population planned to shift at least one function while only 9% of the cities from 2,500 to 4,999 did. Similarly, the percentage of central cities planning to transfer was twice as great as the percentage of nonmetropolitan cities.[69]

By function, there had been some variance in the past between planned transfers and actual transfers. For example, from 1965 to 1975 state government received more transfers for social services than any other function (see *Table 145*), whereas 61% of the planned transfers to the state was for solid waste collection and disposal.[70] For the other jurisdictions, the most likely to be the recipients of future transfers were: municipalities—sewage collection and treatment and solid waste collection and disposal; counties—solid waste collection and disposal, law enforcement, and also public health; special districts—sewage collection and treatment and transportation; and councils of governments—planning (as in actual transfers).

Of the functions municipalities planned to transfer, which jurisdictions were most likely to receive each function? As expected, 58% of the planned transfer for solid waste collection and disposal was to the county.[71] Moreover, the county was not only the dominant recipient for all proposed transfers (49%) but was the predominant proposed recipient in 11 of the 18 functions. The next most preferred recipient for planned transfers was special districts, which led for five functions and tied with counties and councils of governments for two other functions.

Table 145

FUNCTIONS TRANSFERRED TO VARIOUS TYPES OF GOVERNMENTAL UNITS: PERCENT DISTRIBUTION BY FUNCTION, 1965–75

Function	Total Number of Functional Transfers	Percent	Another Municipality	
			Number	Percent
Total Functions	1,708	100%	121	100%
Administrative and Legal	53	3	5	4
Taxation and Assessment	153	9	3	2
Elections	44	3	0	0
Social Services	134	8	1	1
Planning	65	4	3	2
Recreation	44	3	4	3
Law Enforcement	185	11	10	8
Fire Protection and Civil Defense	59	3	7	6
Environmental Protection	27	2	0	0
Public Works	44	3	3	2
Sewage Collection and Treatment	166	10	25	21
Solid Waste Collection and Disposal	294	17	23	19
Water Supply	60	4	24	20
Transportation	56	3	2	2
Education	49	3	1	1
Public Health	185	11	9	7
Housing and Community Development	15	1	0	0
Building and Safety Inspections	66	4	1	1
Miscellaneous	9	1	0	0

* Less than 0.5%.
Note: Percentages may not add to 100% due to rounding.
SOURCE: ACIR tabulation based on *Table 144.*

SUMMARY

Transferring functions is a common method of realigning servicing responsibilities—nearly one-third of the cities did so from 1965–1975; and (in actual and planned transfers) there is a correlation by the size of city, larger cities being more likely to transfer. Counties play a prominent role in the functional transfer process. For most functions, counties receive the majority of transfers and probably will continue to be the predominant recipients. Since 45% of the municipalities sees a need for a more modernized county and municipalities (particularly large, central cities) are planning to initiate even more functional transfers to the counties, the potential exists for even more transfers to the county level, particularly if county governments increase their capacity to perform urban services.

Although counties are the dominant recipients of transferred services, special districts play an important role as recipients of several functions—recreation, sewage collection and treatment, water supply, and transportation—demonstrating their continuing attractiveness as units for financing and administering government services, particularly areawide functions. States are less frequently the recipients of transfers and are not expected to be a frequent recipient of future transfers. Municipalities and councils of governments play only a minor role—actual or potential—as recipients of transfers.

Extraterritorial Powers

Extraterritorial powers are powers which cities exercise in unincorporated areas on the fringe of their corporate boundaries. Their importance in the allocation of

Table 145 (continued)

FUNCTIONS TRANSFERRED TO VARIOUS TYPES OF GOVERNMENTAL UNITS: PERCENT DISTRIBUTION BY FUNCTION, 1965–75

County		State		Special District		Council of Governments	
Number	Percent	Number	Percent	Number	Percent	Number	Percent
958	100%	231	100%	324	100%	74	100%
26	3	12	5	4	1	6	8
106	11	29	13	12	4	3	4
43	4	1	*	0	0	0	0
46	5	82	36	5	2	0	0
27	3	1	*	11	3	23	31
17	2	2	1	18	6	3	4
135	14	27	12	5	2	8	11
33	3	3	1	15	5	1	1
11	1	6	3	9	3	1	1
22	2	10	4	9	3	0	0
34	4	2	1	96	30	9	12
220	23	4	2	37	11	10	14
8	1	0	0	28	9	0	0
20	2	4	2	28	9	2	3
23	2	5	2	20	6	0	0
137	14	19	8	18	6	2	3
9	1	1	*	3	1	2	3
39	4	22	10	1	*	3	4
2	*	1	*	5	2	1	1

Table 146

EFFECTS OF TRANSFERS, MIDDLE-TIER UNITS

	Number of Reporting Cities	Reduced Need For	Increased Need For	No Effect
		(in percent)		
Subcounty special districts	N = 1106	22%	17%	61%
Modernized county government	N = 1168	6	45	49
Multicounty service agency	N = 1094	11	23	66
Councils of government	N = 1145	7	34	59

SOURCE: Derived from ACIR, *Pragmatic Federalism: The Reassignment of Functional Responsibility* (Report M-105), Washington, DC, U.S. Government Printing Office, July 1976, Tables XIX, XX, XXI, XXII, pp. 49–52.

functions is that they allow cities to extend their effective jurisdiction, thereby controlling activities adjacent to their boundaries. These powers offer the opportunity of adjusting jurisdiction and function to the advantage of both the initiating city and the territory served.

LEGAL JUSTIFICATION AND AUTHORITY

Cities usually exercise extraterritorial power under general statutory authorization from the state. They can, however, derive the authority from their charters, as has been done in many Virginia cities.[72] Cities can use their extraterritorial powers in two ways: By regulating local affairs in areas outside their boundaries or by providing services to residents in those areas.[73] They use these powers to: (1) protect their own residents from unwanted actions in outlying areas as in the regulation of dense smoke, (2) acquire resources and facilities needed to provide to their own residents services such as water and sewage services or airports,[74] or (3) provide services to residents in fringe areas who might otherwise lack basic municipal services, such as fire or police.[75]

Theoretically, any local jurisdiction may be granted extraterritorial powers; but in practice, cities, in almost every case, are the only jurisdiction granted the power (generally from a half mile to three miles from the city boundary). The power to extend regulatory powers and services beyond the city limits almost never includes the power to tax property in the outside territory. Financing is most often achieved with business licenses or other fees. For instance, Ohio allows cities to collect fees prior to plot approval for subdivisions.[76]

While states have granted extraterritorial powers since the 1800s, periodic challenges to their constitutionality have been raised. The courts, however, generally have upheld the right of the states to grant these powers. The most notable exception was the decision of the Eighth Circuit Court of Appeals invalidating South Dakota statutes, granting to organized counties substantial powers over unorganized counties.[77] Yet, in 1978, the U.S. Supreme Court in *Holt Civic Club vs. City of Tuscaloosa*[78] upheld extraterritorial powers for cities. In Alabama, the lack of voting procedures or the right to hold office led the Civic Club of Holt, an unincorporated area, to object (1) to the power of Tuscaloosa to regulate police and sanitary conditions, and to license businesses, trades, and professions; and (2) to being subject to the criminal jurisdiction of the city's court. A suit challenging the constitutionality of these extraterritorial powers was instituted on the basis that they violated the due process and equal protection clauses of the 14th Amendment to the Constitution. The Supreme Court ruled that such powers did not violate the equal protection clause and that the extraterritorial extension of municipal ordinances and powers did "bear some rational relationship to a legitimate state purpose."[79] Additionally, the Court noted that:

> Unincorporated communities like Holt dot the rim of most major population centers in Alabama and elsewhere and state legislatures have a legitimate interest in seeing that this substantial segment of the population does not go without basic municipal services such as police, fire, and health protection. Established cities are experienced in the delivery of such services, and the incremental cost of extending the city's responsibility in these areas to surrounding environs may be substantially less

> than the expense of establishing wholly new service organizations in each community.[80]

The court also upheld the right of cities to require residents outside their boundaries to pay license fees.

This decision raises some question as to whether the Supreme Court would require voting rights in city affairs if the extraterritorial powers included planning, zoning, and subdivision regulation.[81] The Alabama statute allows cities to establish building and safety codes, regulate traffic, and to impose licensing requirements; but, significantly, it does not give cities the authority to wield zoning powers or impose property taxes. Justice Brennan, in his dissenting opinion, noted that

> [the] Court . . . does not explain why being subjected to the authority to exercise such extensive power does not suffice to bring the residents of Tuscaloosa's police jurisdiction within the political community of the city. Nor does the Court in fact provide any standards for determining when those subjected to extraterritorial municipal legislation will have been 'governed enough' to trigger the protection of the Equal Protection Clause.[82]

Justice Stephens, in his opinion concurring with the majority, explained that the "holding is necessarily a limited one."[83]

NATURE AND EXTENT

Extraterritorial powers are in the nature of either services provided to outlying residents or regulations controlling the activities of citizens and businesses. Services commonly provided are utilities (such as sewage disposal, water supply and electric power), fire protection, and transportation facilities.[84]

Thirty-five states now authorize at least some of their cities to regulate outside their boundaries. There are five types of extraterritorial regulatory powers: full police powers, health and sanitary regulations, miscellaneous regulatory powers, zoning regulations, and plot and subdivision regulations.[85] Full police powers are granted in four states—Idaho, North Dakota, South Dakota, and Alabama. Idaho, for example, grants cities the power to control unincorporated areas within one mile "in all matters . . . except taxation."[86] Health and safety regulations include the power to enforce quarantines, to regulate or prohibit cemeteries near a city, and more importantly to control pollution and refuse disposal such as smoke or solid waste. In 1977, 18 states allowed municipalities to exercise varying degrees of such regulatory control (see *Table 147*). States also permit municipal extraterritorial control of numerous miscellaneous activities dangerous to the public health or safety. Several, for instance, permit cities to prohibit or regulate offensive industries such as slaughterhouses located outside of the city limits. Montana and Wyoming permit regulation of explosives; Colorado and Utah authorize cities to suppress prostitution.

The extraterritorial power which has the most influence on areawide problems is zoning and subdivision regulation. This can be effective in addressing the problems of random growth in the unincorporated fringe areas of municipalities, particularly in those areas where counties do not have the power to zone for development or regulate subdivisions. When the ACIR last reviewed extraterritorial powers in 1962, about 30 states had given cities the power to regulate subdivisions beyond their boundaries.[87] Currently, 24 states require city approval for subdivisions or land plotting (see *Table 147*). Such regulation controls the arrangement, width, and construction of streets and blocks; the provision of sewer and water systems; easements for utility lines; and the percentage, if any, of property for public parks, schools, or streets.

Eighteen states now allow cities to zone adjacent unincorporated areas in a manner identical to the method used in the incorporated city (see *Table 147*). Zoning divides the area into districts and within them regulates the height and bulk of buildings, the percentage of the lot to be occupied, the size of open spaces, the density of population, and the use of buildings and land for business or residential purposes. Thus, extraterritorial zoning and subdivision powers have the potential to address growth problems on a larger-than-municipal area basis. This potential, however, is unrealized nationally, with only a little more than a third of the states authorizing the extraterritorial use of zoning powers and about a half authorizing subdivision controls.

The recent downtrend in the number of states authorizing extraterritorial subdivision regulation (from 30 to 24) further indicates the likelihood of increased county planning and zoning powers in unincorporated areas and the concomitant reduced need for municipal extraterritorial power in these matters. The percentage of metropolitan counties performing subdivision control has increased from 51% in 1971 to 78% in 1975.[88] Thus, the modernization of county government through the authorization of certain urban powers may eventually make municipal extraterritorial powers, if not extinct, very rare.

No recent studies on the extent of cities' actual use of extraterritorial powers have been undertaken, how-

Table 147

STATES AUTHORIZING EXTRATERRITORIAL HEALTH AND SANITARY ZONING AND SUBDIVISION REGULATION, 1977

States	Health and Sanitary Regulations	Quarantine Rules	Zoning Regulation	Plotting and Subdivision Regulation
Alabama				X
Alaska				
Arizona	X	X	X	X
Arkansas	X	X	X	
California				
Colorado	X			X
Connecticut				
Delaware				
Florida			X	X
Georgia				
Hawaii				
Idaho	X	X	X	X
Illinois	X	X	X	X
Indiana	X	X	X	X
Iowa			X	X
Kansas				X
Kentucky			X	X
Louisiana				
Maine				
Maryland				X
Massachusetts				
Michigan	X	X	X	X
Minnesota			X	
Mississippi	X	X		
Missouri				

SOURCE: David E. Hunt, "The Constitutionality of the Exercise of Extraterritorial Powers by Municipalities," *University of Chicago Law Review*, Vol. 45, No. 1, Fall 1977, pp. 154–156.

Table 147 (continued)

STATES AUTHORIZING EXTRATERRITORIAL HEALTH AND SANITARY ZONING AND SUBDIVISION REGULATION, 1977

States	Health and Sanitary Regulations	Quarantine Rules	Zoning Regulation	Plotting and Subdivision Regulation
Montana	X	X	X	X
Nebraska	X	X	X	X
Nevada				
New Hampshire				
New Jersey				
New Mexico	X		X	X
New York				
North Carolina			X	X
North Dakota	X	X	X	
Ohio				X
Oklahoma	X	X		X
Oregon				X
Pennsylvania				
Rhode Island				
South Carolina				X
South Dakota				X
Tennessee			X	
Texas	X	X		X
Utah	X	X		
Vermont				
Virginia				
Washington	X			
West Virginia			X	X
Wisconsin	X		X	X
Wyoming	X			
Total States	18	13	18	24

ever. This, in itself, is a sign of their relatively minor role in service readjustments.[89]

ADVANTAGES AND DISADVANTAGES

One advantage of extraterritorial powers is that they are a means—sometimes the only one available—to provide services to citizens who otherwise might have to go unserved. Another argument for them is that they can create a well-organized suburban development which will easily accommodate itself to the city if annexation comes.[90] Moreover, it has been argued that extraterritorial powers eventually can lead to annexation,[91] which cities welcome as a permanent and more comprehensive method for extending city regulatory actions and services to fringe areas having urban development.

A basic disadvantage to extraterritorial powers is that they fail to rationalize the structure of local governments. Many states do not authorize those extraterritorial powers which have the most impact on areawide growth problems: planning, zoning, and subdivision regulation. Even in the states where significant powers exist, they are useful only when there are unincorporated areas adjacent to municipalities and most older, central cities already are surrounded by incorporated jurisdictions.[92]

Another argument against extraterritorial powers is that they can promote conflict between the city and its adjacent unincorporated areas. A cause of this conflict is that residents of the outside areas generally are not allowed to vote in city elections, and thus have no say in the way extraterritorial powers are administered. A few states which authorize extraterritorial zoning powers do provide a system, although not perfect, for representation. In Iowa, for example, two representatives of the unincorporated area must be appointed by the county board of supervisors to serve on the city planning commission if the municipality zones beyond its boundaries.

The chance of reducing the friction between city and suburbs is not lessened by the *Holt* decision. While that case affirmed the right of cities to exercise extraterritorial powers even without participation in city elections, the decision does not mean that residents and businesses in areas outside city boundaries and jurisdictions competing for control over unincorporated areas (such as counties) will not continue to resent the extension of city powers and, thus, lessen the desire for cooperative responses to metropolitan problems.

SUMMARY

Extraterritorial powers do give cities the opportunity to provide a better environment for their own citizens and for those outside the city boundaries. Yet, the impact of extraterritorial powers is restricted because only a limited number of states permit them for only certain types of city actions. Furthermore, those powers which would have the most influence on solving the problems of industrial and residential growth—planning, zoning, and subdivision regulation—are allowed in only a half or fewer states. While extraterritorial powers may make possible the adoption of more effective structural realignments, such as annexation, they generally bring only a limited amount of rationality to servicing problems in urban areas.

State Mandating

State mandating of local government functions, like intergovernmental service agreements and the transfer and consolidation of functions, is a frequent means of adjusting the responsibility, and often the financing, of services without altering the structure of local government. Mandating is a procedure in which the state affects local government functional performance either by assigning the performance of a service to local government which it previously did not engage in, or by requiring local government actions affecting the programs, procedures, or expenditures of local government. In some cases, however, mandates order the transfer of a function to the state government.

Like intergovernmental service agreements and transfers of functions, mandates are an unsystematic approach to servicing assignments. The difference is that intergovernmental service agreements and transfers of functions (although needing state constitutional or statutory authorization) are generally initiated by local governments, whereas state mandates are imposed (although sometimes at the request of counties or cities).

Local governments have become increasingly concerned and resentful of state mandates, especially when the added costs imposed on local governments are not accompanied by adequate financial assistance. In recent years, state failure to reimburse for state mandates has been troublesome, for three reasons: (1) local official concern over "uncontrollable" budgetary expenditures; (2) continued fiscal stringency compounded by high unemployment and inflation; and (3) the increasing tendency for the state to place revenue or expenditure limitations on local governments.[93]

Local officials object to mandating because of the increased fiscal pressures and because it substitutes state priorities for local priorities and restricts the decision-making authority of local governments. Thus, not only can mandating result in a devolution of responsibility

from the state to the local level; it also can influence the functional composition of local government expenditures and the manner in which the services are performed.

In this section, several aspects of mandating are explored: (1) the definitional issues, (2) the legal conflict between state and local government, (3) the reasons for states choosing to mandate, (4) the extent of mandating and possible fiscal and functional impacts, and (5) the potential solutions to problems raised by mandates.

Although mandating is not a new phenomenon, the growing resistance of local officials, particularly to the fiscal demands of mandating, has prompted two major studies. The first was conducted by the ACIR in 1976.[94] Questionnaires were sent to four groups of state and local officials or their associations in every state to acquire information on the extent of state mandates and the attitudes of state and local officials toward them in 77 functional areas. There were five broad functional categories: local personnel (other than police, fire, and education), public safety, environmental protection, social services, and miscellaneous mandates for jail facility standards, public library hours, park and recreational programs, and local payments for regional public transit systems. Respondents' attitudes were probed on the appropriateness of mandates under various state reimbursement schemes, the mandates with the greatest fiscal significance, and the relative importance of state mandates as a contributing factor in increasing local government expenditures and tax levels.

A second major study of mandating was conducted by Catherine H. Lovell and several colleagues.[95] The purpose of that study was to develop a typology of both federal and state mandating, examine the fiscal impacts of the combined state and federal mandates in five cities and five counties, develop models for assessing fiscal impacts, and examine the options available to the federal government and state governments for lessening mandate impacts. Although the Lovell study included federal mandating, the concern here is only with state mandating.

The main purpose of the Lovell study was to develop a useful method for assessing mandate impacts, and consequently a detailed compilation of existing mandates was crucial. Due to time limitations, however, mandates for only five states—New Jersey, North Carolina, Wisconsin, Washington, and California—were inventoried. These states were chosen for their geographical diversity and because they ranked above average on ACIR's ranking of number of mandates per state. The project focused on mandates which affect cities and counties, thus excluding certain other types of mandates. For instance, the exclusion of school districts meant that most education mandates were not included, although they were included in those cases in which cities and counties were responsible for education. The actual data were obtained by counting the mandates found in the state laws, executive orders, and administrative regulations.

DEFINITIONAL ISSUES

In its study, ACIR defined a state mandate "as a legal requirement—constitutional provision, statutory provision, or administrative regulation—that a local government must undertake a specified activity or provide a service meeting minimum state standards."[96] The Lovell study defined a mandate, whether federal or state, as "any responsibility, action, procedure or anything else that is imposed by constitutional, legislative, administrative, executive or judicial action as a direct order or that is required as a condition of aid."[97]

While mandates with high costs for local governments have created the most local concern, there are some which add only a negligible amount, or none at all, to local budgets. Some of these may create minor annoyances (such as requiring a report to be semiannual instead of annual), but others may bring on major administrative headaches by changing the procedures, direction, or scope of a service so that, in effect, it assumes a different character.

Court decisions also influence the mandating process. Most fundamentally, state courts rule on the essential conflict between state and local government. They may declare the states to be supreme over local government and, consequently, hold that a state statute, in conflict with a local law, supersedes the local law. On the other hand, in some cases the courts may uphold local law.[98] The interpretation of state legislation by the courts also may affect local government expenditures.[99] No mandating study has assessed the complete impact of judicial mandates.

While this section does not deal with federal mandates affecting local governments, it should be recognized that federal government actions have an impact on local governments either through direct mandates or by stimulating further state mandating.[100] For example, states can add procedural mandates to federal aid funds passed through the states to local governments.[101]

Are state limits on the revenues and expenditures of cities and counties mandates? Strictly viewed, these are really constraints on local government, rather than requirements for service performance. Yet, their impact is similar to other state actions clearly identified as mandates in that they circumscribe local government actions. Additionally, overall tax and spending limitations exacerbate the fiscal effect of other mandates. If cities and

counties are not permitted to increase revenues and expenditures to pay for service mandates, they are forced to readjust the amount of expenditures for other functions.[102]

The Lovell study recognizes constraint mandates and identifies three types: revenue base, revenue rate, and expenditure limits. Revenue base mandates limit the kinds of resources that can be tapped for taxation, i.e., the exclusion of certain kinds of property from the property tax base or limits on types of user fees. The ACIR included this type of constraint in its typology of state mandates, although it did not list this type of mandate in its questionnaire.[103] Revenue rate mandates restrict the degree to which the revenue base can be taxed. For instance, some states prohibit increases in property tax rates above a certain level or limit the amount of total bonded indebtedness. Expenditure limit mandates restrict the amount jurisdictions can either appropriate or spend during a year.[104]

Table 148

MANDATE TYPOLOGY

TYPES OF FEDERAL AND STATE MANDATES

I. Requirements
- A. Programmatic
  1. Program
  2. Program Quality
  3. Program Quantity
- B. Procedural
  1. Reporting
  2. Performance
  3. Fiscal
  4. Personnel
  5. Planning/Evaluation
  6. Record-Keeping
  7. Residual

II. Constraints
- A. Revenue Base
- B. Revenue Rate
- C. Expenditure Limits

METHOD OF IMPOSITION

I. Direct Order
II. Condition of Aid

APPLICATION PARAMETERS

I. Vertical
II. Horizontal

SOURCE: Catherine H. Lovell, et al, *Federal and State Mandating to Local Government: Impacts and Issues,* prepared with the support of the National Science Foundation, Contract No. DAR77-20482, Riverside, CA, Graduate School of Administration, University of California, 1978, p. 34. Copies available from NTIS.

The Lovell typology divided nonconstraint mandates into two groups—programmatic and procedural (see *Table 148*). Program mandates relate to the quality of a program (the conditions and characteristics of each unit of goods or services to be delivered or to the recipients of the goods or services) or to its quantitative features (the amount of units of goods or services or the number of recipients). Seven types of procedural mandates, or how something should be done, also were identified. Lovell describes these as the inputs to activities, goods, and services as contrasted with the outputs of programmatic mandates.

Programmatic and procedural mandates can be applied both horizontally and vertically. Vertical mandates pertain to only one function, department, or program—for instance, requiring county health departments to establish a mothers' and infants' nutritional program. Horizontal mandates cut across various functions, departments or programs. An example is requiring all offices of local governments to be accessible to the handicapped. In addition, mandates can be imposed by two methods—as direct orders or as conditions of aid. Since local governments are not required to accept grants-in-aid, either state or federal, conditions attached to aid programs technically are not compulsory. Yet, for a variety of reasons, local governments may feel compelled to accept the money regardless of the onerous conditions. Conditions of aid, however, are rarely the means by which states influence local services, since they have the legal authority to directly prescribe local actions.

STATE SUPREMACY VS. LOCAL SELF GOVERNMENT

Underlying the political debate between state and local governments on the wisdom of mandates and their functional and fiscal impact is the legal principle of state supremacy over local government.[105] Regardless of the judicial declaration of state supremacy, there always has been a strong feeling for local self-government in the U.S. Local government is viewed by many as the level closest to the people and in the best position to respond in flexible and diverse ways to the problems which have the most immediate effect on people's daily lives.[106]

Recognizing this, most state governments ultimately gave local governments more freedom and authority by granting them "home rule" powers to adopt and amend charters and govern their own affairs. The presence of expanded discretionary powers, however, has not ne-

gated the problem of state mandating: Legislative mandates can deprive local governments of the money needed to carry out the programs capable of implementation under home rule powers. Additionally, states can pass general laws which supersede local ordinances passed under home rule powers.[107] Still, the enactment of home rule powers has had some effect on mandating. For instance, Oklahoma and Oregon courts have held that home rule provisions supersede state law.[108] Generally, there is some evidence that home rule cities and counties are not as subject to state mandates as are other jurisdictions.[109]

REASONS FOR STATE MANDATES

ACIR's report on mandating proffered several reasons justifying state imposition of requirements on the performance of local government functions. First, the service may be of such importance statewide that its quality or quantity cannot be left to the total discretion of local governments. Second, if the provision of the service is considered essential by the legislature or the courts it must be uniform across the state. Third, state mandates may be necessary in order to achieve a desirable social and economic goal determined by the legislature. Finally, state governments may require local governments to perform a function previously performed at the state level in order to increase responsiveness to citizen needs. In the last case, however, the state's main motivation may be to shift the financing burden to the localities.

Proponents of mandates also contend that they are a means of increasing local service levels or of standardizing services whose benefits spill over jurisdictional lines. In addition, it is argued that states have passed certain mandates because local governments have encouraged the state to act on issues which would be unpopular for them to enact.[110] Moreover, special interest groups advocate mandates at the state level.[111] Still another rationale is the state supremacy doctrine itself: If state governments have the power to create or destroy local governments, some argue that they then ultimately bear the responsibility for seeing that those governments are run in an efficient and effective manner. This rationale is particularly applicable for reporting, fiscal, or record-keeping procedures which can aid in preventing local government financial stress or administrative difficulties, if not corruption.

EXTENT AND CHARACTERISTICS

Although no study has inventoried all state mandates, the ACIR and Lovell investigations indicate those factors which influence their use, the different types of mandates, and their growth in the last two decades.

One of the most striking facts to emerge is the state-to-state variation in mandating. ACIR's study found that the average state had mandates in 35 of 77 program areas, ranging from lows of eight in West Virginia and 11 in Alabama, to a high of 60 in New York. Three other states—California, Minnesota, and Wisconsin—mandated in 50 or more of the 77 functional areas.[112] Lovell's study of five states reflected a similar variance: California had 1,479 mandates; Wisconsin, 654; New Jersey, 534; Washington, 487; and North Carolina, 259[113] (see *Table 149*).

Mandates not only show variation by states, but also by region and the degree of state dominance of the state-local fiscal system. The southern states were least likely to have a mandate, while the other regions of the country showed little variation. States characterized by locally dominated fiscal systems (the local governments contribute more than 50% of state-local tax revenues) tended to mandate in more functional areas and state dominated systems (the state spending more than 65% of the total state-local tax revenue) had the lowest percentage of mandates.[114]

The ACIR study found no relationship between the extent of mandating and the rate of population change from 1960 to 1970, and very little correlation with the length of state legislative sessions. Although states with limited annual sessions were slightly less likely to mandate, there was essentially no difference between states with unlimited annual sessions and biennial sessions.[115] This suggests that just because a state has more of an opportunity to mandate does not mean that it will.

Lovell's study identified the incidence of mandates by categories according to the typology shown in *Table 148*. Of the total, 80.8% was procedural, 10.5% programmatic, and 8.5% of the constraint variety (see *Table 149*). The five states covered showed remarkable similarity in the distribution of mandates by type, even though there were differences in the methods of data collection and variations in the amount of mandating by state and region (as evidenced by the ACIR data). This indicates that, despite the limited sample used in the Lovell study, the differences by type are likely to hold true for other states.

Four-fifths of the mandates were decreed by statute and nearly all of the remaining were a product of administrative regulations (see *Table 149*). Moreover, 95.7% of them were direct mandates, as contrasted with conditions of aid, reflecting the traditional power of state government to control local government directly. This contrasts with federal mandating which, in over 80% of

Table 149

DISTRIBUTION OF STATE MANDATES BY TYPE, VERTICAL/HORIZONTAL, ORIGIN, DIRECT ORDER, AND CONDITIONS OF AID, FIVE SELECTED STATES, 1978

	All Five States		California	New Jersey	North Carolina	Washington	Wisconsin
	Percent	Number	(N=1479)	(N=534)	(N=259)	(N=487)	(N=654)
TYPE							
Programmatic (Total)	(10.5)%	(356)	10.9%	3.3%	23.2%	9.3%	10.8%
Program	5.4	183	3.9	2.2	19.7	6.2	4.9
Program Quality	4.0	137	5.3	1.1	2.7	2.9	4.7
Program Quantity	1.1	36	1.7	0.0	.8	.2	1.2
Procedural (Total)	(80.8)	(2,763)	86.0	83.6	59.8	73.4	81.6
Reporting	15.8	539	22.4	2.2	14.7	10.7	16.3
Performance	38.7	1,322	42.9	46.6	22.4	27.7	37.6
Fiscal	11.6	397	9.4	13.9	10.0	13.6	14.1
Personnel	8.6	297	4.9	18.7	8.9	12.7	5.8
Planning and Evaluation	2.6	90	2.2	1.1	1.5	6.4	2.4
Record Keeping	3.5	118	4.2	1.1	2.3	2.3	5.4
Constraint (Total)	(8.5)	(291)					
Base	3.0	101	3.1	12.7	17.0	17.3	7.7
Rate	4.0	138	1.2	4.5	.8	7.0	3.6
Expenditure Caps	1.5	52	.5	2.2	1.5	2.9	2.1
TOTAL	100.0	3,415	100.0	100.0	100.0	100.0	100.0
VERTICAL/HORIZONTAL							
Vertical (Program Specific)	91.2	3,114	94.0	91.8	98.8	91.4	81.3
Horizontal (Cross-Cutting Programs)	8.8	300	6.0	8.2	1.2	8.6	18.7
TOTAL	100.0	3,414	100.0	100.0	100.0	100.0	100.0
ORIGIN							
Law	80.0	2,739	72.6	98.4	99.2	79.3	79.2
Executive Order	.1	4	—	—	—	—	0.6
Administrative Regulation	18.8	641	27.4	1.6	0.8	20.7	20.2
TOTAL	98.9	3,384	100.0	100.0	100.0	100.0	100.0
DIRECT ORDER, CONDITIONS OF AID							
Direct Orders	95.7	3,268	1.7	1.3	3.9	16.0	3.4
Conditions of Aid	4.3	147	98.3	98.7	96.1	84.0	96.6
TOTAL	100.0	3,415	100.0	100.0	100.0	100.0	100.0

SOURCE: Catherine H. Lovell, et al, *Federal and State Mandating to Local Government: Impacts and Issues,* prepared with the support of the National Science Foundation, Contract No. DAR77-20482, Riverside, CA, Graduate School of Administration, University of California, 1978.

the cases, were conditions attached to grants. Most state mandates (91.2%) are vertical; that is, they apply to only one function as compared to horizontal mandates which affect several functions. (See *Table 149.*)

The recent concern with mandating would indicate that it expanded during the period of mounting federal aid and growing state actions in the 1960s and 1970s. According to the Lovell study, mandating in the five states increased during this period with a dramatic surge in the five-year period 1971–75 (see *Table 150*). The average per year during this period was 208 mandates—a pace which continued in the three-year period from 1976–1978. Yet, state mandating increased at other times, as indicated by the number of mandates for the period 1946–50 (276). Very few of these were conditions of state aid, although what few there were occurred since 1966, paralleling the federal experience.[116]

A basic issue here is whether a mandate affects all localities equally or only one or a few cities and counties. ACIR's study characterized a state as having a mandate in a functional area if it applies to a class of local governments (though there are variations by type of city or county). Moreover, Lovell's study suggests that some mandates do not apply to particular cities or counties within a state.[117]

Table 150

NUMBER OF MANDATES FOR FIVE SELECTED STATES, BY ESTIMATED YEAR OF IMPOSITION, BY DIRECT ORDERS AND CONDITIONS OF AID, 1941–78

Years	Conditions of Aid	Direct Orders
1941–45	1	7
1946–50	0	276
1951–55	0	99
1956–60	1	79
1961–65	2	250
1966–70	38	365
1971–75	53	1,040
1976–78	30	625

SOURCE: Catherine H. Lovell, et al, *Federal and State Mandating to Local Government: Impacts and Issues,* prepared with the support of the National Science Foundation, Contract No. DAR77-20482, Riverside, CA, Graduate School of Administration, University of California, 1978, Table 3–3, p. 71.

FUNCTIONAL AND FISCAL IMPACT

State mandating modifies the functional activities of local governments in three ways: (1) by assigning functions which had not previously been performed, (2) by specifying programmatic and procedural changes, thereby altering the character of the service as performed, and (3) by forcing local governments to expend funds to comply with the requirements of mandates. This impacts on local government in two ways. First, the costs imposed by mandates can create overall fiscal pressure, particularly if spending or revenue limits are imposed on local governments. Second, and more important for the functional assignment issue, mandates may force local governments to adjust functional expenditures in response to state priorities rather than local priorities.[118] This occurs directly when the state government compels certain expenditures; it occurs indirectly when local governments, fiscally constrained for various reasons including the total costs of mandates, are forced to make cuts or shift expenditures. These distortions, however, are lessened if the state reimburses for the costs of mandates.

States can require local governments to perform entire functions or subfunctions. For example, through the *Local Government Comprehensive Planning Act of 1975,* Florida required all cities and counties to prepare and adopt comprehensive plans by July 1, 1979.[119] Illinois counties are required to administer an animal control program.[120] Local governments, of course, are not equally affected by these mandates, for some local governments would have provided the service anyway. The 1976 ACIR report on functional transfers gave some indication of the extent to which states impose the performance of an additional service. City officials were asked if, in the past ten years, their state government had required the performance of a function or functional component. Twenty-three percent of the cities reported the mandating of a new function with substantially higher percentages among the cities over 250,000.[121]

Despite this, state governments are more likely to modify localities' performance of a function than to mandate an additional one. Lovell's typology indicates the various methods by which state mandates can influence functional activities—either by establishing qualitative or quantitative requirements for execution of the services or by imposing procedural standards. Michigan, for example, now requires public notice for each application for a permit to construct a new waste disposal or handling facility;[122] New York requires an arts commission for any city funding for the arts;[123] and Florida requires a city to file a copy of any proposed annexation

report with the board of county commissioners prior to taking action.[124]

The degree to which functions or subfunctions are subject to state mandating varies according to the function and the state. ACIR's survey of 77 functional areas found state mandates prevalent in four areas: solid waste disposal standards (45 states); special education programs (45 states); standards for workmen's compensation for personnel other than police, fire, and education (42 states); and standards for retirement systems for general employees and public safety and education personnel (36 to 43 depending on type of standard and employee). Overall, retirement systems were heavily mandated.[125] In other functional areas, very few states impose mandates. Those areas in which seven or fewer states had mandates were: compulsory binding arbitration of impasses for general employees (seven states); level of fire service (four states); park and recreation programs (three states); public library hours and local payment for regional public transit system (two states each); and compulsory binding arbitration of impasses for education personnel (one state).[126]

As noted earlier, in three of the functional areas (local personnel, public safety, and social services) the incidence of mandating was fairly uniform among the states of three regions but lower in the southern states; and nationwide, all functional areas were most likely to have state mandates if the state was fiscally dominated by local governments (see *Table 151*).

Not all functions experience the same amount of mandating. Lovell's study of five states indicates that over two-thirds of the mandates were in four functional areas—community development, general government, health, and public protection (see *Table 152*). Little variation from this pattern was exhibited among the five states, with the exception of New Jersey and Wisconsin

Table 151

IMPACT OF GEOGRAPHY AND STATE-LOCAL FISCAL SYSTEM ON MANDATES, BY FUNCTION, 1965–75

Functional Area	Geographical Frequency	State-Local Fiscal System
State mandates governing local personnel (other than police, fire and education)	Lesser relative frequency in the south	Most frequent in locally dominated systems
Public safety mandates	Lesser relative frequency in the south	Most frequent in locally dominated systems
Environmental protection mandates	Regional differences less pronounced	Only one state had mandate for comprehensive solid waste planning requirements, regulation of wetlands use by local units, and state environmental impact statement on local units
Social services and miscellaneous	Lesser relative frequency in the south	Most frequent in locally dominated systems
Education	Regional differences less pronounced	Most frequent in locally dominated systems (only three exceptions—early retirement at reduced levels, local benefits increased if state benefits increased, compulsory binding arbitration of impasses)

SOURCE: ACIR, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, July 1978, pp. 43–46.

Table 152

STATE MANDATES BY FUNCTIONAL CATEGORY

Function	Five state total N=3,415		California N=1,479	New Jersey N=534	North Carolina N=259	Washington N=487	Wisconsin N=654
	Number	Percent	In Percent				
Agriculture	92	2.7%	5.0%	0.6%	1.9%	1.0%	0.8%
Community Development	373	10.9	6.2	21.0	11.6	19.9	6.6
Community Service	42	1.2	0.5	1.1	4.2	—	2.6
Education	165	4.8	8.7	0.6	0.4	—	4.9
Environment	198	5.8	6.2	2.4	2.3	9.0	6.6
General Government	1,176	34.4	31.0	42.5	39.8	37.2	31.5
Health	419	12.3	18.7	4.1	15.8	11.3	3.7
Public Assistance	107	3.1	4.6	1.1	8.9	—	1.5
Public Protection	383	11.2	11.3	10.1	9.3	11.7	12.4
Recreation/Culture	60	1.8	.9	2.6	0.4	2.3	2.9
Transportation	157	4.6	5.1	0.7	3.9	1.2	9.5
Gen. Regs.	243	7.1	1.8	13.1	1.5	6.4	17.1
		100.0	100.0	100.0	100.0	100.0	100.0

SOURCE: Catherine H. Lovell, et al, *Federal and State Mandating to Local Government: Impacts and Issues,* prepared with the support of the National Science Foundation, Contract No. DAR77-10482, Riverside, CA, Graduate School of Administration, University of California, 1978, Table 3–1, p. 67 and Table 3–2, p. 69

which had comparatively fewer mandates in the health function.

The functional impact is often thought to have detrimental effects on local government, either by distorting functional priorities or by complicating the governing process for cities and counties because the overwhelming number of mandates makes it difficult for local governments even to know what is expected of them. There may be, however, some positive impact: Some argue that mandating may improve local government services for citizens and increase the administrative capabilities of local governments.[127]

As indicated, the costs imposed by mandates may cause functional adjustments for a local government. Thus, determining the fiscal impact of mandating is necessary in order to: (1) gauge the extent to which mandating increases the cost of local government, (2) learn how mandating alters local program priorities, (3) determine the amount needed for states to reimburse local governments, and (4) aid in cost-benefit analysis of state mandating in order to develop alternative methods for achieving state purposes.[128]

Estimating fiscal impacts, however, is a complicated process attempted in only a few cases. The reasons are fairly obvious: (1) the problem of identifying mandates, (2) the sheer number of mandates to be measured, and (3) the difficulty of determining the costs of a program attributable to the mandate.[129] The difficulties include separating the costs imposed by state mandates from those imposed by federal mandates; differentiating the additional amount the local government spends from what it would have spent on its own;[130] and gauging the proportion of administrative costs attributable to the mandate.

Regardless of the difficulty of measuring fiscal impact, several states have made attempts which, though admittedly preliminary and partial, suggest the dimensions of the fiscal impact issue. These studies have indicated that substantial costs can be incurred by local governments—often in the millions of dollars for cities and counties across the states.[131]

Further, the costs incurred may be a substantial proportion of total local expenditures or a substantial portion of local taxes which are the major source of discretionary revenue available to local governments. For instance, an Illinois study found an average of approximately 50% of the annual property tax revenues of selected cities and villages to be committed to state mandated costs. The

range was from a low of 26.7% to a high of 107.4%. The percentage of total budgeted expenditures for nine cities averaged 9.5%.[132] A Massachusetts study found that four mandated programs accounted for 15.7% of the local property tax in one year.[133] A Wyoming study examined the mandated costs of four counties and 11 municipalities, including all expenditures of the affected local governments. For the four counties, costs were estimated to be two-thirds of total expenditures—ranging from a low of 60% to a high of 78%. Contrast this with cities whose mandated costs averaged 22% of total expenditures—ranging from 9.5% to 37%.[134] The Lovell study provides additional support for the view that mandated costs are a substantial burden for local government. In some jurisdictions, their percentage of expenditures was assessed as high as 85%.[135]

In order to obtain some national perspective on the fiscal impact of various mandates, ACIR's study asked each respondent to list, in descending order of impact, the four mandated functions which in the judgment of the respondent (*after deducting state reimbursement*) had the most substantial fiscal impact on local governments. At the municipal level, the four most fiscally significant mandates were:

- normal retirement benefit levels (for personnel other than police, fire, and education);
- solid waste disposal standards;
- collective bargaining (for personnel other than police, fire, and education); and
- normal police retirement benefit levels.[136]

Reflecting their generally different functional responsibilities that they perform, counties cited:

- judicial mandates;[137]
- general assistance, local share of payment costs;
- solid waste standards; and
- police required to provide expanded services.[138]

School district respondents ranked special education as the most fiscally significant mandate along with (in descending order of importance) collective bargaining, pupil transportation, and normal retirement benefits.[139]

The assessment of the fiscal effects of mandating is not yet comprehensive, since it is based on information from only a few states and local jurisdictions, on selected mandates, and frequently on the subjective judgment of government officials rather than comprehensive fiscal analysis. Yet, the cumulative findings of these studies suggest that mandated costs are a substantial portion of local government expenditures and have significant influence on local functional patterns.

In some respects, however, state mandating is not always the most burdensome of the factors affecting local finances. ACIR's survey asked respondents to assess the relative importance of state mandating as a factor in increasing local government expenditures and tax levels. Nationally, state service mandating ranked third out of the five options presented.[140] The two prime factors were the growing demand for services from citizens and salary increases instituted by the local governments themselves. Federal grant-in-aid conditions ranked fourth in the survey, and state-mandated salary increases ranked fifth.

In addition, mandating, at times, may lessen the fiscal burdens of local governments—particularly if the mandate is a transfer of a function to the state level—or it may have no fiscal effect. While there have been analyses of the costs incurred by local governments, few investigations of the ways that mandating may relieve local governments from expending funds or may improve their fiscal picture have been undertaken.

A Florida study did acknowledge this aspect and tried to note (without specific dollar figures) those mandates which increased or decreased local expenditures by a major or minor amount, as well as those in which the effect could not be determined. For 1978, there were 28 mandates reducing expenditures and 25 increasing—significantly or insignificantly—local governmental outlays. Despite the fact that nearly half of the mandates had no fiscal impact at all some may have had an impact on the relationship between state and local governments and the characteristics of functional performance.[141]

ALTERNATIVES FOR LESSENING THE BURDEN OF STATE MANDATING

Local governmental officials have generated several proposed ways to reduce the burden of mandating. One course is to refrain from—or at least to reduce—the number of state mandates imposed. For instances, states can pass constitutional or statutory restrictions on state legislatures imposing mandates on local government.[142] Constitutional provisions prohibiting or restricting enactment of special laws can help hold down mandates. States can also expand local discretionary powers and thereby broaden the area in which local governments have a greater degree of protection from state interference.

For certain types of mandating, transferring the function to the state is another alternative.[143] Although there is no indication of what proportion of transfers occur because local governments want to relinquish the administrative and/or fiscal responsibility, transfers to the state do occur and, as noted earlier, are common in

certain functional areas such as social services. While transferring the function to the state may alleviate the local jurisdiction of financial responsibility, it also transfers policymaking authority, thus eroding the local government control of the function.

Local governments also can be relieved of the fiscal burden of state mandating, at least in part, by increased state aid or by removing state constraints on local governmental revenues or expenditures.[144] The former method is preferable, from the point of view of the local governments, because it puts the financial responsibility on the state. State aid, however, may carry its own conditions—so compelling sometimes that they amount to more mandates.

A solution, frequently proposed, is for the state to reimburse—partially or totally—for the costs incurred by local jurisdictions. The first step in this process is for the state to append fiscal notes—estimates of financial costs—on all major state legislation and proposed administrative regulations, similar to the fiscal notes currently applied (by the great majority of states), for legislation affecting state finances. By 1979, 37 states used fiscal notes in some fashion. Eleven states now reimburse local governments.[145]

Yet, some problems arise in the use of fiscal notes. For instance, the estimates are often inexact and time-consuming, sufficient staff must be employed, and the legislation may understate the possible fiscal impact.[146] Despite these caveats, fiscal notes are essential to any reimbursement process and further improvements in the system are likely.

ACIR's study of state mandating proposed that states adopt a policy of restraint, incorporating one or more of the following elements:

- a state inventory of existing mandates to ascertain whether they meet a statewide interest;
- a review procedure for weeding out unnecessary mandates;
- a statewide policy objective statement to accompany all proposed state mandates;
- full state reimbursement for state mandates if state-imposed tax lids seriously constrict local revenue raising ability;
- a partial reimbursement procedure to compensate local governments for those state mandates that prescribe program enhancement in areas of benefit spillovers, such as education, highways, health, hospitals, and welfare;
- full state reimbursement for mandates affecting local employee retirement benefits;
- full state reimbursement to minimize state intrusion into matters of essentially local concern—employee compensation, hours, and working conditions; and
- procedural safeguards for the reimbursement process—e.g., (a) a fiscal note, (b) a strict interpretation of state-initiated mandates, and (c) an appeal and adjustment provision to a designated state agency for local governments whose claims to state payments are in dispute.[147]

These recommendations address the issues of improving state knowledge of the extent and impact of mandating and of creating a system for financial assistance for mandating. The purpose is to reconcile local governments' interest in setting their own fiscal priorities with the right of the state to mandate.

SUMMARY

State mandating is a common method of modifying local government services which has become a more frequent occurrence in the last two decades. Intergovernmental service agreements and transfers of functions—the other major procedural actions affecting local governments—are similar to mandating in their frequency and ad hoc approach to functional assignment problems. Mandates differ in that they are imposed by state government and, thus, are often deeply resented by local governments, whereas service agreements and transfers are usually locally initiated.

Functionally, state mandates affect local government by assigning new services or by requiring changes in current services. Of the latter, most are procedural—how functions are performed—rather than programmatic—what is performed. Mandates also force costs on local governments, adding to their fiscal burden. The functional impact of this fiscal burden is to distort the activities of local governments by compelling them to reallocate expenditures. Thus, mandating substitutes state priorities for local priorities thereby restricting the decisionmaking authority of local governments. Further, since mandates are generally forced on local governments, they are more likely to cause functional alignment problems than to solve them.

STRUCTURAL AND JURISDICTIONAL APPROACHES FOR THE ASSIGNMENT OF FUNCTIONS

The local structural and jurisdictional methods of altering the assignment of functions among local govern-

ments are the special district, annexation, county modernization, city-county consolidation, and other forms of multijurisdictional organization. In contrast to procedural approaches which merely shift functions or create cooperative approaches between and among existing governments, structural and jurisdictional methods create new forms of governments (as with special districts or city-county consolidations); reorganize existing governments (as with county modernization); or adjust the boundaries of local governments (as happens with annexation).

There are, however, differences among these structural and jurisdictional approaches. Special districts and, at times, annexations have characteristics similar to procedural methods: Both are often ad hoc, haphazard actions reflecting little thought about the most effective functional assignment pattern. County modernization and the more dramatic forms of local governmental reorganization, however, usually reflect a more comprehensive and more carefully conceived approach to service performance.

Special Districts

Special districts are independent, limited-purpose governmental units which exist as separate entities and have substantial fiscal and administrative independence from general-purpose local governments. The great majority of special districts—93.4% in 1977—are responsible for only one function. School districts are one functional type of independent special district, but are excluded from this analysis because of their special fiscal and functional importance. In addition, this follows the classification used by the U.S. Bureau of the Census. Also excluded are county service or taxing areas established to provide specific improvements or services within the county but subordinate to county governments, and dependent special districts that are linked one way or another to general-purpose units.

Special districts are the most varied and least studied type of American local government. Much of the information available is based on each quinquennial Census of Governments conducted by the Bureau of the Census. Although the data include the number, functional distribution, finances, and employment of special districts, in-depth studies are lacking. State governments, which are responsible for creating special districts either through general authorizing legislation or specific statutes, have rarely studied them or even summarized their governmental powers.[148] As early as 1957, John Bollens said, "special districts have been too long neglected in the study of government in the U.S. . . . . They constitute the 'new dark continent of American politics.' "[149] This appellation, once attributed to county governments, is as true of special districts today as it was 23 years ago. Special districts perform even more important tasks now, but many of them operate with little visibility or public scrutiny at the time that they are the most common type of local government. On the other hand, most school districts—the most common of any of the functional districts—operate with an especially high degree of visibility and accountability.

The reasons for special district growth are numerous. As summarized in *Chapter 4*, they may provide: (1) greater financial flexibility than general-purpose local government,[150] (2) a tax base coinciding with the service area, (3) fewer restrictions on functional powers and cooperative arrangements with other governments, (4) the possibility of providing a service on a larger or different territorial scope than is often possible with general-purpose governments, and (5) the opportunity to remove services from the political process and place them in a nonpartisan, managerial environment. Further, in some cases, they have been established through the encouragement of the federal government.[151] In general, though, the overriding reason for establishment of most districts is the need to fit service delivery to the geographic area of service need. Indeed, for service areas embracing parts of two counties, the special district or authority usually is the only legally possible and operationally sensible way of providing the desired service.

SCOPE AND USE

In 1977, 25,962 special districts existed in the nation—an increase of 7,639 (42%) from 1962. No other type of local government increased by that much in those 15 years. In fact, counties, townships, and school districts have all declined during the same period. The only other governmental group to increase is municipalities—and they by only 4.8%. A positive factor in this tremendous special-district increase is that their growth rate is declining. From 1962 to 1967, they increased 16%; 1967 to 1972, 12%; and 1972 to 1977, 8.7%.

Currently, special districts exist in the District of Columbia and in all states except Alaska. Eight states (California, Illinois, Kansas, Missouri, Nebraska, Pennsylvania, Texas, and Washington) accounted for 50% of the total in 1977. (See *Table 153*.) Eight states—Colorado, Illinois, Indiana, Kentucky, Missouri, Nebraska, Pennsylvania, and Texas—also are responsible for 52% of the increase of 4,698 special districts from 1967 to 1977. Four of these—Illinois, Missouri, Pennsylvania, and Texas—are states which currently have a heavy con-

Table 153

NUMBER OF SPECIAL DISTRICT GOVERNMENTS, BY STATE: 1967, 1972, 1977

States	1977	1972	1967
United States, total	25,962	23,885	21,264
Alabama	336	286	251
Alaska	—	—	—
Arizona	106	90	76
Arkansas	424	366	352
California	2,227	2,223	2,168
Colorado	950	812	748
Connecticut	236	231	221
Delaware	127	78	65
District of Columbia	1	2	1
Florida	361	315	310
Georgia	387	366	338
Hawaii	15	15	15
Idaho	612	543	513
Illinois	2,745	2,407	2,313
Indiana	885	832	619
Iowa	334	305	280
Kansas	1,219	1,136	1,037
Kentucky	478	446	273
Louisiana	30[1]	419	334
Maine	178	126	127
Maryland	252	229	187
Massachusetts	328	268	247
Michigan	168	139	110
Minnesota	263	211	148
Mississippi	304	282	272
Missouri	1,007	820	734
Montana	311	258	209
Nebraska	1,192	1,081	952
Nevada	132	134	95
New Hampshire	103	94	89
New Jersey	380	341	311
New Mexico	100	99	97
New York	964	954	965
North Carolina	302	248	215
North Dakota	587	561	431
Ohio	312	275	228
Oklahoma	406	402	214
Oregon	797	826	800
Pennsylvania	2,035	1,777	1,624
Rhode Island	78	73	67
South Carolina	182	182	146
South Dakota	148	136	106
Tennessee	471	457	386
Texas	1,425	1,215	1,001
Utah	207	176	163
Vermont	67	74	72
Virginia	65	58	48
Washington	1,060	1,021	937
West Virginia	258	172	120
Wisconsin	190	121	62
Wyoming	217	203	185

— Represents zero or rounds to zero.

[1] A large number of units in Louisiana were reclassified from independent special districts to dependent agencies of parishes and municipalities for the 1977 census, as a result of the 1974 Louisiana constitution.

SOURCE: U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments*, Vol. I, No. 1, *Governmental Organization*, Washington, DC, U.S. Government Printing Office, 1978, Table 4, p. 28.

centration of special districts. Seven states—Delaware, Kentucky, Michigan, Minnesota, Oklahoma, West Virginia, and Wisconsin—increased their special districts by more than 50% from 1967 to 1977. West Virginia went from 120 to 258—up 115%, and Wisconsin from 62 to 190—up 206%. In these ten years, only four states—Louisiana, New York, Oregon, and Vermont—experienced a decline in the number of their special districts. The latter three by a grand total of nine. Louisiana was the only state with a significant drop—304, which occurred because the 1974 Louisiana constitution reclassified many of these units from independent to dependent districts of parishes and municipalities. One state—Hawaii—stayed the same, as did the District of Columbia.

The functions that special districts perform vary greatly. Twenty different functions performed by single-function districts were identified by the Bureau of the Census. These represented over 90% of all special districts, but no particular function was preeminent. Most numerous were fire protection (16.1%), followed by water supply, soil conservation, housing and urban renewal, and drainage districts (between 8% and 10%) (see *Table 100*).

Of the 20 functional types, all but two increased in number between 1967 and 1977. Highway districts declined by 15.7% and soil conservation districts by 5.5%. (See *Table 154*.) Among the single-function units, the greatest increase was in transit districts—from 14 in 1967 to 96 in 1977, an increase of almost 600%. This reflects the continued growth of big metropolitan transportation authorities. Others that grew substantially were housing and urban renewal (53.8%), health (49.5%), libraries (42.9%), parks and recreation (35.2%), and hospitals (33.1%). Multiple-functional districts also grew enormously (279.6%)—largely because of the increase in sewerage and water supply districts (257.3%). At the same time, single-function sewerage and water districts also continued to increase—the former by 30.5%, the latter by 15.8%. In 1977, 5,155 districts performed water or sewerage function, either singly or jointly—19.8% of all special districts. In the decade from 1967 to 1977, they increased 40.4%.

Many of the districts that are increasing in number—most notably transportation and sewerage and water—have characteristics that necessitate a functional authority mechanism, especially in metropolitan areas. River and drainage basin topography and patterns of population density and employment sites dictate service areas that cut across municipal, county, and township boundary lines.

Special districts usualy overlie or overlap general-purpose local government(s), but about one-fourth of the total districts in 1977 had the same boundaries as another local government—county, city, or township. This portion was about the same as in 1967 and 1972. Special districts with boundaries coterminous with counties constituted 12.2% of the total, and those crossing county boundaries 10.1%. These percentages have barely varied from those in 1967 and 1972. The majority of special districts (64.6%), then, serve an area which is composed of more than one local government, but they are not multicounty. This percentage increased slightly from 1967, when it was 52.6%.[152]

Most special districts (63% in 1977) are located in nonmetropolitan areas; but the recent growth in special districts has been greater in metropolitan than outside areas. In the former, special districts increased by 14.2% from 1967 to 1972 and then by 18.9% from 1972 to 1977. In contrast, outside metropolitan areas they increased by 11.3% from 1967 to 1972, but only by 3.4% from 1972 to 1977.[153] Thus, the percentage of special districts in metropolitan areas rose from 33.1% in 1967 to 37% in 1977.

PROS AND CONS

The merits of special districts, in some respects, are evident from the reasons for their establishment.[154] Their major advantage is that they often are the only means by which citizens can obtain a badly needed government service. Because of debt and tax limitations, restrictions on the powers of other local governments to engage in services, and the inability of localities to adjust boundaries to areas needing services, the special district is often the only solution for servicing needs.

But expediency is not the only virtue of special districts: Often they are able to take advantage of economies of scale—especially in capital-intensive, physical development services. This undoubtedly is a factor in the creation of so many special districts for water and/or sewerage services. Furthermore, districts can easily fund services through user fees so only those benefiting from the service pay for it. In fact, special districts are generally able to derive revenue from users of their services. Many also believe that for various reasons, special districts are likely to establish advanced management techniques and are capable of attracting professional personnel resulting in more efficient services. This is a characteristic which is more likely to be true for the larger, urban or regional special districts. Many of the small ones are run by volunteer or part-time appointed or elected officials with little experience.

Finally, some defenders point out that the increase in

their number is largely misleading and the degree to which they complicate local governmental operations vastly overstated. After all, in 1977 70% of them had no full-time employees. Moreover, they point out some 902 large special districts (3.4% of the total) accounted for over four-fifths of all district expenditures. As some proponents stress, the tiny, part-time employee staffed district—typically found in rural America—is a convenient, inexpensive, collaborative way of getting services that otherwise might not be performed and the big metropolitan authorities are vital and irreplaceable providers of needed regional services. To ignore either of these dimensions of the special district picture, they warn, is to ignore reality and to focus heavily on national aggregates and the traditional antispecial district arguments of political scientists and public administrators.

Critics of special districts single out their lack of accessibility and accountability. Some argue that a reason for this is that many are headed by appointed officials. In 1977, nearly 40% had no elected officials, but were administered by appointed board members.[155] Part of the problem, they concede, lies with citizens themselves, who, even when permitted to elect governing bodies, often don't vote or don't participate in public hearings

Table 154

SPECIAL DISTRICTS, BY FUNCTION: 1967, 1972, AND 1977

By Function	1967	1972	1977	Percentage Increase From 1967–77
Single-Function Districts—Total	20,811	22,981	24,242	16.4%
Cemeteries	1,397	1,494	1,615	15.6
Education (School Building Districts)	956	1,085	1,020	6.6
Fire Protection	3,665	3,872	4,187	14.2
Highways	774	698	652	−15.7
Health	234	257	350	49.5
Hospitals	537	657	715	33.1
Housing and Urban Renewal	1,565	2,271	2,408	53.8
Libraries	410	498	586	42.9
Natural Resources—Total	6,539	6,639	6,595	.8
Drainage	2,193	2,192	2,255	2.8
Flood Control	662	684	681	2.8
Irrigation Water Conservation	.904	971	934	3.3
Soil Conservation	2,571	2,561	2,431	−5.5
Other and Composite Purposes	209	231	294	40.6
Parks and Recreation	613	750	829	35.2
Sewerage	1.233	1,411	1,610	30.5
Utilities Total	2,266	2,488	2,704	19.3
Water Supply	2,140	2,333	2,480	15.8
Electric Power	75	74	82	9.3
Gas Supply	37	48	46	24.3
Transit	14	33	96	585.7
Other	622	861	971	56.1
Multiple-Function Districts—Total	453	904	1,720	279.6
Sewerage and Water Supply	298	631	1,065	257.3
Natural Resources and Water Supply	45	67	71	57.7
Other	110	206	584	430.9

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Census of Governments,* 1967, 1972, 1977, Vol. I, No. 1, *Governmental Organization,* Washington, DC, U.S. Government Printing Office, 1968, 1973, 1978, Table 15 (1972, 1977), Table 12 (1977).

or meetings.[156] Still, the citizen is not totally at fault: The public finds it difficult to monitor the activities of the number of special districts that exist within specific areas.

Another major criticism leveled at special districts is that they do not coordinate their activities with general-purpose local governments. As units with only one functional responsibility, or in some cases two, their concerns are centered on that function rather than the total servicing picture. Since large special districts rarely are required to answer to general-purpose governments—particularly on budgetary matters—they are not part of the process of setting functional priorities for expenditures for the entire metropolitan community.

Other critics contend that special districts have often been financially troublesome. Their projects have sometimes proved more expensive than those of general-purpose governments. By not being part of general-purpose units, they often lose the advantages of centralized administrative services—a problem particularly acute in smaller districts. Frequently, moreover, they are not subjected to adequate financial control—such as audits—by state, county, or city governments.

SUMMARY

Special districts are the most numerous unit of local government, present in almost every state and in most functional areas. Their popularity with the public as a service provider clearly is still unquestioned and they are strongly supported by their respective interest groups. Despite this, they are the unit of government which is responsible for much of the fragmentation of functional assignments. This is especially true in metropolitan areas where regional special districts, rather than serving as coordinating devices, are often in conflict with themselves and local governments. One reason is that most special districts are still unifunctional. Thus, in both metropolitan and nonmetropolitan areas, special districts often are a highly practical means for financing and providing services, although they frequently undermine the responsibilities of general purpose local governments. On balance, it appears that although they comprise an essential segment of local government, their principal difficulty is their failure to forge the necessary policy and budgetary relationships with the overlapping general local government(s).

Annexation

Annexation is one of the oldest methods of adjusting local government boundaries to meet people's needs for government services and fiscal resources. Its use, however, has varied during the nation's history. Large-scale annexations first became prominent in the latter half of the 19th Century. During this period and on into the first two decades of this century, some of the great cities of the Northeast and Midwest, such as Chicago and Cleveland, engaged in extensive annexation of surrounding territory. Moreover, some Western cities, such as Denver and Los Angeles, extended their jurisdiction over what were then large portions of their suburban development. The 1930s and 1940s brought a sharp decline in municipal annexations; but, with the end of World War II, annexation again came into use and numerous cities, large and small, acquired surrounding adjacent territory.

The number of annexations since World War II, however, does not mean that annexation has been a successful tool in solving urban problems or in significantly reducing the fragmentation in local government responsibilities for public services. Only a few large cities, mainly in the South and West, have added sizable population or area. With rare exceptions, annexation today does not appear to be the means to achieve areawide government, a broader base for the delivery of services, or a solution to some of the most pressing urban problems (such as central city and suburban fiscal disparities).

The following summarizes the historical trends, current usage, legal methods and problems, and the areawide and functional implications of annexation.

HISTORICAL USE OF ANNEXATION

The 19th Century was a period of tremendous growth for cities as industrialization and immigration drew many people to the urban centers, particularly in the East and Midwest. Annexation—the territorial acquisition of areas outside municipal boundaries—played a significant role, particularly in the latter half of the 1800s and the first two decades of the 20th Century. Thereafter, the frequency of annexations and the great acquisitions of land and people lessened significantly, thanks in part to the enactment of more "permissive" municipal incorporation statutes.

Some annexation by central cities did occur in the first half of the 19th Century. Many were the result of special acts of state legislatures applicable to a single city. For instance, in 1816, the Maryland legislature compelled Baltimore to annex 12 square miles and in 1836, the Pennsylvania legislature joined Northern Liberties Borough with Pittsburgh without a vote in either jurisdiction.[157]

In contrast, state legislators in the second half of the 1800s gradually relinquished control over annexation

decisions, allowing local officials, the electorate, and the courts to play a greater part in the determination of municipal jurisdictional limits. Similarly, state legislatures adopted a laissez-faire attitude toward incorporation. So, although cities were more free to attempt annexation without state interference, the lack of centralized control of the establishment of local governments fostered the future increases in incorporations. Unrestrained incorporation ultimately was to become one of the great obstacles to annexation.[158]

Many cities had major expansions in the last half of the 19th Century. In 1854, Philadelphia added 300,000 to its population by annexing all of Philadelphia County to its borders (some consider this a city-county consolidation). Other cities which engaged in major expansions were Boston, from 1867 to 1873, and Chicago in 1898.[159] Cleveland, Denver, and Indianapolis also expanded their boundaries.[160]

The pace of annexation changed in the 20th Century, particularly after 1920. There were several reasons for this: more restrictive annexation laws were passed—i.e., many states gave outlying residents exclusive authority to initiate annexation and required separate majority votes inside the city and in the area proposed for annexation; state constitutions increasingly limited cities to annexing unincorporated territory only; and suburban incorporations increased.[161]

None of these restrictions would have been a problem, however, if the citizens in fringe areas had been willing to join with the city. But by the 1920s and 1930s, residents outside the central city often saw no need for its services. First, many of the suburban communities were better able than the central city to provide efficient and effective public services. Second, suburbanites were discovering that there were governmental alternatives to the central city as the provider of urban services—such as county governments, intermunicipal agreements, and special districts. None of these, at that time, was more significant than the city, but they did provide other choices in certain areas.[162] A third reason for the diminishing desire to be annexed was the growing perception of the corruption and incompetence of government in the big cities. Lincoln Steffens' muckraking articles in the 1910s were widely read. Though New York City already had a reputation for graft and waste in the early 1870s, it was not until the 1900s that corruption was exposed, in cities such as Pittsburgh, St. Louis, and Minneapolis. By the 1920s, residents of areas outside the large urban centers—even with continuing attempts at municipal reform—thought little of big city ability to offer quality government at a fair price. The central cities had fallen greatly in prestige.[163] With the Great Depression, annexations nearly halted and the decline was not reversed until the end of World War II in 1945.

RECENT USE AND CHARACTERISTICS

The postwar period saw a resurgence of annexation, but while a number of cities added substantial amounts of land, only a few added large populations. More important, most of the cities with large annexations were in the South and West and the major northern cities were largely inactive in spite of their extensive suburban population. Although the annexed population often was small, the annexed areas frequently provided space for urban development to take place within the city rather than in the suburbs.

The available data indicate that annexation is undertaken by many cities (large and small). From 1970–77, there were over 48,000 annexations by municipalities with a population of more than 2,500 people (see *Table 155*). Annexations occurred in approximately 70% of these cities, [164] compared to the 62.5% that annexed in the 1960s.[165] The percentage for these and other recent decades would be higher if the New England states, which almost never have an annexation, were eliminated. In two states, North Dakota and Wyoming, all municipalities surveyed had at least one change in boundary in the first eight years of the 1970s; in seven states more than 90% reported a change; and in more than three-quarters of the states, 50% or more of municipalities with more than 2,500 people adjusted their boundaries.[166]

From 1970–77, cities over 2,500 in population annexed 2,537,000 people (see *Table 155*). The average annual figure for people annexed from 1974–77 was 277,000–a decrease from the yearly average of 357,000 from 1970–73. The land area acquired by cities from 1970–77 was 6,900 square miles (see *Table 155*), or an average of 862 square miles per year. The yearly average for land acquired in the four years from 1974 to 1977 was 703 square miles—a drop from the yearly average during 1970–73 of 1,022 square miles.

Regardless of the amount of total land annexed in the nation, individual annexations usually are very small. The average amount of land area acquired per annexation from 1970–77 was only about one-seventh of a square mile, although this varies greatly by state. Moreover, only about 25% of the cities over 5,000 in population annexed more than one-half of a square mile between 1970 and 1973, and these accounted for over 85% of the total area added.[167] Yet, some cities do annex large areas. From 1970 through 1977, 12 cities annexed over 50 square miles, nine of which were in the South.[168] Chattanooga and Jackson more than doubled in size and in

Table 155

ANNEXATION CHANGES REPORTED, 1970–77 (Municipalities of 2,500 or more population)

Year	Annexations	Area Annexed (in square miles)	Estimated Population (in thousands)[1]
1970	4,816	1,006	244
1971	6,060	950	329
1972	7,085	1,035	532
1973	7,078	1,097	322
1974	5,528	787	302
1975	4,685	656	210
1976	5,678	606	229
1977	7,175	762	367
Total	48,105	6,899	2,535
Annual Average	6,013	862	317

[1] Populations are estimates by the annexing communities and generally refer to the date the annexation occurred.
SOURCE: U.S. Department of Commerce, Bureau of the Census, *Boundary and Annexation Survey: 1970–1977,* Washington, DC, U.S. Government Printing Office, 1979, Table B, p. 2.

the Midwest, Kansas City, KS, nearly doubled in area.

The states vary widely in the number and size of municipal annexations. Illinois municipalities had the most in the 1970s—9,151, with the next closest being California with 5,624. In land area, Texas municipalities led the nation with 1,180 square miles annexed from 1970–77 and again California followed with 578. Texas municipalities also acquired the most population—370,000; Tennessee followed with 197,000 and Illinois with 185,000.[169]

Because of the large number of annexations, the average (mean) number of people added per annexation was only 53. This average was skewed upward by the few annexations that added substantial numbers of people to cities. For instance, in 1974, Charlotte annexed an estimated 40,000; Chattanooga, 20,000; and Memphis, 15,000. During 1974, these three cities accounted for more than half of the total population annexed by the 149 cities of over 50,000 which reported annexations.[170] In 1975, Houston added 20,000 people,[171] and, in 1977, 89,000,[172] while in the same year, Charlotte, annexed 30,000.[173]

Another feature of annexation is that there is often little or no correlation between the amount of land annexed and the number of people added. Large land acquisitions do not necessarily mean that a highly urbanized, densely populated territory is annexed. The average density (number of people annexed per square mile) for cities over 2,500 population from 1970 to 1977 was 368. The density for the Northeast was 259; for the North Central area, 356, for the South, 430; and for the West, 271 (see *Table 156*).

The effect of annexation on central cities in the postwar period has been mixed. One study of 188 large cities (basically the central cities of the standard metropolitan statistical areas in 1940) indicated that their land area increased slightly in the 1940s—13.6%, but accelerated dramatically in the 1950s—by 38.6%; and increased even more in the 1960s—by 44% (see *Table 157*). For these central cities, the postwar period was of major significance in regard to their areal growth, since 68% of the territory added between 1900 and 1970 was acquired between 1950 and 1970.[174] No comparable figures for these 188 cities are available for the 1970s, but another study indicates that the average annual amount of land and population added per year for 397 central and suburban cities over 50,000 in population declined for the years 1970–76 from the 1960s. In the 1960s, these 397 cities acquired an average of almost 600 square miles and almost 300,000 people per year. In contrast, from 1970–76 they averaged an increase of 260 square miles and 112,143 people per year.[175]

FACTORS IN THE USE OF ANNEXATION

The size of a city can be an important variable in

Table 156

SELECTED INFORMATION ON ANNEXATION BY MUNICIPALITIES OF 2,500 OR MORE POPULATION, BY REGION, 1970–77

State and Region	Number of Annexations	Estimated Area (in square miles)	Average Area Added/ Annexation (in square miles)	Estimated Population (in thousands)	Average Population Added/ Annexation	Density: Population Annexed/ Square Mile
United States	48,105	6,900.2	.14	2,537	52.7	368
Regions						
Northeast	217	34.8	.16	9	41	259
North Central	18,691	1,546.3	.08	550	29	356
South	15,809	3,376.4	.21	1,453	92	430
West	13,388	1,942.5	.14	527	39	271

SOURCE: ACIR tabulation based on *Table 159.*

Table 157

LAND AREA OF 188 LARGE CITIES, BY REGION, 1900–70

Classification	Number of Cities	Land Area (in square miles)							
		1970	1960	1950	1940	1930	1920	1910	1900
Total, Selected Cities	**188**	12,885	8,950	6,456	5,685	5,570	4,786	3,984	3,419
Geographic Region									
Northeast (Includes DE, MD, DC, and WV)	**56**	1,662	1,655	1,626	1,573	1,551	1,522	1,390	1,332
North Central	**59**	3,350	2,342	1,843	1,743	1,701	1,459	1,268	1,125
South (Excludes DE, MD, DC, and WV)	**54**	5,923	3,382	1,828	1,284	1,244	852	690	512
West	**19**	1,950	1,571	1,159	1,085	1,074	953	636	450
Increase in Total Between Census									
Square miles			3,935	2,494	771	115	784	802	565
Percent			44.0%	38.6%	13.6%	2.1%	16.4%	20.1%	16.5%

SOURCE: Richard L. Forstall, "Annexations and Corporate Changes Since the 1970 Census: With Historical Data for Larger Cities for 1900–1970," *Municipal Year Book, 1975,* Washington, DC, International City Management Association, 1975, Table 4/ 10, p. 28.

determining the use of annexation. The very largest cities do not engage in annexation as frequently as smaller ones, and medium-sized cities not only annex more frequently but their annexations produce significant territorial expansion and population increases. From 1970–77, 65% of all cities with 2,500 or more people reported a change in jurisdictional boundary.[176] Yet, only 61% of those cities over 500,000 in population adjusted jurisdictional lines, almost as low as cities from 2,500 to 3,749—60% (see *Table 158*). The average for cities with populations from 25,000 to 49,999, 50,000 to 99,999 and 100,000 to 499,999 was 71%, 71%, and 75%, respectively—a significant difference from municipalities of under 25,000 whose percentages ranged from 60% to 65%, except for those from 10,000 to 19,999 which averaged 69%. This trend in the 1970s of the smallest cities annexing less, cities from 25,000 to 499,999 annexing more, and the large cities dropping in use of annexation is roughly parallel to the distribution each year within the 1970s.

However, more important than the frequency of annexation, are the amount of territory and population acquired. From 1950 to 1970, cities of more than a quarter million grew in area by 83%, while those in the 100,000–250,000 bracket increased by 169.6% (excluding the Nashville/Davidson County and Jacksonville/Duval County consolidations, the increase was 91%). Those from 50,000 to 100,000 increased in land area by 94.9%.[177]

One reason for the largest cities growing more slowly in area (apart from the fact that they start with a larger base) is their tendency—particularly in the case of northern cities—to be completely encircled by other cities and towns. It also results from the social, economic, and racial differences between central cities and their suburbs, causing suburban residents to have little desire to join the city.[178]

The use of annexation and its impact varies greatly from region to region. Although the North Central states led in the number of individual annexations with 18,691 from 1970–77 (see *Table 159*), the South annexed the most territory (3,376.4 square miles) and people (1,453,000). Annexation had almost no impact in the Northeastern states. Of the total area annexed, the Northeast's share was approximately 0.5%; the North Central's, 22%; the South's, 49%; and the West's, 28%.

Of the total population annexed, the Northeast was responsible for 0.3%; the North Central states, 22%; the South, a whopping 57%; and the West, 21%. The South also led in the average land area added per annexation—.21 square miles; the population added per annexation—92 people; and in density—430 persons annexed per square mile (see *Table 156*).

This phenomenon of Southern domination of annexation has been true throughout the 1900s, particularly for its larger cities. Of 188 large cities, the 56 cities of the Northeast[179] grew less than 25% from 1900 to 1970, compared to a 1,000% growth by the 54 cities in the South (see *Table 157*). Moreover, Southern cities experienced the fastest percentage growth in every decade since 1920, accounting for more than half of the total area annexed by these 188 cities since 1900. More evidence of the South's use of annexation is that 54 of its central cities grew in size by 40% in the 1940s—a period when the rest of the nation experienced very little annexation.[180] In contrast, New England states have had no major annexations in the whole period since 1900.[181]

Another study of the 260 central cities of standard metropolitan statistical areas (as defined in 1970) reveals that over 80% of the cities in the Northeast[182] had no significant annexations from 1950–70.[183] In the North Central states, only 11 cities had no significant annexations; and in the South and West, only Miami, New Orleans and San Francisco did not. This trend for these 260 cities continued into the earlier part of the 1970s.[184]

From 1970–77, several Southern cities annexed large amounts of land. Nine of the 18 cities which grew by more than 50 square miles were Southern cities—five of them in Texas. (Six of the remaining nine were city-county consolidations—three in the South).[185] In the two most recent decades, 11 of the 15 cities, adding at least 50 square miles, were Southern.[186]

There are several reasons for the differences among the regions. One is that, in New England particularly, the towns are municipal corporations with traditions and powers which render them nearly immune from annexation. Even in the rural township states of the North Central region, those units—even if not legally protected—have political power to actively resist annexation because of fears of losing taxable power from the township rolls. By contrast, the South and West are without township government.[187] In addition, annexation laws are generally more permissive in Southern states such as Texas, North Carolina, Oklahoma, and Tennessee.

Other factors which determine the use of annexation are the socioeconomic differences between the central city and surrounding communities, the age of the city, and whether the city has a manager form of government. Major differences in education and income levels, race, and occupation mean that suburban dwellers are reluctant to merge with their less affluent neighbors in the central city. And conversely, some cities refuse to add poor fringe areas. Moreover, black citizens of central cities may object to annexing white middle-class suburbs for

Table 158

FREQUENCY OF MUNICIPAL BOUNDARY CHANGES,* BY POPULATION-SIZE CLASS AND YEAR, 1970–77

Population Size Class	Municipalities Surveyed	Municipalities Responding to Survey				
		Number	Reporting Changes			
			Number	Percent	Net Increase in Land Area	
					Square Miles	Square Kilometers
	1970–1972					
Total	5,645	5,228	2,937	56	2,901	7,514
2,500 To 3,749	1,167	890	495	56	155	403
3,750 To 4,999	718	642	329	51	460	1,192
5,000 To 7,499	918	886	456	51	176	456
7,500 To 9,999	572	560	297	53	161	417
10,000 To 19,999	1,008	999	574	57	366	947
20,000 To 24,999	235	234	135	58	263	682
25,000 To 49,999	566	562	358	64	422	1,093
50,000 To 99,999	273	269	172	64	244	631
100,000 To 499,999	160	159	106	67	441	1,143
500,000 Or More	28	27	15	56	213	551
	1973					
Total	5,645	5,226	1,996	38	1,067	2,763
2,500 To 3,749	1,167	888	282	32	44	115
3,750 To 4,999	718	643	190	30	50	129
5,000 To 7,499	914	883	284	32	83	216
7,500 To 9,999	572	562	213	38	57	148
10,000 To 19,999	1,009	998	424	42	214	553
20,000 To 24,999	236	235	97	41	36	92
25,000 To 49,999	567	560	268	48	142	368
50,000 To 99,999	274	270	138	51	106	274
100,000 To 499,999	160	159	88	55	319	826
500,000 Or More	28	28	12	43	16	42
	1974					
Total	5,793	5,319	1,824	34	664	1,719
2,500 To 3,749	1,282	981	271	28	62	162
3,750 To 4,999	733	654	186	28	28	71
5,000 To 7,499	927	884	276	31	68	175
7,500 To 9,999	574	560	170	30	27	69
10,000 To 19,999	1,012	993	349	35	131	339
20,000 To 24,999	236	233	92	39	38	97
25,000 To 49,999	567	559	251	45	111	287
50,000 To 99,999	274	270	131	49	62	161
100,000 To 499,999	160	158	85	54	96	249
500,000 Or More	28	27	13	48	42	109

Table 158 (continued)

FREQUENCY OF MUNICIPAL BOUNDARY CHANGES,* BY POPULATION-SIZE CLASS AND YEAR, 1970–77

Population Size Class	Municipalities Surveyed	Municipalities Responding to Survey				
			Reporting Changes			
					Net Increase in Land Area	
		Number	Number	Percent	Square Miles	Square Kilometers
	1975					
Total	5,807	5,369	1,723	32	625	1,618
2,500 To 3,749	1,287	1,002	271	27	80	207
3,750 To 4,999	735	659	176	27	20	52
5,000 To 7,499	930	896	240	27	46	119
7,500 To 9,999	575	565	166	29	24	62
10,000 To 19,999	1,012	998	340	34	101	262
20,000 To 24,999	239	235	86	37	31	80
25,000 To 49,999	567	557	231	41	92	238
50,000 To 99,999	274	271	124	46	103	266
100,000 To 499,999	160	158	78	49	69	179
500,000 Or More	28	28	11	39	59	153
	1976					
Total	5,808	5,733	1,830	32	578	1,497
2,500 To 3,749	1,286	1,254	297	24	57	147
3,750 To 4,999	735	722	196	27	30	77
5,000 To 7,499	930	920	255	28	36	92
7,500 To 9,999	575	573	189	33	34	88
10,000 To 19,999	1,013	1,002	346	35	111	287
20,000 To 24,999	240	240	86	36	34	87
25,000 To 49,999	567	566	249	44	116	301
50,000 To 99,999	274	271	119	44	60	154
100,000 To 499,999	160	158	81	51	95	245
500,000 Or More	28	27	12	44	7	17
	1977					
Total	5,818	5,818	1,894	33	690	1,786
2,500 To 3,749	1,289	1,269	308	24	72	186
3,750 To 4,999	736	736	198	27	22	57
5,000 To 7,499	932	932	267	29	89	231
7,500 To 9,999	575	575	187	33	44	115
10,000 To 19,999	1,014	1,014	366	36	103	267
20,000 To 24,999	241	241	92	38	31	81
25,000 To 49,999	569	569	259	46	96	248
50,000 To 99,999	274	274	123	45	92	239
100,000 To 499,999	160	160	81	51	83	215
500,000 Or More	28	28	13	46	57	147

Table 158 (continued)

FREQUENCY OF MUNICIPAL BOUNDARY CHANGES,* BY POPULATION-SIZE CLASS AND YEAR, 1970–77

Population Size Class	Municipalities Surveyed		
	Number	1970 Land Area	
		Square Miles	Square Kilometers
	1970–77		
Total	5,818	45,718	118,409
2,500 To 3,749	1,289	2,694	6,977
3,750 To 4,999	736	1,901	4,924
5,000 To 7,499	932	3,580	9,272
7,500 To 9,999	575	2,617	6,778
10,000 To 19,999	1,014	6,648	17,218
20,000 To 24,999	241	2,135	5,530
25,000 To 49,999	569	6,309	16,340
50,000 To 99,999	274	5,271	13,652
100,000 To 499,999	160	7,606	19,699
500,000 Or More	28	6,339	16,418

Population Size Class	Municipalities Responding to Survey					Land Area as of January 1, 1978	
	Number	Reporting Changes		Net Increase in Land Area			
		Number	Percent	Square Miles	Square Kilometers	Square Miles	Square Kilometers
Total	5,818	3,802	65	6,524	16,897	52,241	135,303
2,500 To 3,749	1,289	772	60	470	1,218	3,164	8,195
3,750 To 4,999	736	471	64	610	1,580	2,511	6,503
5,000 To 7,499	932	598	64	498	1,290	4,078	10,562
7,500 To 9,999	575	371	65	347	899	2,964	7,677
10,000 To 19,999	1,014	704	69	1,025	2,655	7,673	19,873
20,000 To 24,999	241	152	63	432	1,120	2,567	6,648
25,000 To 49,999	569	402	71	979	2,534	7,288	18,876
50,000 To 99,999	274	195	71	666	1,725	5,937	15,377
100,000 To 499,999	160	120	75	1,103	2,857	8,709	557
500,000 Or More	28	17	61	393	1,019	6,732	17,436

* This includes detachments, but they are only 1.6% of all changes and some cities which had a detachment also had one or more annexations.

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Boundary and Annexation Survey: 1970–1977*, Washington, DC, U.S. Government Printing Office, 1979, Table I, p. 8.

Table 159

SUMMARY OF SELECTED INFORMATION ON ANNEXATION FOR MUNICIPALITIES OF 2,500 OR MORE POPULATION, BY STATE AND REGION, 1970–77

State and Region	Number	Estimated Area (in square miles)	Estimated Population (in thousands)
United States	48,105	6,900.2	2,537
Regions			
Northeast	217	34.8	9
North Central	18,691	1,546.3	550
South	15,809	3,376.4	1,453
West	13,388	1,942.5	527
Northeast	217	34.8	9
Connecticut	—	—	—
Maine	—	—	—
Massachusetts	2	*	*
New Hampshire	—	—	—
New Jersey	15	.3	*
New York	127	16.1	4
Pennsylvania	72	18.4	5
Rhode Island	—	—	—
Vermont	1	*	—
North Central	18,691	1,546.3	550
Illinois	9,151	298.9	185
Indiana	1,254	122.2	103
Iowa	763	115.3	13
Kansas	1,265	159.6	56
Michigan	451	32.8	3
Minnesota	802	241.4	32
Missouri	326	130.2	30
Nebraska	807	42.9	29
North Dakota	388	34.9	5
Ohio	1,493	219.8	66
South Dakota	238	33.3	10
Wisconsin	1,753	115.0	18

* Area less than 0.1 square miles or 0.1 acre or population rounds to less than 1,000 (not counted in totals).
— Represents zero or no data (not counted in totals).
SOURCE: U.S. Department of Commerce, Bureau of the Census, *Boundary and Annexation Survey: 1970–1977*, Washington, DC, U.S. Government Printing Office, 1979, Table 2, p. 9.

Table 159 (continued)

SUMMARY OF SELECTED INFORMATION ON ANNEXATION FOR MUNICIPALITIES OF 2,500 OR MORE POPULATION, BY STATE AND REGION, 1970–77

State and Region	Number	Estimated Area (in square miles)	Estimated Population (in thousands)
South	15,809	3,376.4	1,453
Alabama	1,079	235.1	77
Arkansas	653	168.7	73
Delaware	40	9.8	7
District of Columbia	—	—	—
Florida	3,144	282.4	118
Georgia	1,816	142.6	37
Kentucky	755	139.2	82
Louisiana	691	103.2	84
Maryland	134	13.8	2
Mississippi	91	103.3	51
North Carolina	1,480	186.4	177
Oklahoma	1,025	303.5	33
South Carolina	930	85.2	67
Tennessee	626	295.9	197
Texas	3,155	1,180.0	370
Virginia	38	112.0	68
West Virginia	152	15.3	10
West	13,388	1,942.5	527
Alaska	45	395.8	42
Arizona	471	343.7	71
California	5,624	577.9	166
Colorado	1,661	214.1	78
Hawaii	—	—	—
Idaho	666	41.8	36
Montana	676	15.1	7
Nevada	240	28.1	12
New Mexico	455	54.7	30
Oregon	1,376	93.6	33
Utah	799	75.5	15
Washington	953	77.8	27
Wyoming	422	24.4	10

fear of diluting their political strength only recently obtained by becoming the majority or a large minority in the city. Cities in older urbanized areas are less likely to annex because (1) there are often greater socioeconomic differences between themselves and surrounding areas, and (2) they are more likely to be encompassed by incorporated communities which are nearly impossible to annex. Those cities with a manager form of government are more likely to annex, probably because middle-class suburban areas view the manager form as being more honest and efficient.[188]

ANNEXATION METHODS

The degree to which annexation is used by local governments is determined not only by the size of the city and regional location but also by the way in which the states have ruled that annexation can occur. When the ACIR last studied annexation in a comprehensive manner,[189] it reviewed five annexation methods that states have utilized: legislative determination, popular determination, unilateral municipal annexation, judicial determination, and administrative determination.[190] The following summary of these methods is based on ACIR's earlier report and is modified to reflect subsequent developments.

Legislative Determination

Although all annexation law is initially defined by the state legislature, some states have retained the right to approve specific annexations desired by each municipality. Currently, the six New England states, Delaware, and Pennsylvania have no general law;[191] and, thus, any annexation must be passed by a special act (see *Table 160*). These states, however, have used this power sparingly. From 1970–77, Massachusetts municipalities had two annexations, Vermont one, and the other four New England States, none. Pennsylvania and Delaware cities were involved in more annexations: 72 for Pennsylvania (a low number) and 40 for Delaware (high for a small state). (See *Table 159.*) Although other factors—such as the number of incorporated towns surrounding cities (the exception being Delaware)—enter into the low usage of annexation in the Northeast, it seems that when legislative determination is the sole method for accomplishing annexation, it is rarely used.

Although 41 states have general laws, about a dozen legislatures still retain the right to act on specific annexations for their municipalities.[192] These special acts can be used to circumvent restrictive annexation laws, allowing municipal expansion when it otherwise would not occur. An example is Alabama, whose state legislature has passed over 258 local acts approving annexations from 1970 to 1979. The Alabama Municipal League found the general annexation statutes so restrictive that it urged retention of legislative authority for special acts when the state constitution was being reviewed for changes.[193]

Yet, legislative determination has problems similar to those of other special legislation—an absence of knowledge or interest in annexation proposals by legislators from other areas and the desire to accede to the wishes of the local delegation who may or may not be acting in the best interests of the local area. Furthermore, the consideration of numerous special acts on annexation diverts the attention of the legislators from statewide policy questions.

Popular Determination

As noted previously, citizen involvement in the annexation process was introduced in the latter half of the 19th Century and, as befitting American democratic traditions, is now required in some form in nearly three-quarters of the states (see *Table 160*). Citizens participate in annexation decisions in three ways: (1) initiation of annexation and/or approval by all or some portion of the property owners in the area to be annexed; (2) approval by the voters in the city annexing or in the area to be annexed or both; and (3) participation in a public hearing. Many states have more than one of these provisions and, in many cases, vary the procedure according to the size of the city or size of the annexation. Four states—Arkansas, Illinois, Oregon, and Tennessee—have all three of these provisions. (See *Table 160* for details.)

Where a state has a citizen involvement provision, that provision does not necessarily apply to every annexation. State legislatures have established different forms of citizen involvement depending on the kind of annexation. However, the eight states which rely only on legislative determination have no provision for popular determination in the annexation process except for citizen influence on state legislators.

Popular determination has strong advocates because of the belief that people have the right to decide in which jurisdiction they will live. Those opposed to popular referenda argue that democracy is a community concept and that areas likely to be annexed are not communities.[194] In addition, when popular determination is the method—particularly when residents outside of cities have the sole authority to initiate annexation proceedings and to veto proposals—the concerns of other residents

in the metropolitan area may not be addressed. Two recent court cases have ruled that a property owner in an area to be annexed did not have the right to vote on the approval of the annexation.[195]

Unilateral Municipal Determination

Several states permit certain cities to change boundaries on their own volition without the consent of the area to be annexed. Examples are Texas, Missouri, and North Carolina. With this authority, cities in these states have been able to annex substantial amounts of land and territory on their urban fringes. Yet, unilateral municipal annexation does not mean that there is total freedom to do whatever the city wants: certain standards and/or procedural reviews can be included in the law.

If a city in Missouri wants to annex territory, it must adopt a resolution and file a class action against the inhabitants of the area proposed for annexation in the county circuit court. The city's petition must (1) have a description of the property, (2) have evidence that the annexation is reasonable and necessary to the development of the city annexing, and (3) indicate that municipal services will be provided to the area within a reasonable time.[196]

Like many states, North Carolina has several different methods for annexing territory. The procedure giving cities the greatest freedom to annex—and the one looked to as a model by reformers—is the statutory standards method in which the city, in order to annex a contiguous territory, prepares a report showing that the area proposed for annexation meets the state law on standards of urban development, such as density; that the city has the financial resources to establish services in the area; and that it has a plan for extending services. Certain services must be provided on annexation, but others may be deferred for a certain time period. A public hearing is held, and within seven to 60 days the city may adopt an ordinance extending its jurisdictional boundary. Within 12 to 15 months after the annexation, a property owner may petition the court if he believes the city has failed to follow-through on its plan of service provision.[197]

Home rule cities in Texas have used their annexation power to add substantial territory and large numbers of people. Before 1963, the law had so few requirements that the cities tended to annex areas that would increase their tax bases and to refuse to annex areas that would increase city expenditures and provide little tax revenue. This freedom left many of the needs of the total area unmet and caused competitive annexations between cities, as well as defensive incorporations. In many cases, cities added territory which could not be furnished basic municipal services (streets, sidewalks, and sewage disposal). In response, the state legislature passed legislation limiting the amount of territory a city could annex annually, requiring the city to provide services within three years, and, if not provided, setting forth a procedure for deannexation. This 1963 law may be a partial cause for the decline in annexation in Texas.[198] However, home rule cities were still not required to hold elections in proposed annexation areas in contrast to nonhome rule cities.[199] Because of the ability of home rule cities to annex unilaterally—even if certain standards must be met—cities such as Houston and San Antonio continue to grow substantially through annexation.

At the end of the 1970s, the issue of whether Houston could provide adequately the services in annexed areas surfaced again. A major annexation effort was scaled down, partially because of concern that the area would not be adequately served with basic municipal services. While some—including local government officials—expressed doubts that the city had met or could meet its obligations to annexed areas and the needs of inner city residents,[200] others maintained that Houston's ability to annex its affluent suburbs had resulted in a city which was fiscally sound, had a growing tax base, and kept its tax rate low.[201] A recent study of annexation in Houston concluded that the city, both fiscally and in servicing matters, was able to meet the obligations it assumed upon annexing.[202]

Even in some states which make annexation relatively easy, there has been some deterioration in the broad authority granted to municipalities. As noted, in 1963 Texas limited the amount of territory a city could annex annually and the time for completion of specific annexation proceedings, as well as requiring cities to install services similar to those for current city residents within three years. In 1979, Virginia's legislature reduced the frequency of annexations permitted by each city from one every five years to one every ten years, and the Tennessee supreme court ruled that a challege to the reasonableness of an annexation must be decided, not by the courts, but by a jury, with a unanimous verdict required to approve the annexation—an extremely difficult decision to get in controversial cases. In addition, municipalities will be allowed to annex no more than 25% of their area in a two-year period.[203] Furthermore, the North Carolina legislature has passed some local special laws repealing the statutory standards authority for cities and towns in certain counties. Not all of those introduced have been approved, but enough have to threaten a substantial erosion of this state's unilateral municipal annexation.[204]

Table 160

STATE ANNEXATION LAWS, 1978

States	Municipal Annexation is Authorized by General Law	Initiated by a Petition of Property Owners in Area to be Annexed—Percent of Property Owners Required	Initiated by City Ordinance or Resolution	Referendum and Majority Approval in City is Required	Referendum and Majority Approval (or Majority Written Consent) in Area to be Annexed is Required	Public Hearing is Required	Approval of County Governing Authority is Required
United States	41	33	24	10	23	20	5
Alabama	X		X		X		
Alaska	X				X		
Arizona	X	X					
Arkansas	X	X	X	X	X	X	
California	X	X			X		
Colorado	X	X				X	
Connecticut							
Delaware							
Dist. of Columbia							
Florida	X		X	X	X		
Georgia	X	X	X		X	X	
Hawaii							
Idaho	X		X				
Illinois	X	X	X	X	X	X	
Indiana	X	X	X				
Iowa	X	X		X			
Kansas	X	X	X			X	
Kentucky	X		X				
Louisiana	X	X	X		X		
Maine							
Maryland	X	X	X			X	
Massachusetts							
Michigan	X	X		X	X	X	
Minnesota	X	X	X		X	X	
Mississippi	X		X			X	

SOURCE: Melvin B. Hill, Jr., *State Laws Governing Local Structure and Administration*, Athens, GA, Institute of Government, University of Georgia.

Table 160 (continued)

STATE ANNEXATION LAWS, 1978

States	Municipal Annexation is Authorized by General Law	Initiated by a Petition of Property Owners in Area to be Annexed—Percent of Property Owners Required	Initiated by City Ordinance or Resolution	Referendum and Majority Approval in City is Required	Referendum and Majority Approval (or Majority Written Consent) in Area to be Annexed is Required	Public Hearing is Required	Approval of County Governing Authority is Required
Missouri	X		X				
Montana	X	X	X		X	X	
Nebraska	X		X				X
Nevada	X	X				X	X
New Hampshire							
New Jersey	X	X		X	X		
New Mexico	X	X	X		X	X	
New York	X	X			X	X	
North Carolina	X	X	X			X	
North Dakota	X	X					
Ohio	X	X	X		X	X	X
Oklahoma	X	X	X		X		
Oregon	X	X	X	X	X	X	
Pennsylvania							
Rhode Island							
South Carolina	X	X		X	X		
South Dakota	X	X					
Tennessee	X	X	X	X	X	X	
Texas	X	X			X		
Utah	X	X					
Vermont							
Virginia	X	X	X			X	X
Washington	X	X			X	X	X
West Virginia	X	X		X	X		
Wisconsin	X	X			X		
Wyoming	X	X	X			X	

Judicial Determination

In a system of judicial determination, a court decides if a proposed annexation shall occur and sometimes has the power to modify or attach conditions to the proposal. This is distinct from judicial review in which the court—usually in response to a suit by an interested party—rules on whether the annexation meets technical requirements, most often on procedural but occasionally on substantive grounds, and on whether the state's general annexation law provides for due process of law and is not capricious or arbitrary.[205] The law of Tennessee illustrates how the courts can become involved in annexation. A property owner can request the court to issue a writ of mandamus compelling the city to publish the annual report on the progress the annexing city has made on the provision of services as initially planned.[206]

Judicial review of annexation may be a common practice in the states, but Virginia has been the leading user of judicial determination since enacting its law in 1904. Although the Virginia General Assembly approved several changes in annexation procedures in 1979—becoming effective in 1980—a three-judge court will continue to hear annexation cases.[207]

For many years, Virginians were satisfied with their form of the judicial determination method, because it seemed to provide a successful balancing (1) of the needs of cities to annex territory as urbanization occurred in contiguous areas and (2) of preventing uncontrolled annexation when unilateral municipal annexation has no curbs. At least partial credit for the relatively small number of municipal incorporations in Virginia's metropolitan areas lies with this procedure.

In the 1960s and 1970s, Virginia's cities, counties, and state legislators experienced a growing dissatisfaction with the annexation procedures and their results—particularly the fiscal impact of annexation on the cities involved and counties affected. In response, the state legislature made several changes in the annexation procedure in general and, specifically, in the composition of the court. Two of these changes were instituted in order to improve the expertise and impartiality of the decisionmaking process. While the court which rules on an annexation request will continue to be composed of three judges, they will be selected from a panel of 15 circuit court judges appointed by the Virginia supreme court for this purpose specifically. In contrast to the past, when one of three judges had to come from the county in which the annexation was taking place, now no judge may hear a case involving an annexation in his own circuit. The court then orders the annexation on the basis of statutory and judicial standards, as revised in 1979.

Another modification, enacted with the expectation that it would improve the factual information available to the court, was the establishment of a commission on local government. Before any court action can be taken, an annexation petition must be submitted to the commission which will investigate, analyze, make factual findings, and prepare a report to be presented as evidence in the court proceeding. Moreover, the commission does not have to wait for a local government to ask for a report since it has the power to make a factual findings on any boundary dispute between local governments, as well as the authority to mediate between local governments. In particular, it can actively seek to negotiate a settlement of a boundary dispute while the issue is before it. These negotiations can be conducted in private and do not have to be reported to the court. The commission, however, is required to conduct public hearings before making its report.

The law also recognized the growing role of counties in providing urban services and attempted to reduce the conflict between cities and counties. The primary provision here was the grant of complete or partical immunity from annexation to counties which have a certain degree of urbanization. Nine counties are currently eligible for complete immunity, because they meet the standard of having either (1) a minimum population of 20,000 and a density of at least 300 persons per square mile or (2) a minimum population of 50,000 and a density of at least 140 persons per square mile. In other counties, the circuit court may grant immunity from annexation for specific areas in which the court determines that appropriate urban-type services are being provided.

Unlike the unilateral annexation laws of other southern states, Virginia's current law does not portend many annexations, particularly because of the granting of complete or partial immunity. Furthermore, as noted above, the new law allows city-initiated annexation attempts only once every ten years, while previously cities were permitted one annexation every five years (unless the county consented to a city instituted annexation proceeding). Annexations are also less likely to occur because the state established additional financial aids for localities, thereby reducing the need for annexation. Cities will be the dominant recipients of these funds which were designated for law enforcement services and reimbursement for the maintenance of roads. Counties will gain from the establishment of an unpaved secondary road fund and additional support for law enforcement, but not to the extent that cities will. Without the additional state aid package, it is unlikely that any change in the annexation procedure would have occurred. City and county conflicts over this issue would not have been

resolved and the moratorium on annexation, imposed since 1971, would not have been lifted.[208]

Administrative Determination

The most recent method that states have employed to determine annexation decisions is the administrative agency with powers such as reviewing petitions, initiating proposals, developing factual information, and making final decisions on boundary adjustments. In 1959, Minnesota became the first state to establish a board of this type. By the early 1970s, six other states—Alaska, California, Iowa, Michigan, Oregon, and Washington—had created some form of administrative agency or agencies to determine the boundaries of localities.

Other states have established some limited agency or procedure to aid in boundary decisions. Some, however, are only advisory. The most recent, established in 1979, is Virginia's local government commission (cited earlier) which is authorized to review annexation petitions and present factual information to the court. Others are limited in scope, performing on an ad hoc or ex officio basis. For example, New Mexico's municipal boundary commission may approve or reject annexation petitions, when called upon, in every area of the state except the Albuquerque metropolitan area which has its own metropolitan boundary commission. The commission's decisions are subject to referenda if 15% of the property owners in the affected area sign a petition. However, only six annexations have occurred in the state under the provisions of a 1965 law—the last in 1972; and the Albuquerque metropolitan area commission has processed no annexation petitions.[209] In other states, such as Nevada and Wisconsin, boundary commissions also exercise limited review powers.

Only those which are permanent, operating, independent agencies with decisive powers over a substantial portion of boundary decisions will be considered here.

Structure and Powers. Of the permanent operating boundary commissions—Minnesota and Alaska—two were established in 1959, and, except for Iowa in 1972, the rest were created in the 1960s (see *Table 161*). Four of the commissions are statewide, handling authorized boundary matters for the entire state. The remaining three—Washington, Oregon, and California (the Pacific Coast states)—have local boards. Washington requires a boundary review board for counties over 210,000 in population (currently four) and the remaining may establish them at their own option. Presently, seven of the state's 35 counties have done so. In the other counties, which have a city operating under the optional municipal code, the Governor may appoint an annexation review board. Of the 14 applicable counties, though, the Governor has appointed members for only one board.[210] Oregon has established local government boundary commissions in three metropolitan areas—the Portland area (Multnomah, Clackamas, Washington and Columbia Counties), the Salem area (Marion and Polk Counties), and the Eugene area (Lane County). In addition, any county or group of counties is permitted to establish a commission by the action of the county governing body or bodies, but none have done so. California mandated local agency formation commissions (LAFCOs) in 1967 in every county except San Francisco—a consolidated city-countil with no boundary adjustments possible.

In every instance but California, the membership of these commissions is appointed by the Governors of the states, although the number and composition vary greatly. California's five-member LAFCOs are composed primarily of local officials: two city officials chosen by their colleagues, two county officials chosen by their county boards, and one representative of the general public chosen by the other four. In 13 counties, with less than two cities, additional county and public members are appointed. Moreover, five LAFCOs have two members representing elected officials of independent special districts.[211]

In the case of Washington, the Governor is required to choose commissioners from lists of nominees supplied by county commissioners, city mayors, and special district officers from the county in which the board is located. Two statewide commissions, under certain circumstances, allow local representation. Michigan, when considering incorporation or consolidation petitions from a county, requires the probate judge of that county to appoint one member from a city and one from a township.[212] In Minnesota, whenever proceedings are contested (except in the case of detachments) the county board selects two of its members to serve ex officio. In contrast, the Oregon legislature permits no officials of local governments to be appointed: A five-member advisory committee, consisting of one special district, two city and two county governing body members, must be formed.

Funding for the boundary commissions varies greatly, partially because the range of their responsibilities also varies. While the budgets shown in *Table 161* are not comparable because they are for different years, they give some indication of the source of financial support. In five of the seven, the funding is totally from the state. In California, funding comes from a combination of state and local sources.[213] Oregon local government boundary commissions were once funded by the state, but in 1979 the legislature voted to fund the commissions for only

Table 161

BOUNDARY ADJUSTMENT BOARDS, 1980

State	Agency Title	Statutory Citation	Date Established	State or Local Organization
Alaska	Local Boundary Commission	A.S. 44.19.250-44.19.340	1959	One statewide board
California	Local Agency Formation Commissions	C.G.C. Sections 54773-54799	1963	One for each county except San Francisco [1]
Iowa	City Development Board	Ch. 368	1972 (compliance became mandatory in 1975)	One statewide board
Michigan	Boundary Commission	Public Act No. 191	1969 (incorporation and consolidation) 1970 (annexation added)	One statewide board
Minnesota	Municipal Board	M.S.A. Ch. 414 (1976)	1959	One statewide board
Oregon	Local Government Boundary Commissions	O.R.S. 199.410-199.512	1969	One for each of the 3 metropolitan areas
Washington	Boundary Review Boards	W.S. Ch. 36.93 R.C.W.	1967	One for counties over 210,000 population: optional in other counties

[1] In 13 counties with less than two cities, there are additional county and public members; five have two additional members representing elected officials of independent special districts.
[2] Figures are for various recent years not specified in the survey.
SOURCE: ACIR tabulation based on Leonard Press, *Survey of States With Boundary Review Agencies*, prepared for the Lane County Local Government Boundary Commission, Eugene, OR, 1978; and Joseph F. Zimmerman, "Coping with Metropolitan Problems The Boundary Review Commission, *State Government*, Autumn 1975, pp. 257–260, and information from the states.

Table 161 (continued)

BOUNDARY ADJUSTMENT BOARDS, 1980

Membership	Funding[2]	Staff	Type of Boundary Changes Considered	Additional Review or Approval
5 appointed by Governor	State funded $94,000	2	Annexation and other local boundary changes (no special districts in Alaska)	Review by state legislature of board initiated changes which may be rejected by disapproval of majority of both houses Referendum for local option boundary changes Appeal to courts
5	State and local; counties legally required to pay expenses	Most are staffed by county employees	Annexation Incorporation Detachments from cities Creation, reorganization and abolition of special districts and county service areas	Referendum, local government
3 by Governor	State funded $35,000	2	Annexation	Referendum possible for involuntary boundary changes Appeal to board within 30 days of election
3 by Governor	State funded $48,000	1	Annexation Incorporation Consolidation of cities, villages, or townships as a new city	Rejection of petition final Approved changes subject to referendum if initiated by 5% of registered voters in proposed area
3 appointed by Governor	State funded $111,557	4	Annexation Incorporation Detachment from cities Consolidation of municipalities and towns	Appeal to courts
7 or 11 appointed by Governor	Formerly state funded $100,000-$180,000, Now funded locally	1 has 7 employees, 2 have 2 employees	Annexation Incorporation Detachment from cities Consolidation of cities Creation, abolition or modification of certain special districts including approval of additional functions Extraterritorial extension of sewer or water services by cities or special districts Creation of private sewer and water firms	Rejection of petition final Approved changes generally subject to referendum Appeal to courts and land conservation, development commission
11 for counties over 500,000 & 5 for all other appointed by Governor	State funded $175,000	4	Annexation Incorporation Dissolution of cities Consolidation of cities Creation, consolidation, or abolition of special districts Extraterritorial extension of sewer or water service by a city or special district	Appeal to courts

one more year. Currently, local areas are required to fund them. This change bodes ill for the future of Oregon local government boundary commissions. In 1973, Orval Etter, one of the students of Oregon's boundary commissions, warned that if they had to depend on local funds, it would be uncertain whether they would be adequately financed.[214]

A key element in the ability of boundary commissions to assign functions rationally, guide urban growth, and structure local government so that it can respond to urban growth and citizen servicing is the types of powers assigned them. All seven commissions review annexations in some manner. Six of them (the exception is Iowa) also review municipal incorporations. California, Minnesota, and Oregon consider detachment from cities; Oregon and Washington, the proposed consolidation of cities; Michigan, the consolidation of cities, villages, or townships; and Minnesota, the merger of municipalities and towns. Special districts are reviewed by three states—Washington, Oregon, and California (Alaska has no special districts). California and Washington handle the creation, reorganization or consolidation, and the abolition of special districts and county service areas. Oregon reviews the creation, abolition or modification of ten types of special districts—water, park and recreation, metropolitan service, lighting, sanitary, county service, vector control, fire, geothermal heating districts, and sanitary authorities—and approval of additional functions. Adding irrigation and drainage districts was proposed in 1973, but was not accepted by the state legislature.[215] Oregon and Washington have even more control over urban growth because of their power to review the extraterritorial extension of sewer or water services by cities or special districts. The power of Oregon's commissions is still greater because they also review the creation of private water or sewer companies. In short, the states which have local boards have given them jurisdiction over more types of boundary adjustments.

The decisions of administrative agencies over boundary changes are in many cases determinative, but there are some exceptions. Appeal to the courts is permitted in four states—Alaska, Minnesota, Oregon, and Washington. In Oregon, a boundary commission order can be appealed to the state land conservation and development commission, if it is believed that it violates statewide planning goals.[216] The proposed actions of Alaska's board are subject to review by the state legislature and may be rejected by disapproval of separate majorities of both houses. In Michigan and Oregon, rejection of petitons for boundary changes are final, but approvals by the Michigan commission are subject to referendum if initiated by 5% of registered voters in the area proposed for annexation, and approvals for most types of boundary changes are subject to either a mandatory or permissive referendum or conditioned upon the consent of the property owners affected.[217] Referenda also are possible in California and Iowa. Thus, in some instances, boundary commission decisions are subject to the popular determination previously discussed.

Results and Impact. Annexations and incorporations are the actions over which most boundary commissions have jurisdiction. Annexation is also the action considered most frequently, although other procedures may be more time consuming. For example, Michigan's statewide commission considered 386 annexation proposals between 1971 and the fall of 1978. For the same time period, 40 incorporation proposals and nine city consolidation proposals were considered.[218] Annexations also dominated the work of the local boards in other states. From 1973 to 1977, 70.2% of all proposals coming before the Oregon commissions related to annexations, with city annexations constituting 44.6% of the total.[219] A similar pattern can be found in California's local agency formation commissions: proposed annexations to cities accounted for 96% of all proposals.[220]

The impact of these annexation proposals on reducing local government fragmentation and aiding orderly growth and service provision is hard to assess. One known factor is that most annexation petitions are approved, indicating that boundary commissions generally look with favor upon annexations of fringe areas as contrasted to separate municipal incorporations or special district formations. Michigan approved 41% of annexations processed over nearly eight years.[221] The three commissions in Oregon denied only 12.7% of city annexations and 12.1% of special district annexations, [222] and California's LAFCOs approved 94% of proposed annexations to cities and 95% of annexations to special districts.

Approval by boundary commissions, however, does not necessarily mean an annexation will be achieved. State law may require that certain annexations be submitted to the voters and the result is usually disapproval. In Michigan, if an annexation involves a population of 100 or fewer individuals, the commission's decision is final except for the option of judicial review. In nearly eight years, there were 19 annexations in which the residents in the area to be annexed were allowed to vote. Eighteen were defeated. For the 19th proposal, a petition was not filed for referendum and the annexation became effective.[223] In Oregon, voters rarely exercised their right to remonstrate—only 3% of the time from 1973–77—but where they did, every referendum was defeated.

Incorporations are reviewed by most boundary commissions.[224] If new incorporations can be reduced, fragmentation is likely to be lessened and established cities may find it easier to annex the unincorporated areas. In Oregon, only one incorporation (in Lane County) was even proposed in boundary commission counties since the commissions were created, and that was defeated by the voters. Presence of the commissions may have discouraged the development of proposals for new incorporations, in that incorporations have continued at about the same pace as usual in the nonboundary commission counties.[225] A study of 46 counties in California from 1970–74 indicates that 58% of the proposed incorporations were disapproved, and, of the 23 approved, eight were conditional.[226] Minnesota experienced a decline in incorporations and an increase in the average size of the areas that were incorporated in the nine years following establishment of the municipal board compared to the record of the nine years before its creation.[227]

Three of the states—Michigan, Minnesota, and Washington—permit boundary commissions to review consolidations of cities. Minnesota's experience suggests that this rarely occurs. Since the addition of the requirement to its statute in 1961, there have been few consolidations. The intricate procedure calls for a full hearing before the municipal board adopts a consolidation order, but it becomes effective only with the approval of both municipal councils and ratification by separate referenda in each municipality.[228]

Some contend that boundary commissions would be more effective in determining local government development patterns if they regulated special districts. Important questions are (1) the success of boundary commissions in the prevention of the formation of new special districts, (2) the dissolution of existing ones and the transfer of their functions to other local governments, (3) the reorganization of special districts by consolidation or annexation or making them dependent service units of other governments (particularly counties), and (4) ensuring special district viability and linkage with other special districts and local governments. Three states—Washington, Oregon, and California—regulate special districts. In the latter two, boundary commissions apparently have had some impact on the absolute growth of special districts and their structural and functional make up. In California, the growth of special districts has essentially come to a standstill. While they increased by 572 in the decade from 1952–62, the increase was only 261 from 1962–72—the period following the establishment in 1963 of the local agency formation commissions. From 1972 to 1977, only four were created. While other factors are involved in this stabilization story, part of it can be attributed to LAFCOs. The leveling off does not mean that new special districts are not formed. It is just that there were about as many dissolutions or reorganizations (consolidations of two or more districts or conversion of an independent district to a dependent district). A survey of 46 counties from 1970–74 indicated that the formation of new districts was approved more often, proportionately, in rural counties than in metropolitan ones, while annexations to and reorganizations of special districts were more prevalent in metropolitan counties.

On a statewide basis, annexations to special districts were approved in 95% of the proposals. Detachments were approved 90% of the time; dissolution, 93%; reorganization, 90%; and dissolution and formation, 85%. These suggest that LAFCOs are relatively effective in discouraging the establishment of new special districts by encouraging the annexation of newly developing areas to existing special districts and cities. Although the rate of approval of new districts is lower than other proposals affecting special districts, it is still relatively high. A possible reason for so few dissolutions and reorganization proposals (5% of the total proposals) is that the commissions do not have the authority to initiate proceedings to reorganize local governments. Rarely has a local governing board or a special district proposed its own dissolution. Nor have citizens been prone to exercise this right. In contrast, district annexations and formations frequently are proposed by county government or existing special districts at the request of developers.[229]

The passage of Proposition 13 may lead to additional proposals for consolidations of special districts as well as of cities. Previously, local tax rates were different, creating a disincentive to merge. The present uniform tax rate removes one obstacle to consolidation.[230] One action that seems to favor simplification of functional assignment is that LAFCOs appear to prefer multipurpose special districts over single-purpose districts.[231]

Dependent special districts also come under the jurisdiction of LAFCOs. Of the total of 333 proposed between 1970 and 1974, 89% were approved, although nearly 20% of these actions had accompanying conditions.[232]

Oregon has had similar success in controlling growth of special districts. From 1967 to 1977, counties outside of boundary commission areas experienced a gain in special districts—from 454 to 573. In the same decade, however, counties in boundary commission areas experienced a drop in such districts from 346 to 224.[233] The bulk of this reduction resulted from the elimination of 108 highway lighting districts in the Portland area.

The Portland Area Boundary Commission also pro-

duced some other cases of special district consolidation or dissolution. From July 1969 through June 1976, three special districts and 11 dependent special districts were created; 49 were eliminated besides the 108 highway lighting districts.[234] Probably one of the major reasons for this record is that a commission order approving special district consolidation or dissolution with transfer to a county service district is final, with no requirement for a referendum vote.

In Oregon, then, there has been some progress in reducing special districts. Yet, the overall conclusion of a major Oregon study is that "the commissions have without doubt been successful in avoiding further special district[s], but they have not proven to be a threat to the existing units."[235] The exception, of course, is highway lighting districts.

The State of Washington has not been so successful in controlling the growth of special districts. They numbered 867 in 1962; 937 in 1967; 1,021in 1972, and rose to 1,060 in 1977.[236]

The overall record, then, suggests that boundary commissions have proven to be somewhat successful in preventing further increases or slowing down the rate of growth in the types of local governments subject to their jurisdiction. Actual reductions, however, have been very rare. This modest success has been primarily the product of reacting to proposals brought before them. Statutory controls and/or political factors tend to dictate a go-slow attitude. In most situations, boundary commissions are only permitted to review petitions or requests brought to them. In most of the states involved, boundary changes are authorized under separate statutory authority and the commissions serve as the agency for developing the factual information, conducting the hearings, and under certain circumstances denying proposals. In many cases, though, they cannot initiate changes.

Even when boundary commissions have an initiating power, thay almost never use it. One example is Iowa which has never initiated an annexation, waiting instead for a city to file a petition.[237] In Oregon the power to initiate is granted, but rarely used. Out of 1,095 proposals from July 1973 through June 1977, only 3% were initiated by its three commissions, 66% were initiated by property owners, and 24% by city or special district governing bodies.

One of the few positive methods that boundary commissions use to regulate local government boundary changes and guide local government growth is developing "spheres of influence," or expansion zones for cities or other local jurisdictions. A "sphere of influence" is the area which a municipality is expected eventually to annex. The objectives for "spheres of influence" programs, when implemented, are to: (1) eliminate competitive, preemptive, and defensive annexations; (2) simplify decisions relating to special district formations and change, since plans for municipal assumption of urban functions are known and scheduled; (3) identify the eventual limits of city jurisdictions, thus improving their ability to plan physical facilities, land-use control, and fiscal resources; and (4) give fringe areas advance knowledge of zoning and subdivision standards to facilitate private and public planning in the outlying areas.[238]

Minnesota enacted an "orderly annexation process" in 1969. The resolution conferred on the municipal board the power to order annexations gradually over the years as fringe settlement develops and as the municipality develops its servicing capacity. A simple, usually uncontested, hearing held on each of these annexations is limited to two questions: is the area about to become urban or suburban in character?; and if so, can full municipal services be extended within the immediate future? Taxes in annexed areas are increased over a three-to-five-year period, from the town mill rate to city mill rate. The advantage of this process is that the often-bitter disputes over the timing, taxes, assessments, control over development, utilities, and service provisions are subject to a process in which cities and townships negotiate in advance under prescribed conditions to solve these local problems to the advantage of everyone.[239].

In 1971, California directed all LAFCOs, in consultation with the affected cities, to prepare spheres of influence plans identifying, for all municipalities in the county, their individual expansion zones in unincorporated areas. The California Office of Planning and Research later assessed the program based on a survey of 46 counties. Rural counties were found less likely than their metropolitan counterparts to have a sphere-of-influence program. Only nine of the 22 responding (out of 28) reported having a program. A high proportion of the rural LAFCOs, however, indicated their intention to use "phased" zones or stages in the expansion of government services with some final limit.

The metropolitan counties were more likely to have a sphere-of-influence program in place and to have expanded on the basic state definition and guidelines. Of the 24 out of 30 metropolitan counties responding, 20 reported a program and six had expanded on the state's basic guidance criteria.

In Oregon, all three boundary commissions have adopted policy statements which supplement the state statutory statements of purpose and standards and all three have plans recognizing city "spheres of influence."[240]

Another way that boundary commissions can play a

role in boundary changes is by modifying requests or placing conditions on proposals before approving them. California commissions have this power, although metropolitan LAFCOs are more likely to use it than those in rural areas. The conditions most frequently imposed are requirements for alterations of boundaries or the addition of other services, either immediately or in the future. Another stipulation frequently imposed is a requirement that county service areas or special districts be dissolved as part of proposals to form new service units or to annex territory in order to avoid duplicative services.[241] Of the 2,662 annexations to cities in 46 counties from 1970–74, 20% were approved with conditions. For other municipal actions—city incorporation, detachment, dissolution, and reorganization—28% were approved with conditions.[242] However, of the 22,190 proposals relating to special districts—independent and dependent—only 5% had conditions attached before they were sanctioned. In Oregon, 11% of all boundary commission-approved proposals were modified prior to final positive action.[243]

Summary. Boundary commissions have had mixed results as potential devices for reducing local government fragmentation, aiding orderly urban growth, and assisting residents in getting adequate public services. Within the mandates the states have given them, they have been relatively successful. California and Oregon have been able to control the growth of special districts. Minnesota, California, and Oregon have been able to reduce or stabilize incorporations. California's and Oregon's commissions, with jurisdiction over the major types of boundary changes and sphere of influence plans to guide their decisions, have been the most effective. Moreover, no state that has established a boundary commission has terminated it. In fact, several of them in the 1960s and early 1970s were given new powers not permitted when they were created. As permanent, impartial bodies with adequate authority, they are able to reconcile certain competing local interests.

On the other hand, boundary commissions have not been able to achieve their potential. Most importantly, no new boundary commission has been created since 1972, when ACIR last studied them. Further, Oregon has withdrawn state financial support, which will compel local governments to show that they really believe that boundary commissions perform a useful function. Moreover, since the early 1970s no state has added substantial new powers. Most commissions basically are empowered to review only annexation and incorporation (and in Iowa they are limited to annexation); and even in those states assigning other powers, annexation petitions still tend to dominate. Two states permit consideration of city mergers, but almost none has occurred. Only three of the seven permit their boundary commissions to review special districts, but in two of these, special districts have been controlled. States have failed to permit the commissions to review all the major boundary changes and have limited their determinative powers by allowing many types of proposals—particularly annexations—to be subject to referenda. When this occurs, proposed changes are usually defeated.

Boundary commissions, then, have tended to be reactive rather than assertive. California's and Oregon's are the chief exceptions because their spheres of influence efforts and their responsibility for major boundary adjustments give them some chance to initiate and direct. Even so, these local commissions are subject to some of the limitations already described. As the California Office of Planning and Research concluded, LAFCOs "range from effective agencies at controlling urban sprawl to rubberstamp forums for approving city or special district expansion."[244]

FEDERAL INFLUENCE ON ANNEXATION

In the 1970s, action by the federal government had the potential of curtailing future annexations. Responding to charges of racial discrimination in elections, Congress passed the *Voting Rights Act of 1965* to regulate registration and voting in states or parts of states that had literacy tests or similar devices.[245] Subsequently, massive numbers of blacks were able to register and vote. Moreover, the act required, through section 5, that those states and localities falling under its standards were required to obtain preclearance from the Justice Department of the U.S. District Court for the District of Columbia for any proposed changes in election procedures which might have a discriminatory impact.

In 1971, the U.S. Supreme Court judged annexation to be one of the changes in city government with the potential of diluting black voting strength and thus political power. Consequently, certain cities—most notably Richmond, VA—have had election systems challenged as a result of annexation and were compelled to change from at-large districts to either single-member districts or a combination of the two.[246] Since city governments and residents have complied with federal requirements, there has been no test of whether an annexation would be denied if the electoral system were not changed. Yet, the threat of federal intrusion into their governing structure could discourage some cities from undertaking annexations. Nonetheless, fully cognizant of the Supreme Court ruling in the Richmond case, Houston continued

to annex—although it ultimately resulted in a judicial challenge based on the annexation of a predominantly white area. The city and its citizens, however, chose to change their electoral system in response to this legal challenge.

A 1980 U.S. Supreme Court decision may dramatically reduce the power of the federal government to modify state and local election laws. In *City of Mobile vs. Bolden,* [247] the court ruled that Mobile's at-large election of its three-person city commission having legislative and executive powers was not an unconstitutional dilution of the voting strength of the city's 35% black minority. The decision was based on the theory that Mobile's governmental system was established before blacks could vote, hence there could be no intention to discriminate. Had Mobile also been involved with an annexation action, perhaps the Court would have reached a different decision: The action would have occurred after blacks had the right to vote. Yet, on the same day it decided the *Mobile* case, the U.S. Supreme Court ruled in *City of Rome vs. U.S.*[248] that Rome, GA, could not change its election rules in ways that effectively discriminate by disenfranchizing black voters. Thus, the court reaffirmed the constitutionality of the *Voting Rights Act.* Yet, most analysts believe the *Mobile* case is a harbinger of less federal intervention in local government structural and areal matters.[249]

ANNEXATION: IMPACTS AND PROSPECTS

Of the various structural means available to local governments for changing functional assignments, annexation falls roughly in the middle range insofar as it is capable of achieving basic change.

When a city annexes, no new government is created, thus making the change more acceptable than the more radical steps of city-county consolidation or metropolitan government.[250] Another positive aspect of annexation is that it reduces the need for special districts providing urban services. Functionally, cities often extend services into the newly acquired area—services which the city is already performing. Thus, annexation plays a useful role in meeting incrementally the previously unmet service needs of urban fringe areas, while achieving the benefits of economies of scale in the functions involved.

For a few cities—most notably in the South and West but in a few northern cities as well—annexation has meant the acquisition of all or most of the urbanized area, reducing the fragmentation of local government in these areas. Furthermore, many of the fiscally sound and growing cities of the South and West—such as San Diego, Houston, Phoenix, and San Antonio—have annexed in recent years.

Yet, for many metropolitan areas annexation is no answer to the problems of growing urbanization and industrialization surrounding most cities. There are several reasons this was true in the past and continues to be valid today. A basic one, of course, is the degree of local government fragmentation in metropolitan areas. Many older cities are totally or substantially surrounded by incorporated communities that are barred by state law from being annexed, or whose residents are reluctant to be annexed. Moreover, special districts—particularly those for water and sewer—offer an alternative to developing communities, so that they have little need for the cities' urban services.[251] Moreover, in many areas metropolitan counties have expanded their activities, negating the necessity for urbanizing areas to seek services from cities.[252] For example, in 1979, Virginia disallowed any annexation of territory from urban counties and any annexation of developed territory by less urbanized units.

Since most states deny cities the right to annex across county lines, the creation of multicounty areawide governments through annexation is usually impossible. While at one time annexation might have given cities the means to provide services on a regional basis, the urbanization and jurisdictional fragmentation of American local government—as well as concomitant regional problems, such as air and water pollution, transportation,and land use planning—have outpaced the ability of cities to annex the areas affected.[253]

The fragmented condition of local government would not be so great a hindrance to annexation if those remaining outside the city's boundaries favored it. Within the areas slated for annexation, residents may fear (rightly or wrongly) the possibility of increased taxes, sluggish delivery of new services, and loss of autonomy; officials in township governments may object to the loss of taxable property, particularly valuable industrial sites;[254] and utility companies, in certain areas, may fear the loss of their marketing area, as annexation would enable the cities to take over service in any annexed areas.[255]

The opposition to annexation would not be so potent if the laws in many states did not make it relatively easy for potential annexees to oppose it. With so many states requiring approval by ordinary or extraordinary majorities of property owners and/or an affirmative vote by the residents in the area proposed for annexation, favorable action can be difficult to obtain. Thus, regardless of their large numbers, annexations do not create—except in rare instances—areawide governments. Annexation, where achieved, does provide urban services to developing areas bordering cities; but, because of the

often haphazard approach and the opposition of suburbanites, it has not proven to be the answer to functional assignment problems.

County Modernization

Another structural approach to better functional assignment is the modernized county. The characteristics are (1) an administrative structure capable of delivering services efficiently and accountably, (2) the authority to undertake the necessary functions, and (3) the fiscal capacity to finance these functional responsibilities. All of these lead to improved service delivery to citizens.

County government is in a unique position in the local governmental system. Since counties cover all of the U.S. except for Connecticut, Rhode Island, parts of Alaska, Montana, and South Dakota, and the states with independent cities and city-county consolidations, and areally are the largest unit of local government, they have the potential to assume responsibilities for urban and regional services. Their suitability for the performance of regional services is indicated by the fact that in 1979, 103 of the 285 standard metropolitan statistical areas (SMSAs) were single-county SMSAs.

At one time, however, counties were extremely limited in the functions they could perform. Established initially as subunits of state government, they provided services such as property tax assessment and collection, elections, judicial services, and other selected law enforcement functions—all essentially state-mandated services.[256]

In the early 1970s, ACIR recounted the changes counties had undergone to expand their services from the traditional to urban and regional. The conclusion then was that "the majority of counties . . . had not yet proved themselves to be effective regional and urban service units."[257] Through the remaining years of the 1970s, states and their county governments have attempted to enlarge county responsibilities and improve their administrative structure. While significant advances have been achieved, counties have still not fulfilled their potential. Yet, the progress of recent years—even if minor in certain states or achieved in piecemeal fashion—portends continuing advances in the role of county government in service delivery.

In the past, county government reform has been prevented, and continues to be hindered, by: (1) restrictive state laws limiting the freedom of counties to choose newer forms of local governmental organization and more diverse fiscal resources; (2) a reluctance on the part of some state governments and county officials to recognize the importance of and the great need to reorganize counties;[258] and (3) the unwillingness, in many cases, of citizens to adopt modernized local government structures and approve functional changes where the opportunity exists.[259]

COUNTY DISCRETIONARY POWERS AND CHARTER ADOPTION

While counties were orginally subject to substantial structural, functional, and fiscal control by state legislatures, eventually many—either through special legislation or the granting of home rule powers—were able to adopt the newer governing forms—elected executive, county manager, or administrator. For years, however, the progress of counties was slow, particularly compared to cities. Some type of home rule was adopted for municipalities by 1851 in Iowa and 1875 in Missouri, but was not applied to counties in any state until California in 1911 and Maryland in 1915. The first county charter was adopted in 1912 by Los Angeles, but no Maryland county took advantage of the opportunity for greater local power until Montgomery County's charter was adopted in 1948.[260]

Authorities on home rule, or as it is now usually referred to, local discretionary authority, are not in precise agreement on its meaning; but consensus holds that there is "inherent in the concept the idea of some degree of local power free from state legislative and administrative control."[261] One authority defines home rule as "the power granted to local units of government to frame, adopt, and amend charters for their government and to exercise the power of local self-government, subject to the constitution and general laws of the state."[262] The ability to draft charters is an important element of the home rule concept. But even without charters, counties can obtain some discretion over their own affairs—structural, functional or fiscal—through individual legislative acts. Conversely, even with charters, there can be so many limitations that counties still may find their powers substantially restricted.

Furthermore, unilateral action by the states, while welcomed by many, may actually limit the discretionary authority of counties by compelling them to adopt a particular administrative organization, such as the elected executive-council form. Thus, local discretion is favored by many because it gives local governments the freedom to adapt to their own changing needs.

In 1980, 30 states constitutionally or statutorily granted some type of local discretionary authority—structural, functional, or in the case of Pennsylvania, fiscal—to counties (see *Table 162*)—an increase from the 25 states in the early 1970s. While this was more than half the states, it was not nearly the number of states

Table 162

STATE LAW ON HOME RULE AND CHARTER AUTHORITY

States	Home Rule Authority Granted to Counties[1]			County May Adopt a Home Rule Charter[1]	Number of Counties With Charters[1,2]	Number of City-County Consolidations With Locally Adopted Charters[1,3]
		Con.*	Stat.**			
United States	30	26	19	18	75	19
Alabama						
Alaska	X	X	X	X		3
Arizona						
Arkansas	X	X				
California	X	X	X	X	10	1
Colorado	X	X	X	X	1	1
Connecticut	No Organized County Governments					
Delaware	X		X			
Florida	X	X	X	X	4	1
Georgia	X	X		(b)		1
Hawaii	X	X		X	3	1
Idaho						
Illinois	X(c)	X	X			
Indiana	X	X	X			1
Iowa	X(a)	X		(d)		
Kansas	X		X	(d)		
Kentucky						1
Louisiana	X	X		X	6	2
Maine				(e)		
Maryland	X	X	X	X	8	
Massachusetts						1

* Constitutional.
** Statutory.
[1] As of 1980.
[2] Adopted by local referendum.
[3] In addition there are six city-county consolidations achieved by private act of the legislature rather than locally adopted home rule charters.
[a] Home rule taxing power must be specifically authorized by the legislature.
[b] County reorganization can be done by special local act with a local referendum.
[c] Any elected executive county becomes a home rule unit without a written charter.
[d] Enabling legislation is needed to allow county home rule charter adoption.
[e] Limited structural change is the only county charter option available.
SOURCE: National Association of Counties; Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration*, Athens, GA, Institute of Government, University of Georgia, 1978; and "Governmental Facts," Governmental Research Institute, Cleveland, OH, No. 371-B, January 28, 1980.

Table 162 (continued)

STATE LAW ON HOME RULE AND CHARTER AUTHORITY

States	Home Rule Authority Granted to Counties[1]			County May Adopt a Home Rule Charter[1]	Number of Counties With Charters[1,2]	Number of City-County Consolidations With Locally Adopted Charters[1,3]
		Con.*	Stat.**			
Michigan	X	X	X	X		
Minnesota	X	X		(d)		
Mississippi						
Missouri	X	X		X	2	
Montana	X	X	X	X	1	2
Nebraska						
Nevada						1
New Hampshire						
New Jersey	X	X	X	X	5	
New Mexico	X	X	X	X	1	
New York	X	X	X	X	18	1
North Carolina						
North Dakota						
Ohio	X	X	X	X	1	
Oklahoma						
Oregon	X	X	X	X	6	
Pennsylvania	X	X	X	X	5	1
Rhode Island	No Organized County Governments					
South Carolina	X		X			
South Dakota	X	X		X		
Tennessee	X	X		(b)		1
Texas						
Utah	X	X				
Vermont						
Virginia						
Washington	X	X		X	4	
West Virginia						
Wisconsin	X		X			
Wyoming						

with municipal home rule. In the mid-1970s, 41 states were granting some type of local discretionary powers to all or some of their cities.[263] For both cities and counties, there can be so many restrictions, obfuscating interpretations, and roadblocks to implementation, that for many of these states local discretionary authority is only a phantom.

One reason for the ambiguity about the extensiveness of local discretionary powers is, as pointed out above, there are at least three types—structural, functional, and fiscal.[264] A state may have all three (only Pennsylvania currently has fiscal home rule) or it may have only structural or functional. For instance, Iowa, in 1978, passed a constitutional amendment allowing any county to engage in any service or function not specifically prohibited by state statutes (negating Dillon's Rule). Thus, counties in Iowa can perform a new service by passing ordinances and establishing procedures and standards. The home rule act, however, did not permit counties to change from the commission form of government.[265] Although information is sketchy and subject to varying interpretations, approximately 24 of the 30 states currently permit some kind of structural home rule for their counties.[266]

Structural home rule is not the only means for counties to adopt an alternative to the commission form of government: Numerous states have passed legislation setting up optional forms of government for counties. In most cases, these are the council-administrator or council-elected executive form, although some additional modifications have increased the alternatives to five or six. Many of these states also have structural home rule; but some, such as Virginia, Nevada, North Carolina, and North Dakota, do not. Again, while many states may authorize optional forms of organization, not many counties take advantage of the opportunity.[267]

Functional home rule for counties has been adopted by approximately 24 states,[268] although for about half, it has been granted only on a limited basis for certain prescribed functions. Functional discretion is actively sought by many counties. Still, it is possible to expand greatly the range of services through special acts of the legislature permitting (or compelling, as in the case of mandating) counties to perform specified functions. And, in fact, special legislation has been the usual method counties have used to expand their functional powers.

Kentucky counties, for instance, achieved broad functional powers by a specific grant of authority. The state's 1972 county home rule law had been determined by the Kentucky supreme court in 1977 to be an unconstitutionally broad delegation of governmental powers. In response, the legislature declared counties to be "units of general-purpose local government with the necessary latitude and flexibility to provide and finance [specified] government services . . . while the general assembly retains full authority to prescribe and limit by statute local governmental activities when it deems such action necessary."[269] The legislature then proceeded to "limit" county activities by enumerating numerous services that counties could perform—covering nearly all the existing or anticipated functions that counties might want to execute.

At the same time, Kentucky clearly separated the legislative authority of the fiscal court from the executive authority of the county judge/executive and spelled out their respective duties and responsibilities.[270] While these changes are statutorily based and thus can be rescinded, counties in the state achieved, without home rule authority, two major elements of a modernized county government—an elected executive form of government and broad functional powers.

Only a few states, such as Florida, have been able to achieve the kind of substantial functional authority through specific legislative acts that Kentucky has. Moreover, with so many legislatively established limitations and narrow interpretations of home rule, for some states to claim that their counties have functional discretion is nearly a fraud. There are several reasons county (and, for that matter, city) discretionary powers are less than they appear on the surface.

First, if states provide local discretion by statute only, counties face either the possibility of rescission by the legislature or more likely legislative enactments or judicial interpretations narrowing the scope.[271]

Second, constitutionally provided discretionary powers may be the "permissive" or "nonself-executing" type which permit the state legislature to enact a local discretion law but does not require them to do so. Minnesota is an example of a state which has not passed implementing statutory legislation and in which no county is allowed to adopt a home rule charter (See *Table 162*). Furthermore, some states which have implementing legislation limits its extension to certain counties. For instance, Tennessee only allows city-county consolidated governments to adopt a charter automatically,[272] although county reorganization can be achieved by special state legislation with or without a referendum.

Third, states may effectively exclude certain counties by establishing qualifications standards such as a minimum population[273] or by enacting procedures making the passage of a charter extremely difficult. For example, Texas adopted a constitutional home rule amendment in 1933; but to secure ratification of a charter, a majority of the voters in both the incorporated and unincorporated areas of the county was necessary. The dual majority

requirement is one reason no Texas county adopted a home rule charter.[274] Because the measure did not work, the amendment was repealed in 1969. New York State also requires concurrent majorities of city residents and residents of unincorporated areas to approve a county charter. Although the law was challenged as unconstitutional, the U.S. Supreme Court ruled in 1977 that it did not violate the one-person/one-vote requirement.[275]

While charter government is not the sole way to achieve real local discretion,[276] it is a common one. Yet, of those states which authorized some type of county home rule in 1980, only 18 permitted home rule charters (see *Table 162*). Of these, 15 actually had at least one charter county, although most had very few. Of the 3,042 counties,[277] only 75 or 2.2% had adopted charters. In addition, 19 city-county consolidated governments have charters, bringing the percentage to 3%. New York leads the nation with 18 charter governed counties and California has ten. As previously noted, restrictive state laws have made the adoption of county charters difficult. Yet, even where it is possible, the electorate has shown little enthusiasm for such charters. Summit County, OH, voters rejected charter government four times before approving an elected executive form of government in 1979. It was the first Ohio county to adopt a charter.[278] In 1980, the residents of Cuyahoga County, OH, failed to adopt a charter government calling for an elected executive. From 1934 to 1971, 30 county home rule charter proposals were defeated.[279] In 1978, while two charter attempts passed, three failed.[280] The next year, voters in two New York counties rejected charters,[281] though voters in a Washington State county adopted one.[282] In South Dakota, which has one of the best constitutional home rule amendments, no county has adopted a charter. While not needing to frame a charter to get home rule, Cook County is the only county in Illinois to have an elected executive—the necessary requirement to acquire local discretionary authority in that state.

Another reason for the weakening of local discretion is that legal interpretations often side with state government rather than local jurisdictions. Regardless of whether the home rule provision decrees a separation of powers (called *imperium in imperio* home rule) between state and local government, or whether it provides for the more flexible approach of devolution of powers which theoretically gives the state legislature more responsibility in deciding what is of statewide concern and what is local, the courts and other legal authorities in many states have assumed major responsibility for interpreting local authority. Where the differentiation between state and local concern is vague, the result is often a decision favoring state control.[283] For example, Wisconsin's attorney general has issued opinions on Wisconsin's grant of "administrative home rule" to counties severely limiting the organizational discretion of counties. Yet, this has occurred at a time when they have needed to increase their service responsibilities.[284]

Certainly, the effectiveness of statutes granting counties discretionary powers is viewed skeptically. A survey of state authorities in the early 1970s, revealed that officials in several states believed their statutes to be of limited effectiveness or even totally ineffective.[285] A 1980 ACIR-sponsored survey of state officials, representatives of local governments, and other knowledgeable observers generally confirmed the shortcomings of county discretionary authority, and clearly established that counties' powers are less than those of cities.[286] An index of local discretionary authority based upon the perceptions of survey respondents, constitutional and statutory provisions, and court decisions was developed. On a scale of 1.0 to 5.0 (with 1.0 indicating the greatest freedom from state control), in only six states did counties score 1.0 on the structural discretion factor and 22 scored from 4.0 to 5.0. Functionally, no state scored 1.0, but 15 fell in the narrow discretion category (4.0 to 5.0). Fiscally no state scored 1.0, while 25 rated 4.0 to 5.0. The unweighted national average for counties was: structure—3.30; functions—3.24; and fiscal—3.69. The comparable figures for cities were 2.05, 2.02, and 3.16.[287]

ADMINISTRATIVE REORGANIZATION

Even without broad discretionary authority, counties have achieved a measure of administrative reorganization through optional forms of government, special legislation, or informal change. Such reform is essential to the realization of county government's potential as a major actor in the local government arena. Restructuring can increase the accountability of local officials, create a framework conducive to setting clear functional priorities, and increase the professionalization of elected and appointed officials and county governing procedures. All of this, of course, is essential for improving service delivery and the capacity of counties to assume new urban and regional services.

The chief administrative reform pursued is the separation of legislative and executive authority. Originally, the plural executive or commission form of government was common to almost every county. In this form, legislative, executive, and sometimes certain judicial functions are combined in one body of generally three to five members. Thus, the commission established county policy and assumes administrative responsibilities either jointly or by dividing the responsibilities among the com-

Table 163

COUNTY OPTIONAL FORMS OF GOVERNMENT OTHER THAN THE PLURAL-EXECUTIVE (COMMISSION), JANUARY 1981

State	Forms Permitted		Action Needed; Comment
Alabama	CA [1]	(S)	State legislature may grant change in form
Alaska	CA, CE	(C, S)	Citizen vote needed
Arizona	CA[2]	(S)	General powers act; board hires
Arkansas	CE	(C, S)	All counties mandated
California	CA, CE[3]	(C, S)	Board action, no vote if not a charter
Colorado	CA[3], CE[3]	(C, S)	Change is only through charter adoption
Delaware	CA, CE[3]	(S)	Change is only through charter adoption, state approves
Florida	CA, CE[3]	(C, S)	For CA board appoints; CE charter adoption needed
Georgia	CA[1,2]	(C, S)	Board hires administrator; state may grant form
Hawaii	CA, CE[3]	(C)	All counties have adopted charters with CE form
Idaho	CO		Only form permitted
Illinois	CA[2], CE[3]	(C, S)	Only CE permitted with charter adoption; board hires administrator[1]
Indiana	CO		Only form permitted
Iowa	CO		Only form permitted
Kansas	CA[2]	(S)	Under general home rule powers may appoint administrator
Kentucky	CA[6]	(S)	Under revised statutes county judge acts as chief administrative officer of county
Louisiana	CA[3], CE[3]	(C, S)	Change is through charter adoption only
Maine	CA[3], CE[3]	(C)	Change is through charter adoption only
Maryland	CA[2,3], CE[3]	(C, S)	CE change is through charter adoption or vote on becoming a code county and governed according to laws enacted for all code counties

Key: C—constitutionally authorized.
S—statutorily authorized.
CA—means council-administrator form of government. Duties and responsibilities usually indicated in state statutes or by county governing board if no official form exists.
CE—means council-elected executive form of government. Executive branch is separate from governing board (legislative branch). Elected executive has power of veto over either items in budget or ordinances; governing board has power to override veto.
CO—means plural executive form of government. Individual commissioners act as administrative heads over certain county depatments or functions. Usually a three- to five-member board.

[1] State legislature has power to grant a county a particular form of government. County's state delegation usually introduces legislation which must pass both Houses.

[2] Governing board may create a position similar to the council-administrator position; postion duties are specified by governing board. This is not an official change in form of government such as occurs in those states permitting an official change usually after a voter referendum or with the adoption of a charter.

[3] An optional form is permitted only through the adoption of a charter.

[4] The Alternative County Government Law has never been utilized and does not present a viable option, having been superseded by the more flexible Municipal Home Rule Law.

[5] Optional forms permitted based on population size. Counties below 500,000 population may adopt the council-administrator form; those above 500,000 population may adopt the council-elected executive form.

[6] The National Association of Counties considers Kentucky to still have the commission form with the county judge who is head of the fiscal court to be the chief administrator officer. Their argument is that the county judge does not have the veto power. Others, with less stringent qualifications, consider Kentucky to have a county executive.

SOURCE: Unpublished data from the National Association of Counties.

Table 163 (continued)

COUNTY OPTIONAL FORMS OF GOVERNMENT OTHER THAN THE PLURAL-EXECUTIVE (COMMISSION), JANUARY 1981

State	Forms Permitted		Action Needed; Comment
Massachusetts	CO		Only form permitted
Michigan	CA, CE	(S)	Referendum required
Minnesota	CA, CE	(S)	Referendum required
Mississippi	CA	(S)	Board hires administrator; no referendum
Missouri	CA[2], CE[3]	(C, S)	Board may hire administrator; CE by charter adoption
Montana	CA, CE	(C, S)	Referendum required
Nebraska	CA[2]	(S)	Board may hire under general powers act
Nevada	CA	(S)	No referendum required
New Hampshire	CA[2]	(S)	Board may hire under general powers act
New Jersey	CA[2,3]	(C, S)	Counties vote on form of government change; then administrative code is enacted instead of a charter. Board may hire administrator, but not an official change in form
New Mexico	CA	(S)	Board hires; no referendum
New York	CA[3,4], CE[3,4]	(C, S)	Referendum required for charter adoption
North Carolina	CA	(S)	Board establishes or abolishes position; no voter initiative permitted
North Dakota	CA	(C, S)	Referendum required
Ohio	CA, CE	(C, S)	Referendum required
Oklahoma	CO		Only form permitted
Oregon	CA[2,3], CE[3]	(C, S)	Board may hire, not official change; referendum required under charter adoption procedures
Pennsylvania	CA, CE	(C, S)	Referendum required; actually voting on a charter
South Carolina	CA	(C, S)	Referendum required; four administrator types available
South Dakota	CA[3], CE[3]	(C, S)	Change permitted only with charter adoption
Tennessee	CA[1], CE[1,3]	(C, S)	Legislature may grant CA form; after 1982 all counties who have not chosen a form will have the CE form
Texas	CO		Only form permitted
Utah	CA, CE	(C, S)	Board action or referendum may be sought
Vermont	CO		Only form permitted
Virginia	CA	(C, S)	Referendum needed for certain administrator types
Washington	CA[2], CE[3]	(C, S)	Board hires if not a charter adoption; referendum needed for charter adoption for CA or CE forms
West Virginia	CA	(S)	Board hires, no referendum required
Wisconsin	CA, CE[5]	(C, S)	Counties above 500,000 have adopt CE form; those below may adopt CA form; referendum needed for adoption
Wyoming	CO		Only form permitted

missioners so no one person has the ultimate authority. The result can be a lack of both consistent administration and checks and balances on policy decisions.[288] The commission form is also characterized by the presence of constitutionally based elected independent officials—such as the auditor, treasurer, and sheriff—who have the authority to hire staff and set policy for their offices. Their independent authority often makes it difficult to coordinate their activities with the remainder of the county government.[289]

However, the percentage of counties with the commission form of government has declined from more than 85% in the early 1970s[290] to approximately 75% in 44 states in 1979.[291] Moreover, only 42% of the people live in a commission-governed county.[292] Actions by several states have brought about this reduction. For instance, Tennessee and Arkansas[293] mandated all of their counties to abandon the commission form and elect county executives. Still, eight states permit only the commission form. (See *Table 163.*)

Although the commission form of county government is characterized by its unification of legislative and executive functions, some commissions have made modifications which have created some executive authority. For instance, the chairman of the commission may make most of the administrative decisions, sometimes with automatic support by the other commissioners; or, as in some counties in Alabama and Texas, the county judge (who is elected at-large and is the presiding officer of the board) may have significant financial and administrative powers. Furthermore, full-time county clerks working with part-time commissioners may have substantial administrative powers.[294]

As noted, accountability can be improved with more modern types of governmental structure—the council-administrator or council-elected executive form, strictly defined (that is, having the power to recommend and implement policy; prepare the budget; hire and fire department heads; and veto council actions, subject to override). Although 25 states permit the elected executive

Table 164

ELECTED COUNTY OFFICIALS

Office	Total number of counties reporting position (A)	Number of counties electing position		Percent of metro counties electing position	Percent of nonmetro counties electing position	Percent of counties with no administrator electing position	Percent of counties with administrator electing position
		Number	Percent of (A)				
Auditor	654	330	51	44	52	54	39
Treasurer	962	838	87	79	83	90	74
County Clerk	889	722	81	69	83	85	67
Recorder	669	628	94	94	94	95	90
Sheriff	1,016	1,013	99	99	100	100	100
Assessor	846	554	66	61	66	68	54
Comptroller	137	44	32	33	32	49	14
Superintendent of Schools	694	355	51	35	54	56	33
District Attorney	858	818	95	92	96	95	94
County Counsel	554	224	40	18	46	48	17
County Engineer	692	259	37	28	39	41	23

SOURCE: Victor Jones, Jean Gansel, and George F. Howe, "County Government Organization and Services," *Municipal Year Book,* 1972, Washington, DC, 1972, Table 1/8, p. 215.

form, certain restrictions may apply, limiting the applicability and the ability of counties to adopt this form easily. (See *Table 163.*) Elected executives served in 135 counties as of January 1981. There also are 15 city-county consolidations with elected executives.[295] If one accepts less stringent characteristics for elected executives, progress appears even better, with 253 counties in 18 states having elected executives in 1979—a substantial growth from 1970, when there were 34 elected executive counties, and 1960, when there were eight, excluding the elected executives in the 15 city-county consolidations.[296] This, however, is a small percentage of the total counties. The 135 counties represent 4.4% of all counties and the larger figure of 253 represents 8.3%.

Counties also can achieve separate legislative and executive functions and increased accountability by establishing the council-manager form of government or appointing a chief administrator to manage certain administrative functions. Managers generally have the power to appoint all or most of the department heads, administer county programs, prepare the budget, and draft ordinances. Administrators, common to California counties, have similar powers except that they generally do not appoint department heads or directly supervise county departments (although they usually coordinate them).[297] Thirty-nine states now permit some type of county administrator form. (See *Table 163.*) In some states, such as Arizona or Oregon, the state has not established the option by law, but counties have created the position. Like elected executives, county administrators have increased in the last two decades. In the 1960s, 75 counties had appointed administrators; in 1970, 203; and in 1979, 513 or nearly 17% of all counties.[298]

While again this figure is fairly low, when coupled with elected executives, about one quarter of the counties have some kind of single executive. More importantly, including city-county consolidations and independent cities (St. Louis, Baltimore, and Washington, DC) produces 123 million or 58% of all Americans residing in areas of modernized governments with county-type powers.[299] In addition, those counties with the greatest need for clear administrative authority—populated counties with urban service responsibilities—are more likely to have administrators. In 1977, of those counties with more than 250,000 people 68.6% had administrators or elected executives. In contrast, 34.2% of the counties under 25,000 in population had them.[300]

The effectiveness of administrative reorganization is reduced, however, by the separate election of officers for line functions. A 1971 survey of more than a third of the counties found that for eight of 11 positions more than 50% of the counties elected the officers and for five positions more than 80% did. Yet, this phenomenon occurs often in nonmetropolitan counties or in those with no administrator. Thus, a reorganized county is less likely to suffer this type of fragmented administration. Still, even many counties with administrators elect line officers—more than 50% of them for six positions. (See *Table 164.*) Moreover, in 1974, 28 states required from one to eight elected officials for county government.[301] In New York State, these offices may be abolished by voter approval of an optional form of county government. But a reorganized government does not necessarily guarantee the abolition of offices independent from the rest of county government. While establishing an elected executive, Summit County—Ohio's new charter government—did not abolish the separate election of eight county officers.[302] In general, though, the number of elected officials, excluding members of governing school or other county boards, is declining. In 1967, there were 44,250, for an average of 18.7 per county. In 1977, there were 35,554, for an average of 15.6 per county.[303]

Although structural reform continues to be advocated, attention has begun to focus on modernizing counties by instituting general improvements in management techniques without structural reform charters or adoptions. Since only 75 counties and several consolidated city-county consolidations now have charters, those concerned with improving county government are recognizing the need to make less radical modifications in management and operating procedures—particularly in finance and personnel, but also in other areas such as purchasing, planning, and data processing.[304] There are at least 18 states which now require counties to adopt a merit system—some applying to counties of a certain size and others to specified categories of employees.[305] No studies have been completed on current personnel practices in counties, but there is a recognition that counties are concerned with improving personnel systems, creating standardized employment practices, and collective bargaining procedures in the light of growing public sector unionization.[306]

County officials also have recognized the importance of improving budgeting and financial management. As early as 1972, counties concluded that there was a greater need for analytical staff, strengthening both the central executive authority and the central budget authority.[307] The recent financial climate indicates an increased county interest in developing training programs for elected officials on setting budget priorities and program evaluation, improving budgeting processes, and controlling autonomous special districts and taxing authorities by

establishing dependent service districts.[308]

Planning, a tool to manage development within a county, was surveyed by the National Association of Counties in 1971 and 1975. Although the categories for planning had slightly different definitions between surveys, the results indicated a modest increase in usage. In 1971, 52% of the responding counties had planning responsibilities; in 1975, 60% of the responding counties claimed responsibility for compehensive land-use planning. The increase in this period was almost totally due to the growth of planning in nonmetropolitan counties: In 1971, 48%; in 1975, 54% in comprehensive land-use planning.[309]

In addition, the use of computers and centralized purchasing practices has become more prevalent in counties. The utilization of computers by counties of over 10,000 in population increased from 5% in 1955, to 26% in 1970, to 54% in 1975. Furthermore, the larger the county, with urban and regional responsibilities, the more likely it is to avail itself of computers.[310]

Purchasing is another management area in which counties can use monetary resources wisely and provide more services for residents. Although a model purchasing ordinance was developed more than 30 years ago according to a 1973 survey of counties over 10,000 population, only 14% of the responding counties had adopted any or all of the components. While this was a small proportion, 22% had adopted a local purchasing ordinance and large counties were more likely to use the model ordinance.[311] Regarding actual procedures, the survey revealed wide variances in county practices.[312] Forty percent had central purchasing, but 68% were permitted to engage in cooperative purchasing—a significant procedure for affecting cost savings. Again, the larger the county, the greater the usage. Significant differences also occurred between counties without administrators and those with them: those with an administrator were much more likely to be using more efficient purchasing methods.

SERVICING RESPONSIBILITIES

While structural and administrative reforms are necessary elements of a "modernized" county, they are useless achievements if they do not result in greater functional responsibility—particularly for urban counties with their growing demands from citizens. While counties still are not the dominant service provider, there is significant evidence that they expanded their functional role in the 1970s.

As noted in *Chapter 4*, the National Association of Counties, in conjunction with the International City Management Association, conducted surveys of county-servicing roles in 1971 and 1975.[313] The results of these surveys revealed, not unexpectedly, that traditional county services—such as tax collection and administration, elections, road maintenance, police patrol, and maintenance of land records (performed for years and generally considered state services delegated to counties to administer)—were performed by well over 85% of the respondents. In most cases, there was little difference between metropolitan and rural counties, though the percentage of counties providing these services increased between 1971 and 1975.

In terms of the entire range of possible traditional and newer, more municipal-type functions, metropolitan counties, quite naturally, were much more active and rural counties less so. Among the former, 35 functions—many of the urban type—were performed by more than 70% of the counties. For the latter, only 19 functions were performed by more than 70% of rural counties and only two of these—libraries and home health—were not among classic state-mandated servicing responsibilities.[314] Significantly, from 1971 to 1975 the percentage of metropolitan counties engaged in a service increased for all 15 functions compared by the National Association of Counties.[315]

Another aspect of county service provision is whether the function is performed countywide, thus giving the county areal responsibility as contrasted with performing it in unincorporated areas only. In general, the 1975 survey found a greater tendency to perform the function for the whole county, if it was performed at all.

Whether a county performs a function is not the total story. The expenditures of county government, as compared to other local governments, also indicates the relative importance of county government as a local service provider. Although municipalities retained their dominance in local governmental expenditure in 1977, there were major shifts in expenditures toward counties from 1967 to 1977. Still, of 19 functions, counties dominated in only six and all of these—public welfare, hospitals, health, correction, natural resources, and public buildings—were either in the social and health services fields or traditional services.[316]

In metropolitan areas, municipalities continued to dominate over the county in expenditures, although there was some shift from municipalities to counties between 1967 and 1977. Counties led over municipalities in only four functions—public welfare, hospitals, health, and correction—in 1977. While in other functions the county role was less than municipalities, their share of expenditures did pick up by more than 10% in several of them—including police, fire protection, sewerage, other sani-

Table 165

COUNTY AND MUNICIPAL REVENUE, FISCAL YEARS 1967, 1972, 1977 (in billions of dollars and percentage)

	FY 1966–1967				FY 1971–1972				FY 1976–1977			
	Counties		Municipalities		Counties		Municipalities		Counties		Municipalities	
		%[1]		%		%		%		%		%
General Revenue	$12.3	—	$19.0	—	$23.3	—	$34.4	—	$40.8	—	$59.6	—
Direct Federal Aid	.2	1.6	.8	4.2	.4	1.7	2.5	7.2	3.7	9.0	8.9	14.9
State Aid	4.7	38.0	4.0	21.0	9.2	39.0	8.4	24.0	14.3	35.0	14.0	23.0
Own Source Revenue	7.4	60.0	14.2	74.0	13.6	58.0	23.4	68.0	22.7	56.0	36.6	61.0
Taxes	5.7	46.0	10.5	55.0	10.0	43.0	17.0	49.0	15.8	39.0	26.0	44.0
Property Taxes	5.2	42.0	7.3	38.0	8.6	37.0	10.9	37.0	12.8	31.0	15.6	26.0
Other Taxes	.5	4.0	3.1	16.0	1.5	6.0	6.0	17.0	3.0	7.0	10.4	17.0
Other	1.7	14.0	3.7	19.0	3.6	15.0	6.5	19.0	6.9	17.0	10.6	18.0

[1] In each case the percentage is of general revenue so percentages do not total 100.
SOURCE: ACIR tabulation based on U.S. Department of Commerce, Bureau of the Census, *Compendium of Government Finances,* Vol. 4, No. 5, *1967 Census of Governments,* Table 3, Washington, DC, U.S. Government Printing Office, 1968; *1972 Census of Governments,* Table 3, Washington, DC, U.S. Government Printing Office, 1974; and the *1977 Census of Governments,* Table 49, Washington, DC, U.S. Government Printing Office, 1979.

tation services, parks and recreation, and libraries.[317] Somewhat similar shifts to counties also occurred in nonmetropolitan areas.[318]

This shift to increased county servicing responsibilities has not occurred without conflicts. City residents are sometimes resentful of taxes paid to the county when some services are provided in unincorporated areas. One solution is for the county to provide services through subordinate taxing districts. Thus, because of their larger area, counties have the means to provide services in a fiscally equitable manner.

In summary, while some counties have taken on major urban and regional servicing responsibilities, many—largely rural counties—are still not engaged in these functions. Yet, the evidence of the 1970s is that counties, particularly metropolitan, continue to increase their functional involvement. *Chapter 4* of this study presents the reasons for this changing county role: (1) federal encouragement through community development and comprehensive employment and training funds, (2) urbanization beyond city boundaries concomitant with the cities' inability or reluctance to annex urban areas, (3) the increased number of services demanding areawide solutions, and (4) the desire of cities to transfer functions to counties because of city fiscal constraints and the need to broaden the base of tax support. If these conditions continue, counties—especially the urbanized counties—will continue to add to the services they perform.

FISCAL CONSTRAINTS

A vital factor restricting counties from expanding their role in local government is their constrained fiscal capacity. Services cannot be provided without money and counties are still heavily dependent on the traditional source of local revenue: the property tax. Property taxes as a percentage of total county revenues dropped from 42% to 31% between 1967 and 1977; but this still is a larger proportion than for cities whose property taxes totaled 26% of total revenue in 1977. (See *Table 165.*) In addition, counties have not been very successful in diversifying their tax base. In 1979, income and sales taxes accounted for only 13.2% of total county tax revenue, although in 1962 the amount was as little as 2.3%. (See *Table 166.*) A major reason for this slight increase is that few state governments in recent years have been willing to authorize counties to adopt local sales or income taxes. In 1971, three states permitted counties to have an income tax, but by 1979, there were four—Georgia, Indiana, Kentucky, and Michigan. In 1971, 15 states permitted counties to have a sales tax; by 1979, 21 states did.[319] Their actual use within any state, how-

ever, varies widely and revenues from these sources, as indicated, are relatively minor.

Counties, instead, increased their reliance on direct federal aid from 1.6% in 1966–67 to 9% of total revenue in 1976–77. (See *Table 165.*) Cities have seen a similar overall increase, from 4.2% to 14.9% in the decade from 1967 to 1977. State aid, while it proportionately increased slightly for counties in the five years from 1967 to 1972, actually dropped as a percentage of total revenue to 35% for the year 1977. State aid for cities remained approximately stable—ranging between 21% and 23% in the decade from 1967 to 1977.

SUMMARY

Today, not all counties have been able to achieve their full potential—structurally, functionally and fiscally—and thus many are still not effective regional and urban servicing units. Yet, significant strides have been made in the last ten to 20 years, both structurally and functionally, and they indicate that counties are capable of change. Moreover, since much of this change has occurred in the metropolitan counties most in need of modern administrative structures and urban services—where the majority of Americans live—the effect of these reforms has had major impact.

While many of these changes have occurred in a piecemeal, haphazard fashion—as counties and their residents slowly began to realize the importance of a modernized county government—the actions of Arkansas and Tennessee mandating the separate election of a county executive for all counties, and of the Kentucky legislature permitting all counties to perform any likely urban function, indicate that at least three states took decisive action believing that all counties in their states needed modernization.

Obstacles still stand in the path of county government improvement, of course. Many are the roadblocks that have always been there: outmoded state laws; the attitude that counties not only are the "dark continent" of American government but should remain so; and the reluctance of some state and county officials and county residents to adopt more modernized governments.

One of the chief obstacles, however, is the heavy county dependence on the property tax and the lack of diversified revenue sources. Consequently, at the time that many counties are achieving increased structural and functional authority and becoming full-fledged local governments, they are also becoming more reliant on federal aid, with the possibility of reducing their local discretion even as they gain it from the state. Regardless of the magnitude of this fiscal problem, it is likely that county government will continue to improve.

Multijurisdictional Reorganization: City-County Consolidations and Federated Governments

The most sweeping local action affecting the assignment of functions is multijurisdictional reorganization—

Table 166

INCOME AND SALES TAX REVENUES OF COUNTY GOVERNMENT, SELECTED YEARS, 1962–79 (in millions of dollars)

Counties	1979	1975	1971	1967	1962
Total Tax Collections	$19,175	$12,661	$8,702	$5,702	$4,149
Income Taxes:	(68)	(65)	(24)	(4)	(1)
Amount	465	310	167	16	6
Percent of Total Taxes	2.4	2.4	1.9	0.3	0.1
General Sales Taxes	(802)	(659)	(505)	(330)	(145)
Amount	2,068	1,314	590	202	91
Percent of Total Taxes	10.8	10.4	6.8	3.5	2.2
Percentage of Income and Sales	13.2	12.8	8.7	3.8	2.3

NOTE: Figures in parentheses are approximate numbers of governments with the tax.
SOURCE: ACIR, *Significant Features of Fiscal Federalism, 1979–80 Edition* (Report M–123), Washington, DC, U.S. Government Printing Office, 1980, Table 59, p. 80.

either city-county consolidation or a federated type of metropolitan government. There are at least four types of the latter: the multifunctional metropolitan service district, the urban county, the strengthened regional council, and the "Toronto-type" federation. Federation is "a process for systematically dividing public functions between upper and lower-tier jurisdictions."[320] The upper-tier government is responsible for areawide activities requiring central policymaking or administration, while the lower-tier governments manage local functions amenable to decisionmaking and operation by a smaller unit. The policymaking body of the second-tier government can be composed of representatives of the first-tier units or members elected directly by the public or appointed in some manner by the state.

CITY-COUNTY CONSOLIDATION

City-county consolidation, going several steps beyond the comprehensive urban county, continues to intrigue metropolitan reformers because of its potential to reduce structural fragmentation and produce functional consolidation. A city-county consolidation has been defined as the "unification of the governments of one or more cities with the surrounding county. As a result of the consolidation, the boundary lines of the jurisdictions involved become coterminous. However, certain incorporated jurisdictions may opt to be excluded from the consolidation."[321]

The first city-county consolidation occurred in 1805 with the merger of New Orleans and Orleans Parish. Between then and 1907, eight additional consolidations took place—two of them forming what is now New York City. All were achieved by state legislative mandate. (See *Table 167.*) Then, for the next 40 years, no consolidation occurred.

The post-World War II period saw a rebirth of city-county mergers, although the real spurt did not occur until the 1960s. The unification of Baton Rouge and East Baton Rouge Parish, LA, in 1947 was the first of the 17 consolidations to occur. In contrast to earlier consolidations, these were all established by citizen referenda, except for the merger of Indianapolis and Marion County, IN, which was enacted by the state legislature. At this time, the total number of city-county consolidated governments is 25.[322]

City-county consolidation does not necessarily produce a regional government. None of the five in Virginia encompassed even as much as one-half of the standard metropolitan statistical area (SMSA) of which they were a part. Four of the mergers—Baton Rouge/East Baton Rouge Parish, Jacksonville-Duval County, Lexington-Fayette County, and Anchorage/Greater Anchorage Borough—were single-county SMSAs at the time they were formed. The first three, however, are now a part of a multicounty SMSA, although each does encompass 65% to 81% of its metropolitan population. Three other consolidations—Nashville/Davidson County, Indianapolis/Marion County, and Columbus/Muscogee County—encompassed at least 70% of the population of their respective metropolitan areas at the time of consolidation. As of 1976, Columbus/Muscogee County represented 71% of its SMSA population; Indianapolis/Marion County, 68%; and Nashville/Davidson County, 59.5%. The other city-county consolidations—Carson City/Ormsby County, Juneau/Greater Juneau Borough, Sitka/Greater Sitka Borough, Anaconda/Deer Lodge County, and Butte/Silver Bow—are located in nonmetropolitan areas. In these cases, merger has so far curtailed the growth of small incorporated towns and special districts which create fragmented systems of local government.

Consolidation is generally a phenomenon of medium-sized metropolitan areas, ranging from 150,000 to nearly 800,000 population. The largest consolidated government ever formed in the post-World War II period was Indianapolis/Marion County and it was established by the state legislature without a local referendum. Some of the more recent mergers have involved smaller populations and been in rural, western areas of the country. Furthermore, although most consolidation referenda attempts have occurred in areas of from 100,000 to 249,999 the approval rate has been better in jurisdictions of under 25,000. (See *Table 168.*) The success of these smaller consolidations, chiefly in the South and West, can be attributed to their generally less fragmented structural environment and fewer political conflicts.[323] The 14 referenda in cities over 250,000 all failed[324]—including the two largest in Cleveland and St. Louis.[325]

Regionally, the difference in city-county consolidation enactments and referenda is striking. At one time, merger activity was primarily a southern activity, but recently there has been a shift to western states.[326] Until 1969, no consolidation had occurred in a western state since the early period when San Francisco/San Francisco County, Denver/Denver County, and Honolulu/Honolulu County merged. No consolidation has been achieved in the South since 1974, although six referenda were held. Moreover, consolidations have been limited to only six of the 16 Southern states: Five in Virginia, two in Louisiana, and one each in Florida, Georgia, Kentucky, and Tennessee. Most referenda attempts have been in Virginia (13 cities), Georgia (7), Florida (6), and Tennessee (6). In these 32 cities, 49 votes have taken place—more than half of the 85 referenda held since 1921. The

Table 167

SUCCESSFUL CITY-COUNTY CONSOLIDATIONS

Year approved or effective	Consolidation	
1805	New Orleans/Orleans County, LA	LA[1]
1821	Boston/Suffolk County, MA	LA
1821	Nantucket Town/Nantucket County, MA	LA
1854	Philadelphia/Philadelphia County, PA	LA
1856	San Francisco/San Francisco County, CA	LA
1874	New York/New York County, NY	LA
1898	New York and Brooklyn/Queens and Richmond Counties, NY	LA
1904	Denver/Denver County, CO	LA
1907	Honolulu/Honolulu County, HI	LA
1947	Baton Rouge/East Baton Rouge Parish, LA	REF[2]
1952	Hampton/Elizabeth City County, VA	REF
1958	Newport News/Warwick County, VA	REF
1962	Nashville/Davidson County, TN	REF
1962	Virginia Beach/Princess Ann County, VA	REF
1962	South Norfolk/Norfolk County, VA	REF
1967	Jacksonville/Duval County, FL	REF
1969	Carson City/Ormsby County, NV	REF
1969	Indianapolis/Marion County, IN	LA
1969	Juneau/Greater Juneau Borough, AK	REF
1970	Columbus/Muscogee County, GA	REF
1971	Holland and Whaleyville Towns/Nansemond County, VA	REF
1971	Sitka/Greater Sitka Borough, AK	REF
1972	Suffolk/Nansemond County, VA[3]	REF
1974	Lexington/Fayette County, KY	REF
1975	Anchorage/Greater Anchorage Area Borough, AK	REF
1977	Anaconda/Deer Lodge County, MT	REF
1977	Butte/Silver Bow County, MT	REF

[1] Created by state legislative action.
[2] Referendum required for passage.
[3] The locality originally was a county, but it actually became a city prior to the referendum.
SOURCE: National Association of Counties.

other 12 southern states had only ten referenda in nine cities. (See *Table 169*.)

While there have been numerous attempts at city-county consolidation (85 since 1921) only a small number—20%—has passed. Each decade since the 1940s has seen more and more referenda; but this increase has not resulted in a surge of consolidations, since the rate of passage has steadily declined.

Consolidation of cities and counties is not possible unless the state constitution or statutes permit it. Statutory permission is by special legislation—often a difficult process—or by general authorization. By the mid-1970s, 19 states permitted most cities and counties to initiate consolidation action. Six states—California, Florida, Montana, Oregon, South Carolina, and Washington—required a referendum with majority approval of the residents of each city affected and majority approval of county residents. In this case, residents of the city have a "double-vote"—since it counts in the city and in the county totals. Three states—New Mexico, Tennessee, and Virginia—required majority approval of the residents of each city affected and majority approval of the residents of only the unincorpotated area of the county. Three states—Kentucky, North Carolina and South Da-

Table 168

NUMBER OF CITY-COUNTY CONSOLIDATION REFERENDA, BY REGION[1] AND POPULATION GROUP[2], 1921–79

Population group	Total		Northeast		North Central		South		West	
	No. of referenda held	No. of referenda passed	No. of referenda held	No. of referenda passed	No. of referenda held	No. of referenda passed	No. of referenda held	No. of referenda passed	No. of referenda held	No. of referenda passed
Over 1,000,000	..	..	..	..	..	..	..	..	..	..
500,000-1,000,000	5	0	1	0	3	0	1	0	..	..
250,000- 499,999	9	0	..	..	..	..	6	0	3	0
100,000- 249,999	26	4	..	..	1	0	20	4	5	0
50,000- 99,999	13	1	..	..	..	..	12	0	1	1
25,000- 49,999	15	2	..	..	..	..	11	2	4	0
10,000- 24,999	5	2	..	..	..	..	4	1	1	1
5,000- 9,999	7	6	..	..	..	..	4	3	3	3
2,500- 4,999	2	1	..	..	..	..	..	..	2	1
Under 2,500	1	1	..	..	..	..	1	1	..	..

Leaders (..) indicate no consolidation referendum known.

[1] The Northeast region includes: Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, and Vermont.

The North Central region includes: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin.

The South includes: Alabama, Arkansas, Delaware, the District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississipi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, and West Virginia.

The West includes: Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming.

[2] Population figures for several municipalities in Ravalli County, Montana, were unavailable.

SOURCE: Parris N. Glendening and Patricia S. Atkins, "City-County Consolidations: New Views for the Eighties," *The Municipal Year Book, 1980,* Washington, DC, International City Management Association, 1980, Table 4/4, p. 71.

Table 169

ROSTER OF CITY-COUNTY CONSOLIDATIONS KNOWN TO HAVE BEEN HELD, 1921–79

Year	City/County	Result
1921	Oakland/Alameda County, California	fail
1924	Butte/Silver Bow County, Montana	fail
1926	St. Louis/St. Louis County, Missouri	fail
1927	Portland/Multnomah County, Oregon	fail
1932	Pittsburgh/Allegheny County, Pennsylvania	fail
1933	Several municipalities/Ravalli County, Montana	fail
1933	Macon/Bibb County, Georgia	fail
1935	Jacksonville/Duval County, Florida	fail
1947	Baton Rouge/East Baton Rouge Parish, Louisiana	pass
1948	Birmingham/Jefferson County, Alabama	fail
1948	Miami/Dade County, Florida	fail
1950	Hampton, Newport News and Phoebus/Warwick and Elizabeth City Counties, Virginia	fail
1952	Hampton and Phoebus/Elizabeth City County, Virginia	pass
1953	Miami/Dade County, Florida	fail
1954	Albany/Dougherty County, Georgia	fail
1956	Albany/Dougherty County, Georgia	fail
1957	Newport News/Warwick County, Virginia[1]	pass
1958	Nashville/Davidson County, Tennessee	fail
1959	Albuquerque/Bernalillo County, New Mexico	fail
1959	Knoxville/Knox County, Tennessee	fail
1960	Macon/Bibb County, Georgia	fail
1960	Several municipalities/Revalli County, Montana	fail
1961	Durham/Durham County, North Carolina	fail
1961	Richmond/Henrico County, Virginia	fail
1962	Chattanooga/Hamilton County, Tennessee	fail
1962	Columbus/Muscogee County, Georgia	fail
1962	Memphis/Shelby County, Tennessee	fail
1962	Nashville/Davidson County, Tennessee	pass
1962	South Norfolk/Norfolk County, Virginia	pass
1962	St. Louis/St. Louis County, Missouri	fail
1962	Virginia Beach/Princess Anne County, Virginia	pass
1964	Chattanooga/Hamilton County, Tennessee	fail
1967	Jacksonville/Duval County, Florida	pass
1967	Tampa/Hillsborough County, Florida	fail
1969	Athens/Clarke County, Georgia	fail
1969	Brunswick/Glynn County, Georgia	fail
1969	Carson City/Ormsby County, Nevada	pass
1969	Juneau and Douglas/Greater Juneau Borough Alaska	pass
1969	Roanoke/Roanoke County, Virginia	fail
1969	Winchester/Frederick County, Virginia	fail

[1] The locality originally was a county, but it actually became a city prior to the referendum.
[2] The localities were towns at the time of the merger attempt with the county.
SOURCE: Parris N. Glendening and Patricia S. Atkins, "City-County Consolidations: New Views for the Eighties," *The Municipal Year Book, 1980,* Washington, DC, International City Management Association, 1980, Table 4/2, p. 70.

Table 169 (continued)

ROSTER OF CITY-COUNTY CONSOLIDATIONS KNOWN TO HAVE BEEN HELD, 1921–79

Year	City/County	Result
1970	Anchorage/Greater Anchorage Area Borough, Alaska	fail
1970	Charlottesville/Albemarle County, Virginia	fail
1970	Chattanooga/Hamilton County, Tennessee	fail
1970	Columbus/Muscogee County, Georgia	pass
1970	Pensacola/Escambia County, Florida	fail
1970	Tampa/Hillsborough County, Florida	fail
1971	Anchorage/Greater Anchorage Area Borough, Alaska	fail
1971	Augusta/Richmond County, Georgia	fail
1971	Bristol/Washington County, Tennessee	fail
1971	Charlotte/Mecklenburg County, North Carolina	fail
1971	Ft. Pierce/St. Lucie County, Florida	fail
1971	Holland and Whaleyville/Nansemond County, Virginia[2]	pass
1971	Memphis/Shelby County, Tennessee	fail
1971	Sitka/Greater Sitka Borough, Alaska	pass
1971	Tallahassee/Leon County, Florida	fail
1972	Athens/Clarke County, Georgia	fail
1972	Lexington/Fayette County, Kentucky	pass
1972	Macon/Bibb County, Georgia	fail
1972	St. Louis/St. Louis County, Missouri	fail
1972	Suffolk/Nansemond County, Virginia[1]	pass
1972	Tampa/Hillsborough County, Florida	fail
1973	Albuquerque/Bernalillo County, New Mexico	fail
1973	Columbia/Richland County, South Carolina	fail
1973	Savannah/Chatham County, Georgia	fail
1973	Tallahassee/Leon County, Florida	fail
1973	Wilmington/New Hanover County, North Carolina	fail
1974	Augusta/Richmond County, Georgia	fail
1974	Charleston/Charleston County, South Carolina	fail
1974	Durham/Durham County, North Carolina	fail
1974	Evansville/Vanderburgh County, Indiana	fail
1974	Portland/Multnomah County, Oregon	fail
1974	Sacramento/Sacramento County, California	fail
1975	Anchorage, Glen Alps, and Girdwood/Greater Anchorage Area Borough, Alaska	pass
1975	Ashland and Catlettsburgh/Boyd County, Kentucky	fail
1975	Missoula/Missoula County, Montana	fail
1975	Salt Lake/Salt Lake County, Utah	fail
1976	Anaconda/Deer Lodge County, Montana	pass
1976	Augusta/Richmond County, Georgia	fail
1976	Butte/Silver Bow County, Montana	pass
1976	Front Royal/Warren County, Virginia[2]	fail
1976	Macon/Bibb County, Georgia	fail
1976	Moab/Grand County, Utah	fail
1978	Knoxville/Knox County, Tennessee	fail
1978	Morristown/Hamblen County, Tennessee	fail
1978	Salt Lake/Salt Lake County, Utah	fail

kota—required just one vote for the county as a whole, and Minnesota required only the affected cities to have referenda. (See *Table 170.*) The requirements for dual majorities have inhibited approval. City residents are more likely to approve a merger, while county residents tend to oppose them.[327] A frequently cited reason for opposition to city-county merger is the fear of increased taxes.[328]

City-county consolidation rarely means a total structural and functional merger. In several consolidations, certain small municipalities were not included. For instance, in the Jacksonville/Duval County consolidation, four municipalities were not merged into the consolidated government; in Baton Rouge/East Baton Rouge Parish, two; in Nashville/Davidson County, six; in Columbus/Muscogee County, one; in Carson City/Ormsby County, one; in Indianapolis/Marion County, three; and in Butte/Silver Bow, one. Consolidations in which all municipalities were included were Virginia Beach/Princess Anne County, Suffolk/Nansemond County, and Lexington/Fayette County.[329]

Special districts also are not always included in consolidations, although in many cases consolidation did reduce their number. In Indianapolis and Marion County, the six special districts (other than school districts) were not merged; and in Carson City and Ormsby County, two were not. But in Nashville/Davidson County, the number dropped from six to four; in Jacksonville/Duval County, all four were eliminated; in Juneau and Greater Juneau Borough, the decline was from 13 to six; and Lexington-Fayette County saw a drop from four to three. Nor does consolidation necessarily prevent the establishment of special districts: They have been established in at least two consolidations which never had special districts—Columbus/Muscogee County and Suffolk/Nansemond County.[330] School districts in four of the six major consolidations were excluded, although in some cases the school function had already been consolidated before the city and the county merged.

Citizens often are unwilling to surrender local control of schools to a unified county system, but other functional assignments can experience considerable change when a city-county consolidation occurs, particularly in the more urbanized areas. Services have been expanded and improved in both central and suburban areas.[331] A review of Nashville/Davidson County ten years after consolidation substantiated the fact that there were major improvements in education, police, fire, recreation, water, and sewerage services: Duplication was reduced, programs expanded, and services professionalized. Citizens found education and police services to be adequate or more than adequate.[332] Yet, functional assignment problems can still plague consolidated governments, particularly when they fail to provide services on a countywide basis or extend basic services to fringe areas.[333]

FEDERATIVE GOVERNMENTS

The government of metropolitan Toronto is the most radical of the federative forms and the one most like a classic federated government. When established in 1954, areawide powers were delegated to the metropolitan government, but many powers were shared with the lower-level units. The Toronto approach, however, has never been implemented anywhere in the U.S.

The strengthened or state-supported regional council is another federative approach that can be applied to metropolitan areas. It is a basic areawide policymaking body by virtue of the number and scope of planning, developmental, and review and approval powers over special-purpose regional bodies, local governments, and quasi-public bodies in the region. The chief, if not the only real, example is Minnesota's Twin Cities Metropolitan Council.

The comprehensive urban county is a modified two-tiered, federated government. In this form, municipalities retain their existence and continue to perform many functions. At the same time, the county provides services in unincorporated areas and most importantly assumes responsibility for areawide services. While Dade County, FL, is viewed by some as the only county with a truly federated system, many other urban counties have essentially become federated systems through structural reorganization and the piecemeal transfer of functions from municipalities.[334]

The difference between Dade County and other modernized counties is that Dade County made a conscious decision to set up a two-tier system when it approved a new charter in 1957. The new charter retained 26 cities and preserved their right to perform local services. Substantial changes, however, were made in the structure and functional powers of the county government, expanding its ability to perform areawide and urban services. The county government was changed from the traditional commission form to a commission of eight members elected at large with residency requirements. A mayor is elected at large and is a member of and presides over commission meetings. A manager is appointed by the commission and is the chief administrator.

The county was assigned functional responsibility for many areawide and urban functions: health and welfare, enforcement of the building code, comprehensive planning, pollution control, social action programs, the courts, and areawide aspects of traffic control and high-

ways.[335] The county also became the prime provider of local services to unincorporated areas that were rapidly urbanizing. The charter also gave the county the power to assume operating responsibility for a municipal service if authorized to do so by a two-thirds vote of the governing body of the municipality or by a majority of those voting within the municipality. Because Dade County—or Metro, as it is called—is the only government in unincorporated areas, and because of numerous transfers by the municipalities Metro is the major service provider in the area. The county now furnishes fire protection to the unincorporated areas and 19 cities. In contrast, no municipal police department has been transferred to Metro. Certain police activities—such as the crime lab, bomb squad, and central accident records—have been consolidated; but those which are vital—such as communications—have not, despite numerous attempts. Metro also handles most waste disposal, public housing, and community development activities and has a strong comprehensive land-use plan,[336] but it has not been very successful at enforcing it.[337] Whether Dade County remains a two-tiered, federated system is debatable. Some predict that, as more and more functions are transferred by the cities to the county level, the cities will be left with only a few very localized services such as routine police patrol.[338]

Another federated form of reorganization is the multifunctional metropolitan service district. Although a few states—notably California, Oregon, Washington, and Colorado—have enacted legislation which enables metropolitan areas to establish these districts, the range of functions is usually limited. Even in the states which have authorized this form, very few metropolitan areas have established them, and when they have done so these units have tended to have few functional responsibilities.

One of the most notable is the Municipality of Metropolitan Seattle (Metro). Established in 1958, its 37-member governing body is composed of representatives from the local units of government. All nine Seattle city council members and the Mayor of Seattle are automatically members of the Metro council. Also included are the nine King County council members, the county executive, and six additional representatives from unincorporated areas. In addition, there is representation from other cities in the county. One member represents the sewer districts and votes only on actions related to water quality.[339] The enabling authorization permits any regional service corporation to perform six functions: sewage disposal, water supply, public transportation, garbage disposal, parks and parkways, and comprehensive planning. Yet, the Seattle Metro has assumed responsibility for only two of these functions: sewage disposal and public transportation. Metro also was designated as the agency to develop water quality planning for the area's four river basins pursuant to Section 208 of the *Federal Water Pollution Control Act*.[340] Originally, the area included was Seattle and part of King County. In 1971, the state legislation expanded the boundaries of Metro making it coterminous with the county; but Snohomish, the other county in the metropolitan area, has not been included.

Some question the necessity of two countywide governments that operate separately from each other (Metro and King County), particularly since King County has a home rule charter with a modernized administrative structure. Because of this, merger of the two has been discussed; but both governments are financially viable and administratively effective, so the prospects for merger are slim.[341] Meanwhile Metro—because it has assumed so few functions and does not cover the entire metropolitan area—has not achieved its full potential as a multipurpose metropolitan district.

Another well-known multifunctional metropolitan district is the Portland, OR, "old" Metropolitan Service District (MSD), now the "new" Metropolitan Service District—the first elected regional government in the nation. The old MSD had been responsible for sewerage, solid and liquid waste disposal, control of surface water and the zoo. In 1978, the voters approved the merger of MSD with the Columbia Region Association of Governments, adding, with certain limitations, the land-use planning function. Moreover, the reorganized MSD has authority over air and water quality and is empowered to assume responsibility for Tri-Met, the regional transit agency. The state enabling legislation also authorized MSD to perform other regional functions—including water supply, human services, regional parks, cultural and sports facilities, correctional facilities, and libraries—subject to the approval by the residents of a tax of the MSD before June 30, 1981.

The MSD covers the urbanized area of the three-county Portland metropolitan area, containing about 40% of the land area and 95% of the population of 900,000. The government of MSD is composed of a part-time 12-member board elected on a nonpartisan basis from single-member districts and a full-time chief elected officer with the responsibility to supervise the administrative offices, hire personnel, and enforce ordinances—but without the veto power.[342]

The importance of the new Metropolitan Service District cannot be denied: It is a multicounty, third-tier government run by elected officials currently performing several areawide functions with the potential to assume several more. Yet, this fledgling government faces many

Table 170

STATE AUTHORIZATION OF CITY-COUNTY CONSOLIDATION, MID-1970s

	Authorization for City-County Consolidation	Referendum and Majority Approval of Each City Affected is Required	Referendum and Majority Approval of County is Required	Referendum and Majority Approval of Unincorporated Area of County is Required
Alabama				
Alaska	X			
Arizona				
Arkansas				
California	X	X	X	
Colorado	X			
Connecticut				
Delaware				
District of Columbia				
Florida	X	X	X	
Georgia				
Hawaii				
Idaho				
Illinois	X			
Indiana	X			
Iowa				
Kansas				
Kentucky	X		X	
Louisiana				
Maine				
Maryland				
Massachusetts				
Michigan				
Minnesota	X	X		

SOURCE: ACIR *Governmental Functions and Processes: Local and Areawide* (Report A–45), Washington, DC, U.S. Government Printing Office, February 1974, p. 48; and Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration*, Athens, GA, Institute of Government, University of Georgia, 1978, pp. 16, 23, 30, and 37.

Table 170 (continued)

STATE AUTHORIZATION OF CITY-COUNTY CONSOLIDATION, MID-1970s

	Authorization of City-County Consolidation	Referendum and Majority Approval of Each City Affected is Required	Referendum and Majority Approval of County is Required	Referendum and Majority Approval of Unincorporated Area of County is Required
Mississippi				
Missouri	X			
Montana	X	X	X	
Nebraska				
Nevada				
New Hampshire				
New Jersey				
New Mexico	X	X		X
New York				
North Carolina	X		X	
North Dakota				
Ohio				
Oklahoma				
Oregon	X	X	X	
Pennsylvania				
Rhode Island				
South Carolina	X	X	X	
South Dakota	X		X	
Tennessee	X	X		X
Texas				
Utah	X			
Vermont				
Virginia	X	X		X
Washington	X	X	X	
West Virginia				
Wisconsin				
Wyoming				

challenges before it becomes a useful tool for solving regional servicing problems. It must establish its credibility with the citizens of the region and the units of local government, create an effective and authoritative land-use planning system; but, most importantly, it must secure a stable funding source to be able to support the areawide functions it currently renders and potentially can perform.[343]

SUMMARY

Major reorganizations or mergers of local units of government are not a common occurrence in the U.S. Few city-county consolidations have been established in the postwar period and none has been in big metropolitan areas. Most have taken place in medium-sized or small metropolitan and nonmetropolitan areas—usually in the South and most recently in the West—suggesting that consolidation may be most useful in preventing future fragmentation problems in jurisdictionally uncomplicated areas. City-county consolidation rarely solves all servicing assignments, since some local units are not merged and the consolidated government usually does not encompass the entire metropolitan population. Yet, where established, they have been generally successful.

The other major form of multijurisdictional reorganization—federative government—is even less common. Comprehensive, reorganized urban counties have been achieved through ad hoc structural, functional, and financial modifications; but only one county—Dade—has officially established a two-tier system, and the trend there is toward centralization. A few multifunctional metropolitan service districts have not fulfilled their potential. Thus, on the basis of the record to date, large-scale restructuring of government at the local level is the least likely method of realigning functional responsibilities, regardless of its ability to broaden the tax base, reduce duplicative services, improve administrative capacity, and provide a structural format for areawide service performance.

CONCLUSION

An array of methods is used to change the responsibilities for delivering public services between and among local governments. This chapter has probed seven of these largely locally initiated approaches—intergovernmental service agreements, transfers of functions, extraterritorial powers, special districts, annexation, county reorganization, and major multijurisdictional reorganizations, such as city-county consolidation and federated systems—and one state level action—mandating. Those instituted at the local level are still subject to state regulation by legislative and sometimes judicial actions which determine their use and the conditions under which they may occur.

States also have imposed local servicing shifts. Examples are the reorganizations of county government in Arkansas, Kentucky, and Tennessee; the consolidation of Indianapolis and Marion County by the Indiana state legislature; and mandated annexations, functional transfers and special districts. State government, then, has a major responsibility for the allocation of functions among local units of government.

Three conclusions can be drawn about the allocation and reallocation of functions affecting local units from this examination of the procedural and structural and jurisdictional approaches: the continued reliance on procedural and other ad hoc functional adjustments; the rarity of major jurisdictional reorganizations; and the striking changes in county government in the last ten to 20 years.

The procedural methods for assigning functions—particularly intergovernmental agreements, functional transfers and state mandates—are used frequently because they achieve solutions to servicing problems without involving the difficult task of structural reorganization. Yet, while solving immediate servicing needs, these piecemeal, frequently haphazard, approaches fail to create a rational and governable servicing system. Procedural approaches often tend to produce further complexity and fragmentation of functional responsibility, reduce citizen accountability, and lessen the possibility of achieving an equitable distribution of resources.

Two of the structural/jurisdictional methods—special districts and annexation—also are employed in an ad hoc rather than a systematic manner. Special districts—the most common unit of local government—are popular for reasons similar to those for intergovernmental agreements and functional transfers: they are an easy solution to pressing service needs. Often they are the *only* solution since cities and counties either cannot perform the function because of fiscal, functional, or areal constraints or are unwilling to assume the responsibility. Moreover, in metropolitan areas, they may be the only way to provide a multijurisdictional regional service. Yet, special districts, most of which are unifunctional, further fragment the local government assignment picture; and, when they fail to coordinate their activities with cities and counties, they tend to undermine the general-purpose local government within whose territory they operate.

Potentially, annexation could create areawide local governments encompassing the urbanized area surround-

ing cities. Because annexation does not threaten established governments as much as city-county consolidation or formation of a metropolitan government, it has greater political feasibility than they have. Consequently, although there are thousands of annexations every year, most add little territory and few people, and only a few cities in the South and Southwest—which are not subject to restrictive state laws—have been able to annex sufficient surrounding urbanized areas to achieve a de facto areawide government. In other regions, annexation does extend city services to some urbanized areas; but because of its piecemeal nature frequently, it has not solved major functional assignment problems.

While major governmental reorganizations have extended the geographic scope of services, reduced duplication, improved administrative capacity, and broadened the tax base, they are not a widely accepted method for realigning functions. The only genuine two-tier, federated government in the U.S. is Florida's Dade County, and the trend there is toward centralization. City-county consolidations have occurred only 17 times since World War II and many of these, particularly in recent years, have been in medium-sized or small rural counties. (City-county consolidation has never been a solution for the nation's large urban centers.) Moreover, even the larger city-county consolidations, such as Jacksonville/Duvall County, Nashville/Davidson County, and Indianapolis/Marion County, do not encompass the entire metropolitan population.

The most dramatic local reorganization in the 1970s was the formation of the only elected regional government in the country—the new Metropolitan Services District approved by the citizens of the Portland, OR, area in 1978. But this unique and radically different government must still prove itself as a viable institution, and a crucial factor will be whether it obtains a stable funding source.

The structural reform in the 1970s that proved to have the greatest potential for systematizing functional assignments was county reorganization. While the progress in modernizing counties—structurally and functionally—should not be overestimated, striking changes have occurred. The percentage of counties with an elected executive, county manager or administrator rose to more than 25% and over 50% of all Americans now live in a reorganized county. Counties have greatly expanded their functional activities, performing many new services beyond those they were traditionally assigned as subunits of state government. Because of functional transfers from cities, state mandates, federally funded programs, and the demands for services from citizens in unincorporated, but urbanized, areas, they have taken on a variety of new functions and are more likely to perform them countywide.

FOOTNOTES

[1] Roscoe C. Martin, *Metropolis in Transition: Local Government Adaptation to Changing Urban Needs*, Washington, DC, U.S. Government Printing Office, 1963, p. 3.

[2] Advisory Commission on Intergovernmental Relations (ACIR), *Regional Governance: Promise and Performance* (Report A–41), Vol. II of *Substate Regionalism and the Federal System*, May 1973; *Regional Decision Making: New Strategies for Substate Districts* (Report A–43), Vol. I of *Substate Regionalism and the Federal System*, October 1973; *Hearings on Substate Regionalism* (Report A–43a), Vol. VI of *Substate Regionalism and the Federal System*, October 1973; *The Challenge of Local Governmental Reorganization* (Report A–44), Vol. III of *Substate Regionalism and the Federal System*, February 1974; *Governmental Functions and Processes: Local and Areawide* (Report A–45), Vol. IV of *Substate Regionalism and the Federal System*, February 1974; and *A Look to the North: Canadian Regional Experience* (Report A–46), Vol. V of *Substate Regionalism and the Federal System*, February 1974, Washington, DC, U.S. Government Printing Office; ACIR, *Regionalism Revisited: Recent Areawide and Local Responses* (Report A–66). Washington, DC, U.S. Government Printing Office, June 1977; and ACIR, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, July 1978.

[3] ACIR (Report A–45), *op. cit.*, p. 31.

[4] ACIR (Report A–67), *op. cit.*

[5] Information on intergovernmental service agreements is located in two volumes of this series: ACIR (Report A–44), *op. cit.*, pp. 29–52; and ACIR (Report A–45), *op. cit.*, pp. 32–37.

[6] This classification is based on that in the study by Illinois Department of Local Governmental Affairs and the Northeastern Illinois Planning Commission, *Intergovernmental Cooperation in Illinois*, Springfield, IL, 1976, p. 2.

[7] James C. McDavid, "Interjurisdictional Cooperation Among Police Departments in the St. Louis Metropolitan Area," *Publius*, Fall 1974, p. 54.

[8] ACIR (Report A–44), *op. cit.*, p. 35.

[9] McDavid, *op. cit.*, p. 56.

[10] Illinois Department of Local Governmental Affairs, *op. cit.*, p. 13; and McDavid, *op. cit.*, p. 54.

[11] Minnesota State Planning Agency, Office of Local and Urban Affairs, *Interlocal Cooperation: A Manual About the Minnesota Joint Powers Act*, St. Paul, MN, 1976.

[12] ACIR, *A Handbook for Interlocal Agreements and Contracts* (Report M–29), Washington, DC, U.S. Government Printing Office, March 1967, p. 23.

[13] ACIR (Report A–44), *op. cit.*, p. 31.

[14] *Ibid.*, p. 30.

[15] Illinois Department of Local Governmental Affairs, *op. cit.*, p. 266; and Institute for Government Public Affairs, University of Illinois and the Center for the Study of Federalism, Temple University, *Partnership Within the States: Local Self Government in the Federal System*, Urbana, IL, 1976, p. 158.

[16] National Association of Counties (NACo), *Interlocal Service Delivery: A Practical Guide to Intergovernmental Agreements/Contracts for Local Officials*, Washington, DC, 1977, p. 13; and Utah Department of Community Affairs, *op. cit.*, p. 32.

[17] ACIR (Report A–44), *op. cit.*, p. 39.

[18] "Intergovernmental Cooperation: Linking Resources to Public Needs," *Kansas Government Journal*, Vol. 64, No. 6, June 1978,

p. 207; and Illinois Department of Governmental Affairs, *op. cit.*, pp. 272–273.

[19] Illinois Department of Local Governmental Affairs, *op. cit.*, p. 8.

[20] NACo, *Interlocal Service Delivery: A Practical Guide to Intergovernmental Agreements/Contracts for Local Officials, op. cit.*, p. 15.

[21] ACIR (Report A–44), *op. cit.*, p. 47.

[22] *Ibid.*, p. 12; and Minnesota State Planning Agency, *op. cit.*, p. 3.

[23] Minnesota State Planning Agency, *op. cit.*, p. 3

[24] Illinois Department of Local Governmental Affairs, *op. cit.*, p. 3.

[25] Minnesota State Planning Agency, *op. cit.*, p. 4.

[26] Illinois Department of Local Governmental Affairs, *op. cit.*, p. 12.

[27] For complete results see ACIR (Report A–44), *op. cit.*, pp. 29–52; and ACIR (Report A–45), *op. cit.*, pp. 32–37. Questionnaires were sent to 5,900 municipalities—cities, villages, boroughs, incorporated towns—over 2,500 population, requesting data on agreements for 76 functions. It is likely that there was an underreporting of the number of service agreements.

[28] Institute of Public Affairs, The University of Iowa, *A Handbook of Intergovernmental Cooperative Agreements in Iowa,* in cooperation with the Office for Planning and Programming, State of Iowa, Iowa City, 1978.

[29] *Kansas Government Journal, op. cit.*, p. 207.

[30] For example, New York State Office for Local Government, et al, *A Guide to Intergovernmental Cooperation,* Albany, NY, 1975, p. 2.

[31] For example, Florida Atlantic University/Florida International University Joint Center for Environmental and Urban Problems, *Handbook on Interlocal Agreements,* Tallahassee, FL, Department of Community Affairs, n.d.; Illinois State Department of Local Governmental Affairs and the Northeastern Illinois Planning Commission, *op. cit.*, Institute of Public Affairs, the University of Iowa, *op. cit.;* Utah Department of Community Affairs, *Interlocal Agreement in Utah,* Salt Lake City, UT, 1976; and Minnesota State Planning Agency, *op. cit.*

[32] Institute of Public Affairs, The University of Iowa, *op. cit.*

[33] Bruce Ransom, "The Use of Interlocal Service Agreements in Virginia," *The University of Virginia Newsletter,* Vol. 52, No. 7, March 1976, p. 27.

[34] ACIR (Report A–44), *op. cit.*, p. 50.

[35] James Alexander, Jr., "Solving Problems Together: The Interlocal Services Program," *New Jersey Municipalities,* May 1979, p. 26.

[36] ACIR (Report A–44), *op. cit.*, p. 48.

[37] Utah Department of Community Affairs, *op. cit.*, p. 9.

[38] Institute of Public Affairs, The University of Iowa, *op. cit.*, p. 6.

[39] NACo, *Community Development Capabilities Study: An Urban County Report,* Washington, DC, 1974, pp. 40–41.

[40] Illinois Department of Local Governmental Affairs, *op. cit.*, pp. 282–283.

[41] ACIR, *Alternative Approaches to Governmental Reorganization in Metropolitan Areas* (Report A–11), Washington, DC, U.S. Government Printing Office, June 1962, p. 30.

[42] Utah Department of Community Affairs, *op. cit.*, p. 32.

[43] ACIR (Report A–44), *op. cit.*, p. 36.

[44] For further information, see the following section on transfers of functions.

[45] ACIR (Report A–44), *op. cit.*, p. 42; and Institute of Government and Institute of Community and Area Development, University of Georgia, *Joint Services Study: Clarke County and City of Athens, Georgia,* Athens, GA, 1976.

[46] Utah Department of Community Affairs, *op. cit.*, p. 29.

[47] Illinois Department of Intergovernmental Affairs, *op. cit.*, pp. 265–266.

[48] *Ibid.*

[49] ACIR (Report A–45), *op. cit.*, p. 37.

[50] *Ibid.*

[51] ACIR (Report M–105).

[52] *Ibid.*, p. 13.

[53] *Ibid.*, p. 13.

[54] Iver Peterson, "Midwest Cities, in Fiscal Squeeze, are Shifting Powers to Counties," *The New York Times,* November 9, 1979, p. A1.

[55] ACIR (Report M–105), *op. cit.*, Chart I, p. 38.

[56] ACIR, *The Federal Influence on State and Local Roles in the Federal* System (Report A–89), Washington, DC, U.S. Government Printing Office, 1981, Chapter 2.

[57] ACIR (Report M–105), *op. cit.*, Table IV, p. 27.

[58] *Ibid.*, Table VI, p. 29.

[59] *Ibid.*, Table V, p. 28.

[60] *Ibid.*, Table IV, p. 27.

[61] *Ibid.*, Table VI, p. 29.

[62] Peterson, *op. cit.*, pp. A1 and A16.

[63] ACIR (Report M–105), *op. cit.*, Table VII, pp. 30–33.

[64] This suggests new functional responsibilities for county governments. For further information, see the later section on county reorganization. Also see "Midwest Cities, in Fiscal Squeeze, Are Shifting Powers to Counties," *The New York Times,* November 9, 1979, p. 1.

[65] *Ibid.*, Table XXVII, p. 57.

[66] *Ibid.*, Table XXIX, p. 61.

[67] *Ibid.*, Table XV, p. 45.

[68] *Ibid.*

[69] *Ibid.*, Table XXIII, p. 53.

[70] *Ibid.*, Table XXIV, p. 54.

[71] Percentages based on data in *Ibid.*

[72] Howard W. Dobbins, "Supreme Court Upholds Extraterritorial Power of Municipal Corporations," *Virginia Town and City,* Vol. 14, No. 4, April 1979, p. 14. The Supreme Court in Illinois has denied the exercise of extraterritorial power through the city charter.

[73] Frank S. Sengstock, *Extraterritorial Powers in the Metropolitan Area,* Ann Arbor, MI, The University of Michigan Law School, 1962, p. 4.

[74] Russell W. Maddox and Robert F. Fuquay, *State and Local Government,* 3rd edition, New York, NY, Van Nostrand, 1975, p. 488.

[75] David E. Hunt, "The Constitutionality of the Exercise of Extraterritorial Powers by Municipalities," *University of Chicago Law Review,* Vol. 45, No. 1, Fall 1977, pp. 151–52.

[76] *Ibid.*, pp. 174–175.

[77] *Ibid.*, pp. 166–167.

[78] 439 U.S. 60, *U.S. Law Week,* pp. 4008–4016.

[79] 439 U.S. 73, *U.S. Law Week,* p. 4011.

[80] 439 U.S. 74, *U.S. Law Week,* p. 4012.

[81] For opposing viewpoints, see Frank Gray, "Supreme Court Upholds Extraterritorial Regulation," *Southern City,* February 1979, p. 16; and Elliot Alman, "Court Rules City Powers Cross Lines," *County News,* December 4, 1978, p. 1.

[82] *Holt Civic Club, etc. vs. City of Tuscaloosa, U.S. Law Week,* November 28, 1978, p. 4015.

[83] *Ibid.*, p. 4013.

[84] Sengstock, *op. cit.*, p. 37; and Maddox and Fuquay, *op. cit.*, p. 488.

[85] Hunt, *op. cit.*, pp. 151–157.

[86] Idaho Code ss 50–606 (1967).

[87] ACIR (Report A–11), *op. cit.*, p. 21.

[88] Carolyn B. Lawrence and John M. DeGrove, "County Government Services," *County Year Book 1976,* Washington, DC, International City Management Association, 1976, Table 3/4, p. 98.

[89] The most recent analysis discovered by the author was John C. Bollens' article, "Controls and Services in Unincorporated Fringe Areas," in the *Municipal Year Book 1954,* Chicago, IL, International City Management Association, 1954, pp. 53–61.

[90] Sengstock, *op. cit.*, p. 21.

[91] *Holt Civic Club, etc. vs. City of Tuscaloosa, U.S. Law Week, op. cit.*, p. 4012; and ACIR (Report A–11), *op. cit.*, p. 23.

[92] Murray S. Stedman, Jr., *State and Local Governments,* Cambridge, MA, Winthrop Publishers, 1976, p. 262.

[93] ACIR (Report A–67), *op. cit.*, p. 15.

[94] The complete results of this study were summarized in ACIR (Report A–67), *Ibid.*

[95] Catherine H. Lovell, et al, *Federal and State Mandating to Local Government: Impacts and Issues,* prepared with the support of the National Science Foundation, Contract No. DAR77–20482, Riverside, CA, Graduate School of Administration, University of California, 1978. Copies are available on order from NTIS, 5285 Royal Road, Springfield, VA 22161.

[96] ACIR (Report A–67), *op. cit.*, p. 38.

[97] Lovell, et al, *op. cit.*, p. 32.

[98] New York Temporary State Commission on State and Local Finances, *Report,* Vol. 3, *State Mandates,* Albany, NY, 1975, p. 153.

[99] *Ibid.*

[100] For information on federal mandating, see the companion volume, ACIR, *The Federal Influence on State Local Assignment of Function* (Report A–89), Washington, DC, U.S. Government Printing Office, 1981.

[101] Lovell, et al, *op. cit.*, p. 236.

[102] ACIR (Report A–67), *op. cit.*, pp. 5–6.

[103] *Ibid.*, p. 6.

[104] Lovell, et al, *op. cit.*, pp. 40–42.

[105] *City of Clinton vs. Cedar Rapids and Missouri Railroad Company,* 24 Iowa 455 (1868). The doctrine is known as Dillon's Rule from the judge deciding the case. For further information, see *Chapter 4* and ACIR, *Measuring Local Discretionary Authority* (Report M–131), Washington, DC, U.S. Government Printing Office, 1981.

[106] ACIR (Report A–67), *op. cit.*, p. 17.

[107] New York Temporary State Commission, *op. cit.*, pp. 97–98.

[108] ACIR (Report A–67), *op. cit.*, p. 18.

[109] *Ibid.*, p. 39.

[110] Florida Advisory Council on Intergovernmental Relations, *State Mandates in Florida,* Tallahassee, FL, March 1978.

[111] Aaron K. Trippler, "Federal and State Mandates," *South Dakota Municipalities,* Vol. 46, No. 2, August 1979, p. 10.

[112] ACIR (Report A–67), *op. cit.*, Table III-4, pp. 44–45.

[113] The low number in North Carolina may reflect the unavailability of data: North Carolina is the only state of the five with no system for codifying administrative regulations. *The North Carolina General Statutes* were the chief source for mandates, supplemented by interviews with officials in Winston-Salem and Guilford County.

[114] ACIR (Report A–67), *op. cit.*, Table III-2, p. 40.

[115] *Ibid.*, Table III-2 and III-3, pp. 40–41.

[116] Lovell, et al, *op. cit.*, p. 71.

[117] Lovell, et al, *op. cit.*, Table 3–10, p. 82

[118] ACIR (Report A–67), *op. cit.*, p. 2.

[119] Florida Laws of 1975, Chapter 75–257.

[120] *State of Illinois Commission on State Mandated Programs,* Report and Recommendations to Governor James R. Thompson, Springfield, IL, 1977, p. 65.

[121] ACIR (Report A–67). *op. cit.*, Table IV-11, p. 62.

[122] "Solid Waste Management Update," *Michigan Municipal Review,* April 1979, p. 72.

[123] New York Temporary State Commission, *op. cit.*, p. 122.

[124] Florida Advisory Council on Intergovernmental Relations, *op. cit.*, p. 31.

[125] ACIR (Report A–67), *op. cit.*, p. 42.

[126] *Ibid.*, pp. 42–43.

[127] Idaho Governor's Task Force on Local Government, *Federal and State Mandates: Their Impacts on Local Government,* Research Monograph, No. 7, Boise, ID, 1977, p. 23.

[128] Lovell, et al, *op. cit.*, pp. 208–209.

[129] *Ibid.*, p. 151. For one local government official's detailed summary of some of the difficulties, see *Ibid.*, pp. 152–155.

[130] Carol W. Lewis, *State Mandates: Responsibility and Accountability in Massachusetts,* Boston, MA, Massachusetts League of Cities and Towns, 1978, pp. 16–17.

[131] For example, see League of Oregon Cities, *The City Budget Squeeze: An Update,* excerpts from testimony presented before the Oregon Legislative Interim Committee on Intergovernmental Affairs, October 1975, and *The City Budget Squeeze,* Salem, OR, 1974, cited in ACIR (Report A–67), *op. cit.*, pp. 29–30; and Lewis, *op. cit.*, p. 3.

[132] James M. Banovetz and Carol A. Kachadoorian, "One-Half of Property Tax for Payment of State Mandated Costs," *Illinois Municipal Review,* April 1980, p. 5.

[133] Lewis, *op. cit.*, p. 22.

[134] David Minge with the collaboration of Audri L. Blevins, Jr., *Effect of Law on County and Municipal Expenditures as Illustrated by the Wyoming Experience,* Laramie, WY, Wyoming Law Institute, University of Wyoming, 1975, cited in ACIR (Report A–67), *op. cit.*, pp. 32–34.

[135] Lovell, et al, *op. cit.*, pp. 159–60.

[136] ACIR (Report A–67), *op. cit.*, p. 61.

[137] Includes legislative mandates on the judicial system and court decisions in various functions. Respondents interpreted the question in both ways.

[138] ACIR (Report A–67), *op. cit.*, p. 61.

[139] *Ibid.*, p. 64.

[140] *Ibid.*, Table IV–13, p. 64

[141] Florida Advisory Council on Intergovernmental Relations, *op. cit.*, Table 1, p. 25.

[142] Idaho Governor's Task Force on Local Government, *op. cit.*, p. 24.

[143] *Ibid.*, p. 24.

[144] Florida Advisory Council on Intergovernmental Relations, *op. cit.*, p. 30.

[145] See *Chapter 3* in this report for further information.

[146] Idaho Governor's Task Force on Local Government, *op. cit.*, p. 32.

[147] For the complete text of the recommendations, see ACIR (Report A–67), *op. cit.*, p. 6.

[148] Some exceptions are Florida Commission on Local Government, *Special Districts in Florida,* Special Report 73–8, Tallahassee, FL, 1974; Neil D. McFeeley and others, *Special District Governments: An Examination of Special Districts in the United States and Analysis of Special Districts in Idaho,* Boise, ID, Bureau of Public Affairs Research, University of Idaho, 1977; and Kentucky Local Government Statute Revision Commission, *Special Purpose Local Government in Kentucky: A Background Report,* Frankfort, KY, 1979.

[149] John C. Bollens, *Special District Governments in the United States,* Berkeley, CA, University of California Press, 1957, pp. ix and 1.

[150] In Pennsylvania and some other states, strict state constitutional debt and tax limitations on general-purpose local governments virtually dictated the proliferation of special districts and authorities.

[151] For a full discussion of the federal influence, see ACIR (Report A–89), *op. cit.*

[152] Based on ACIR tabulation of figures in the *Census of Governments* for 1967, 1972, and 1977.

[153] *Ibid.*

[154] Much of the following section is based on information drawn from ACIR (Report A–45), *op. cit.*, pp. 46–47.

[155] U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments,* Vol. I, No. 2, *Popularly Elected Officials,* Washington, DC, U.S. Government Printing Office, 1978, p. 10.

[156] McFeeley, *op. cit.*, p. 98.

[157] Jon C. Teaford, *City and Suburb: The Political Fragmentation of Metropolitan America, 1850–1970,* Baltimore, MD, Johns Hopkins University Press, 1979, p. 33.

[158] *Ibid.*

[159] Richard L. Forstall, "Annexations and Corporate Changes Since the 1970 Census: With Historical Data on Annexation for Larger Cities for 1900–1970," *Municipal Year Book, 1975,* Washington, DC, International City Management Association, 1975, p. 21.

[160] Teaford, *op. cit.*, p. 39.

[161] ACIR (Report A–44), *op. cit.*, p. 82.

[162] *Teaford, op. cit.*, p. 82.

[163] *Ibid.*, pp. 81–83.

[164] U.S. Department of Commerce, Bureau of the Census, *Boundary and Annexation Survey: 1970–1977*, Washington, DC, U.S. Government Printing Office, 1979, p. 5. Earlier editions were 1972, 1970–1973, and 1970–1975.

[165] ACIR (Report A–44), *op. cit.*, p. 82.

[166] U.S. Department of Commerce, *Boundary and Annexation Survey: 1970–1977, op. cit.*, pp. 4–5.

[167] Richard L. Forstall, "Annexations and Corporate Changes, 1970–74: With Historical Data on New Incorporations, 1950–74," *Municipal Year Book, 1976*, Washington, DC, International City Management Association, 1976, p. 59.

[168] U.S. Department of Commerce, *Boundary and Annexation Survey: 1970–77, op. cit.*, p. 18. Of those cities which gained more than 50 square miles, six of the 18 were achieved by city-county consolidation.

[169] *Ibid.*, p. 9.

[170] Forstall, "Annexations and Corporate Changes, 1970–74: With Historical Data on New Incorporations, 1950–74," *op. cit.*, p. 60.

[171] Richard L. Forstall, "Annexations and Corporate Changes: 1970–1975," *Municipal Year Book, 1977*, Washington, DC, International City Management Association, 1977, p. 60.

[172] Richard L. Forstall and Joel C. Miller, "Annexations and Corporate Changes: 1970–76," *Municipal Year Book, 1978*, Washington, DC, International City Management Association, 1978, p. 47.

[173] *Ibid.*

[174] Forstall, "Annexations and Corporate Changes Since the 1970 Census: With Historical Data on Annexation for Larger Cities for 1900–1970," *op. cit.*, p. 28.

[175] Forstall and Miller, "Annexations and Corporate Changes: 1970–76," *op. cit.*, p. 61 and Table 3/1, p. 62.

[176] This includes detachments, but they are only 1.6% of all changes and some cities which had a detachment also had one or more annexations.

[177] Richard L. Forstall, "Changes in Land Area for Larger Cities, 1950–1970," *Municipal Year Book, 1972*, Washington, DC, International City Management Association, 1972, p. 85.

[178] ACIR (Report A–44), *op. cit.*, p. 83.

[179] In this study, the Northeast region includes Delaware, Maryland, the District of Columbia, and West Virginia, as well as the traditional states of the Northeast, because their annexation patterns are similar to those states that the Bureau of the Census designates as Northeastern—that is, annexations rarely occur.

[180] Forstall, "Annexations and Corporate Changes Since the 1970 Census: With Historical Data on Annexation for Larger Cities for 1900–1970," *op. cit.*, p. 28.

[181] *Ibid.*, p. 29.

[182] Includes Delaware, Maryland, the District of Columbia, and West Virginia.

[183] Forstall, "Annexations and Corporate Changes Since the 1970 Census: With Historical Data on Annexation for Larger Cities for 1900–1970," *op. cit.*, p. 24. In this instance, a city is considered to have made a significant increase if during a decade it added at least two square miles or a population of at least 200 according to the subsequent Census.

[184] *Ibid.*

[185] U.S. Department of Commerce, *Boundary and Annexation Survey: 1970–1977, op. cit.*, p. 18.

[186] ACIR (Report A–44), *op. cit.*, p. 83.

[187] *Ibid.*

[188] *Ibid.*, pp. 83–84.

[189] *Ibid.*, pp. 82–86.

[190] These categories were based on those established by Frank S. Sengstock and the National League of Cities: legislative determination, popular determination, municipal determination, and quasi-legislative determination. See Frank S. Sengstock, *Annexation: A Solution to the Metropolitan Area Problem*, Michigan Legal Publications, Ann Arbor, MI, University of Michigan Law School, Legislative Research Center, 1960; and National League of Cities, *Adjusting Municipal Boundaries: Law and Practice*, Washington, DC, 1966, p. 4.

[191] Hawaii also has no general law, but the absence of organized municipalities negates any need for special annexation acts.

[192] Perry C. Roquemore, Jr., "Improved Annexation Laws Needed," *Alabama Municipal Journal*, February 1979, p. 16.

[193] *Ibid.*

[194] ACIR (Report A–44), *op. cit.*, p. 85.

[195] *Berry vs. Bourne* (Fourth Circuit Court of Appeals) and *Torres vs. Village of Capitan* (New Mexico Supreme Court), noted in "1978–79 Annual Review of Local Government Law: Undermining Municipal and State Initiative in an Era of Crisis and Uncertainty," *The Urban Lawyer*, Vol. 11, No. 4, Fall 1979, p. 569.

[196] National Institute of Municipal Law Officers, "1975 Report of the Committee on Annexation," *Municipal Law Review*, 1976 ed., Washington, DC, NIMLO, 1976, p. 13.

[197] Compiled from *Ibid.*, pp. 15–16; Perry C. Roquemore, Jr., "A Look at Annexation in Other States," *Alabama Municipal Journal*, Vol. 36, No. 7, January 1979, pp. 21–22; and Gray, *op. cit.*, pp. 10–11.

[198] ACIR (Report A–44), *op. cit.*, pp. 85–86.

[199] Daniel R. Mandelker and Dawn Clark Netsch, *State and Local Government in a Federal System: Cases and Materials*, Indianapolis, IN, Bobbs-Merrill, 1977, p. 104.

[200] Bill Curry, "Irked-Off' Houstonians Demand a City Limit on Sprawl," *Washington Post*, January 22, 1979, p. A22; and John M. Crewdson, "Houston Has Misgivings Over Problems of Growth," *New York Times*, August 13, 1979, p. A14.

[201] Curry, *op. cit.*, p. A2.

[202] *Annexation and Houston*, Houston, TX, Rice Center, 1979, p. 1.

[203] Ed Young, "Annexation in Jeopardy," *Tennessee Town and City*, November 1979, p. 5.

[204] Gray, *op. cit.*, p. 12.

[205] National League of Cities, *Adjusting Municipal Boundaries: Law and Practice, op. cit.*, p. 16.

[206] Roquemore, "A Look at Annexation in Other States," *op. cit.*, p. 21.

[207] The information on Virginia's new law is based on Thomas J. Michie, Jr., and Marcia S. Mashaw, "Annexation and State Aid to Localities: A Compromise is Reached," *The University of Virginia Newsletter*, Vol. 55, No. 11, July 1979.

[208] *Ibid.*, p. 43.

[209] Joseph F. Zimmerman, "Coping With Metropolitan Problems/The Boundary Review Commission," *State Government*, Autumn, 1975, p. 258; and Leonard Press, *Survey of States With Boundary Review Agencies*, Eugene, OR, Lane County Local Government Boundary Commission, 1978, p. 1.

[210] Press, *op. cit.*, Appendix C.

[211] California Office of Planning and Research, *LAFCO Reexamined: A Report on the Performance of Local Agency Formation Commissions, 1970–1974*, Sacramento, CA, 1976, p. 1.

[212] Zimmerman, *op. cit.*, p. 258.

[213] California Office of Planning and Research, *op. cit.*, p. 1.

[214] Orval Etter, "Boundary Control in Oregon: The Commission's Role," *National Civic Review*, Vol. 62, No. 10, November 1973, p. 547.

[215] *Ibid.*, p. 539.

[216] Bureau of Governmental Research and Service (BGRS), University of Oregon. *Local Government Boundary Commissions: The Oregon Experience*, Eugene, OR, 1978, p. 43.

[217] *Ibid.*, p. i.

[218] Michigan State Boundary Commission, *Annexations and Their Characteristics: A Review of Annexation Proposals Before the Michigan State Boundary Commission*, Lansing, MI, 1978, pp. 10 and B4.

[219] Bureau of Governmental Research and Service, *op. cit.*, p. 25.

[220] California Office of Planning and Research, *op. cit.*, p. 11.

[221] Michigan State Boundary Commission, *op. cit.*, pp. 2 and 10.

[222] Bureau of Governmental Research and Service, *op. cit.*, p. 28.

[223] Michigan State Boundary Commission, *op. cit.*, pp. 18–19.

[224] For basic information on incorporation, see *Chapter 4*.
[225] Bureau of Governmental Research and Service, *op. cit.*, p. 33.
[226] California Office of Planning and Research, *op. cit.*, p. 12.
[227] Minnesota Municipal Commission, *1974 Annual Report*, St. Paul, MN, 1974, p. 13.
[228] *Ibid.*, p. 12.
[229] California Office of Planning and Resarch, *op. cit.*, p. 13.
[230] SRI International, *Preliminary Report for Commission for Government Reform* (California), Task IV–5, Analysis of the Potential for Reorganization of Local Government, Menlo Park, CA, 1978, pp. 4–15.
[231] California Office of Planning and Research, *op. cit.*, p. 13.
[232] *Ibid.*, p. 13.
[233] Bureau of Governmental Research and Service, *op. cit.*, Table 8, p. 33, updated for 1977 by U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments*, Vol. 5, *Local Government in Metropolitan Areas*, Table 12, p. 38.
[234] Bureau of Governmental Research and Service, *op. cit.*, pp. 33–36.
[235] *Ibid.*, p. 68.
[236] U.S. Department of Commerce, Bureau of the Census, *1977 Census of Governments*, Vol. I, *Governmental Organization*, Washington, DC, U.S. Government Printing Office, 1978, Table 4, p. 28.
[237] Press, *op. cit.*, Appendix C.
[238] ACIR (Report A–44), *op. cit.*, p. 89.
[239] Minnesota Municipal Commission, *op. cit.*, p. 5.
[240] Bureau of Governmental Research and Service, University of Oregon, *Local Government Boundary Commissions: The Oregon Experience*, Eugene, OR, 1978, pp. 22–23.
[241] California Office of Planning and Research, *op. cit.*, p. 3.
[242] *Ibid.*, p. 12.
[243] Bureau of Governmental Research and Service, *op. cit.*, p. 27.
[244] California Office of Planning and Research, *op. cit.*, "letter of transmittal," p. i.
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[246] For information on the *Voting Rights Act* and the annexation cases, see Abigail M. Thernstrom, "The Odd Evolution of the Voting Rights Act," *Public Interest*, Spring 1979, pp. 49–76; James W. Ozog, "Judicial Review of Municipal Annexations Under Section 5 of the Voting Rights Act," *Urban Law Annual*, Vol. 12, St. Louis, MO, Washington University School of Law, 1976, pp. 311–320; Joseph F. Zimmerman, "The Federal Voting Rights Act: Its Impact on Annexation," *National Civic Review*, June 1977, pp. 278–283; Joseph F. Zimmerman, "A 'Fair' Voting System for Local Governments," *National Civic Review*, October 1979, pp. 481–487 + ; and Joseph F. Zimmerman, "The Federal Voting Rights Act and Alternative Election Systems," *William and Mary Law Review*, Summer 1978, pp. 621–660.
[247] *U.S. Law Week*, April 22, 1980, pp. 4436–4459.
[248] *Ibid.*, pp. 4463–4481.
[249] Linda Greenhouse, "High Court Voids Victory of Blacks Over at-Large Voting in Mobile," *The New York Times*, April 23, 1980, p. A10; and Fred Barbash, "Court Limits Scope of Voting Rights Act," *The Washington Post*, April 23, 1980, p. A1.
[250] Leonard E. Goodall, *The American Metropolis*, Columbus, OH, Charles E. Merrill, 1968, p. 86.
[251] New York Temporary State Commission on State and Local Finances, *Report*, Vol. 3, *State Mandates*, Albany, NY, 1975, p. 153; and Russell W. Maddox and Robert F. Fuquay, *State and Local Government*, 3rd ed., New York, NY, D. Van Nostrand, 1975, p. 486.
[252] Maddox and Fuquay, *Ibid.*
[253] *Ibid.*
[254] Michie and Marshaw, *op. cit.*, p. 42.
[255] Harold E. Albert, "Home Rule and a New Constitution: Article by Article in South Carolina," *National Civic Review*, Vol. 66, No. 10, November 1977, p. 495; and Linda S. Adams and Peter M. Detwiler, "Municipal Organization Act of 1977: An Introduction," *OPR* California Office of Planning and Research, Vol. I, January 1978, p. 12.
[256] For further description of the evolution of county government, see *Chapter 4*.
[257] ACIR (Report A–45), *op. cit.*, pp 47–48.
[258] William A. Giles, "Mississippi Counties and Federal Grants Acquisition," *Public Administration Survey*, Vol. 27, No. 2, Winter 1980, pp. 2–3.
[259] Maddox and Fuquay, *op. cit.*, p. 439.
[260] Michael A. Jones, *County Home Rule in Arizona*, Tempe, AZ, Institute of Public Administration, Arizona State University, 1974, p. 7.
[261] Kenneth Vanlandingham, "Constitutional Municipal Home Rule Since the AMA (NLC) Model," *William and Mary Law Review*, Vol. 17, No. 1, Fall 1975, p. 1.
[262] Charles A. Adrian, *State and Local Governments*, New York, NY, McGraw Hill, 1976, p. 95.
[263] Melvin B. Hill, Jr., *State Laws Governing Local Government Structure and Administration*, Athens, GA, Institute of Government, University of Georgia, 1978, p. 45.
[264] Some observers consider personnel a fourth type. See ACIR (Report M–131), *op. cit.*
[265] "Iowa Passes Home Rule," *County News*, Vol. 10, No. 45, November 13, 1978, p. 4.
[266] Hill, *op. cit.*, p. 43.
[267] Massachusetts Legislative Research Council, *Report Relative to County Home Rule*, House Document No. 7434, Boston MA, Legislative Research Council, 1973, p. 81.
[268] Hill, *op. cit.*, p. 43
[269] H. B. 152.
[270] "H. B. 152: New County Powers Established," *Focus on Kentucky*, Vol. 6, No. 11, June 1978, pp. 1–5.
[271] Massachusetts Legislative Research Council, *op. cit.*, p. 15.
[272] *Ibid.*, p. 78.
[273] *Ibid.*
[274] Jones, *op. cit.*, pp. 10–11.
[275] *New York Times*, March 8, 1977, p. 35.
[276] Illinois grants functional home rule to counties which adopt the elected executive-council form of government. See James M. Banovetz, "Modernizing County Government Without Home Rule," *Policy Issues*, Center for Governmental Studies, Northern Illinois University, Vol. 3, No. 4, Summer 1978, pp. 1–4.
[277] This is the number of counties as of January 1977 reported by the Bureau of the Census in the *1977 Census of Governments* and is the figure used throughout this report. In June 1977, two city-county consolidations in Montana became effective, reducing the official count to 3,040.
[278] Maryilynn Marchione, "Latest Charter Effort Differs From Other Four," *Akron Beacon Journal*, November 4, 1979, p. A6.
[279] ACIR (Report A–45), *op. cit.*, p. 48.
[280] "Two Counties Vote Charter Adoptions," *County News*, Vol. 10, No. 45, November 13, 1978, p. 5.
[281] "Voters Turn Down Charter Proposals," *Newsvane*, Vol. 8, No. 10, December 1979, p. 109.
[282] "Fourth County Charter Adopted in Washington," *National Civic Review*, April 1980, p. 228. With a population of more than 1 million in King County, home rule counties encompass 43% of the state's population in 1980.
[283] Massachusetts Legislative Research Council, *op. cit.*, pp. 57 and 61.
[284] Wisconsin Commission on State-Local Relations and Financing Policy, *Final Report*, Madison, WI, 1977, p. 5–1.
[285] Massachusetts Legislative Research Council, *op. cit.*, p. 72.
[286] ACIR, *Measuring Local Government Discretionary Power* (Report M–131), Washington, DC, U.S. Government Printing Office, 1981.
[287] *Ibid.*, Table 15.

[288] *From America's Counties Today: 1973*, Washington, DC, National Association of Counties, 1973, p. 13.
[289] Herbert Sydney Duncombe, *Modern County Government*, Washington, DC, National Association of Counties, 1977, pp. 41–43.
[290] ACIR (Report A–45), *op. cit.*, p. 49.
[291] "County Reorganization in America," *Governmental Facts*, Cleveland Governmental Research Institute, No. 371, December 28, 1979, p. 3.
[292] *Ibid.*, p. 1.
[293] For further information, see Diane D. Kincaid, "Early Effects of County Reform in Arkansas," paper prepared for delivery at the 40th Annual Conference of the American Society for Public Administration, Baltimore, MD, April 1–4, 1979.
[294] Duncombe, *op. cit.*, pp. 42–43.
[295] *NACo Fact Sheet, the Elected County Executive*, Washington, DC, National Association of Counties, 1981, p. 1.
[296] "County Reorganization in America," *op. cit.*, pp. 1 and 4.
[297] Duncombe, *op. cit.*, pp. 44–45.
[298] "County Reorganization in America," *op. cit.*, p. 1.
[299] *Ibid.*
[300] "Inside the Year Book," *1978 County Year Book*, Washington, DC, International City Management Association/National Association of Counties, 1978, Table 3.
[301] ACIR, *State Action in 1974: Building on Innovation* (Report M–90), Washington, DC, U.S. Government Printing Office, February 1975, p. 51.
[302] Marchione, *op. cit.*, p. A6.
[303] U.S. Department of Commerce, Bureau of the Census, *Popularly Elected Officials of State and Local Governments*, 1967 Census of Governments, Vol. 6, No. 1, Washington, DC, U.S. Government Printing Office, 1968, Table 7, p. 18; and *Popularly Elected Officials*, 1977 Census of Governments, Vol. 1, No. 2, Washington, DC, U.S. Government Printing Office, 1978, Table 7, p. 19. Table 15 summarizes state authorization for elected offices, but does not specify how many counties have each type of elected official.
[304] "County Modernization: Focus Shifts From Structure to Management," *County Times*, Vol. 11, No. 27, July 9, 1979, p. 8.
[305] Hill, *op. cit.*, p. 108.
[306] "County Modernization: Focus Shifts From Structure to Management," *op. cit.*, p. 6.
[307] "Local Government Budgeting, Program Planning, and Evaluation," *Urban Data Service*, May 1972, p. 9.
[308] "County Modernization: Focus Shifts From Structure to Management," *op. cit.*, p. 6.
[309] Victor Jones, Jean Gansel, and George F. Howe, "County Government Organization and Services," *Municipal Year Book, 1972*, Washington, DC, International City Management Association, 1972, Table 1/12, p. 217; and Carolyn B. Lawrence and John M. DeGrove, "County Government Services," *County Year Book, 1976*, Washington, DC, National Association of Counties/International City Management Association, 1976, Table 3/3, p. 97.
[310] Joseph R. Mathews, William H. Dutton, and Kenneth L. Kraemer, "County Computers: Growth, Usage, and Management," *County Year Book, 1976*, Washington, DC, National Association of Counties/International City Management Association, 1976, pp. 133–149.
[311] James T. Carter and Ronald Welf, "Purchasing Practices in Counties," *County Year Book, 1975*, Washington, DC, National Association of Counties/International City Management Association, 1975, p. 74. The study was based on responses from 696 of the 2,203 counties surveyed.
[312] Duncombe, *op. cit.*, Table 6–6, p. 148.
[313] Jones, Gansel, and Howe, *op. cit.*, pp. 211–221; and Lawrence and DeGrove, *op. cit.*, pp. 91–99.
[314] Tabulation based on Lawrence and DeGrove, *op. cit.*, Table 3/3, pp. 96–97.
[315] See *Chapter 4, Table* 91.
[316] See *Chapter 2, Table* 3.
[317] *Ibid., Table* 4.
[318] *Ibid., Table* 5.
[319] ACIR tabulation.
[320] ACIR (Report A–44), *op. cit.*, p. 137.
[321] NACo, *Consolidation: Partial or Total*, an edited transcript of the National Conference, Washington, DC, National Association of Counties, 1973, p. 90.
[322] Virginia has 41 "independent" cities that do not lie within the boundaries of any county and perform county-type as well as municipal functions. Five of these are identified as city-county consolidations in *Table* 167.
[323] Parris N. Glendening and Patricia S. Atkins, "City-County Consolidations: New Views for the Eighties," *The Muncipal Year Book, 1980*, Washington, DC, International City Management Association, 1980, pp. 68–69.
[324] *Ibid.*, p. 68.
[325] Vincent L. Marando, "The Politics of Metropolitan Reform," *Administration and Society*, Vol. 6, No. 2, August 1974.
[326] Glendening and Atkins, *op. cit.*, Table 4/1, p. 69.
[327] Marando, "The Politics of Metropolitan Reforms," *op. cit.*, p. 243.
[328] Sharon Perlman Krifetz and Alan B. Sharaf, "City-County Merger Attempts: The Role of Political Factors," *National Civic Review*, April 1977, p. 179.
[329] NACo, *Consolidation: Partial or Total, op. cit.*, Table 1, Appendix.
[330] *Ibid.*
[331] ACIR (Report A–45), *op. cit.*, p. 49.
[332] Supporting data are in Nicholas A. Sieveking and Dick Battle, *Citizen Attitudes About Urban Issues*, Nashville, TN, The Urban Observatory of Metropolitan Nashville, 1972, cited in James C. Coomer and Charlie B. Tyler, *Nashville Metropolitan Government: The First Decade*, Knoxville, TN, Bureau of Public Administration, University of Tennessee, 1974, pp. 51–72.
[333] ACIR (Report A-45), *op. cit.*, pp. 49–50.
[334] See the previous section on county reorganization for further information.
[335] David A. Shinn, *Metropolitan Seattle Reorganization Study*, Seattle, WA, Seattle Office of Policy Planning, 1978, pp. 84–85.
[336] Juanita Guene, "Turbulent History, Uncertain Future," *Planning*, February 1979, p. 14.
[337] Shinn, *op. cit.*, p. 80.
[338] *Ibid.*, p. 81.
[339] Shinn, *op. cit.*, p. 17.
[340] *Ibid.*
[341] C. J. Hein, Joyce M. Keys, and G. M. Robbins, *Regional Governmental Arrangements in Metropolitan Areas: Nine Case Studies*, prepared for the Office of Research and Development, U.S. Environmental Protection Agency by the Washington Environmental Research Center, Washington, DC, U.S. Government Printing Office, 1974, p. 54.
[342] Metropolitan Service District, *Oregon Tries Regional Government*, Portland, OR, no date, pp. 1–2; and "Report on Reorganizing Metropolitan Service District, Abolish Crag (State Measure No. 6)," *City of Portland Bulletin*, Vol. 58, No. 54, pp. 227, 230–32.
[343] Sylvia Lewis, "Portland Tries Something New in Regional Government," *Planning*, Vol. 45, No. 6, June 1979, p. 13. A referendum to establish a property tax levy failed in November, 1980.

Chapter 7

Findings, Issues, and Recommendations

MAJOR FINDINGS

The Commission undertook this study in response to the Congressional directive that we study and evaluate "State and local governmental organization from both legal and operational viewpoints to determine how general local governments do and ought to relate to each other, to special districts, and to state governments in terms of service and financing responsibilities, as well as annexation and incorporation responsibilities. . . ." In the first six chapters we have focused on the functional roles of the states and their various types of local government and regional units; the relationships between the states and their political subdivisions; and the shifting and continuous trends in these roles and relationships over the past ten to 20 years. In accordance with the Congressional mandate, attention centered on "what is" and how it has changed in recent years.

As a necessary prelude to addressing the second part of the Congressional charge—what "ought to be"—this chapter begins with a summary of the major findings of the first six chapters. The summary divides itself into the three structural subdivisions—state government and state-local relations, local governments, and areawide (substate regional) organizations—and highlights the present status of and the discernible trends in the shared and separate functional responsibilities of each.

State Government and State-Local Relations

States occupy a critical position in intergovernmental relations in the U.S. Their constitutional role as partners in the federal system and as architects of local governments assures them of a pivotal location in many communications and interactions between the federal government and local jurisdictions. Furthermore, their handling of their own affairs is vital to the successful performance of certain functions. At the same time, the extent and quality of state participation in regional and interstate activities have consequences for horizontal intergovernmental cooperation.

In the 1780s, when the U.S. Constitution was written, and for more than a century after that, states were the dominant partners in the Union. Succeeding wars and the Great Depression of the 1930s, along with other factors, brought the federal government to the fore, changing the position of the states and bringing adverse assessments of their performance. This shifting and readjusting continue to the present, as the nation reacts pragmatically to each new problem as it arises.

Over the past quarter of a century, the state role and, indeed, the state governments themselves have been transformed. States have taken on new importance as the middlemen in the intergovernmental system. As the decade of the 1980s begins, states are more heavily engaged as intergovernmental bankers, regulators, and administrators than ever before. Although these are not new roles for states, the extent and intensity of current state involvement means that these jurisdictions are far more critical to today's system than they were to its predecessor of a generation ago. In the past quarter century, the emphasis has been on cities, and states have been struggling to keep their places at the decisionmaking table. Now, however, states clearly are central in the intergovernmental framework. The federal government relies on them to superintend many federal programs, some of which are more properly national in nature. Their functions as middlemen have expanded and deepened, and they are expected to do the bulk of the intergovernmental work. Moreover, on their own initiative, states as a group assumed the senior partnership in state-local financing and increased their support of local government.

STATE DIRECT SERVICES

In regard to direct state functions, this study found:

- a pervasive sharing of responsibility among federal, state, and local levels, as evidenced by expenditures, own-source revenues, and employment;
- the state to be the primary provider (spending the plurality of funds) in highways and corrections and in parts of the education and welfare functions; in addition, states share the lead in hospital support;
- increasing direct state assumption of certain functions in which local governments previously participated;
- as between state and local governments, state domination in the provision of public welfare; and
- as between state and federal governments, steady expansion of supersessive or preemptive orders by the federal government, keeping the states out of certain functional or subfunctional fields or requiring the upgrading of performance standards in fields where states are already actors (supersession has been prevalent particularly in health, public safety, environmental protection and conservation, and consumer protection, in that order of frequency. Forty-eight supersessive federal laws were enacted between 1964 and 1973).

IMPACTS OF FEDERAL GRANTS

Congressional reliance for two decades on intergovernmental fiscal transfers as the primary means of dealing with subnational government problems has severe limits as an administrative mechanism and has produced some serious as well as salutary consequences for the states. Among the negative are:

- Federal authority over the performance of state functions has been extended to functional areas previously reserved to the states.
- Grants sometimes transfer decisionmaking from the state to the federal level and substitute federal for state priorities.
- State capacity to govern and perform has been weakened through the effects of federal grants on distribution of authority among and within recipient departments and agencies and through the use of private sector recipients.
- Federal categorical grants have weakened the authority of elected state officials to control the bureaucracy and to manage state affairs.

- These grants have reduced, to some degree, state legislative control over state expenditures.
- The grants have increased state reliance on federal financial assistance, even as they have helped increase state taxing and spending.
- Categorical and block grants have stimulated the growth of intergovernmental client groups, thus making it more difficult for state and local governments to change spending priorities when federal aid ceases.
- Administratively, federal grants have produced an astounding number of guidelines and regulations that have complicated program service delivery and made it more expensive. According to testimony before a Senate committee in 1974, a total of 67 federal agencies, departments, and bureaus having rule-making authority adopted 7,596 new or amended regulations, while Congress, during the same period enacted 404 public laws—a ratio of 18-1.
- Most of the 59 crosscuttng federal requirements attached to grant programs complicate compliance with the other conditions attached to them.
- Grants generally have increased the number of intergovernmental interactions, thus raising the costs of administration.
- Grants have focused public attention on Washington as the provider of first, not last, resort and raised expectations among many groups.

On the other hand, federal grants-in-aid and related efforts have benefited state governments in various ways.

- They have enabled states to engage in activities that otherwise they could not afford and in some cases would not otherwise undertake.
- They have equalized opportunities and redistributed resources among states to a certain extent.
- They have raised standards for some services and activities.
- They have focused attention on state deficiencies and encouraged reform.
- Revenue sharing, as opposed to categorical grants, has strengthened the control of general management at the state level.
- The various OMB grants-management circulars have been welcomed by state elected officials and their generalist allies for being steps in the right direction.

STATE-LOCAL RELATIONS

State governments hold the key to many matters determining the well-being and success of almost all local jurisdictions—the notable exceptions being Indian reservations and the District of Columbia. They make major decisions affecting local government affairs; assist substate governments in improving their capability to carry on their own activities as well as those mandated for administration of state law on the local level; bear a significant portion of the costs of local operations; and, to some degree, ensure "good government" at the local level.

Each state performs differently in these matters, making nationwide assessment of state actions difficult. Each has, as well, a unique political culture and a distinctive economic and social system, and these make for varied response patterns to local fiscal, functional, and structural problems.

States have been soundly criticized both for their interference in and neglect of local affairs. Since 1960, they appear to have been loosening their grip on local discretion in some areas and working to improve local capability and financial conditions, even while taking other actions not characteristic of a "good parent."

In state-local finance:

- States became the senior partners in state-local expenditures. Their share of total state-local general expenditures from their own funds grew from 46.8% in 1957 to 57.0% in 1979. They outpaced local governments in expenditures from their own sources in 46 states, up from 28 in 1966, and 23 in 1957. This was a significant change in the period from 1929 to 1949 when local governments outranked both states and the federal government in domestic expenditures. Now states rank second to the federal government as the biggest financiers of domestic activities.
- States and local governments increasingly shared expenses for governmental functions. This resulted largely from the state increase in its portion of expenditures for given functions and states branching out into functional areas that previously were almost entirely locally financed. One of the most marked changes occurred in school finance: More than half the states altered fundamentally their school funding formulas during the decade

of the 1970s, mostly in attempts to reduce disparities in funding for public education. States now provide more than half of local school costs in a majority of the states. Disparities in per pupil expenditures within states decreased in 17 but increased in six.

- States' share of highway expenditures, although still dominant, is on the decline, but the states are assuming an increasingly larger share of state-local public welfare expenditures and, overall, are the dominant providers. In 1979, states provided 84.4% of public welfare costs, and only two states provided less than one-half of the total state-local public welfare expenditures. Moreover, states bore somewhat more than half of health costs (51.4%), outspending local units in 29 states.

- There has been a rise in the amount and purpose of state financial assistance to local governments. State aid, including "passthrough" federal aid, increased from 41.7% of local general revenue from own sources to 60.8% in 1976, fell back to 59.5% in 1977, and was estimated to total 60.8% for 1979. Net state aid to local governments, excluding federal assistance passed through states, grew by 72.4% between fiscal years 1971–72 and 1976–77 as compared to a 38.7% increase in the GNP deflator, one measure of inflation. At the same time, the stae's share of intergovernmental assistance to local governments declined, since federal-local aid grew rapidly during this period. Nevertheless, the states still provide the lion's share of intergovernmental assistance to local units. The amount of federal aid retained at the state level and not passed through was only slightly in excess of the amounts locally received from the federal government, either directly or passed through.

- Traditional functions—education, highways, welfare, and health and hospitals—still receive the bulk of state aid funds, although the money is somewhat more widely distributed among functions now than it was in 1972. Despite the dispersal, education receives an even greater percentage of total state aid funds than it did a decade ago.

- As an alternative to increased financial assistance, states are assuming functions previously performed on the local level. Largely as a result of state law, 14% of the 1,708 transfers of functions by municipalities over 2,500 in a ten-year period ending in the mid-1970s went to the state. Most often transferred were activities in public health, public welfare, municipal courts, pollution abatement, property tax assessment standards, building codes, and land-use regulations—including coastal zones and wetlands—and regulation of surface mining.

- Some states are authorizing broader fiscal bases for their local governments. In addition to the traditional property tax, as of 1978 a total of 36 states permitted some or all of their cities and/or counties to use either a local sales or income tax; however, in many states the grant of authority is far from general. Minnesota enacted a modest "share the growth" regional tax arrangement for its seven-county Twin Cities Area.

- States increasingly are compensating local governments for tax exempt state property located within their boundaries, although the practice is not uniform. As of 1979, only 13 states had failed to reimburse local governments for at least some of their tax losses on state property.

- In response to citizen demand for reduced governmental spending, state restrictions on local revenue raising and expenditures multiplied. The seven-year period between 1970 and 1977 saw various restraints imposed by 14 states. In comparison, following California's adoption of Proposition 13 limiting local property taxes, 16 took similar action in the first eight months of 1979 alone. Most of these were directed at setting a ceiling on local property taxes. As of November 1979, a total of 40 states imposed property tax rate limits, 20 had levy limits, eight expenditure lids, and six assessment constraints. All of the states that impose new levy controls and allow the limit to be exceeded only by referendum have done so in conjunction with other state actions providing other sources of revenue.

- State mandates on local government increased dramatically in the past 15 years, bringing with them increased local cost and complications in local governance. A study of five states revealed that 2,151 state mandates had been imposed in these states since 1966, most of them by direct

orders and 121 as conditions of grants-in-aid. These are in addition to the 1,214 imposed by the federal government, largely as grant-in-aid conditions. An ACIR survey of all 50 states indicated that in the 77 program areas listed, 22 states had mandates in 39 or more program areas requiring local expenditures.

- The most commonly mandated functions were solid waste disposal standards, special education programs, workmen's compensation for local personnel other than for those in the police, fire, and education areas, and various provisions relating to retirement systems. Most worrisome were the horizontal or crosscutting requirements—such as the federal stipulations for affirmative action, citizen participation, and environmental impact statements—that added additional purposes to those toward which the programs were principally directed.
- Reflecting the rising concern for local financial conditions and seeking to highlight the costs of proposed laws or rules, states began to attach fiscal notes to mandate legislation and agency rules, estimating the dollar cost to local governments of the state requirements. By 1977, a total of 22 states attached fiscal notes and this increased to 36 by 1979. In addition, Maryland attached fiscal notes as a matter of practice, and Washington established a reimbursement procedures for programs the state transfers to localities. At the end of 1979, a total of 12 states provided for compensation to local units for the costs of requirements they imposed.

As important as the impact of state actions on local fiscal conditions are state measures permitting local governments to establish their own priorities and to make their own decisions, and state assistance in improving local management capability. Developments in these directions during the last quarter century include the following:

- States have moved to lessen the constraints of Dillon's Rule and to improve local discretionary authority. Much of this has been directed toward counties. By 1960, most states had permitted their municipalities structural home rule, or the authority to design their own governmental structures, but only eight states gave county governments the same authority. By 1977, less than half failed to permit counties either to adopt charters or choose optional forms of government. In addition, every state ratifying a new constitutional local government article since the mid-1950s has provided some degree of devolution of powers authority for its local governments. This includes at least half the states. Implementing arrangements and fiscal constraints, however, sometimes diminished the authority granted. Moreover, local jurisdictions did not always take advantage of broader authority.
- Three states—Arkansas, Kentucky, and Tennessee—modernized county governmental structure by state action. All three states instituted county executive governments statewide. Moreover, about half the states now allow local governments authority to hire anyone needed to help the governing body discharge its duties. This has permitted local jurisdictions—especially counties—to hire administrative officers. Both types of actions placed counties in a position to exercise their powers more effectively and efficiently.
- States increased local authority to enter into interlocal agreements and sometimes authorized transfers of functions. Forty-eight states authorized the establishment of single and multipurpose regional authorities with regionwide financing to deal with special problems. Most related to narrow functional activities such as mass transit.
- Although performance has been mixed, a number of states adopted urban strategies or overall policies for urban areas. These tend to emphasize economic development and growth management. Some studies show that states do a better job than the federal government in targeting fiscal assistance to needy areas; the evidence, however, is not unchallenged.
- States have been active in the delineation of substate districts. Forty-four have delineated over 530 substate districts and helped to organize 95% of them, as compared to 56% in 1973. The districts are concerned with regional planning, coordination, and, in some cases, operating functions.
- States increasingly permit local boundary changes that benefit municipalities, although sometimes accompanying restrictions mitigate the general power. Forty-one states now have general laws authorizing annexation. Several states permit certain cities to annex territory without the consent of the area to be annexed.

- Most states also authorize municipalities to exercise some extraterritorial jurisdiction outside their boundaries. Thirty-five authorize at least some of their cities to regulate outside their boundaries. Four allow authority for full police power in adjacent areas.
- In recent years states have acted to improve state-local communications and to afford local officials a greater voice in matters affecting them. A total of 17 now have state-local relations advisory organizations, up from 12 in 1977. In addition, 30 states have established departments of community affairs at the cabinet level. Moreover, another 15 have major offices or divisions of community affairs.

In general, the states' performance in regard to their local jurisdictions has been mixed, although, for the most part, the trend has been toward freeing and upgrading local governments. At the same time, states have involved themselves in a broader range of local activities. At the very least, state actions reflect an increased awareness of local—particularly urban—problems.

IMPROVING STATE GOVERNMENT CAPABILITY

In the 25 years that have transpired since the Kestnbaum Commission criticized state government capability, a largely unnoticed revolution has occurred in state government. The states have been transformed to a remarkable degree. The decades of the 1960s and 1970s witnessed changes in state government unparalleled since the post-Reconstruction period a century ago, generally in the direction advocated by reformers for 50 years. While all states have not moved at the same pace, improvement in state governmental structure constitutes a nationwide phenomenon:

- Four-fifths of the states have taken official action to modernize their constitutions since midcentury. While not all were successful, a total of 11 states (excluding Alaska, still operating under its original document of 1956) has adopted revised constitutions in the quarter century since the Kestnbaum Report. In addition, a referendum on convention-sponsored proposals for constitutional revision is scheduled in Arkansas in September 1980, and New Hampshire is considering 27 amendments submitted in a series beginning in 1974 and culminating in 1980. Other significant changes resulted from single amendments.
- Since *Baker v. Carr* and subsequent court decisions in the early 1960s, states have modernized their legislatures in many respects. A total of 36 now have annual sessions, almost half were sessions of unspecified length, 28 provide for legislative instigation of special sessions, 39 have professional committee staffs, many provide office space for all members, almost all provide for prefiling of bills, and 49 have bill drafting services. The number of standing committees has been reduced in most states.
- The Governors' ability to decide and manage was improved by lengthening of terms (46 states now elect Governors for four-years terms), eliminating the restriction of succession (only five now prohibit the Governors from immediate reelection), and increasing their control over the budget (only four states now use the board budget as opposed to the executive budget and the number of states with annual budgets increased from 26 in 1970 to 29 in 1980). In addition, Governors have stronger appointment powers, resulting from a significant reduction in the number of elective offices between 1964 and 1978. Twenty-four states pared down the number while 11 added more. Moreover, 26 states reduced the number of agencies headed by elective officials while three increased it. Reorganization authority and item veto power increased and staffing has been upgraded.
- Twenty-three states underwent major executive reorganization between 1964 and 1979 and virtually every other state reorganized one or more departments during this period.
- Another move in the direction of the traditional principles of administrative organization occurred when states reduced their reliance on boards for administrative purposes and eliminated some ex-officio commissions.
- States were more successful in reforming the judiciary than in improving any other branch of government during the last quarter century. Almost every state has made significant changes in the structure and operation of its courts. At least four-fifths of the states adopted simplified and unified court systems. All except New Hampshire now have court administrative offices for more efficient operation of the system. Legal qualifications have been raised. In 1955, 17 states did not require legal training for judges of courts of general jurisdiction. Twenty-five had none for

supreme and intermediate appellate court judges. Today, all but seven require both appellate and trial judges to be trained in the law. Three of these require a minimum number of years of legal experience to attain office. Improvements have been made in the selection process through the use of the Missouri plan and the establishment of judicial councils and judicial selection commissions. At least 14 states have some kind of merit plan for the selection of judges. Special discipline and removal commissions now supplement impeachment, legislative resolution, and recall in the removal of incompetent judges in 41 states. States have assumed more of the costs of operating the court systems. In 1969, states paid about one-fourth of the costs and in 1970 only seven assumed over 90% of the costs. By 1976, the number of states paying almost all expenditures had reached 14.

Finally, in regard to states' improved capability:

- Overall, states are in good fiscal health (late 1980). In recent years, they have strengthened and diversified state-local tax structures. The overall reliance on property taxes has been reduced.
- Barely half of the states have regressive state-local tax systems. States have made widespread efforts to mitigate the regressive aspects of sales and property taxes through circuit-breaker provisions in the property tax and exemption of food from the sales taxes.

In general, while progress has been uneven and some still have a long way to go, the revitalization of the states during the past quarter century equips them to discharge more effectively their broadened responsibilities as middlemen between the federal government and the localities and to fulfill their obligations in the federal partnership from a position of greater strength.

Local Government

STILL THE PRIMARY SERVICE PROVIDER, BUT LESS INDEPENDENT

The assignment of governmental functions among the federal, state, and local governments is marked by a pervasive sharing of responsibility, as evidenced by expenditures, financing, and numbers of employees. Yet, local governments continue to be the prime provider of direct services to the public.

- In 1967, the federal/state/local sharing of direct expenditures was 28-26-45%; in 1977, it was 30-27-43%.
- Full-time equivalent employment in October 1967 was 28% federal, 19% state, and 53% local; in October 1977, it was 20%, 22%, and 58%, respectively.

At the same time, local governments are becoming increasingly less self-sufficient—more and more dependent on outside financing. In 1964, state and federal aid amounted to 45.7% of local governments' own-source revenue. By 1977, it had risen to 75.4%. Moreover, local governments' dependence on federal aid is growing faster than their dependence on state aid.

- In 1972, 11.6% of their intergovernmental aid came directly from the federal government; in 1977, this rose to 21.4%.
- In 1972, 30.0% of their intergovernmental aid came directly and indirectly (via state pass-through) from the federal government; in 1977, this came to 37.5%.

Increasing local dependence relates not only to money; it relates also to the conditions attached to the expenditure of grant funds and the increasing federal and state use of direct orders to influence the actions of local governments.

- An exploratory study of federal and state mandates on local governments in five states found that the federal government imposed 92 conditions-of-aid mandates in the period 1966–70 and 354 in the years 1976–78. (The comparable figures for the five states were 38 and 30.)
- Regarding direct order mandates, the same study reported that the federal government's direct orders rose from 43 in 1966–70 to 57 in 1976–78; the states' went from 365 to 625.

Local governments as a group thus continue to be the workhorse among the three levels in providing direct services to the public; but they increasingly operate under conditions of dependency on the federal and state governments for financing and are subject to the direction of those governments through performance conditions attached to grants-in-aid and direct orders imposed via laws, executive orders, and administrative regulations.

LESS DIFFERENTIATION AMONG TYPES OF LOCAL UNIT

In the past ten or more years, notable changes have

occurred among the five types of local government in their relative shares of responsibility at the local level:

- Although municipalities continued to be dominant in providing local services in 1977, their position was not as strong as it had been ten years earlier. There was a major shift in relative expenditures toward the counties and away from municipalities. This happened in higher education, hospitals, health, police, fire protection, sewerage, other sanitation, parks and recreation, correction, and libraries.
- Expansion of counties' functional role has been accompanied by an increase in their discretionary structural authority in over half of the states. About one quarter of the counties have moved to modernize their administrative operations by adopting an elected executive or manager form of organization.
- In hospitals, fire protection, sewerage, and libraries, a significant part of the relative decline in the municipal position was accounted for by the increased importance of special districts. Of the five types of local units, special districts showed the most pronounced increase in number in the ten-year period, rising from 21,264 in 1967 to 25,962 in 1977—a jump of 22%. Yet, the increase in the number of areawide special districts was less notable.
- Schools continued to represent the largest single functional category of local expenditures—26.2%. The number of school districts, however, continued its long-run decline, although at a sharply diminished rate in the 1972–77 period.
- The rural townships of nine midwestern states experienced a steady decline in relative importance as units of general local government until the advent of the federal general revenue sharing program in 1972. Since 1972, these townships have expanded the scope of their activities, increased their expenditure and employment at noticeably higher relative rates than other general governments in their states, and relied on general revenue sharing for a larger share of their total revenues compared to other local general governments.

Overall, possibly the most striking developments at the local level in terms of functional responsibilities were the decline in the number of functions dominated by one type of local government and the growing similarity between many urban counties and municipalities. This blurring of differences among the types of local government may be seen as a case of the one historic urban form—the municipality—failing to keep up with the demands of galloping urbanization. The reasons for the lag are multifaceted: the legal, territorial, political, and economic inhibitions on municipalities—particularly the larger ones in the older parts of the nation; the availability of the county and the special district to meet certain urban needs; the growing tendency for urban-type services to be increasingly demanded by citizens in both rural and urban areas; the expanded importance of federal assistance; and the federal government's growing practice of making such assistance available to counties and special districts, as well as to municipalities.

PROCEDURAL AND STRUCTURAL ADAPTATIONS

The allocation of functional responsibilities between the state and its localities and among types of local units reflects continuing efforts to adapt substate governments to changing needs. The adaptations are both procedural and structural. Procedural approaches—assigning functions without changing government structures—have been used in varying degrees and with mixed success in the past ten to 20 years.

- Intergovernmental service agreements were used by more than 60% of local governments in the early 1970s. Currently, they remain a popular method for responding to problems arising from the mismatch between jurisdictional boundaries and service needs. As of 1976, 43 states had some type of general law authorizing such agreements—one more than in 1972 and 29 more than in 1957.
- From 1965–75, 31% of a sample of cities of over 25,000 population transferred functions to another jurisdiction, with larger, central cities being more likely to transfer. Counties received 56% of the functions transferred, followed by special districts with 19% and states with 14%. As of 1976, however, general authority for transfers was granted by only ten states, thus requiring many transfers to be achieved under laws applicable to single functions.
- Specifics on the extent of extraterritorial powers—the exercise of authority by cities outside their boundaries—are not known; but it is likely that they are used less than intergovernmental service agreements or transfers of functions. In 1977, 35 states authorized at least some of their

cities to regulate outside their boundaries. Yet, less than half of the states authorized extraterritorial planning, zoning and subdivision regulation—the powers that would have the most influence in dealing with fringe growth problems.

Annexation—the most common structural modification—is a useful method of expanding a municipality's servicing and financing jurisdiction; but, except for certain cities, mainly in the South and Southwest, it has not been a feasible device for achieving areawide provision of services that benefit from areawide administration and financing:

- From 1970 through 1977, over 48,000 annexations occurred, adding nearly 7,000 square miles and over 2.5 million people to cities of over 2,500 in population. But most annexations were small—the average land area was one-seventh of a square mile and the average population 53 people.
- In the 1970s, medium-sized cities annexed more frequently and were more likely to produce significant territorial expansion and population increases than cities of other sizes. While the most annexations occurred in the North Central region, annexation has had the greatest impact in the South and Southwest.
- The effect of annexation on central and suburban cities declined in the 1970s, in that the average land area and population acquired per annexation in the 1970s was less than the 1960s.
- While annexation usually produces small, incremental changes in city boundaries and population acquired, those cities with significant annexations in land and popuation (such as Houston and Oklahoma City) have been able to achieve better control over problems normally associated with benefit and cost spillovers.

Structurally, many county governments have moved toward modernization, increasing their ability to assume and manage functions once thought to be within the sphere of cities only. While tremendous strides have been made, however, counties have not taken full advantage of their opportunities to reorganize. Moreover, they are limited fiscally by dependence on inflexible sources of revenue.

- Home rule counties perform a greater variety of urban functions than their nonhome rule counterparts, and are more likely to provide services countywide. Currently, 30 states have some type of home rule authority—compared to 25 states in the early 1970s. Yet, in many states there are so many restrictions on implementation that local discretion is weak or nonexistent. Only 18 states grant counties the authority to adopt a home rule charter; and currently, only 75 counties out of 3,040 nationwide have adopted one.
- Twenty-one states authorize optional forms of county government, although comparatively few counties have exercised the option. Still, the percentage of counties with the commission (plural executive) form of government has dropped from 85% in the early 1970s to about 75% in the late 1970s, indicating progress in this vital aspect of structural modernization.
- In the last two decades, the number of counties with elected executives has increased from eight to 253. Similarly, the number of appointed county administrators has grown from 75 in 1960 to 513 in 1979. Thus, 25% of counties have some degree of integrated management.
- Functionally, many counties have taken on new responsibilities. Furthermore, the tendency is to perform the function for the entire county. Metropolitan counties were more active than rural counties, as the percentage of such counties engaged in a service increased from 1971 to 1975 for 15 functions.

City-county consolidation, federations, and regional government are major governmental reorganizations which have shown some success in reducing duplicative services and inequities in financing services. Furthermore, in several cases they have reduced the fragmentation of local government and provided a structural means for dealing with regional problems. None of these forms has been adopted very widely, however.

- The most popular form is city-county consolidation. Twenty-five now exist, with 17 having been formed since 1945. The number of referenda has increased in each decade, but the percentage of passage has declined so that the 1970s produced eight compared to seven in the 1960s (one of these established by the state legislative action). Moreover, half of the consolidations since 1968 have been in nonmetropolitan areas. Only one city of over 250,000 population has ever suc-

ceeded in consolidating with its surrounding county (Indianapolis), and that was through action of the state legislature.

- The two-tier urban county form established in Florida's Dade County has never been adopted formally in any other area. Yet, in many counties the combination of major structural reorganization and the assumption of functions transferred from municipalities have produced systems leaning toward the two-tier approach.
- The most dramatic development in areawide government in the 1970s was the 1979 establishment in the Portland, OR, area of the first elected regional government. The success of the new metropolitan services district, however, may be dependent on the establishment of a tax base adequate to give it the financial capability of providing additional areawide services.

Areawide Organizations

Areawide organizations are a frequently created response to boundary limitations which arise when some public problems spill beyond the jurisdiction of any single government capable of acting alone to address the problem. Very often, such problems are recognized long before a regional public body is established, and the earliest organizations to respond generally are unofficial. Gradually, as the problem becomes better defined, and as the stakes in common intergovernmental solutions become clearer to affected governments, the informal organizations are transformed into, or supplemented by the creation of, official public bodies.

- In metropolitan areas, the first substate regional organizations were private regional planning associations established in several major metropolitan areas in the early 1920s. After the Second World War, federal urban transportation funds began to encourage more areawide planning, and in 1954 comprehensive planning funds became available from the Department of Housing and Urban Development's predecessor agency in support of metropolitan planning commissions. Additional federal legislation enacted in 1965 and 1966 made federal funds available to support the "council of governments" type of regional planning in which local elected officials are the prime participants, and gave metropolitan planning organizations the responsibility to review a broad range of federally aided physical development projects before federal approval. By 1970, all metropolitan areas had official regional planning and most were pursuing it through the council of governments type of organization.
- In nonmetropolitan areas, the roots of interlocal regional planning go back to agriculturally related organizations—such as soil conservation districts, farmer cooperatives and resource conservation and development committees—and to the local chambers of commerce. Then, in the latter part of the 1960s and all during the 1970s, general-purpose regional councils were formed throughout the rural and small community portions of most states. These organizations help to (a) bring federal aid into their regions, (b) supply much needed administrative, professional, and technical expertise to the small, ill-equipped local governments there, (c) represent local needs to the state government, (d) deliver certain public services in some cases, and (e) prepare regional plans.
- Substate district systems have been established statewide in 44 states, mostly since 1967. These are attempts by the states, with federal encouragement, to bring about some commonality of boundaries and organizations for the various types of regional planning and for the field operations of state agencies. By the late 1960s, the growing number of federal aid programs supporting regional planning was proliferating multiple regional planning organizations in many metropolitan and nonmetropolitan areas alike—a condition which still exists. By 1977, almost two single-purpose regional planning organizations existed at the local level for every general-purpose regional council in the nation, and 12 states had even higher ratios. Neither federal nor state counterpolicies have stemmed this development nationally.
- Under the influence of locally felt needs for (1) interlocal cooperation, (2) state enabling legislation, (3) federal aid and requirements for regional planning, (4) the substate districting systems, and (5) other forms of state encouragement, regional planning organizations at the local level now blanket virtually the entire nation, encompassing 99% of all counties. In 40 cases, these local regions cross state lines, creating interstate planning organizations.

INTERGOVERNMENTAL INPUTS AND IMPLICATIONS

- All these regional organizations—except two—are intergovernmental mechanisms rather than governments in their own right. Their stock in trade is intergovernmental communication and cooperation. Even the two organizations which are exceptions to this "rule" (in the Minneapolis-St. Paul and Portland, OR, areas) generally act as though this applies to them as well. Regionalism has been accepted throughout the land as a necessity, but has been given very few powers beyond planning and persuasion. Regional organizations are looked upon quite gingerly—almost as "necessary evils," not to be trusted with governmental authority and not to be viewed as panaceas.

- In typical American fashion, neither federal nor state support for regional organizations follows a grand design. Federal grants, which have provided the main financial support for the substate organizations, also have been major forces in establishing overlapping regional boundaries and multiple regional organizations serving the same areas. State financial support generally has been modest—even more modest than that from the hardpressed local governments.

- Federal funding for the substate regional councils, as vital as it is, has been increasingly detrimental to the general coordinative role of these councils in recent years. As the numbers of different programs supporting these planning efforts increased (from 24 in 1972 to 38 in 1979), and as the number of federal aid programs subject to the A–95 federal aid review and comment process more than doubled (from 99 in 1971 to well over 200 in 1980), the actual amount of federal aid for general-purpose planning has been halved. The proportional cut (relative to inflation and the increases in functional planning funds) has been even more severe. Thus, substate regional planning increasingly is becoming special-purpose planning in support of individual federal aid action projects. This weakens both the comprehensive policy basis for A-95 comments (which typically has been none too strong anyway) and the ability of the planning programs to reflect local needs and interests (as they should if they are to retain and strengthen local support).

- More authoritative regional organizations seem unlikely to be created in the near term. Local government reorganizations—through city-county consolidation, county-county merger, or annexation—are not happening frequently or on an areawide basis. Also, while the Twin Cities Metropolitan Council has provided a model for more authoritative regionalism at the local level for more than a decade, only one other comparable organization (the metropolitan service district of Portland, OR) has been established since 1967. Both of these organizations are considered "far out" in other parts of the nation.

- In short, some of the nation's toughest intergovernmental problems—the regional ones—have been assigned to the nation's newest and least powerful official public organizations. ACIR recommended (in 1973) very substantial strengthening of the legislative base, structure, powers, program coordination and funding of substate regional planning bodies. Yet, the facts are that major restructurings and increases in powers are not occurring. The 1977 zero-based review of planning requirements—which addressed substate planning programs, among others—has not resulted in more than minor adjustments to the present situation. At best, the prospects appear to be conducive to slow evolutionary change based more upon improving regional planning processes than on creating new regional governments. And even this may not happen without continued heavy involvement by the federal government.

Summary General Finding

On the basis of these findings, **the Commission concludes that the roles of the states and their local governments have shown both continuity and change over the past two decades, providing the basis of both hope and disappointment for those valuing strong state and local governments as essential elements of a viable American federal system. Specifically:**

- Local governments have become increasingly more dependent fiscally on the state and federal governments, particularly the latter. Growing reliance on intergovernmental grants also has curtailed the administrative discretion of local officials since expenditure of the vast bulk of the aid moneys is circumscribed by specific program-

matic and procedural requirements and cross-cutting national policies—in the case of the last, including even block grants and General Revenue Sharing.

- Local governments continue to be the work horses of the federal system in terms of the provision of direct services to the public. At the same time, there is less differentiation of servicing roles among the five basic types of local unit, with counties increasingly providing urban functions, special districts continuing to proliferate in number and in the types of activities carried on, and more functions being provided by more than one type of unit in the state-local system.

- At the substate regional level, the scenario has been "more of the same" (that is, more of what was present in the early 1970s). Regional councils have spread until they cover practically the entire country and these voluntary, federally mandated in metropolitan areas, state-encouraged in the nonmetropolitan, partly indigenous and partly nonindigenous bodies, are looked to by many at all levels as eventual providers of important activities and even some services on an areawide basis. Nevertheless, they continue to lack the structure, financial resources, and authority necessary to make them authoritative in their own right. Meanwhile, areawide special districts, overwhelmingly single-purpose, have expanded their role and are by far the most numerous type of areawide body with any substantial degree of authority; and the number of successful city-county consolidations—the most common type of effort to achieve an areawide general government—grows at a slow pace, generally not in major urban areas and rarely encompassing a substate region (since most substate regions are multicounty).

- Generally, state governments have made great strides in strengthening their capabilities by adopting many reforms that have been urged for over 50 years. The improvements have affected all three branches of state government, especially the judiciary, and have involved structural, procedural, fiscal, and functional changes. While most of the reforms have been self-generated, some are attributable to outside influences, particularly the U.S. Supreme Court's decision on legislative reapportionment and the examples of other states.

- "Mixed progress" is the judgment on the 50 states' multifaceted role of power source, supervisor, helper, and encourager vis-a-vis their local governments. Yet, overall they have demonstrated more responsibility for their localities in the important areas of financial aid, organizational and functional discretion, and financial management oversight than was the case a generation ago. The failure of most states to promote structural improvement at the local and substate regional level is a serious shortcoming, however.

- In the past 20 years, the states have assumed a key role in the intergovernmental system as prime recipients and disbursers of federal aid; as planners, administrators, and supervisors of big intergovernmental programs (including their own as well as federal); and as objects, supplementers, and resisters of federal regulatory activities. This drastically expanded intergovernmental assignment, in effect, has conferred on the states a major new role in the overall federal system; at the same time their traditional prime function of serving as 50 differing representational systems has been revitalized in recent years thanks to major changes in their political processes. Yet, these two goals do not always complement one another.

ISSUES

1. Are There Limits to Intergovernmental Fiscal Transfers?

A prime conclusion from a look at the role of local governments at the opening of the 1980s is their constantly increasing fiscal reliance on the state and federal governments. In 1964, state and federal aid amounted to 45.7% of local governments' own-source revenue; by 1977, it had grown to 75.4%. Although the increase in federal aid has flattened out in the past two years, over the longer period it has made up an increasing portion of total outside aid received by localities. In 1972, 11.6% of their intergovernmental aid came directly from the federal government; in 1977, this proportion practically doubled, rising to 21.4%. Considering both indirect (passed through by the states) and direct federal aid, the

comparable figures were 30.0% in 1972 and 37.5% in 1977.

Constantly expanding fiscal reliance raises questions about the degree of independence retained by local governments, a goal cherished as a hallmark of the American democratic polity. The question takes on added significance in light of the conditions that are attached to the intergovernmental aid, supplemented by other constraints on local action that emanate from the state and federal governments via direct orders. To be sure, in the past decade or so the federal government has broadened recipient discretion by initiating five block grants and general revenue sharing. Yet, the multiplication of categorical grants continues: in the three-year period 1975 to 1978, these grants increased by 50, or 11%; and since then their number has continued to grow until in 1980 they tally over 500, and both of the newer forms of federal aid have acquired added conditions over time. Moreover, in addition to specific conditions that are attached to particular grants, the number of social policy-type requirements—those for civil rights, relocation, rehabilitation services, for example—cutting across many or all programs are a new and growing phenomenon in the federal aid system. As of 1979 they numbered 59 and applied not only to categorical grants but, in many instances, to general revenue sharing and block grants as well. An exploratory study of federal and state mandates on local governments in five states found that the federal government imposed 92 conditions-of-aid mandates in the period 1966–70 and 354 additional mandates in the years 1976–78.

Added to these constraints on local discretion are those that come via direct orders imposed by the federal and state governments through legislation, regulation, or executive order. The same study of mandates reported that the federal government's direct orders rose from 43 in 1966–70 to 57 in 1976–78; the states' grew from 365 to 625 in that period.

It was the cumulative effect of federal money and constraints that led a city councilman of Jacksonville, FL, to declare that "there's no question that we have become a branch of the federal government," and a local newspaper reporter to characterize Jacksonville as a city "quietly going on U.S. welfare." Other cities cited in Chapter 1 of the companion volume of this report [1] viewed their situations in a similar light.

Observing these trends in increasing local reliance on intergovernmental fiscal transfers, then, leads to the questions: Are there any limits to these trends? Are local governments destined to come increasingly under the influence of their two senior partners? The answer depends in part on whether restraints are exerted on the amount of aid dispensed by the givers—the federal and state governments—and on their mandating of requirements—via grant-in-aid conditions and otherwise—on local governments. Whether those restraints occur is surely a matter of conjecture, but facts and tendencies can be cited on either side of the issue.

There are those who see evidence of a real fiscal slowdown in the development of state and local fiscal systems and the federal aid program. Aggregate state and local spending has lagged behind the nominal growth in gross national product since 1975, they note, indicating the transformation of the state and local sector from a fast-growth to a no-growth industry. They attribute much of this trend to such fundamental changes as the basic shift in public opinion from support, or at least toleration, of fast growth to a demand for slower growth. The evidence they cite includes (1) many of the recent lids imposed on state and local spenders; (2) economic change, from that marked by significant real growth to that characterized by slow or no real growth and high rates of inflation; and (3) demographic changes, whereby, for example, steadily rising school enrollments in the post-World War II years have yielded to declining enrollments and resultant stabilized pressure on school expenditures. These basic changes, they contend, have created an environment that is fairly hospitable to the adoption of conservation fiscal policies, so that the politics of fiscal expansion has given way to the politics of containment.

Local property tax restraints and state spending lids are cited as the most dramatic examples of the new brand of fiscal containment politics. Between 1970 and November 1979, states took 39 widely varied actions designed to make it more difficult for local authorities to raise property taxes. From 1975 to 1979, 14 states imposed lids on state spending and six imposed overall spending limitations on local government.

Other reflections of the politics of fiscal containment also are cited:

- Since 1976, states have observed a virtual moratorium on raising state income and sales taxes, and in 1979 about half cut one or the other.
- Confronted with the tax revolt psychology expressed by California's Proposition 13 and its counterparts elsewhere, state legislatures in 1979 voted to use potential surpluses for tax relief rather than for program expansion and contingencies.
- About half of the states require fiscal notes on all bills that would impose added expenditure responsibilities on local governments.

- Six states indexed their personal income taxes for inflation in 1978 and 1979.

Fiscal analysts offering this diagnosis see these fiscal containment policies continuing well into the decade of the 1980s, based on their assuming no significant change in the underlying causal factors. They also believe the fiscal behavior of the federal aid system will follow a similar path. After expanding rapidly from 1949–75, they point out, federal aid also has switched from the fast growth to the no-real-growth category. Moreover, they do not believe that there will be a sharp upsurge in federal aid flows, based on their conclusion that the federal fiscal condition has shifted from financial ease to fiscal stress. In support of that assessment, they cite:

- increasing resistance to Congress' efforts to raise social security benefits;
- the political demand for a major federal income tax cut, which will become increasingly strident as inflation pushes taxpayers into higher tax brackets;
- increased pressure to augment defense expenditures;
- the fear of double-digit inflation, making it progressively more difficult to cover revenue deficiencies by deficit financing; and
- the federal government's assumption of responsibility for financing an increasing share of the programs with the fastest growth, such as health care for the elderly, the poor, and the near-poor.

Finally, those who hold this view of fiscal containment at the federal level believe that it will continue for a number of years, unless economic recovery is rapid and sustained and international tensions are dramatically relaxed—a combination of fortuitous events that they see as unlikely.

The atmosphere of fiscal containment will also tend to curtail federal mandates. According to these observers, state and local officials are becoming increasingly demonstrative in demanding that the federal government reimburse them for any new performance requirements they impose. They also cite the mounting and widespread conviction that the federal intergovernmental grant system is overloaded—in programs, centrally imposed requirements, and general intrusiveness of the federal government—and that efforts to date to decongest the system through such avenues as grants management improvement are falling short of their mark. This general condition, they believe, contributes to the pervasive view that we are in for a period of restraint by the federal and state governments vis-a-vis local governments.

On the other side of the issue are those who accept many of the indicators of slowdown of state and federal programs but are not convinced that the forces are so strong or so unchallenged, particularly as far as the continuing expansion of the federal influence is concerned. Hence, they question whether the expenditure control psychology really has taken such a firm hold at the federal level, citing the subsidence of the movement for a constitutional amendment requiring a balanced budget, and noting that the administration's plan to emphasize budgetary restraint in submitting its 1981 budget for anti-inflationary reasons was soon modified, if not abandoned, when the current recession took hold. A budget out of balance by $60 billion hardly bespeaks cost containment on the domestic front, they argue, even conceding that much of the increase is going for expanded defense allocations.

Supporting the skepticism about fiscal slowdown at the federal level is the view that the basic forces that have combined to generate expansion in federal programs in the past ten to 15 years are as strong as ever—most specifically, the entrepreneurial roles of members of Congress interacting with and often encouraged by the persisting pressures of special interest groups. These skeptics acknowledge that the impact of additional federal programs on local discretion would be eased by the use of the more flexible aid instruments—GRS and block grants—but note that GRS has not been increased in overall amount since enacted in 1972, and indeed has been eroded by inflation. They see little likelihood of increasing the number of block grants, and point out that those which do exist are gradually being made subject to more and more strings, programmatic as well as cross-cutting. Finally, they see no signs of an end to the continued addition of narrow categorical grants, and are unimpressed with the agonizing progress made in efforts to achieve grant consolidation—to say nothing of measures to ease the task of grant recipients by improved grants management.

As for action at the state level, these doubters of the "slowdown" diagnosis also acknowledge the impact of state expenditure limits but stress the effects of state governments' increased imposition of limits on local property taxation; their hesitancy to grant local tax diversification; their continued reliance on conditional grants, rather than general-support grants to their localities (state general support grants were 9% of total state aid in 1977, only slightly more than the 7% in 1967); and their continued heavy resort to direct order mandates on local governments—in most cases still without off-

setting reimbursement for the costs of those mandates.

In short, these skeptics hold that while there are many hopeful signs of conditions leading to a lessening of pressure from the state and federal levels on local discretion—via increased fiscal aid and mandates—the signs are by no means unequivocal: There are too many imponderables to justify an attitude of certainty.

THE IMPACT OF FUNCTIONAL ASSIGNMENT AT THE LOCAL LEVEL

The nature and volume of federal and state aid flows are related to state and local actions in the assignment and reassignment of local functions. In considering the likely impact of aid flows on local discretion, therefore, attention needs to be directed to the functional allocation scene at the local level.

Intergovernmental aids and local functional assignment are connected because intergovernmental fiscal transfers sometimes are brought into play as a way of dealing with the problems created by a mismatch between service needs and fiscal resources—particularly in older urban areas. If local communities were better able to adjust their areal reach and fiscal resources to service demands they would not be needing as much assistance from the state and federal governments. Lacking such flexibility—either because of absence of authority from the state or political unfeasibility—local communities are forced to seek outside fiscal help or reduce expenditures. One way of reducing expenditures is to transfer functions or activities to the state or to some other substate unit—local or substate regional—and let it worry about financing and managing the function. As we have seen in earlier chapters, this is one of the most common developments of recent decades on the local reorganizational front, as reflected especially in the growth in number of special districts and the rise of county governments. Special districts frequently have been created because of limitations placed on general-purpose local units. They can be established without regard to constricting boundaries that inhibit municipalities from serving their logical service areas and increasing their tax base. Frequently they have special bonding, taxing, and/or user charges powers that are denied to municipalities. In similar fashion, counties are often able to offer areal and fiscal resources that are beyond the limited reach of the areally restricted municipalities.

What this diagnosis suggests is that a brake can be applied on the constantly increasing local reliance on intergovernmental fiscal assistance if states increase local fiscal resources and make it easier for local units to reorganize and accommodate to larger area service needs. As noted earlier, in recent years states have moved to restrict localities' use of the mainstay local property tax. An alternative to increasing the property tax authority is state authorization for greater local use of other fiscal resources, such as income and sales taxes and user charges. In 1979 only 11 states authorized one or more types of localities to levy income taxes, only one more than existed in 1976. Twenty-six authorized local sales taxes in 1979, the same number as three years earlier.

On the reorganization front, states would need to be more assertive in authorizing, facilitating, and encouraging local communities in pursuit of annexation, city-county consolidation, county-county consolidation, and other types of major structural change, such as two or three-level federated units and multipurpose special districts. For their part, the leaders and residents of local areas would have to display the foresight and determination to take advantage of the reorganizational opportunities offered by the state and overcome the considerable political problems that almost invariably frustrate reorganizations that threaten the distribution of political power at the local level. Considerable responsibility rests on the shoulders of the local citizenry and political leadership to take these kinds of steps toward both better allocation of functional responsibility and arresting the seemingly relentless erosion of local discretionary authority.

2. Diminished Differentiation Among Local Governments—Good or Bad?

The basic pattern of American local government traditionally consisted of municipalities (serving concentrations of population within well-defined territorial limits) and counties (basically providing state services at the local level in both urban and rural areas). Towns in New England were something of a combination of municipalities and counties elsewhere, in that they consisted of subdivisions of counties but also provided services needed in concentrated population areas. Townships in the midwestern states, on the other hand, were largely subdivisions of counties for the provision of rural services at the local level.

The basic dichotomy of form in most of the states was between the municipality, serving urban concentrations within specific limits and organized on the initiative of the resident population; and the county, a subdivision of the state covering essentially the entire state and set up mainly to carry out state functions at the local level, rather than to meet the specially articulated needs of the local populace. Under this dichotomy, municipal governments were the "dominant providers" of the over-

whelming portion of direct services, when "dominant provider" is defined as the unit responsible for at least 55% of total state-local expenditures for the services. Municipalities reflected the wider range of functions demanded in urban areas by the larger concentrations of population there.

A major trend in the past ten to 15 years is the slippage in municipalities' leadership as dominant providers of local services, and the increasing tendency for services to be performed by "more than one provider." Among the local units that have picked up functional responsibilities as municipalities' dominant position has dropped off are the county and the special district. Thus, in terms of functional responsibility, the trend has been toward a homogenization of the different types of local units.

As explained in *Chapter 4,* this tendency toward homogenization is a case of the one historic urban form—the municipality—not keeping up with the demands of galloping urbanization. The reasons for the lag are multiple: the legal, political, economic, and territorial inhibitions on municipalities, particularly on those that are older and larger; the territorial, and sometimes even functional and fiscal, potential of the county and the special district for meeting urban needs; the tendency for urban-type services to be increasingly demanded by citizens in both rural and urban areas; and the expanded importance of federal financial assistance and the federal government's growing practice of making such assistance available to counties and special districts as well as to municipalities.

Considering its implications for functional assignment, questions arise about this tendency toward homogenization: Is it good or bad? Should it be encouraged or discouraged?

In support of this trend, it can be said that it represents a prime example of political pragmatism—considered one of the stellar virtues of American federalism. It reflects the capacity to use whatever institution is available to deal with problems that otherwise might not be managed because of institutional rigidities. It represents the primacy of function over form, placing ends and means in their proper order in a society and polity that put major emphasis on meeting the demands of the public.

In somewhat the same vein is the argument that historical origin is no reason for maintaining institutions when the original justification for their creation has disappeared or been displaced. Thus, if municipalities are unwilling or unable (usually the latter) to provide urban services to their own citizens or to those of adjacent areas, it is fatuous to contend that counties should not provide such services just because they were originally organized to provide nonurban services.

On the other side of the issue, some of the arguments focus on the damage to sound local government by increased reliance on special districts and counties. The tendency to turn more and more to special districts, it is contended, is particularly threatening to general-purpose units, both municipalities and counties, since it erodes their unique capacity for setting priorities in meeting multiple needs in each area and for coordinating the provision of services effectively and efficently. Special districts also are usually less visible than general-purpose units, so that they tend to weaken accountability.

Some uneasiness with increased reliance on counties is based on concern over their policymaking and administrative competence. Granted that they have made significant strides in recent years—particularly in urban areas, they still have a distance to go until as a class they are equal to municipalities as providers of urban services. Thus, it is pointed out that:

- While 30 states have some type of home rule authority, effective local discretion is weak in many of those states because of inadequate implementation.
- Similarly, while 21 states authorize optional forms of county government, not many counties have actually exercised the option.
- Seventy-five percent of the counties still operate under the widely discredited plural executive form of government.
- Fiscally, counties generally are confined to an inflexible general revenue source—the property tax. In 1979, only three states authorized one or more of their counties to level local income taxes, while 16 permitted county sales taxes.

It also is argued that giving counties the same powers as municipalities increases the possibility of competition among jurisdictions serving the same consumer, since counties ordinarily overlie municipalities. This may be cited as a virtue by the followers of the public choice theory of local service, when competition results in better service at reduced cost and a widening of service and fiscal options for the citizen. However, when it results in both jurisdictions providing the same service to the consumer, the results are likely to be adverse. Even before counties began providing more urban services, residents of municipalities often complained that they were paying more than once for a service: they paid all of the cost of the municipality's service and then they shared in the cost of the county's providing the same service to residents of areas outside the municipality. As

counties become more similar to municipalities, the possibilities for such duplication seem likely to grow.

Another type of argument made against increasing homogenization is that it diminishes comprehensibility of the local government scene. Originally, citizens had a fairly good idea of the different functions provided by the traditional county and municipality. As the two units grow closer together in functional scope, they have more difficulty in distinguishing their roles and thus in identifying and holding the appropriate officials or agencies accountable.

The blurring of differentiation also has consequences for state-local and federal-local relations. It becomes more difficult for state and federal officials to discriminate among local units and therefore to construct fiscal aid and regulatory measures that can be tailored to different types of local government. ACIR examination of the federal government's specification of local governments eligible for grant programs indicated a lack of precision at the federal level, reflecting some uncertainty over differences among local units.[2] This uncertainty would be aggravated by an increasing homogenization of local government types.

A final and more fundamental reason for a negative reaction to the trend toward homogenization of the functions of local government types is the concern that this trend represents the triumph of an "ad hocracy" approach to the effective allocation of local government functions. The ad hoc style places primary reliance on piecemeal changes—such as intergovernmental fiscal transfers, functional transfers, and interlocal service agreements—rather than on the more difficult, more comprehensive structural approaches involving changes in individual jurisdictions' area and power—such as multipurpose, areawide, service districts or city-county consolidations. Long-run objectives and the balancing of multiple goals tend to be deemphasized or disregarded in the preoccupation with meeting immediate needs.

The necessity for reexamining the allocation of local functional assignments is most frequently precipitated by conditions of fiscal stress in a locality. Inevitably in these circumstances, an ad hoc fiscal solution is considered first when community leaders ponder what adjustments should be made: What course can we follow to avoid levying higher or new taxes or, preferably, reduce taxes? What is the best way to forestall higher spending or to achieve an expenditure cut? Other considerations are likely to be subordinated: The most effective adjustment of the total package of state and local agencies that serve the citizen of the municipality and the total fiscal system that supports it; the overall effect on accountability to the voters; the longer range effects of the ad hoc alternative chosen. As a result, in the past 20 years or so two principal ad hoc approaches have been used extensively: Reliance on increasing intergovernmental aids and transfer of municipal functions to the county, one of the most feasible ways for municipalities to reduce their expenditures in a significant fashion. Undoubtedly the availability and short-run appeal of these easier alternatives have taken much of the steam out of attempts to accomplish fundamental structural reorganization at the local level. And, as discussed elsewhere in this report, growing dependence on intergovernmental fiscal tranfers erodes local discretionary authority.

As a consequence of these effects, some critics of the ad hoc approach to local government functional assignment and reassignment acknowledge that functional homogenization of local units may be a healthy long-run trend; but, to the extent that it reflects piecemeal changes, care should be taken to manage it in full awareness of the long-range impacts on an effective, accountable, and equitable local government structure. This means viewing individual adjustments in a broader context with general criteria and long-range goals in mind. One possible way to work toward this objective, they contend, is to institutionalize responsibility for reviewing and passing on potential local adjustments through such bodies as the boundary adjustment commissions that now operate in seven states.

3. The Issue of Areawide (Substate Regional) Organizations: Functionally Still Significant, But Structurally Still Weak?

A number of areawide problems have emerged throughout the U.S., and governments at all levels have responded to these problems chiefly during the past decade-and-a-half. The basic response has been to establish a nationwide network of substate regional organizations, some of which are general-purpose or multipurpose in scope and some of which are single-purpose. With few exceptions, these regional organizations have been established as intergovernmental mechanisms, rather than as governments in their own right or as subordinate units of a single level of government. Their principal roles are to prepare plans and to provide advice to the regularly established units of federal, state, and local government whose powers must be used in a coordinated fashion in order to achieve regional objectives. Some play other roles as well, including service delivery in limited cases. In addition, certain federal aid programs call upon some of the substate organizations to exercise "concurrence"

power in the awarding of federal transportation and environmental protection grants.

There are those who severely criticize these regional organizations on the grounds that they cannot hope to be effective without the authority to exercise limited powers of their own and without direct accountability to the electorate. Only legally authoritative and politically legitimate regional units, they contend, can provide effective regional governance. The stress put upon ostensibly voluntary regional bodies (composed of representatives of other governments) when they are called upon to plan, set priorities, and provide regional perspectives, is too great for their fragile structure to withstand, according to this argument. Political "logrolling" will take over, controversies will be sidestepped, and the least common denominator of agreement is usually the result of such decisionmaking. Moreover, most of these regional units are rooted in federal legislation that either mandates their existence or makes them part of the process required for receiving federal aid—a poor foundation for establishing institutions that are supposed to be indigenously authentic, these critics charge. Only a limited-purpose, but adequately empowered, regional government, they argue, can cope with regional problems, can control single-purpose special districts, can curb single-function federally encouraged regional units. Only a regional government—whether of the one, two, or three-tier variety—can cope with areawide fiscal and servicing challenges, and provide the institutional and political bases for countering higher level efforts that further weaken and sometimes divide local governments, they insist.

On the other hand, opponents of regional government criticize proposals for converting the existing regional organizations into powerful independent governments. With three levels of government already, and nearly 80,000 units altogether, they contend that what the nation needs is not more governments, but more effective existing governments and more sturdy bridges built between and among the various existing levels and units. In their view, the latter is what the present regional organizations for the most part are, and that is what they should be.

Thus, the issue is drawn: Should and can regional organizations be transformed into regional governments, or should they be retained as intergovernmental mechanisms designed to help facilitate smoother, more effective, and more coordinated operations of existing governments?

If the latter option is chosen, the issue shifts to the question of whether there are feasible means of making regional organizations more uniformly successful, and effective—at least marginally, if not dramatically. Included is the possibility that some regional organizations, at some times and places, should be hybrids—incorporating some limited governmental authority into a largely intergovernmental organization designed to develop consensus and to seek cooperation by negotiation and voluntary commitment rather than by mandate. Those who believe in evolution stress this middle course as the most constructive approach.

When ACIR studied substate regional organizations in 1973, it recommended substantial strengthening of the substate general-purpose regional councils, including elevation of their status to equivalence with local government and the authorization of several distinct but limited powers which could be exercised directly to implement regional policies.

These recommendations would not change the intergovernmental composition or purposes of regional organizations or establish any of these regions as independent governments, despite the addition of some limited powers and governmental status to the substate regions. (Note, however, that a separate recommendation on local government reorganization suggested that states enable local areas, upon their own initiative, to create areawide governments.) The members of substate regions would remain officials of other governments (predominantly elected officials from governing bodies of local governments in the area, but also including some state officials). Thus, the ACIR recommendations leave these regional bodies headed by committees of officials from other existing units of government, confirming their nature as intergovernmental mechanisms. Under these recommendations, all such regions, except perhaps those created by interstate compact, would continue to be funded largely by grants or other transfers from member governments—again confirming their intergovernmental nature.

Those who point to the need for regional organizations to become real governments, if they are to be effective, point out that two of the substate regional organizations have already achieved this status:

- The Metropolitan Council of the Twin Cities (Minnesota) has a modest tax base of its own, members who are independent of the region's local governments, and a number of governmental powers conferred by the state legislature.
- The Metropolitan Service District of Portland, OR, has a governing body composed of directly elected regional officials, authority to create its own tax base (subject to referendum), and some existing governmental authority for limited func-

tions, plus the potential for adding other powers and broader functions once its tax base is established.

Thus, some regional organizations do exist as bona fide governments.

Those who criticize the importance of most regional units also point to the nearly 1,000 areawide special districts in metropolitan areas which have governmental authority for such things as operating transit systems, building bridges and toll roads, providing parks, and so on. Although most special districts are not areawide, those which are (including those which are multicounty in scope) confirm the need for the exercise of authoritative governmental power on a regionwide basis, they maintain. In the Twin Cities metropolitan area, the general-purpose metropolitan council serves as the policy board for deciding the manner in which the governmental powers of several areawide special districts shall be exercised. This offers a model for those who believe that general-purpose planning and policy development can be linked up with carefully defined implementation powers at the regional level.

Yet, the number of areas in which a general-purpose regionwide policy body guides the activities of subregional special districts or authorities is small. Furthermore, the number did not increase significantly in the 1970s. The record of city-county consolidation is similarly limited, with only 17—none of which has provided a fully areawide unit in a major metropolitan area—since World War II. Local government reorganization clearly is not politically popular. At the same time, however, the voluntary and federally encouraged or mandated regional organizations have increased in number quite dramatically. And this suggests that this model appears to be the politically acceptable one today. Those who argue for this model's success point to the need to solve regional problems, and the likelihood that if local governments do not meet this need through cooperative regional organizations, state and federal agencies increasingly will impose their own solutions on regions.

Defenders of existing regional organizations of the intergovernmental forum variety also believe that these organizations have proven themselves to be useful in a number of ways, even though not necessarily uniformly "successful," depending upon one's criteria for success. Some outstanding regional organizations are quite commonly recognized to be successful, while others have received lower marks.

Most of the substate regional councils have developed significant communications channels among all of the governments in their regions with the help of their A–95 federal aid review and comment responsibilities. These organizations also have developed intergovernmental communications of significance, other than A–95; but the federal aid review process has broadened the scope of governmental involvement and regularized the contacts. Evaluations of the A–95 process have tallied a modest record of worthy projects being improved and unworthy ones being rejected or sent back for redesign. Regional planning organizations increasingly are making efforts to translate their general plans and policies into more specific projects and proposals which can be presented as multiyear improvement programs linked to federal and state aid resources, as well as to local budgets and local capital improvements programs.

Another "success" of general-purpose substate regional councils involves keeping their areas eligible for federal aid programs. On the average, these organizations have direct responsibility for required planning and administrative tasks for four programs, while eligibility for several other programs is maintained in the same regions by other single-purpose regional organizations, some of which actually deliver services under those programs. In addition to maintaining federal aid eligibilities, many regional organizations help their localities to identify and qualify for additional federal aids not necessarily connected with regional activities.

The record of other useful tasks performed by various substate regional councils includes: local planning for (and at the direction of) small municipalities and counties; circuit-riding managers or administrators for small jurisdictions; centralized computer facilities for joint use by localities; joint purchase of supplies and equipment to take advantage of lower rates for quantity orders; development of interlocal agreements for a variety of purposes (including police and fire communications networks, water and sewage allocations, emergency shortage of water and gasoline, fair-share federal housing assistance, and public transit), car pooling brokerage; air quality monitoring; and management of jointly provided services such as landfills, special transportation, and social service centers. Provision of any of these services, of course, depends upon an evident need and local requests for the regional planning organization's assistance.

Experiences and evaluations such as these are cited by supporters of intergovernmental regional organizations to justify their claims that the organizations have been useful and that they are workable.

Supporters of regional government still are not convinced, however. While they concede that intergovernmental organizations at the substate regional level do have some beneficial accomplishments to their credit, they believe that they are too few, relatively insignifi-

cant, and are attributable largely to federal dollars and mandates. Overall policies, priority-setting, and targeting of aid to the most needy portions of regions are being neglected, they argue. The capacity of the substate regional councils even to be designated to assume all of the single-purpose regional planning programs of the federal government is certainly in doubt, they point out, given the number of separate federally encouraged regional units (1,257). And the A–95 process is not an effective vehicle for coordinating the separate missions of special districts, they warn. In addition, these critics look ahead to the future and see even more severe challenges facing the regions.

For example, central city vs. suburban social, economic and fiscal disparities are far from solved, and in many areas they are growing wider. Areawide environmental and energy concerns are escalating. And economic growth in a lengthening era of slow growth promises to become increasingly competitive.

These challenges cannot be met in a timely and effective fashion by slow processes of intergovernmental negotiation and accommodation, lacking any decisive policymaking and implementation powers in the regions, according to the advocates of limited regional government. To this, the intergovernmental forum advocates respond that "we have muddled through before, and we can muddle through again." There is greater flexibility for creative responses to the challenges which lie ahead if a rigid structure of "super governments" is not in the picture, they suggest, and the powers of the present state and local governments are less likely to be trampled.

The approving group recognizes all of these possible future challenges that will require regional approaches and solutions. For that very reason, they contend that more authoritative regional bodies are needed. If the existing forum-type units cannot cope effectively with the continuing problems of the past, they argue, then how can they possibly meet the ever-greater areawide challenges that loom on the horizon?

It is difficult to look into the future with any degree of certainty. Whether the challenges cited by the regional government advocates will be as severe and crisis-like as they suggest is unclear. If they turn out to be so, the existing regional organizations provide a base upon which to build—with their regionally trained staffs, information sources, and familiarity with regional issues. However, they would have to be transformed and made authoritative, legally and politically. If, on the other hand, the challenges remain more manageable, a more politically comfortable accommodation can be accomplished through the intergovernmental forums that are already in place.

4. Have the States Assumed New, Increasingly Significant, Roles in the Federal System? If So, Are They Recognized and Accepted?

The dramatic changes occurring in the federal system during the quarter of a century since the Kestnbaum Commission reported on its condition in the mid-1950s had a pronounced impact on the roles of the states. Traditionally, states have been the repositories of the reserved powers under the Constitution and, thus, the chief resisters to centralization of governmental powers and functions in national hands. They have been powerful representatives of 50 sets of geographic interests in the country. Through our uncentralized political party system, they have played a strategic role in the selection of national officials and the maintenance of political balance in the federal system. In addition, they have been: (1) the foremost instruments of public choice in certain areas; (2) direct service providers in their own right; (3) prime regulators in guarding the public health, safety, welfare, good order, and convenience of their citizens through the use of the police power; (4) architects and empowerers of local governments; (5) innovators in public policies; and (6) to some degree, middlemen in federal grant-in-aid programs. In the past two decades, there has been a major shift in emphasis in these roles, and given the complexity of the intergovernmental arrangements that have developed, conflict among them.

The issue that arises, then, is whether the expanding intergovernmental responsibilities of the states have become so preponderant that they constitute a new role. Moreover, has this become the *primary* responsibility of the states in the system today? If so, how can their functions and processes best be adapted to meet the responsibilities? If not, what other role or roles does state government have to perform that argue for equal resources and attention? Is the intergovernmental role primarily shaped by federal factors with the states viewed as becoming administrative agencies of the federal government, or, is it collaborative with states operating from individual political bases? How much of their own power do the states have left?

In support of the contention that the states' intergovernmental role has achieved primacy, one should note that, functionally, there is more sharing now among levels of government than ever before and the states play the dominant middleman role in the process.[3] This is evidenced by expenditure, own-source revenue, and employment data.

Financially, states are increasingly becoming the bankers of the intergovernmental system: They are the

principal recipients and disbursers of federal grant moneys. Federal financial assistance to state governments, excluding the amount channeled through states to local governments, increased from $19.5 billion in 1971–72 to $33.6 billion in 1976–77. In addition, the states passed through $12.3 billion in federal funds in 1976–77, as compared to $7.3 billion in 1971–72. State funds transferred to local governments grew also, although not as rapidly as federal grants. States allocated $27.8 billion in aid to their local units in FY 1971–72, a figure which increased to $48.0 billion by 1976–77. These trends combine to suggest a new state role as coordinator and supervisor of chiefly intergovernmentally funded domestic programs.

In regard to regulation, the federal government has enthusiastically entered the traditional domain of the states. Both the scope and intensity of the regulations have increased and the number has grown by leaps and bounds. A total of 59 crosscutting requirements now accompanies federal grants-in-aid. States are the object of several of these regulations, as well as those of the direct mandate type. Thus, they have become major implementors of new federal regulations, as well as resisters to them. A principal example of the latter is in higher education—a major state activity—where states regard federal interference with the management of state colleges and universities as contrary to their prerogatives.

In another aspect of their middleman-role in the federal grant process, states have not been loath to supplement federal regulations with additional requirements to accompany the funds passed through to local governments. At the same time, they have not relinquished their own authority to regulate local governments and have proceeded to regulate with some alacrity during the past decade-and-a-half.

As the number, cost, and scope of federal grants have grown, so have state management tasks connected with them. The number of federal grants increased from 447 to 497 in the three years between FY 1975 and FY 1978 and probably reached more than 500 by 1980. Federal transfer payments rose by $59.3 billion between 1955 and 1977, with almost three-fourths of that amount (72.4%) going to the states. There can be little doubt that the responsibilities of the states in planning and monitoring these federal programs, particularly the major ones—Medicaid and Aid to Families with Dependent Children—are greater now than ever before. States receive the funds from the federal government, plan for their use, distribute almost 20% of these moneys to their local units, and monitor and report on the results. They often provide other assistance of a financial or technical nature to accompany them. Moreover, states allocate significant portions of their own funds to local governments, amounts that eclipse those offered by the federal government as in educational aid. The state share of intergovernmental aid to local governments constituted almost two-thirds (62.5%) of such aid in 1977.

Meanwhile, their more traditional activities regarding local units continue strong. While changes have occurred in state-local relations—with states assisting more, regulating more, and funding more than ever before—the basic relationship remains the same. Yet, their overall greater involvement in local affairs provides another foundation for their new role as major middleman in the overall system.

Other state activities prompt caution in perceiving the states' intergovernmental role to be their only—or perhaps even their primary—one. It could be argued that despite the magnitude of their intergovernmental responsibilities, states have other roles equally or more important.

Politically, the states still are the balance wheels of the federal system. They constitute the prime impediments to centralization at the national level. Even in an era when federal largesse is welcomed, resistance is still marked. State reactions to the U.S. Department of Education's directives regarding institutions of higher learning are cases in point.

The ability of states to act as balance wheels is based largely on their political power in a system characterized by plural power bases. This pluralism results from the uncentralized political party system in the U.S., state responsibilities in regard to enfranchisement of voters and the conduct of elections, the power states wield in the presidential nominating conventions, the attention given to their Governors (individually or singly) when they speak out on public issues, and state potential for amending the Constitution. Several recent developments have compromised state political strength to some extent. The Supreme Court's decision in *Cousins vs. Wygoda* gave precedence to the rules of the Democratic National Convention over the Illinois statutes regarding the selection of that state's delegates to the convention, thus abrogating state control of party matters and moving toward centralization of party control at the national level. Party reforms relating to selection of delegates undercut state party power as well, and the 1965 *Voting Rights Act* and the *18-Year-Old Vote Amendment* also infringed on state powers to control the franchise and conduct elections. While none of these things has destroyed the pluralism inherent in the American system, each has whittled away at the core of state political power. Nevertheless, the states remain the repositories of much of the political power in the nation. A factor

in maintaining this is the revitalization of their political processes, thanks in an ironic way to the reapportionment decisions of the Supreme Court and the voting rights legislation of Congress. These processes now are more open, more competitive, and more participatory than ever before. And from them are formed 50 different representational systems, whose varying values, policy and program preferences, fiscal arrangements, and approaches to local governments suggest other than a managerial intergovernmental program role.

For example, states still provide their citizens ample opportunity for choice among key public policies. Witness the diversity of public assistance support, legislation on punishment for capital offenses, funding for abortions, ratification of the Equal Rights Amendment, as well as collective bargaining and right-to-work laws. Opportunity for choice among values diffuses opposition to government and builds support for the regime.

States' differing roles as direct service providers continue substantially intact, although sharing of functions is greater and governmental services in general are more intergovernmentalized. States are the dominant service providers, accounting for more than 55% of the expenditures in most of the states for highways, state-local public welfare, hospitals, health, natural resources, and corrections. In addition, they now pay for most of the court systems. In other areas, such as water transportation, they often provide most of the financing. If one looks only at broad functional areas and not at their components, the picture is clouded and there is a resultant diminution of the importance of state participation in service delivery. States provide some components of activities that are primarily financed (or shared) by other governments. Public higher education, as a component of the educational function, and maintenance of state crime laboratories, as a part of police protection, come immediately to mind. Moreover, they do all kinds of other things that affect the quality of life of their citizens, particularly in the exercise of the police power, and theirs is likely to be the first response to major emergencies and disasters. And for the most part, all of these are done differently in each of the 50 systems, again reflecting the diverse compromises reached within each state as a result of differing political and societal values and economic resources.

While federal preemption has siphoned off some of the regulatory powers of the states, their overall regulatory capacity remains strong. While they were losing some authority to the federal government, they took on other areas of activity. To name only a few, the new areas are: surface mining regulation, consumer protection, hazardous waste disposal, and land-use regulation (especially wetlands). In other areas, they increased both the scope and intensity of their regulations. Their traditional role in licensing professions has expanded to include new occupations and activities. They do more in environmental protection, both on their own and at the instigation of the federal government. They have moved to prescribe standards for both mobile and modular home construction, nuclear waste disposal, and nursing homes, for example, and have prohibited such actions as the use of children for pornographic pictures and job discrimination between sexes.

States remain the architects and empowerers of local governments within their boundaries with substantially undiminished control. Only insofar as General Revenue Sharing and direct federal grants to local governments have shored up local political power has their position changed in this respect.

Long called the "laboratories of democracy," states today are making a reality of this textbook description, which had only limited application from the late 1920s to the early 1960s. New programs such as sunset legislation, zero-based budgeting, equal housing, and no-fault insurance had their beginnings in the states. Pioneering actions in gun control, pregnancy benefits for working women, limited-access highways, education for handicapped children, auto pollution standards, and energy assistance for the poor are only a few instances of other innovative state action. There is no reason to believe that such resourcefulness will not continue, but again within 50 different laboratories.

These numerous "independent" actions suggest that the states have not scrapped the traditional role that stems from their being differentiated political and representational systems. If anything, some would argue that this role has been revitalized in the past decade-and-a-half, even as the role of planner, partial banker, and coordinator of big, largely intergovernmentally financed, programs emerged.

There are at least two basic roles, then, the states now have assumed and neither eclipses the other. Sometimes they complement one another (as when the national government is looking for new policies that have been "tested" and when federal grant programs require a differentiated approach to implementation as well as a real sharing of the costs). But in other instances they conflict with one another, as with federal mandates, intrusive conditions attached to grant programs, and other federal actions that undermine they very political processes that federal actions in the mid-1960s did so much to reform. To sum up, the states have assumed a major coordinative, planning, and funding role in big domestic programs,

and they have reasserted themselves as vital representatives of 50 varying political, social, and fiscal value systems. The two combined, whether complementary or in conflict, suggest a major revitalization of the states' overall functional role in the federal system.

But are these roles, either separately or combined, recognized and accepted? The answer would appear to be "only partially, if at all"—whether coming from the federal, local, or even the state level. The degree of federal recognition and acceptance can only be described in largely negative terms, despite the fact that federal actions heavily conditioned both of the basic state roles in the system today.

Implicit in the channeling of nearly three-quarters of all federal aid to state governments is acceptance by Washington of a prime state role as coordinator, planner, implementer, partial banker, and broker of its biggest domestic programs. Yet, this implicit acceptance for the most part has not been acknowledged or accepted explicitly. There remains the traditional "single state agency" requirement (stipulating that one agency be designated to administer an aided program) dating back to the 1930s (in the welfare and employment security fields). Despite Section 204 of the *Intergovernmental Cooperation Act of 1968,* which permits its waiver under certain circumstances, this requirement has suffered no real reduction in its capacity to fragment, even though it has not been used recently to thwart state departmental reorganizations. Its impact now is to convert the reorganized departments into "holding company" operations. To it has been added the newer "single organizational unit" requirement. Here, not only is the establishment of an agency to administer the aided program insisted upon; its partially or fully paid federal personnel must work exclusively on that program (as with the State Planning Agencies under the Safe Streets Program, and state agency recipients of various EPA, Labor, and Interior grant funds).[4]

In some cases, the grant statute is even more prescriptive organizationally. The *Rehabilitation Act of 1973,* for example, goes beyond the "sole state agency" provision to stipulate that if the state agency is not primarily concerned with rehabilitation, it must include within it a unit that is and that has a full-time director (and staff) with adequate direct authority over field staff. In the Medicaid regulations, to cite another case study, a state must provide for the licensing of nursing home administrators by a state board in which no single profession or institutional type has a majority of the members. The most remarkable of federal organizational dictates, of course, is found in the *National Health Planning and Resources Development Act of 1974,* which requires states to designate a health planning and development agency (HPDA) to perform the planning called for under the act, as well as to administer the required "certificate of need" program (which in turn usually necessitates state legislation), and to form state health coordinating councils (SHCCs) to approve state plans, review all applications for federal grants for health care, and advise the HPDA—all under the penalty of a cutoff of all health care under a range of grants if these organizational conditions are not met. The organization detail, specificity of composition, and prescribed relationships with other units found in these case studies goes way beyond what the grant statutes of the 1960s called for—not to mention those of the pre-1960 period.

These and other federal grant-related structural requirements have done little to enhance the states' ability to plan and supervise big intergovernmental programs. But they have enhanced state agency autonomy and vertical functional linkages that are so much a part of the interest group basis of today's system and that are fundamental obstacles to any horizontal efforts at the state level to assume an effective coordinative managerial role.

Required procedures and processes have been an evermore prevalent source of federal influence on state administrative actions than have structural requirements. These include most of the nearly three score horizontal requirements in the national policy group and hundreds of vertical, specific program-related conditions attached to the individual grants in which states participate. In state managerial terms, each of these two groups, in effect, subdivides into those procedural requirements that are (1) improving or facilitating, (2) necessary but intrusive, or (3) arbitrary and counterproductive. In the crosscutting group, the state and local governmental-related administration cluster would fall under the facilitative or at least not harmful heading; the public employee standards, environmental protection, and most of the nondiscrimination conditions would be viewed as necessary, though sometimes arbitrary and unnecessary; and the labor and procurement standards, access to government information and decision processes, and Section 504 of the *Rehabilitation Services Act of 1973* would be interpreted as coercive and counterproductive. If the scores of grant-specific conditions could be arrayed on a spectrum, no doubt a similar classification would emerge.

Perhaps the most significant feature of these federal procedural requirements, however, is that they combine to influence all of the administrative activities subsumed under the states' central management staff activities (planning, budgeting, auditing, personnel, and purchas-

ing), not to mention related support and actual program delivery efforts within the state departments and agencies. This merging of vertical and horizontal conditions at the state agency level tends to blur some of the vertical communications with disbursing federal agencies, but with little compensating increase in the horizontal authority of elected state decisionmakers and their central management allies. The task of state central management units generally is not strengthened in this process, then, even though some of the crosscutting conditions are geared to bolstering their coordinative capacity. Thus, the combination of vertical and horizontal conditions would appear neither to enhance the states' overall planning and managing role nor to promote effective program implementation at the agency level. In short, the procedural inputs would appear to be unmindful of the federal government's de facto delegation of major administrative responsibilities for program administration to the states—but mindful of a plethora of specialized pressure groups whose conflicting concerns cover vertical and programmatic, as well as horizontal and regulatory, goals, but rarely horizontal and central management objectives.

Federal influences have not been all negative or undermining, however. Some of the procedural requirements, as suggested above, have been helpful. And surveys of state officials corroborate this. The various federal management circulars (A-102: Uniform Administration Requirements for Grants, FMC 74–4: Audit of Federal Programs by Executive Agencies) have been supported by state budget officers.[5] Moreover, the *Catalog of Federal Domestic Assistance* was found to be helpful.[6]

Federal incentives also have helped strengthen Governors institutionally. The rapid expansion of central state planning units was aided by HUD "701" planning funds and of community affairs units by a variety of federal funding sources, including "701."[7]

On balance, however, the many vertical functional thrusts and the many crosscutting requirements (management circulars excluded) emanating from Washington have strengthened state program specialists, blurred the achievement of their specific program goals, and undercut the authority of elected state decisionmakers and their central management support system.

From the local level, an equally ambivalent-to-clearly-unacknowledging attitude emerges. Even as their fundamental structural, fiscal, and functional fate is in the hands of their respective states, the aggressive local drive for more bypassing of the states continues. The lack of even a steadily bifurcated attention to state capitols and the discounting of the growing state role in the problems of urban populations, suggests efforts to ignore these fundamental facts of their jurisdictional existence.

Some of this is due to a time lag—to memories of unresponsive legislatures, of closed state political systems, of policies that rewarded acreage and animals as much as people. Some of this is a byproduct of discovering that vigorous representational efforts in Washington can cloud the essential state-local and interlocal interdependencies within the 50 systems. And some of it stems from the states' own actions regarding their localities that are less than parental in character, including certain types of intrusive mandates, of preferences between and among categories of local governments, and of continuing to ignore some of the most critical challenges confronting their cities, in particular. Yet, despite these failings, the future of the localities rests largely with the states. Federal help is still largely monetary at this point and is not expanding.

If the local governmental dilemma is diagnosed in broader terms—jurisdictional, structural, functional, as well as fiscal—then the state's newer roles have to be acknowledged. The fact that thus far this has not been the case warrants the generalization that the localities, like the federal government, are ambivalent, if not disavowing, regarding these roles.

Perhaps as significant as the federal and local responses to the transformed state position are those of the states themselves. Here, still another type of ambiguous response is provided, but this ambiguity stems from their assuming not only the role of big intergovernmental program coordinator and planner, but of representative of differing social, economic, and political values as well. This latter differentiating representational role has generated differing functional assignment, fiscal, and administrative patterns among the 50 systems; and it also has provided the means for expressing varying approaches to the intergovernmental management and even the political representational roles. It has produced differing approaches to state governmental organizations and reorganizations, differing program preferences and new policy initiatives, and differing strategies on accepting or resisting federal policy actions. And this diversity of response to the pressures thrust upon the system's middlemen—from above and below—has, in turn, strengthened the ambivalent attitudes of both Washington and the nation's localities regarding the real role of the states today.

In a very real sense, then, the degree to which the individual states reconcile the pair of basic roles they now have assumed will dictate the degree to which the ambivalance at the other two traditional levels is ended. But, this will require simultaneously an aggressive,

though assisting, stance vis-a-vis both Washington and their localities—no mean assignment, given the attitudes at both of these other levels. Yet, reality is a weapon here and the states can claim practically, politically, and legally that they are the indispensable middlemen of the system and for others to ignore this is to tilt at windmills.

5. How Valid Are the Criteria for Assignment of Functions?

The Congressional directive to determine how general local governments "ought to" relate to each other, to special districts, and to state governments in terms of their functional responsibilities requires identification of criteria which, if followed, can be expected to lead to achievement of the desired objectives. ACIR has considered criteria for the assignment of functions on two earlier occasions. In 1963 it developed seven economic, administrative, and political criteria for evaluating whether 15 governmental functions are better performed on a local, areawide, or intermediate area basis.[8] In 1974, as part of a comprehensive study of substate regionalism, ACIR examined the problem again—this time including state government as one of the possible jurisdictions. The study found that developments since the earlier report indicated a need for recasting and simplifying the assignment factors. As a consequence, the earlier criteria were reassessed and reorganized under four basic headings, each with two or more subdivisions.[9]

The four criteria are economic efficiency, fiscal equity, political accountability, and administrative effectiveness. Taken together they suggest that functional assignments should be made to jurisdictions that can (1) supply a service at the lowest possible cost; (2) finance a function with the greatest possible fiscal equalization; (3) provide a service with adequate popular political control; and (4) administer a function in an authoritative, technically proficient, and cooperative fashion. More specifically, they include:

1. *Economic Efficiency:* Functions should be assigned to jurisdictions:
   a) that are large enough to realize economies of scale and small enough not to incur diseconomies of scale [economies of scale];
   b) that are willing to provide alternative service offerings to their citizens and specific services within a price range and level of effectiveness acceptable to local citizenry [service competition]; and
   c) that adopt pricing policies for their functions whenever possible [public pricing].
2. *Fiscal Equity:* Appropriate functions should be assigned to jurisdictions:
   a) that are large enough to encompass the costs and benefits of a function or that are willing to compensate other jurisdictions for the service costs imposed or for benefits received by them [economic externalities]; and
   b) that have adequate fiscal capacity to finance their public service responsibilities and that are willing to implement measures that insure interpersonal and interjurisdictional fiscal equity in the performance of a function [fiscal equalization].
3. *Political Accountability:* Functions should be assigned to jurisdictions:
   a) that are controllable by, accessible to, and accountable to their residents in the performance of their public service responsibilities [access and control]; and
   b) that maximize the conditions and opportunities for active and productive citizen participation in the performance of a function [citizen participation].
4. *Administrative Effectiveness:* Functions should be assigned to jurisdictions:
   a) that are responsible for a wide variety of functions and that can balance competing functional interests [general-purpose character];
   b) that encompass a geographic area adequate for effective performance of a function [geographic adequacy];
   c) that explicitly determine the goals and means of discharging public service responsibilities and that periodically reassess program goals in light of performance standards [management capability];
   d) that are willing to pursue intergovernmental policies for promoting interlocal functional cooperation and reducing interlocal functional conflict [intergovernmental flexibility]; and
   e) that have adequate legal authority to perform a function and rely on it in administering the function [legal adequacy].

In proposing and explaining the four criteria and relating them to the existing distribution of functions in 1973, ACIR identified three models of functional allocation among local and areawide units. They varied (and vary) to the degree that they reflect centralization or

decentralization of functions, powers, and activities among local and regional governments.

One model favors an extremely decentralized or polycentric approach to functional assignment. This includes both local and regional jurisdictions, but the regional units are not multipurpose governments with formally delegated functional responsibilities. Rather, they are created on a single-purpose basis and assume functions that are transferred to them by underlying local governments or that they perform for constituent units by contract.

A second model involves a two-tier federation with a formal division of responsibilities between general purpose governments at the areawide and local levels. The areawide tier generally performs functions requiring regulation, redistribution, or economices of scale; mediates interlocal functional conflict; and coordinates local decisions having an areawide impact. Local governments, including counties in a multicounty area, perform all functions not specifically assigned to the areawide level.

The third model favors a consolidated form of government, such as an integrated city-county, in which the single unit provides both local and areawide services. Local services are provided through decentralized local service districts. As in the other models, the state handles functions that cannot be administered effectively locally or areawide.

Relying on its 1973 findings, ACIR applied the functional assignment criteria against each of the three models on both a theoretical and empirical basis. As would be expected, the three scored differently on the criteria and subcriteria, inasmuch as the criteria do not move in the same direction when the basic issue of centralization vs. decentralization is raised.

As revealed in earlier parts of this report, particularly in *Chapters 5* and *6,* developments in substate government and state-local relations since 1974 show little change in direction toward one or the other of the three models. Basic reliance is still placed on the polycentric model, fortified by the popularity of the piecemeal approach to functional adjustment represented chiefly by functional transfers, intergovernmental contracts and service agreements, and use of special districts. While the criteria point as strongly (if not more strongly) to the two models requiring basic areal and functional restructuring—federation and consolidation—the fact that relatively few communities have seen fit to reorganize according to these models raises questions about their validity and usefulness.

In defense of the criteria, it can be said that standards identical or similar to these have received rather general recognition and consideration in the work of various official state and local commissions examining governmental reorganization and in academic and other studies evaluating the effects of completed reorganizations. They have been accorded sufficient validity, then, to act as guides for bodies concerned with practical proposals for governmental reform affecting functional allocation—even though the concrete results of their efforts have been slim. On the face of it, this acceptance is not surprising, since the criteria represent or encourage movement toward general consensual goals: efficiency, effectiveness, equity, and accountability.

As for their usefulness or the degree to which they actually are incorporated in bona fide governmental reorganizations, their defenders remind us that the four standards of judgment are advanced with full knowledge that positing them is only the first step toward translating them into practical and politically acceptable servicing arrangements. A second vital step, they stress, is deciding how much emphasis to give to each of the sometimes-contradictory factors. For that important action, principal reliance must be placed on the working of the political process within each community concerned, reflecting differing civic values and the varying strengths of contending interest groups within each of the 50 state-local systems. The fact that few of the comprehensive types of reform have been successful cannot be blamed on the criteria, this school maintains: The level of political consensus, enlightenment, and leadership in the states and communities affected are the determining factors, not the criteria.

Moreover, they argue, the perennial tendency to avoid governmental structural issues—the functions, finances, and organizational capacity of the units within the 50 systems—is the real villain in the functional assignment drama, not the criteria. If political attitudes ever reach the point of understanding the inextricable linkage among governmental services, funding, and structure, they maintain, the criteria—though producing different analyses in different systems—will not only be helpful, they will be indispensable to the restructuring required to correct the irrational hit-or-miss assignment pattern that tradition and the recent responding-to-the-fiscal-pressure points has produced.

Skeptics doubt the validity and usefulness of the four criteria and raise a number of questions about their practicality and effectiveness. First, they reject the argument that failure to achieve reorganizations which adhere to the criteria should be blamed entirely on the political process rather than the criteria themselves. They regard this position as a "cop-out." The criteria can only have value, the skeptics contend, if they provide guidance toward a course of action that has a reasonable chance

of success. By placing almost the entire burden of achieving success upon the political institutions and climate, they argue, the supporters of the criteria in effect write off the significance of the criteria. Rather than taking this position, they contend, the criteria supporters should acknowledge more openly the critical importance of the political process and reflect political feasibility in the criteria themselves. Thus, a proposed functional allocation would be deemed desirable if—in addition to satisfying the goals of efficiency, equity, accountability, and administrative effectiveness—it were politically achievable.

Critics further question whether the sorting out of functions between two or three levels on the basis of the criteria accords with the real world of contemporary intergovernmental financing and programs. They acknowledge that this layer-cake approach may have been valid in an earlier day; but in this day of hyperintergovernmentalization of functions, they say, it is self-deception to think in terms of one level performing one function and another performing another. Every level is involved in practically every function, they stress, and there is an increasing homogenization among local units in the types of functions performed.

The supporters of the criteria concede the extensive interlevel and interlocal sharing in the performance of functions but point out that this is because each function has many different subfunctions or facets and, while responsibility for whole functions may be shared, closer analysis shows that clear divisions among levels or jurisdictions can be made on the basis of subfunctions. To this, the criteria's critics reply that whether you look at whole functions or subfunctions, you find in practically every case a considerable involvement of intergovernmental aid. Moreover, they argue strongly, since aid carries conditions with it, the performance of the recipient is constricted to the extent that, whether or not the unit thinks it is wholly responsible for the function, in fact it is sharing responsibility to some extent with the granter of the aid. In short, they contend, cases of a local jurisdiction's exercising complete responsibility for a function are extremely rare, since their discretion is limited to the extent that they are receiving conditional grants which now cover most local and regional functions. The standards relating to functional allocation must give greater recognition to this important fact of life in the increasingly intergovernmentalized system of domestic government.

Defenders of the criteria rebut this argument with the contention that intergovernmental fiscal transfers have been used too much and as a means of avoiding basic structural reorganizations. The failure to acknowledge the direct connection between structure, finances, and services, they maintain, has led to the intergovernmentalizing of all functions, the weakening of local governmental structures, and the ineffective performance of services.

Finally, some critics of the criteria do not take issue with the worthiness of the values they represent, but, rather, find fault with the difficulty of translating them into meaningful, measurable terms. How, for example, does one go about gauging costs and benefits when trying to determine the externalities or spillovers of such functions as mass transit, public health services, and education? What is fiscal equalization—equalizing taxable resources, equalizing expenditures? Every one of the subcriteria is subject to varying interpretation. The criteria are admirable goals, but as goals, they raise many questions in being converted to concrete terms, these skeptics argue.

The advocates of the criteria respond with the argument that precise measurement and meticulous quantification are not the real issues here, but rather the rhetorical dodges of those who know full well that some of the standards can be gauged with some accuracy and others cannot. The real issue, they claim, is not measurement but motivation. If a real desire ever emerged, to correct the piecemeal-produced patchwork quilt pattern of service arrangements, they maintain, the presumably insurmountable hurdles to applying the criteria would be lowered considerably.

RECOMMENDATIONS: PAST AND PROSPECTIVE

Part I

Excessive Reliance on Intergovernmental Grants as a Substitute for Local Government Restructuring

The Commission concludes that the federal, state, and local governments have placed too heavy an emphasis on intergovernmental fiscal transfers as the basic means of meeting the many servicing challenges confronting subnational governments, especially those at the local level. The Commission obviously is mindful of the fiscal dilemmas facing various state and local governments: Our reports dealing with various aspects of state and local finances provide ample evidence of this Commission's awareness and concern. At the same time, the Commission is convinced that this primary reliance on

aid programs reveals a fundamental unawareness of the inextricable linkages among governmental finances, functions, structure, and jurisdictional area; and a concomitant tendency to avoid, for obvious political reasons, the pivotal structural and areal issues, which after all are primary determinants of fiscal and servicing capacity. Hence . . .

RECOMMENDATION 1: BALANCING FISCAL, FUNCTIONAL, AND STRUCTURAL FACTORS

The Commission recommends (1) that policymakers and the public alike give balanced attention to the structural and areal traits of state and local governments when they focus on the fiscal and functional challenges confronting these governments—either separately or collectively; (2) that federal decisionmakers recognize that federal aid is no substitute for governmental reorganization, where needed, and cannot purchase it, even when deemed desirable; (3) that they weigh the implications of an aid system which with its conditions has strengthened agency autonomy within recipient subnational general governments, encouraged the proliferation of "paragovernments" within and around cities and counties, strengthened certain types of special districts and authorities, spawned an array of single function regional planning bodies above the county level, frequently ignored the differing fiscal/functional assignment patterns within the 50 systems, and frequently weakened generalists (elected officials having multifunctional responsibilities and their central management staff) and general governments, despite policies and management circulars geared to strengthening them; and (4) that states, as the prime architects of the financial, functional, areal, and organizational structures of their localities and as the prime recipients of federal aid and of many negative structural and organizational side-effects of such aid, should in their own dealings with their local governments give increasingly more even-handed attention—after appropriate consultation with such governments—to the many mismatches that generally have emerged at the substate level as a result of their avoidance generally of the local structural question—the mismatch between local fiscal resources and locally assigned servicing roles, between the differing fiscal resources and servicing assignments of some localities and those of others, between the geography of local servicing challenges and the geography of existing local general governments, and between the growing number of intermunicipal and intercounty special districts and the traditional concept of public accountability.

A local government is given powers and territorial jurisdiction by the state for the purpose of meeting certain needs of the residents of a specified area. The "problem" of local government (in its most aggravated state called the "urban crisis") arises when its powers and jurisdictional reach are inadequate to cope with the ever-changing needs of its residents. Such mismatches occur when local fiscal resources are not sufficient to meet community expenditure needs. Or when economic, social, and natural forces that cause certain problems cannot be handled effectively within constricted local boundaries. Or when the boundaries are too confining to permit economy of scale in administering certain functions, and often separate segments of the community that generate high public expenditures from areas where abundant taxable resources are located.

Operating in an economy of scarcity, local governments are always struggling to keep needs and resources in balance—with some, of course, having much more difficulty than others. They have a number of ways of striving to hold or restore the balance. As reviewed in detail in *Chapter 6,* one is to reduce their responsibilities by transferring functions to an overlying jurisdiction, such as the state, the county, or a special district. If certain responsibilities are associated with a particular segment or segments of territory, local governments may even seek to turn that territory over to another jurisdiction.

A second alternative is to increase efficiency and thereby reduce costs. This may require additional authority to reorganize, staff, and generally improve administration. Unit cost reduction and improved service also might come from joining with other jurisdictions through intergovernmental service agreements for the performance of functions that benefit from economies of scale—usually capital-intensive functions such as water supply and sewage disposal.

A third approach is to increase fiscal resources. One alternative here is to levy more taxes, either by increasing existing rates or imposing new taxes. Another alternative is to increase the tax base by expanding the locality's territory through annexation. Still another is to impose new or increased service charges. A final option is to seek financial assistance from the state and federal government in the form of grants-in-aid.

Resources are not only fiscal, however. They also involve the jurisdictional reach for dealing adequately with certain problems that require larger-area handling, as in the case of environmental pollution, transportation, or water supply. Further, they include human resources that affect governmental capacity: the level of citizen interest, community participation, and leadership. Both of these types of nonfiscal resources might benefit from

expansion of the jurisdiction's territory.

Localities employ some or all of these approaches in dealing with an actual or threatened mismatch of resources and needs. Which ones they use and in what combination depends, among other things, on local customs and traditions; the severity of the problem and whether it is getting better or worse; relations with neighboring local jurisdictions and the state government; and political feasibility—the degree to which the approach can be used without disturbing the political status quo.

Among the procedural and structural changes, intergovernmental service agreements are politically the least difficult method available. States have been generous in authorizing their use. Agreements are based on the consent of the participants and pose little threat to the existing distribution of political power.

Annexation is of limited usefulness as a means of expanding a jurisdiction's resources. For embattled older cities, long surrounded by incorporated territory, it is not available at all. For other jurisdictions that might benefit from taking in a valuable tax resource outside of their boundaries, state annexation laws frequently are formidable obstacles, giving the unincorporated territory an effective veto over any annexation move.

The transfer of functions to the county, a special district, or the state is politically easier than annexation but usually more difficult than resort to interjurisdictional agreements. Only one-fifth of the states have general authorization for transfers, but in others the legislature sometimes grants permission on a function-by-function basis. Political resistance can be minimized as long as the various interests affected do not feel damaged. This means protecting the rights of employees affected, reassuring the recipients of the service of no reduction in standards, and calming the fears of taxpayers in the receiving jurisdictions that they will suffer on a cost-benefit basis. These objectives are not easily achieved in all instances.

The major reorganizational approaches—city-county consolidation, multitiered federative governments, and multipurpose service districts—potentially offer the best hope of providing balanced needs and resources in urban areas. They involve many local governments in one action and can achieve a more comprehensive resolution of problems that arise from territorial inadequacies. Yet, the rare instances of their adoption is evidence that they are the most difficult approach to use successfully because they require the most sweeping changes in existing political institutions and attitudes.

Among the fiscal approaches to balancing the needs-resources equation, increasing local levies may first require fighting a battle in the state legislature. Even if legal authority is already available, officials using it to raise existing or impose new levies frequently jeopardize their chances of reelection.

The other major approach to increasing fiscal resources is through intergovernmental grants. For local officials, this is in one central respect the most attractive alternative: The political onus associated with raising more money is shifted elsewhere and, unlike most procedural, structural, and areal changes, state and local political interests ostensibly are not threatened.

Federal and state aids to local governments, therefore, have exploded dramatically in the past 15 to 20 years. In 1962, direct federal aid was 2.5% of municipal revenues and state aid 16.3%, or a total of 18.8%; in 1978, they were 15.6% and 22.2%, respectively, or 37.8% together—double the aggregate of 16 years earlier. As the Commission has explained in numerous reports, there are many reasons for this growth, rooted in federal and state as well as local problems and policies. Unquestionably, however, an important factor has been local governments' needs for more money, and more particularly the older, central cities of the Northeast and Midwest where politically difficult structural and jurisdictional changes frequently offer the only real alternatives to new and increased local taxes or increased intergovernmental grants.

With all their appeal as the least painful means of bridging the resources-needs gap, intergovernmental grants of course do exact a price not attached to the alternative approaches. It is in the form of performance and program requirements imposed by the state and, particularly, federal, governments as conditions of the grants. In FY 1978, local governments were eligible direct recipients of over 60% of the 492 federal categorical grants—by nature the grants most hedged about by conditions—and indirect recipients via state pass-through of many of the remainder. Localities also were involved as direct or indirect recipients of five block grants, which, though not as subject to federal conditions, become increasingly so as they mature. All of these grants, and even general revenue sharing to some extent, were subject to the 59 generally applicable performance requirements directed at social and economic goals.

Certain aspects of federal grant conditions, moreover, have a direct impact on local government structure, which compounds the local problem since it is in part the inadequacy of local structure which impels local communities to turn to the federal government for financial assistance in the first place. Thus, federal categorical grants have generally weakened generalists (chief executives and their central management staff) and general

governments (municipalities and counties), encouraged the initiation and multiplication of public and private nonprofit "paragovernments," supported certain types of special districts and authorities, and spawned an array of single-function regional planning bodies above the county level.

The Commission is convinced that this heavy reliance on intergovernmental aids, in preference to the various other means of dealing with the problem of unbalanced needs and resources, is a growing threat to the continued viability of local government as a vigorous partner in our federal system. It believes, therefore, that in considering strategies for overcoming the resources-needs mismatch faced by local governments, concerned citizens and officials at all levels must recognize the many interrelated causes of the problem and weigh all the available means—not just increased intergovernmental grants—of dealing with them. In a time of mounting public resistance to increased taxes and spreading support for limits on state and local expenditures, this means focusing particularly on structural and jurisdictional changes.

At the local level, it calls for citizens and officials to face up to the need for hard political decisions and effort on fundamental restructuring of local governments, including serious consideration of city-county and city-city consolidation, multipurpose servicing districts, and multitiered federations in light of their respective servicing, jurisdictional, and fiscal needs and traditions.

For state governments, it means reexamining the whole body of laws, regulations, and practices that authorize and/or mandate the fiscal, functional, organizational, and areal characteristics of their local governments. It also means examining state aids to assure that their conditions impose minimum obstacles to localities making the most effective structural and areal readjustments.

For the federal government, finally, it calls for the exercise of greater sensitivity to the structural and areal implications of the eligibility and performance requirements of grants to local governments. Its policies should support, rather than contradict, structural and areal characteristics that foster effective, efficient, equitable, and accountable local government.

To sum up, the structure, servicing assignments, and areal reach of local governments in metropolitan as well as nonmetropolitan areas are fundamental conditions of the local fisc. The prime reliance on intergovernmental fiscal transfers over the past decade-and-a-half as a method of meeting the fiscal pressures on localities seemed at the time sensible and certainly least disruptive of the status quo. Yet, the specter of localities assuming the role of administrative adjuncts of higher level governments, now looms—thanks to the truism in our political system that grants are never unconditional, but over time are ever more conditional. America's localities, then, face a situation of being between the rock of intergovernmental fiscal reliance and the hard place of no longer avoiding basic restructuring alternatives. The Commission, therefore, believes that all levels must recognize the necessity of confronting the hard place, while obviously not avoiding the rock. Paradoxically, if reorganization becomes a real focal point of efforts to overcome various of the administrative, programmatic, and fiscal difficulties confronting America's cities, counties, and towns, the greater political strength that the localities may well acquire in the process might provide the basis for warding off many of the intrusive conditions and mandates now associated with grants-in-aid. In short, the Commission seeks a more ambitious approach to local governmental restructuring and reorganization, both as a means of strengthening America's localities and of developing a more balanced and genuinely cooperative aid system.

Part II

The Process of Determining "Who Should Do What"

The current patterns of assignment of state and local functions in the 50 systems started with the basic system of local government imported from England in the 17th Century. Fundamental factors in their evolution were the legal status of localities as creatures of the states and the impact of the political, economic, and social forces that transformed the nation and the federal system over the past 200 years. Throughout these two centuries, functions have been allocated and reallocated essentially on an ad hoc piecemeal basis, often resulting in inappropriate and conflicting patterns of assignment among state, substate regional, and local governments.

In the most recent years examined in this study, the essentially unsystematic character of these patterns has persisted—despite efforts at reform. In fact, it has been aggravated by the impact of mounting public pressure for reduced public expenditures; an expansion of the number, dollar magnitude, and intrusiveness of federal aid and regulatory programs; and the continuing inability to achieve fundamental restructuring of local and substate regional government.

Surveying the scene in 1974, the Commission concluded that there was a need for a more consistent and logical assignment of functions, and that some suitable state-local instrumentality should be charged with the

responsibility for continually reassessing the allocation of functional assignments in the state-local service delivery system. It was convinced, moreover, that no single appropriate formula for the allocation of functions among all state, areawide, and local units could be applied, given the diverse geographic, cultural, social, economic and political conditions that exist among the 50 states. Because the Commission is convinced that these conclusions are as valid now as they were six years ago, it renews its support for the recommendations based on them. In addition, the Commission proposes further steps for making the state-local functional assignment process more deliberate and systematic. Hence . . .

The Commission *reaffirms its recommendations*[10] that:

1. States enact legislation establishing an ongoing assignment of functions policy and process which, at a minimum, authorizes the state ACIR or similar agency to:
   a) formulate general criteria for assigning and reassigning public services, taking into account the desirability of maximizing economic efficiency, fiscal equity, political accountability, and administrative effectiveness;
   b) develop specific functional classification standards based on the criteria for determining the state, areawide or local nature of a function or components thereof;
   c) enlist the assistance of affected local government and state agency representatives in developing the classification standards;
   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 a statement should evaluate these proposals according to the criteria and functional classifications); and
   e) recommend appropriate state constitutional or legislative or, where appropriate, local referendum action for the assignment or reassignment of functions according to the classification standards.
2. The federal government amend the *1968 Intergovernmental Cooperation Act* to provide that the units assigned functions according to the recommended state assignment policy and process be recognized as the preferred recipients of federal assistance, and modify OMB Circular A–95 to require federal agencies to take account of intergovernmental impact statements in disbursing federal aid.

To strengthen further the process of functional assignment and reassignment within each state, the Commission advances the following three additional recommendations:

RECOMMENDATION 2: STATE SUNSET PROCEDURE

The Commission recommends that state legislatures establish a sunset procedure whereby every state program is reviewed periodically to determine whether its functions and subfunctions should be continued, terminated, transferred to political subdivisions, or expanded by assuming parallel functions currently being performed by political subdivisions.

The Commission's 1974 recommendations regarding the state government's responsibility for establishing an ongoing assignment of functions policy and process focused primarily on the executive branch. As the creators, modifiers, and terminators of state programs, and generally of the functional responsibilities of local government, the state legislature plays a critical role in shaping the state-local assignment of functions. This recommendation and the one following are directed at ways in which this legislative role can be strengthened.

When the Commission examined the issue surrounding state aids to local governments in 1976, it recommended "that each state provide by law for the simultaneous termination of aid programs in each functional area upon a specified review date, and at regular intervals (four or five years) thereafter, unless such programs are reauthorized by appropriate legislative action." In taking this action, the Commission noted that the thorough and orderly reassessment of state grants to local governments could best be guaranteed by the enactment of a legislative sunset process. State sunset laws provide for the termination of governmental programs and/or agencies at a specific date and at regular intervals thereafter. Continuation is permitted only upon the reenactment of authorizing legislation after a thorough program evaluation by the executive and legislative branches. Beginning with action of the Colorado state legislature in 1976, 35 states have now adopted a sunset procedure.

With the current recommendation, the Commission expands this earlier proposal for a state sunset provision applying to intergovernmental aids to include the full range of state programs. In addition, the Commission specifically urges that, in this process of deliberating on

whether a program should be changed, extended, or terminated, the legislature should give particular attention to the issue of whether the current assignment of functions and activities involved is the correct and most effective one. In terms of performing a specific function, this means asking and answering the question of whether an existing state program or activity should be continued as is; should be devolved in whole or in part to local governments, and if so to which specific local government or governments; should include subfunctional components assigned to local or regional units; or should be terminated.

The operation of existing sunset laws depends heavily on the cooperation and assistance of executive branch agencies. Thus, the legislature and its committees must rely upon the management and operating agencies to provide the background studies and advice that are necessary to make thorough and deliberate decisions on whether or not a program or activity should be terminated or continued. This same process of executive-legislative cooperation is no less vital to the effective operation of the sunset procedure when it focuses specifically on the issue of functional assignment.

The Commission's 1974 recommendation called on the state ACIR or similar agency to take responsibility for formulating general criteria for assigning and reassigning public services; for developing specific functional classification standards based on the criteria for determining the state, areawide, or local nature of a function or components thereof; and for making appropriate legislative recommendations based on its development of criteria and standards and its consultation with affected local government and state agency representatives. Discharge of these duties by the state ACIR or other designated state agency obviously would be an essential step in the entire legislative sunset activity directed at examination of state functional assignment policy.

RECOMMENDATION 3: FISCAL NOTES

The Commission further recommends that state legislatures establish a procedure requiring that fiscal notes, previously recommended by this Commission,[11] include a statement on the impact of proposed new legislation on the state-local assignment of functions.

In a 1977 report on state limitations on local taxes and expenditures, the Commission recognized the responsibility of state governments to make their legislators and citizens aware of the fiscal impact of state legislative actions on local governments. It therefore recommended that, with all major state legislation and proposed administrative regulations affecting local government revenue raising capacity or expenditure requirements, an explicit note be included setting out the fiscal impact of that legislation on local governments. [While the Commission's principal concern in 1977 was that citizens be fully aware of external forces that might necessitate a local tax hike, it also believed it essential that state legislatures be given more complete information about the possible fiscal effects of key pending legislation.]

Legislative enactments having an impact on the assignment of functions between a state and its local governments and among its various types of local government obviously can affect the fiscal responsibilities of the governments involved. Hence, this recommendation calls on the legislature to be particularly aware of the functional assignment issue when considering fiscal notes and to give specific attention to servicing shifts in the development and publication of such notes. By so doing, the legislature will give notice to all parties affected at both the state and local levels of the coming changes in their servicing roles and enable them to be better prepared to operate under those changed responsibilities.

In the Commission's 1974 report recommending improvements in states' functional assignment policies and processes, it proposed that the state ACIR or similar agency 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. The impact statement would evaluate the assignment or reassignment proposals or actions according to general criteria and functional classifications that the agency developed in carrying out its functional assignment responsibilities. The Commission would expect that in preparing its fiscal notes on functional assignment changes, the legislature would make use of any such impact statements prepared by a state administrative agency.

RECOMMENDATION 4: FEDERAL CLASSIFICATION OF 50 STATE-LOCAL SYSTEMS

The Commission also recommends that the Office of Management and Budget develop and periodically update, in consultation with the Bureau of the Census and representatives of state and local governments, a classification of the 50 states based on the functional, fiscal, and legal similarities and differences among their various types of local government; that the Congress in designing eligibility provisions of grant leg-

islation give serious consideration to the utility of this classification; and that the President by executive order require departments and agencies administering grants whose distribution is determined wholly or partly by administrative decision to give serious consideration to such classification in determining which units of local government are intended to be recipients of such grants in such states.

In its 1974 report on governmental functions and processes, the Commission found that the planning and districting requirements, administrative regulations, and other policies of various federal grant programs sometimes hindered rather than helped the development by states of flexible yet balanced functional assignment policies. Thus, some federally encouraged substate districts served as implementation mechanisms while others were confined to being planning and grant management instrumentalities. Moreover, some districts had been encouraged to combine with generalist, locally controlled regional councils while others remained separate, creating yet another factor making for a fragmentation of substate functional assignments. The Commission also found that federal aid programs frequently promoted servicing roles through eligibility, passthrough, as well as "bypassing" provisions that did not recognize existing state and local governments' responsibilities or the differing assignment patterns within the 50 systems.

Believing that the federal government should respect systematic functional assignment policies developed by state and local governments, the Commission recommended that Congress amend the *Intergovernmental Cooperation Act of 1968* to require that state, areawide, joint (regional-local), or local providers of governmental services designated pursuant to systematic functional assignment policies developed by state and local governments be recognized as the preferred recipients of all pertinent federal technical, planning, and financial assistance. It further recommended that the Office of Management and Budget (OMB) modify its A–95 management circular to require federal agencies to take into account intergovernmental impact statements prepared by the state ACIR or similar agency concerning any state or locally developed assignment or reassignment proposal.

The Commission reaffirms its belief in this recommended federal action to assure that federal policies and programs complement and support systematic functional assignment policies developed at the state and local levels. It recognizes, however, that states are moving slowly toward adopting such systematic policies. Therefore, pending greater state progress along this line, it is convinced that other federal action is needed to assure that policies and programs are more responsive to the diversity of functional assignment patterns that exist among the 50 state and local government systems.

Federal policies and programs in many cases still are not conductive to the development of sensible functional assignment policies by the states, just as they were at the time of the earlier Commission report. They continue to reflect a lack of knowledge of or sensitivity to the differences among state-local functional relationships. A well-known case is that of General Revenue Sharing (GRS). By extending eligibility for GRS funds to all general-purpose governments—defined to consist of counties, municipalities, and townships—the federal government shored up numerous small municipalities and townships that previously had performed so few functions as to be regarded by some informed observers as "toy governments" rather than bona fide general-purpose governments. These observers maintain that, had there been better understanding of the true status of those minor units, the stimulation provided by GRS checks in most cases would not have been given. GRS funds funneled to such units, after all, have not aided general governments—the sole ostensible beneficiaries of the program.

With this recommendation, the ACIR suggests a process by which the Congress and the executive branch can avoid future policies and practices that similarly fail to take account of the diversity of state-local servicing patterns. As the executive agency responsible for the federal government's overall financial management policy in intergovernmental relations—as evidenced by its responsibility for, among other things, the A–95 comment and review process on applications for federal aid—the Office of Management and Budget should take the leadership in developing a classification of the 50 systems based on their functional, fiscal, and legal similarities and differences at the local level. As the principal source of data on expenditures, revenues, and other fiscal and governmental features of state and local governments, the Bureau of the Census should be given a lead role along with OMB, in developing the 50-state classification. For maximum assurance that the classification conforms to reality among the states, the two federal agencies should involve representatives of state and local governments in the development of the classification.

In preparing a state-local typology, OMB and the Census Bureau at a minimum would need to consider two basic aspects of the state-local governmental pattern:

1) The legal pattern of types of local government—counties, municipalities, towns and townships, school districts, and special districts. This in-

formation is essential for knowing, for example, which states rely most heavily on special districts, where the school function is handled mainly by independent districts, and the variations in reliance on towns and townships.

2) How responsibility for direct provision of services is shared among the state and the five basic local types, and also how responsibility for funding is distributed. The most likely indicators are expenditure and revenue data modified by employment figures.

The Census Bureau is itself the authoritative source for much of the necessary information, particularly fiscal data. Involvement in construction of a typology, as suggested here, might well be helpful to the Bureau, since it probably would reveal new data needs and identify new data-gathering objectives.

These types of classification are not uncommon, of course. Witness the examples described in *Chapter 2* and *4* of this report. Yet, the classifications might well be further refined. For example, as the development of a classification system progresses, thought might be given to adding another differentiating aspect of each of the state-local relationships which also were identified in *Chapter 4* of this report; namely, the degree to which local units exercise discretion in discharging their fiscal, functional, and structural responsibilities.

Once developed, it is important that Congress heed the classification when it designs eligibility provisions of new grant legislation or makes changes in existing provisions. Further, in those cases where grants-in-aid are distributed wholly or to some degree according to administrative discretion, the Commission believes that the President, by executive order, should require the responsible department and agency officials to give similar serious consideration to the classification when they make their decisions regarding which units of local governments should be recipients of such discretionary grants.

To sum up, federal grants continue to be potent influences on functional assignment and performance at the state and local levels, as the companion volume of this report clearly indicates.[12] Hence, this Commission insists that the federal government begin to recognize and acknowledge the potent influence of its intergovernmental fiscal transfers on such assignments by giving careful and continuing attention to the development and application of the classification system as called for in this recommendation. Common sense, not to mention intergovernmental comity, suggests that to do otherwise in a period of growing retrenchment and increasing state-local interdependencies would be the height of folly.

Part III

Local Government Reorganization

In examining the functional assignment issue six years ago, the Commission concluded that the time had come for all states to adopt a comprehensive, long-range policy with respect to the structure and functions of their respective local governments and the relationships of such governments to one another, the state, and substate regional units. It noted that existing state policies, if such they can be called, in this pivotal area for the most part had been piecemeal, partial, and largely outdated. It found that continuing urbanization and technological change had strained the capacity of most local governments within substate regions effectively to plan, administer, and finance needed public services.

Today, the Commission finds the underlying situation little better, and in some respects worse. Some counties have made significant strides toward structural modernization and the assumption of more functions, but most still have limited functions, 75% still operate without a modern administrative structure, and few have access to tax sources other than the property tax. Independent special districts continue to proliferate, in many cases because of constraints on general-purpose governments, and because of the pervasive political assumptions that such units are no threat to general governments and that the reorganizational alternative is no alternative. Yet, their ever-expanding presence signifies a steady erosion of the authority of local general governments and a further fragmentation of the local governmental scene.

The difficulties of achieving fundamental adjustments of local government structure and area—through such means as city-county consolidations, multipurpose service districts, and two or three-tier reorganizations—are reflected in increasing local reliance on procedural approaches (primarily on intergovernmental service agreements and functional transfers). Equally significant, these difficulties also have led to growing local dependence on intergovernmental fiscal transfers to help deal with the mismatch of area, power, service needs, and fiscal resources, with a consequent diminution of local discretion and authority. All of these trends have been abetted by rising popular pressure for reduced taxes and expenditures.

On the basis of long-run as well as recent developments, the Commission believes that its 1974 prescrip-

tions for a comprehensive state policy and process for dealing with the local organizational problem are needed now more than ever; indeed, some warrant strengthening. Therefore, it reaffirms its earlier recommendations and supplements them with additional proposals for helping local governments meet the structural, functional, and fiscal challenges that stem from the present haphazard assignment of functions. Hence . . .

The Commission *reaffirms its recommendations*[13] that the states should:

1) adopt a constitutional amendment granting to selected units of local government all functional powers not expressly reserved or preempted by the state legislature;[14]
2) establish local government boundary commission(s) at the state and/or local level(s): to regulate municipal incorporations, nonviable units of general local government, special districts, and interlocal servicing agreements; to oversee the implementation of statutory standards of an assignment of functions policy and process; to recommend modification of substate district and county boundaries; to monitor and facilitate municipal annexations; to develop "spheres of influence" or staged expansion limits that define ultimate boundaries of municipal annexations and areas of potential municipal incorporation; and to report annually on efforts to strengthen the pattern of local government.
3) Improve the structural and functional capabilities of the two major general-purpose local governments—cities and counties—by:
   a) enacting legislation to strengthen counties structurally including: (1) authorizing, at the least, optional forms of county government; (2) requiring any predominantly metropolitan county to have an elected or appointed executive officer; (3) placing county officers on a statutory rather than a constitutional basis; (4) empowering contiguous counties to consolidate identical or comparable county offices or functions; and (5) authorizing contiguous counties to execute a multicounty consolidation by simple concurrent majorities.
   b) enacting legislation to strengthen counties functionally by: (1) authorizing counties to perform urban functions when (a) a countywide or less-than-countywide special district performs the service, (b) a municipality requests the county to perform the service, or (c) the public expresses through a referendum a preference for county performance of the service, and for requiring performance standards developed by affected municipalities and the county for functions performed in unincorporated areas; (2) requiring counties having unincorporated territory to develop planning, zoning, and subdivision regulations for such areas, or requiring municipalities contiguous to such areas to perform similar functions with the proviso that if neither the county nor the city performs these functions within the time period specified by the state, a state agency would assume the function;
   c) enacting legislation to strengthen cities structurally by authorizing optional forms of municipal government, including the "strong mayor" form and the "council-manager" form, and authorizing the appointment of all city officers other than the mayor and council members;[15]
   d) strengthening the ability of cities to extend urban services by giving them (as well as the residents in unincorporated areas) the authority to initiate annexations and eliminating the absolute veto power of residents in unincorporated areas when the annexation meets statutory standards; and
   e) clarifying the functional responsibilities of counties and cities by establishing: (1) the county as the basic service provider in unincorporated areas, and (2) requiring counties undertaking functions already provided by constituent municipalities to either enhance the quality of the service or make proportionate payments to their municipalities.
4) Enact legislation leading to major structural reorganization:
   a) by permitting a range of choices for the establishment of governmental units capable of providing areawide services including:
      1) multicounty consolidation and, where geographic scope is adequate, the assignment to it of areawide multicounty jurisdictional organization functions;
      2) city-county consolidation with all areawide and local functions assigned to it and special districts either merged with or subordinated to it;

3) the modernized county with all structural, functional, and fiscal powers noted earlier, with such powers established by charter;

4) a substate multijurisdictional general-purpose government with a directly elected council; and

5) a regional service corporation subsuming existing and proposed areawide special districts, having responsibility for areawide functions, and with popular election of its policy body.

The states should require that any of the above options be approved in a referendum by simple concurrent majorities in the central city or cities and in the outlying area in metropolitan areas, by a simple concurrent majority in each county involved in nonmetropolitan areas, or by a simple areawide majority. Further, the states should stipulate that such referenda could be initiated by a single or concurrent resolution of one or more units of general local government comprising a certain percentage of the region's population, by petition of a certain percentage of eligible voters in the region, or by direct action of the state legislature.

b) or by ordering the dissolution or consolidation of local units of government within metropolitan areas by a legislatively empowered state agency or local government boundary commission.[16]

5) Facilitate procedural methods for assigning or reassigning functions by:

a) establishing procedures for functional transfers between and among municipalities, counties, multicounty regional bodies, and authoritative regional councils, including at a minimum: (1) repeal of provisions requiring voter approval, (2) authorization of revocation when performance falls below initially agreed to standards, and (3) enpowering a jointly agreed upon agency to determine whether performance standards have been met;

b) establishing state technical and fiscal assistance to counties and municipalities for management studies of proposed transfers and state aid for the extraordinary initial costs incurred; and

c) establishing procedures for local governments to perform services jointly or cooperatively, including powers of interlocal contracting with appropriate federal and state incentives through their grant programs for cooperative endeavors by small units of government,[17] but enjoining the use of interlocal contracting in metropolitan areas when it promotes factionalization of the tax base without overriding compensating advantages.[18]

6) Provide for a broadly representative permanent state ACIR to study and report on:

a) the current pattern and viability of local governmental structure and substate regional organizations; their powers, functionally and fiscally; the existing and desirable relationships between and among local governments and substate regional organizations;

b) the existing, necessary, and desirable allocation of state-local fiscal resources;

c) the existing, necessary, and desirable state role in local governments and substate regional systems;

d) the problems of interstate areas; and

e) the constitutional and statutory changes required to implement recommendations.

To strengthen further the state policy and process for improving local governmental structures and servicing capacities as delineated in the foregoing proposals, the Commission offers the following five additional recommendations:

RECOMMENDATION 5: DISSOLUTION OF NONVIABLE GOVERNMENTS

The Commission recommends that states, through a local government boundary commission, other state agency, or the state legislature, establish or supplement standards for local government viability (a) by requiring any local government, general or special-purpose, in the urbanized portion of a standard metropolitan statistical area (SMSA), to have the equivalent of at least one full-time employee, or, (b) by requiring general-purpose units to perform at least four functions, or only two functions, provided that each of the two constitutes at least 10% of the jurisdiction's current expenditure budget. If either of these standards is not met, the state, after offering adequate opportunity for a hearing for the affected

local government(s), shall consider dissolving the local government and providing for the transfer to and performance of its functions by (an) appropriate unit(s) of general local government.

This recommendation addresses the issue of the viability of small local units of government by proffering two specific standards states may use in judging viability and suggesting the possible dissolution of local governments that do not meet the standards.

As early as 1961, the Commission expressed concern about the viability of local governments and recommended that states enact legislation providing for rigorous standards for establishing new municipal incorporations in metropolitan areas.[19] The Commission subsequently urged that the states not only establish viability criteria for determining whether new local governments should be created but also set forth statutory standards for assessing the economic, political, and functional viability of existing governments, with a view to eliminating or reducing state aid allotments to small localities not meeting the standards.[20] The Commission progressed further on this course in 1974 when it concluded that each state should have a comprehensive policy on local government structure, which should include a set of standards to assess the structural, functional, fiscal, and geographic viability of existing and proposed local governments. It proposed that the standards use such factors as (a) localities' capacity to raise revenues, (b) localities' mix of residential, industrial, or other tax base components, (c) localities' population, geographic size, and socioeconomic and racial composition, and (d) the appropriate assignment of areawide and local government functions and subfunctions. It also suggested that a local government boundary commission be established at the state and/or local level(s) and exercise, among other powers, the regulation of nonviable units of government.[21] Our present recommendation carries these earlier proposals forward by suggesting specific standards for judging governmental viability as the basis for possible dissolution of a locality by the state.

The Commission's concern for the issue of viability over the years is based on its observation of the effects of the proliferation of excessively small, functionally limited, and fiscally unbalanced local governments. Such governments usually conduct only a limited number and range of activities and frequently cannot even provide minimum basic local services. Their right to be considered general-purpose units of government is highly questionable. As the Michigan Municipal League noted regarding most Michigan townships in urban settings, they are not "viable municipal governments in their own right but, instead, their residents depend on other governments to provide the necessary services, on the county department of public works, or on a neighboring city for sewage disposal or water supply service, on the county for planning, zoning, and building regulation services, on the county road commission for road maintenance and improvements, and on the city or county for library, airport, parks, and recreational services."[22] Undoubtedly much the same could be said about many municipal governments since, according to the 1977 Census of Governments, in 1977 there were, 9,614 municipalities under 1,000 population with an average population of 414.

In urban areas, the presence of small, functionally limited local governments compounds metropolitan social, economic, and fiscal problems. They fracture the metropolitan tax base, increase fiscal and socioeconomic disparities, hamper comprehensive and coordinated approaches to servicing and financing problems that require areawide handling, and hinder the application of any meaningful concept of administrative accountability vis-a-vis the citizens of such governments.

The principal defense of small governments is that citizens have easier access to them than to larger governments and therefore accountability is greater. Our view is that this is an important consideration but only one of several that need to be taken into account—including effectiveness and equity and the effect on the service and financing needs of surrounding local governments. Moreover, easy access cannot be equated with accountability when the small government in fact "farms out" most of its service responsibilities to other jurisdictions through interlocal agreements and contracts, as is portrayed so vividly in the above quotation.

In this recommendation, the Commission addresses the issue of viable local governments by advancing two criteria that states could use when considering local government dissolution. The first standard is to require any local unit, whether a general-purpose government or special district, to have at least one full-time employee or the equivalent. This standard would be applied only to local governments in the urbanized portion of a standard metropolitan statistical area (SMSA).

The 1977 Census of Governments reported that 4,424 municipalities, 8,673 townships, 17,534 special districts, and 280 school districts had no full-time equivalent employment. It does not reveal what portion of these are in urbanized areas but undoubtedly many are.

The existence of small units of government for which the community does not have either the resources or the desire to support even one full-time equivalent employee indicates a lack of capacity or unwillingness to sustain a full-fledged local government. Moreover, in urbanized areas it is likely that other local governments—whether

counties, cities, or currently operating special districts—already have the ability, fiscally and functionally, to pick up a small unit's functions, if it performs any.

This standard has not been applied to rural areas or the rural portions of SMSAs, because in such areas, more likely than in urbanized areas, there may be no other government willing to assume the small government's responsibilities or these responsibilities may be of a type that part-time employees may be able to perform them adequately.

The second viability standard recommended is to require any general-purpose unit of government—county, municipality, or township—to perform at least four functions; or, if it performs only two functions, that each of these two must account for 10% of the jurisdiction's current expenditures, regarded as a significant portion of that budget. The Commission believes that these alternative standards provide modest assurance that a government, in fact, would deserve the designation of general-purpose government. The critical word, "perform," is to assure that the unit is not merely a shadow government that has all or substantively all of its services performed by others. The 10% minimum (20% aggregate) is to assure that service performance is not entirely outweighed by, for example, the share of the budget dedicated to council meetings or building maintenance. Both minimums were contained in essentially this form in an amendment to the definition of a general-purpose government in the proposed legislation extending federal general revenue sharing as adopted in 1980 by the House Government Operations Committee's Subcommittee on Intergovernmental Relations and Human Resources.

With the establishment of these standards, the state then may consider dissolving noncomplying local units, but only after an adequate opportunity for a hearing. The hearing offers (1) local government officials and residents from the government potentially to be dissolved and (2) officials of other affected local governments the opportunity to express their views to the state. Once the local government is dissolved, its functions would be transferred to one or more appropriate units of general local government. These two parts of the recommendation guarantee that the state cannot act arbitrarily and that it cannot dissolve the local unit without providing that a general-purpose government assume responsibility for performing the service or services. As in the case of sound annexation proceedings, the state would need to have assurances that the assuming jurisdiction would provide an adequate level of service at a fair cost.

The responsibility for establishing these standards and for instituting dissolution procedures should be assigned to the local government boundary commission, another appropriate state agency, or the state legislature. Since only seven states have local government boundary commissions, another administrative agency—such as the department of community affairs, or the state legislature—would be the likely responsible authority in most states. Of the states with boundary commissions, several are not statewide so another state agency would have to be designated for the balance of the state or commissions would have to be established in substate areas lacking them.

RECOMMENDATION 6: BROADENING CONSOLIDATION AUTHORITY

The Commission recommends that states authorize the consolidation of two or more municipalities, towns or townships, when initiated by a resolution of the governing bodies of the cities, towns, or townships affected or by petition of the citizens therein and approved in a referendum at the next primary or general election by simple concurrent majorities in the governmental jurisdictions involved.

State authorization of multicounty consolidation and city-county consolidation has been urged by the Commission since 1974.[23] In this recommendation, the Commission proposes that states authorize the last remaining type of merger of general-purpose units—the consolidation of two or more cities, towns, or townships. Such consolidation could be attempted by local units anywhere; yet, it is most likely to be achieved by small, or possibly medium-sized cities and towns, particularly in rural areas of the country. This clearly has been the pattern of recent city/city and city/town mergers.

Because of the limited area of most cities and townships, this type of consolidation may not produce a unit with adequate scale to handle regional-type problems effectively. Yet, it may yield economies of scale, reduce duplication of services, alleviate interlocal tensions, create a more equitable revenue system, and enhance the capacity for planning growth and development.

None of these results is guaranteed, of course, and in fact there may be some risk, such as reduced citizen accountability and unforeseen shifts in the distribution of municipal services. These are matters that the affected citizens and officials of the respective localities should judge for themselves and weigh against the potential gains in efficiency, effectiveness, and equity. Without the permissive legislation proposed by this recommendation, however, they will not have the opportunity to make these determinations for themselves. Thirty-seven states now authorize such mergers and the Commission believes the remaining 13 should follow suit.

Consolidation should be initiated and approved locally, and each city, town, or township should have a say at each step in the process. Thus, the proposal for merger should come either via (1) a resolution of the governing body of each city, town, or township affected, or by (2) a petition of the citizens of each locality. Approval of the merger would be by referendum at the next primary or general election by simple concurrent majorities of the jurisdictions involved. The simple but concurrent majority approval requirement may make the consolidation more difficult to achieve than a referendum with approval by a majority of the combined electorate in the jurisdictions affected. Yet, the Commission believes that concurrent majority approval gives added assurance to the residents of each city, town, or township that they will not be unwillingly included in a consolidated government and provides a salutary political basis for launching a new municipality.

RECOMMENDATION 7: IMPROVING LOCAL DISCRETIONARY AUTHORITY

The Commission recommends that local discretionary authority be increased and clarified by state adoption of (a) constitutional amendment(s):

- **a) granting to general-purpose local governments all powers—structural, functional, and fiscal—not expressly reserved to or preempted by the state legislature;**
- **b) containing a self-executing provision;**
- **c) stipulating that the grant of local discretionary authority be interpreted liberally by the courts:**
- **d) limiting the use of special legislation by requiring the state legislature to examine carefully requests by local governments for the enactment of special laws and to reject requests if the concerned local governments possess sufficient discretionary authority to achieve the objective(s) of the special laws by enactment of local by-laws, laws, or ordinances;**
- **e) requiring the state legislature to establish a "code of restriction" specifying those powers expressly reserved to or preempted by the state legislature; and**
- **f) requiring the state legislature to adopt and maintain a local government code consolidating all statutes applicable to local government.***

Local discretionary power, sometimes called home rule, has been a concern of the Commission since 1962 when it recommended that the states in their constitutions grant to certain units of local government all functional powers not expressly reserved, preempted, or restricted by the consititution or legislature.[24] In taking that position—termed the residual powers or, more correctly, the devolution of powers approach—the Commission expressed a preference for certain local governments to have all functional powers not expressly denied them by the constitution or legislature, rather than having only those powers specifically granted. The latter course, it found, produced delegations of power that were (a) often tardy because legislatures waited for crystallization of opinion on a statewide basis; (b) frequently splintered by being vested in independent or semi-independent agencies which eluded responsiveness to general government control; (c) occasionally inadequate or, more often, circumscribed by requirements and conditions which made their adoption and operation difficult; (d) usually cautiously worded, because it was not known where the courts might later draw the boundaries of authority; and (e) almost invariably confined and rendered less economical and effective in operation, because the area of the unit receiving the authority was not large enough to deal properly with the problem which the authority purported to solve.

The devolution of powers approach, on the other hand, permits a broad, unambiguous grant of power, while at the same time stipulating the right of affirmative reservation, preemption, and restriction by the state legislature to forestall problems arising from a lack of local responsibility and prudence or from placing local interests above the broader substate regional or statewide interest. It firmly establishes the ultimate authority of states over local governments even as it recognizes that (1) local governments should have the freedom to experiment with solutions to servicing problems and to adapt to changing conditions without wasting time seeking permission from a state legislature; (2) local governments, being closest to the citizens, are more knowledgeable about local conditions and can respond more quickly and better to local problems than the legislature; (3) the diversity among local areas requires a flexible approach to local governments; and (4) broad local dis-

* Governor Dalton dissents: "In essence, the general direction of this recommendation would lead to the abdication by the state of its rights and responsibilities. Virginia is a Dillon's Rule state, and this recommendation is contrary to the philosophical values and historical and political traditions of the Commonwealth."

cretion frees state legislatures from the burden of acting on a myriad number of local matters, allowing them to concentrate on those that truly are state concerns.

Although there has been a gradual expansion of local discretionary functional authority since the Commission adopted its 1962 recommendation—with a number of states moving toward the devolution of powers approach—no state has fully adopted that approach. Most states grant local discretion to municipalities and counties, but in many cases the grant is very limited, has never been implemented, or is undercut by judicial interpretations or special legislative actions that severely curtail its scope. This situation prevails at a time when the demands on local governments—particularly in urbanized areas but also in rural areas—have grown and when local governments still are the prime service providers. For these and other reasons, the Commission reaffirms its 1962 recommendation in support of the devolution of powers approach to local functional authority.

In addition, the Commission broadens the earlier recommendation by urging that (1) such a grant of powers be given to all general-purpose local governments, not just to "certain units of local government," and (2) the grant encompass structural and fiscal, as well as functional, powers. Broadening the availability of discretionary authority to include all types of general-purpose local governments is justified by a clear finding from *Chapters 2* and *4* of this report; namely, the increasing dispersion of local government responsibilities among the various types of local units, and particularly the expansion of the role of county government. Inclusion of the third type of general-purpose unit—the township or town—is warranted by the similarity of many of those units to municipalities in the 11 so-called "strong township states." Under this approach, of course, the state legislature still would be able to exclude subcategories of municipalities, counties, and townships from access to the broadly developed powers—such as units that do not conform to a specified minimal level of viability.

Expanding local discretionary power to include structural and fiscal, as well as functional, power makes sense because of the inevitable linkages among the three, as was explained at some length in *Recommendation 1*. The fundamental problem of balancing needs and resources cannot be handled most effectively in the long run by merely making adjustments in one of the three factors without reference to the others. Local governments that lack structural and fiscal authority usually cannot muster the administrative and financial capacity to assume expanded servicing responsibilities. Moreover, if structural discretion is granted without discretionary functional power and fiscal resources (as is so frequently the case), a city or county may reform its administration but still be unable to respond appropriately to shifting servicing needs.

The Commission proposes (in 7 (b)) that the constitutional provision containing the grant of local discretion include a self-executing provision. Without such a provision, legislative action is necessary to put the grant of authority into force. The legislature can then frustrate the will of the voters, expressed in the constitutional provision, by failing to enact the necessary implementing legislation or by enacting legislation which makes it difficult for localities to take advantage of the powers presumably granted. Complete information on the extent to which states with the devolution of powers approach have a self-executing constitutional provision is lacking, but of the 40 with any kind of constitutional provision on local government, 16 do not provide for self-execution.

Experience also suggests that special efforts must be mounted to minimize erosion of local government discretion by the state courts and the legislature. Hence, the Commission urges (in 7(c)) that the constitutional amendment stipulate that the grant of local discretion be interpreted liberally by the courts, as is now done in the constitutions of 11 states. This is needed because many state-local jurisdictional issues end up in the courts and the courts in many states have tended to rule that the disputed local ordinance is invalid, because it falls within the realm of state concern. Hence, the need for a specific constitutional provision, establishing a liberal approach to local discretion as basic state policy.

The threat to effective exercise of local discretionary powers can come not only from the state legislature and unsympathetic courts. It also may come from forces within the local communities which, for one reason or other, believe their interests can be better served by appealing for action by the state legislature than by seeking their objectives through the local city council or county board. Over one-fourth of the state and local officials and other experts responding to a 1980 survey reported that local governments often requested special legislation falling within the purview of their local discretionary authority. The effect is to diminish local authority by calling into question the sincerity of the local community's declaration that it can, indeed, handle its own affairs best without state interference, and by simultaneously stimulating such interference. In section (d) of this recommendation, the Commission opposes such special legislative acts, except in those instances where the petitioners demonstrate that the pertinent local government(s) lack(s) the authority to achieve their desired objective(s). This approach, if assiduously adhered to, would assure simultaneously that old-style, intrusive,

particularistic, politically or pressure group-conditioned enactments would not pass and that specific metropolitan or other substate regional concerns transcending the scope of local discretionary authority could be addressed.

An essential element of the devolution of powers approach is the retention by the legislature of the right expressly to reserve or preempt powers that might be exercised by local governments. Over the years, some of these retained powers inevitably will be expanded; others will be reduced or otherwise modified. To avoid confusion as to their precise nature and extent, the Commission believes (7(e)) that the legislature should be required to establish an official "code of restriction," consisting of a complete current compilation of the powers that have been expressly removed from the sphere of local discretionary authority by constitutional or legislative enactment. The lack of such a codification, and the resultant uncertainty, is one reason for the filing of petitions for special laws in some states. Once established, such a code should be updated periodically.

Finally, in similar but broader vein, the Commission proposes in (7(f)) that the state legislature adopt and maintain a local government code consolidating all statutes applicable to local government. This code would contain not only the statutes denying powers to the localities, but also those granting powers (particularly extensive in states not using the devolution of powers approach) and those imposing mandates on localities. In many states, laws pertaining to local government may be found in many parts of the state statutory compilation, so that state and local officials find it difficult to determine what the law is. Adoption and maintenance of a local government code, already practiced by many state governments, is an essential step to overcome this problem.

To conclude: Drafting, obtaining, and retaining state legislation designed to maximize local discretion has always been a difficult legal and political undertaking. Given the growing fiscal and servicing interdependencies of states and their localities over the past decade-and-a-half, this task has become even more complex and controversial. In this six-point recommendation, the Commission advances a balanced program for basic reform in this crucial area—protective of essential state as well as local rights.

RECOMMENDATION 8: CREATION OF AREAWIDE STUDY COMMISSIONS ON LOCAL STRUCTURE

The Commission recommends that the states require units of local government located in substate regions, every ten years or when three or more large special districts have emerged in a region, to establish a representative areawide commission to study the current structural, functional, and fiscal relationships of local governments and substate regional organizations. The commission shall report on possible reorganizations, including multicounty consolidation, a modernized county, city-county consolidation, city-city consolidation, an elected regional multifunctional service district, or a strenghtened regional council. If the commission recommends reform(s), the state legislature, on petition of an appropriate number of the citizens of the area involved, shall require a referendum to be held on any of the reform proposal(s), subject to approval by simple concurrent majorities in the governmental jurisdictions involved, and enact legislation, when necessary, to authorize implementation of such proposals as are approved by the voters.*

This recommendation is a direct followup to *Recommendation 1,* in which all governmental levels were urged to consider the structural and functional, as well as fiscal, approaches to dealing with the mismatches of needs and resources at the local level. It addresses the overriding issues of the mechanism and a periodic procedure for precipitating local and state action, to achieve necessary adjustments of local jurisdictions and powers on a substate regional basis.

This is not a new ACIR concern. In 1961, the Commission recommended that the states authorize "the establishment of metropolitan area commissions on local government structure and services for the purpose of developing proposals for revising and improving local government structure and services in the metropolitan areas concerned."[25] Then, in 1974, the Commission focused on possible reforms of the kind that might be considered by such study commissions—including multicounty consolidation, a modernized county, a regional service district, or a strengthened regional council.[26] No preference for any one option was expressed; instead, the alternatives were to be examined for their respective strengths and weakness and their applicability to particular areal, structural, functional, and fiscal problems.

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*Governor Dalton dissents: "The purpose of this recommendation is to stimulate the states to take a more affirmative approach towards solving the various problems of local government. I believe this purpose can be attained in a more fiscally and administratively prudent manner by the adoption of a commission on local government. In Virginia, the commission is empowered to serve as a mediator between local governments and to investigate, analyze and make findings as to any proposed action by a local government. This includes annexation, boundary adjustments, and economic growth-sharing agreements."

Since the early 1970s, relatively little major restructuring has occurred. Local governments have continued to rely mainly on procedural adjustment methods, such as intergovernmental service agreements and transfers of functions. States have compounded servicing problems and fiscal pressures on local governments by extensive mandating. Further, the number of independent special districts continues to grow. Annexation, except for a few cities which have broad powers and have used them to encompass the major portion of the urbanized areas, either has been unattainable or has been used incrementally. Hence, it has been a largely ineffectual method of restructuring. County governments have been able to make significant strides in modernizing themselves structurally and functionally, but rarely fiscally. Few major reorganizations involving a number of localities in an area have been attempted, and even fewer have been established. No new two-tier government has been formed since Miami-Dade and only 17 city-county consolidations—over half of which were in rural areas—have passed since World War II. In the past decade-and-a-half, the most dramatic developments were the establishment of the metropolitan council in the Twin Cities (MN) in 1967 and the metropolitan service district in the Portland (OR) area in 1979, with the latter serving as the first elected regional (multicounty) government in the U.S.

For these reasons, the Commission is convinced that the states must go beyond the Commission's recommendation of 1961 by requiring that the local governments within each substate region establish a representative areawide study commission to report on possible reorganizations—including multicounty consolidation, a modernized county, city-county consolidation, an elected regional multifunctional service district, a strengthened regional council, and city-city consolidation; or to report on changes short of reorganization (proposed servicing transfers, special-district abolitions or mergers, etc.); or to indicate satisfaction with the jurisdictional, servicing, and fiscal status quo.

The Commission believes that it is no longer sufficient for the states merely to authorize local governments to establish study commissions, and simply to enact permissive reorganizational legislation. Rather, states should adopt one of two triggering mechanisms which would compel local governments to establish a commission. The first of these is to require a study process every ten years. This is similar to the Montana system, which originally required local governments to assess their structure every ten years—a process which completed its first round in 1974. Out of these actions, several local governments changed their structure and two city-county consolidations were effected. Subsequently, Montana modified the procedure, requiring that the citizens vote every ten years on whether they wish to review their governmental structure. If they do, a review commission is then formed. The modification was instituted because it was felt that for Montana—a largely rural state with small governments—mandatory action every ten years was not needed. The Commission, however, is convinced that if a state chooses to use this triggering mechanism for substate regions, it should be mandatory every decade.

The other proposed mechanism for bringing a study commission into being is the emergence of three large special districts in a substate region. The existence of such districts is a prime indicator that general-purpose local governments are unwilling or unable to meet certain servicing needs of the area. But independent special districts tend to fragment and distort the balancing of needs and resources within an area. Hence, the Commission believes that, when as many as three large districts are operating within an area, it is time to look at the possibility of devising a regional mechanism for providing a more coordinated and comprehensive way of handling the functions assigned to such agencies.

Since both of these approaches to studying reorganization are to be mandated, states may wish to establish funding to support these commissions. This would be consistent with the Commission's earlier recommendation on reimbursing local governments for certain mandates.[27]

The focus here, on units within (a) substate region(s), arises because of the structural, fiscal, functional, and areal relationships that develop between and among local units in such regions. These interrelationships can be expected to be in a continuing state of flux, hence of continuing adjustments and readjustments. In this respect, this proposal goes beyond internal structural problems of any single jurisdiction, which was the principal focus of the Montana provision. It seems reasonable, therefore, to require a mandated approach to the study question every ten years or when three super special districts emerge within a region.

The Commission also believes that this mandated study commission approach should not be restricted to metropolitan areas of the state: It is convinced that all substate regions would benefit. While metropolitan areas are most prone to fragmentation of local government, fiscal disparities, and many servicing needs—particularly regional ones—less urbanized areas may suffer similar difficulties. Many less populated areas now are experiencing growth; others are continuously in decline. In either of these nonmetropolitan cases, fiscal stress,

better service delivery, and improved management capacity may be needed—though for very different sets of reasons. Moreover, on the political side, reorganization may be more achieveable in such areas since they usually are less fragmented and have fewer political conflicts.

In addition to recommending that states require local governments to establish study commissions, the Commission urges that a specific procedure be followed once a study commission reports on the possible reorganizations or other proposals requiring implementation. If the study commission recommends one or more reforms, and an appropriate number of citizens of the area involved petition for a vote (an appropriate number possibly being 5% or 10% of the eligible voters), the state should require that a referendum be held on such reform proposals. Any such proposal must be approved by a majority of the voters in each jurisdiction involved.

The Commission also recommends that the state enact legislation authorizing, if it has not already, the implementation of any proposal approved by the voters. States should include this as part of the mandated legislation because not all of the possible reforms that a study commission might recommend are now authorized in all states.

In summary, what is proposed in this recommendation is that the states take a more affirmative approach to solving the structural, functional, and fiscal problems of local units of government by requiring substate regions to establish study commissions, either automatically every ten years or when there is evidence of servicing problems—that is, presence of three large independent special districts. Once the study commission acts, the final determination of any restructuring is the result of local citizen action only, first by a petition for referendum and then approval by simple concurrent majorities in governmental jurisdictions involved. If the voters approve any reform, then its implementation would be authorized by the legislation stipulating this process.

The Commission recognizes the novelty of as well as the necessity for this type of recommendation. To urge a mandated approach is a distinct departure from the traditional, permissive statutory approach. Yet, local voluntarism has produced meager results and the multijurisdictional challenges confronting local governments in rural and urban areas have not abated. Moreover, the heavy reliance on grants as a means of ostensibly overcoming these difficulties faces high hurdles in the 1980s. Hence, this calls for a serious, periodic, and unavoidable look at local government structures and its implicit impatience with palliatives that postpone the facing of intergovernmental fiscal, functional, and structural realities.

RECOMMENDATION 9: MODERNIZING COUNTY GOVERNMENT

The Commission recommends that states amend their constitutions, where necessary, and enact legislation authorizing and providing incentives for the modernization of county government, including (a) an elected or appointed chief executive, reduction of the number of elected administrative officials, an executive budget process, and development of planning, zoning, and subdivision regulations for their unincorporated territories; (b) county performance of municipal-type functions, with the taxing power of the county for such functions restricted to the area served, when (1) a countywide or less than countywide special district performs the service, (2) the public expresses through a referendum a preference for county performance of the service, or (3) there is a finding by the county governing body and the governing body of the concerned municipality, or the governing bodies of a majority of the municipalities concerned, that such performance is in the interest of citizen convenience, fiscal equity to taxpayers, and more effective delivery of the service; and (c) adequate fiscal resources and diversification of the county revenue base.

Many county governments possess the potential to play a role that goes well beyond the limited responsibilities of traditional county government. They are already on the scene, usually encompass a broad geographical area, and include urban concentrations in their unincorporated as well as incorporated sectors. Already, they have proven to be the dominant recipient of functions transferred by municipalities. They have the geographic breadth to provide various urban-type services on a subcounty basis as needed by using special taxing districts. Further, they have the geographic scope to absorb, and thereby reduce, the number of subcounty independent special districts; and in multicounty regions, several of them acting together can provide the area needed for an effective regional organization.

In practice, counties recently have made tremendous strides in expanding and improving their functions and modernizing their structures to assume an advanced role on the local scene. Functionally, many now are engaged in new responsibilities, frequently urban in nature and performed on a countywide basis not just in unincorporated areas. For both the traditional and newer municipal-type functions, metropolitan counties of course

have been more active than rural, increasingly assuming responsibility for key functions.

Structurally, counties also have progressed. In the last two decades, counties with chief elected executives have increased from eight to 253, and those with appointed county administrators have expanded from 75 to 513. Consequently, the percentage with the plural executive form of government dropped from 97% to 75%. Counties also have made many advances in modernizing administrative systems, such as personnel, budgeting, and purchasing.

Yet, most counties still have not realized their full potential—structurally, functionally, or fiscally—as one of the two major general-purpose local governments (along with municipalities). For instance, although 21 states authorize optional forms of county government, most of their counties have not taken advantage of this opportunity. Thirty states authorize some type of local discretionary authority, but relatively few counties in those states actually have broad discretionary powers. Part of the fault lies with the states, which either (1) granted limited authority initially or (2) through legislative and judicial actions have weakened the original power or rendered it nonexistent. In recent years three states—Arkansas, Tennessee, and Kentucky—have mandated structural reform for all counties, rural and urban, but this phenomenon is not likely to spread to other states for a variety of political reasons.

Part of the reason for slow progress, of course, is counties themselves have not adopted local discretionary powers made available by the states. Illinois, for example, permits home rule if the county adopts the elected executive form of government; but to date, no county has done so. Eighteen states have granted counties the power to adopt a charter, but currently only 75 counties have one. Relatively few charters have been submitted to the voters in the post-World War II period, and in very few instances have they been approved. Moreover, despite the decrease in the number of counties with the plural executive, nearly three-quarters still do not have a centralized administrative authority.

The Commission has addressed the problem of county modernization in the past, as is evident in the summary of previous recommendations presented earlier in this chapter. In 1974, it recommended state adoption of a package of county reform measures, including optional forms legislation, the requirement that any county embracing the predominant portion of a metropolitan area's population shall have a full-time elective or appointive executive officer, the placement of county officers on a statutory rather than a constitutional basis, and the option for county performance of urban functions under certain conditions. The present recommendation is a further expression of the Commission's strong belief in the potential of county government. It seeks to provide additional stimulus to county modernization by expanding state authorization for structural and functional reform and offering state incentives therefore.

With respect to structural improvement, it urges constitutional or legislative action authorizing:

- an elected or appointed chief executive in *all* counties, not merely those in metropolitan areas.
- reduction in the number of all elected administrative officials, not just those established by statute, which would require a constitutional amendment where such officials are set forth in the constitution.
- an executive budget process, generally conceded as essential for executive leadership.

With regard to functional improvement, the recommendation reaffirms the Commission's previous call for state authorization for county performance of municipal-type functions, with the following additions and refinements directed towards encouraging counties to take on such functions:

- permission for a county to limit a servicing tax to the specific area served, thereby avoiding complaints and reducing opposition from other areas when the county moves to meet the special needs of a particular portion of its inhabitants;
- requiring agreement by the governing bodies of municipalities affected that county performance of a municipal-type service, which is in the interest of citizen convenience, equity, and improved service, thereby again forestalling opposition from a significant portion of the county.

In a broad sense, these proposals for making it easier for counties to take on urban functions should help them to do so. The state also could provide more direct incentives, however. For instance, it could provide all or part of the funding needed to support a county charter commission or other type of body established to study and recommend possible improvements. Through its department of community affairs or similar agency, it could provide staffing or technical assistance to such a study body. Appropriate state agency staff could be made available for consultation on technical and administrative problems involved in new functions assumed by the county.

More specifically on the fiscal side, states could provide grants-in-aid for functions they want to encourage counties to perform. In support of the overall development of county government, they could offer general-support grants, consider authorizing nonproperty tax sources[28]—such as the local income or sales tax—and expand the county's authority to levy service charges. After all, the fiscal element may be the most critical, since without adequate financial resources, assumption of new functional responsibilities may be out of the question.

Part IV

Continued Support for and Strengthening of Areawide Organizations

The Commission concludes that the need to address significant substate regional problems did not diminish in the 1970s. Moreover, such problems promise to intensify if left unattended. With very few exceptions, no single local government as currently constituted can solve these problems alone. Yet, the Commission finds that there are a variety of credible intergovernmental organizations established at the substate level to address presently perceived regional problems. It also finds that these regional organizations are useful and appropriately intergovernmental. Nevertheless, the Commission is convinced that most of the present substate regional organizations remain inadequately empowered to meet effectively the regional challenges which they face now—not to mention those they probably will face in the future.

In light of past and prospective developments at the substate regional level, the Commission's 1973 call for strengthening multipurpose generalist-controlled regional councils is as relevant now as it was when first issued. With this recommendation, the Commission does not intend to downplay its companion proposal that where general-purpose areawide governments—whether of the one-, two-, or three-tier variety—have emerged, they should supersede and assume the functions of any intergovernmental regional council.

The Commission's present position, then, is governed by the fact that neither local governmental reorganizations nor authoritative regional councils are very popular—yet both are needed, especially the former. But the latter are likely to come before reorganization. Hence . . .

The Commission *reaffirms its recommendations*[29] that states enact a comprehensive statewide policy to provide a framework for substate regional planning, programming, coordination, and districting undertakings, which should include at a minimum:

1) establishment of a formal procedure for delineating the boundaries of substate regions;
2) the required use of officially established substate regional boundaries by all state agencies when implementation of state and/or federally aided programs requires the geographic division of the state;
3) a specific process whereby the Governor designates a single strengthened regional council in each region with the legal status of an agency of local governments;
4) a membership formula for the regional councils, requiring prescribed minimum representation for the state and general-purpose local units;
5) a prescribed voting formula for the reformed councils reflecting the one person/one vote principle;
6) publication of regional policies or plans and implementation programs by the regional councils;
7) reliance by all state agencies on such councils for substate districting activities;
8) inputs by regional councils into state budgeting and planning processes;
9) state designation of regional councils as substate regional A-95 agencies;
10) power of such councils to review and approve all proposed major capital facility projects of state agencies;
11) review and comment by such councils on locally funded major capital facility projects proposed by general-purpose local units;
12) exercise of a policy-controlling role by regional councils with respect to the operations of multijurisdictional special districts;
13) provision of services by the councils, as requested by member local units;
14) authorization of these revitalized councils to assume regionwide operating responsibility, subject to specified approval by member local units;
15) state financial aid to the regional councils; and
16) gubernatorial authority to disapprove regional council actions under certain circumstances.

Regarding the federal role, the Commission *reaffirms its earlier recommendations* that a comprehensive federal substate regional policy be adopted to provide a framework for federal assistance programs having substate districting provisions. At a minimum, this policy should include:

1) a requirement that all grants encourage or mandate areawide planning, programming, coordination and/or districting, and rely on officially state designated substate regional councils for implementation and/or areawide policy development purposes;
2) encouragement of states to adopt a proper substate districting system, geared to state and local as well as federal needs, and assurance that federal programs will align their boundaries to conform with substate regions and rely on the officially designated regional councils;
3) enactment of legislation that consolidates all federal assistance planning requirements with a view to focusing clearly on (1) substate districts as the primary areal concept, (2) the state-designated regional councils as the basic policy-developing and/or implementing institutions, and (3) the linkage of comprehensive and functional planning;
4) enactment, with bonus provisions for state buy-in, of a consolidated grant program of general planning, programming, and coordinative management assistance to officially designated regional councils;
5) amendment of the *1968 Intergovernmental Cooperation Act* to give regional councils the power to review and approve or disapprove A-95 grant applications from multijurisdictional special districts or authorities;
6) amendment of the *1968 Intergovernmental Cooperation Act* to give regional councils the power (1) to review A-95 grant applications from units of general government to resolve inconsistencies between such applications and official regional policies or plans, and (2) to review grant applications of substate agencies for major capital facilities not having multiregional impact; and
7) amendment of the *1968 Intergovernmental Cooperation Act* to require that any major capital facilities projects having a pronounced areawide or intergovernmental effect and involving federal block grant or special revenue sharing funds must be reviewed and inconsistencies between such projects and official regional policies or plans resolved by the official regional council.

In terms of required joint federal-state-local efforts in interstate metropolitan areas, the Commission *reaffirms its previous recommendations* calling for

1) federal, state, and affected local units to establish a single regional council in each interstate metropolitan area;
2) states to consider interstate metropolitan areas in delineating boundaries of substate districts;
3) OMB Circular A-95 to be changed to require conformance of all federally aided programs to boundaries for interstate metropolitan areas set up by joint federal-state-local action; and the President to mandate a policy of relying on the interstate regional council for federally aided interstate metropolitan undertakings;
4) states and the federal government to amend interstate compacts that have an interstate metropolitan impact to empower the interstate regional council to review and approve all capital facility programs and projects of interstate compact bodies;
5) Congress to amend the *1968 Intergovernmental Cooperation Act* to empower interstate regional councils to approve grant applications for major capital facilities assistance from multijurisdictional special districts on general-purpose local units in the area;
6) federal and state governments to enact federal-multistate compacts which define the legal status of regional councils operating in interstate metropolitan areas, spell out their powers, and detail appropriate local-state-federal representation; and
7) federal and state governments to provide adequately for fiscal support of interstate metropolitan regional councils through stipulating such support in the compacts or earmarking a portion of the federal-state block grant for planning, programming, and coordinative management assistance.

Turning to local governmental initiatives, the Commission *reaffirms its prior proposals* that cities and counties adopt official policies that

1) support creation of and participation in officially designated regional councils;

2) provide financial aid to such councils;

3) encourage designation of the regional councils as the policy boards for interlocal cooperative or contracting efforts and the use of regional council staff to perform services incident thereto;

4) recognize the regional councils' policies and plans to guide their own local activities; and

5) require regional council representatives on the boards of any multijurisdictional special district to seek designation of their official regional council as the policy board of any such district.

These reaffirmations of previously adopted recommendations regarding substate regional organizations, including the some 40 which cross state lines and require an interstate organizational arrangement, summarize the much longer set of recommendations concerning these organizations adopted by the Commission in 1973. The main features of these earlier recommendations provide that substate regional bodies be recognized as legitimate public bodies with the status of agencies of local government; that their membership should continue to represent component governments but that their voting should reflect population; that their powers should be extended—especially with respect to (a) encompassing all recognized regional functions within the same organization rather than several, (b) moving beyond the limited authority of only commenting upon, rather than to helping to resolve, regional issues, (c) extending the review role beyond federally aided projects to encompass state and local projects as well, (d) providing requested services to member governments and citizens of the region, as agreed upon within the region, and (e) exercising policy control with respect to the operations of multijurisdictional special districts within the region. These reaffirmed recommendations also urge that state agencies rely upon the work and advice of the substate bodies to the maximum extent feasible and provide regularized channels through which substate regional organizations could participate in significant ways in state planning and budgeting processes. The recommendations also call for consolidation of the numerous federal grant programs which provide most of the support for substate regional organizations.

As legitimatized agencies of local government, with established membership, substate regional organizations would no longer be as concerned, as they often are now, with the necessity of maintaining the voluntary membership of component governmental jurisdictions and avoiding controversial public policy issues in order not to jeopardize this membership. This also implies a regularized funding mechanism so that essential revenues do not depend upon the outcome of particular public policy debates unrelated to the budget. Often it is the controversial issue which most needs the attention of the regional organization. But, under current organizational arrangements, these are the very issues least likely to be confronted. Therefore, in order to be effective, the Commission believes that substate regional organizations must have greater organizational and financial stability.

Of the limited powers recommended for substate regional councils by ACIR, none is unique or untried. Designating a single regional council in each area for all regional programs is the policy of 17 states, though some federal aid programs make this difficult to accomplish. Eleven states empower some or all of their regional councils to go beyond review and comment and exercise some sort of conforming role—such as allocating state and federal aid funds, issuing certificates of need, controlling special-district budgets, and/or requiring consistency with areawide plans. Nineteen states have given their regional councils additional review and comment authority (similar to A-95) which applies to state and local projects not involving federal funding. Eleven have empowered their regional councils to provide requested services in their regions. Only three states give regional councils control over special-district budgets, but 16 states provide for the review of special district projects.

With respect to state agency tie-ins with the substate districting system, 34 states already specify state agency use of the substate district boundaries wherever possible, and ten states provide for regional council inputs to the state planning and budgeting process.

Consolidated funding for regional councils is the ACIR recommendation where least progress has occurred. While the number of states providing general support funds to their regional councils has increased from 20 to 27 since 1972, federal funding sources have become much more diverse and specialized, deemphasizing the general-purpose grants. Joint funding simplification, once a bright hope for combining a number of different federal grants into a single comprehensive program support package, has not been used widely and is overly cumbersome. This record of federal funding fragmentation, combined with the relatively insignificant amount of state funds for general support, has left substate regional councils piecing together a wide variety of mostly single-purpose grant programs, and finding it more difficult to support well-balanced work programs.

In light of the mixed record since 1973, the Commission believes that it is necessary to do more than simply reaffirm its earlier substate regionalism recom-

mendations. The Commission, therefore, takes this opportunity to reemphasize and slightly recast its principal recommendations concerning the need for a firm state legislative base (or interstate compact, where appropriate) for these organizations, and the equally important need for improved federal aid policies supporting them.

RECOMMENDATION 10: STATE LAWS ON SUBSTATE DISTRICTING

The Commission concludes that too many states still have not enacted legislation firmly establishing statewide systems of substate districts served by strong multipurpose regional councils. This circumstance leaves a few areas without regional councils; but, more importantly, it leaves many existing regional councils without the statutorially established structure, authority, and funding they need to be fully effective. Hence . . .

The Commission recommends that the Governors and legislatures of all applicable states, after appropriate and sufficient consultation with representatives of general local governments and their respective state associations, enact comprehensive state legislation dealing with substate districting, including the provision of adequate general support funding.

Of principal concern, when comparing substate districting results of the 1970s with what was envisoned in the Commission's 1973 recommendations, are the following:

- Only 19 states have enacted substate districting laws of the general type recommended, and most are not fully adequate. The majority of the states, therefore, still rely upon less authoritative gubernatorial excutive orders and a few have even less formal or no substate districting policy. The number of states with this type of legislation in 1980 is only one greater than in 1973, Florida having joined the list in 1980.

- With respect to some of the key characteristics of the strengthened regional councils, the record indicates that:
  - — only 17 states attempt to use the general-purpose regional councils for all regional purposes, federal and state;
  - — only 19 use regional councils to review some or all state projects;
  - — only 11 give the regional reviews greater authority than merely advisory comments;
  - — only 16 provide regional councils some kind of control over multijurisdictional special districts; and
  - — only ten give regional councils a tie-in with state planning and budgeting processes.

- Substantial organizational fragmentation at the substate regional level still exists. There are twice as many single-purpose, largely federally encouraged, regional organizations (excluding special districts) as there are general-purpose regional councils. State agency regional boundaries still seldom conform to the substate districting boundaries. While the lack of a unified federal aid policy governing areawide programs accounts for much of this fragmentation, the lack of stronger state policies and laws on substate districting also contributes significantly.

- General support funds for substate regional councils from the states increased during the 1970s; nonetheless, they are available from only 27 states and amount to only 10% of the regional budgets, compared to 76% federal funding (which is mostly for specialized functional programs).

These facts show quite clearly that the big increase in the number of regional councils during the 1970s has not been matched by the enactment of more adequate substate districting legislation by the states. Therefore, the Commission offers this recommendation, urging the state legislatures to play a larger and more supportive role in developing this essential regional sector of government. The full potentials of regional councils cannot be reached without such legislation, and most of the related regional decisions are left largely to the Governors and federal program authorities when the legislatures fail to act. Meeting state goals with the help of regional councils and providing for the councils' overall fiscal health and stability are objectives which hinge very greatly upon the quality of underlying state law. The Commission then feels it is time for the legislatures of more states to act.

RECOMMENDATION 11: INVOLVEMENT OF STATE LEGISLATORS

The Commission concludes that too few state legislators are personally familiar with the activities, present benefits, and potential advantages of regional councils. Hence . . .

The Commission recommends that state legislators meet with regional councils and, where feasible, be-

come members and involve themselves in council activities.

The Commission's 1973 recommendations provide for a modest proportion of state membership in the substate regional councils, and there are precedents for it. The National Association of Regional Councils reports that about 13% of the regional councils responding to its 1977 survey had state legislator members. The Commission believes that such participation, and the familiarity which it brings, is beneficial in terms of building support for regionalism in the legislature, as well as for keeping the regional councils abreast of legislative developments, attitudes, and goals at the state level. This improves the chances of regional councils being more adequately supported by state legislation and state funding, while enabling them to be more supportive of state programs and interests. The benefits would be mutual.

RECOMMENDATION 12: FEDERAL-MULTISTATE COMPACTS FOR INTERSTATE REGIONAL COUNCILS

The Commission finds that the number of interstate metropolitan areas continues to increase, but that—with two exceptions—neither interstate nor joint federal-multistate compacts are being used to establish regional councils in such areas. Yet, such compacts are the only fully effective means of establishing regional councils in interstate areas with the structure, power, and funding equivalent to those established by state legislation for substate districts. Hence . . .

The Commission recommends that affected states and the federal government recognize the need to develop joint federal-multistate compacts to adequately establish and empower regional councils in interstate metropolitan areas.

This summary reiteration of the Commission's detailed compact recommendation adopted in 1973 underscores the continuing need for joint action by the states and the federal government in each interstate area. Federal leadership is needed to bring the states together for this purpose, to offset the single state orientation of some of the areawide federal aid programs, to provide Congressional consent to the compact, and to provide for continuing federal participation in the affairs of the resulting compact organization. State action is necessary, both to give the new organization its basic powers and resources and to recognize the interstate body as an integral part of the statewide system of substate districts in each state involved. Local involvement, of course, also is essential as a source of membership and basic program concerns.

There has been no action along these lines since the Commission made its original recommendation on metropolitan compacts in 1973. Yet, the complex questions confronting such metropolitan areas have not abated. Their proportion of our total population has not receded from the 25% mark. And the future of such areas is not one that the federal government or the affected states and their localities can grapple with separately. Yet, most regional councils in interstate areas remain without an adequate legislative base from which to tackle these extraordinarily difficult tasks. The Commission, therefore, urges the federal government and the states to give this matter prompt attention.

RECOMMENDATION 13: A UNIFIED FEDERAL AID POLICY

The Commission finds that federal aid remains the primary programmatic and financial underpinning of substate regional councils, but that the number of programs is greater than ever, as is the diversity and particularity of federal policies and directions embodied in this array of programs. These federal aid conditions have caused much of the fragmentation of regional organizations and other difficulties in developing and maintaining balanced and stable work programs in regional councils. Hence,

The Commission recommends that the President and the Congress move speedily to enact legislation establishing a unified federal aid policy on substate regionalism.

Nationwide, there are twice as many single-purpose, largely federally encouraged, regional organizations (excluding special districts) as there are general-purpose regional councils, and the ratio in some states runs as high as 4:1. While state legislation on substate districting can help to reduce this fragmentation, in most cases it cannot eliminate it without federal action. Federal aid requirements for population minimums and maximums of regional areas and for the characteristics of governing board members vary from program to program, and under most circumstances cannot all be met within a single regional organization. Much of this problem was created by federal legislation and can be changed only by legislation.

The fragmentation of federal programs and regional organizations also fragments areawide funding. Whether this federal funding is divided among separate organizations or simply constitutes segmented parts of a regional council's work program, the particularistic nature of the funding often makes it difficult to unify the work

program and avoid duplication. While federal administrative policy has called for such avoidance for over a decade, some of the difficulty lies in diverse pieces of legislation and success has been limited. This situation has changed little since 1973.

The *Intergovernmental Cooperation Act of 1968* is the only federal legislation addressing these intergovernmental difficulties, and it is not directed specifically to the substate regional level. Although legislation consistent with the Commission's 1973 call for a unified federal aid policy on substate regionalism was introduced in two Congresses during the 1970s, it was not passed.

The need for such legislation is greater now than ever before. The Commission urges the President and the Congress to move speedily to enact it.

RECOMMENDATION 14: REIMBURSING A–95 CLEARINGHOUSE COSTS

The Commission finds that the state and areawide clearinghouse organizations which administer the federal project notification, review, and comment process under U.S. Office of Management and Budget Circular A–95—most of which are substate regional councils—are experiencing increasing difficulty in financing these essential activities. Hence . . .

The Commission recommends that the President and Congress continue to utilize an appropriate portion of HUD's Section 701 Grant Program for the general support of the nation's approximately 600 state and areawide A–95 clearinghouses and also establish a procedure through OMB's apportionment process for reimbursing state and areawide A–95 clearinghouses for expenses incurred under the circular from existing appropriated substate regional planning assistance programs.

Federal aid for comprehensive planning—the traditional source of A–95 support—has decreased over the past decade from 38% to 20% of federal planning assistance. At the same time, particularistic planning aid for the preparation of single-function and individual project plans has increased to 80% of the current total. Moreover, these functional and project plans are the prime source of the applications for federal funding which are to be reviewed under A–95. Thus, they should not be considered as the only policy foundation upon which to base the A–95 reviews. A cross-functional planning framework is needed to strengthen the A–95 process as the coordinating mechanism originally envisoned by the federal government to help iron out conflicts and inconsistencies among the numerous aid programs and direct federal actions. Since there is no other explicitly established mechanism designed to address this need, A–95's success should be viewed by the federal government as a major goal worthy of high priority attention and adequate funding.

Enlisting the help of state and areawide clearinghouses in helping to coordinate diverse activities of the numerous federal departments and agencies is a sensible and efficient approach, because it simultaneously helps to coordinate them with state and local activities. The Commission has supported this process many times in the past and continues to do so. In 1977, the Commission also recommended that the federal regional councils be designated as A–95 clearinghouses for the purpose of notifying affected federal departments and agencies of projects significant to their activities.

An effective A–95 process must encompass four types of clearinghouse activity: (1) development of an adequately coordinated cross-functional policy framework, (2) notification of affected parties and transmittal of comments about projects, (3) substantive review of project proposals in light of clearinghouse policies and comments from those notified, and (4) negotiations to accommodate differing viewpoints insofar as possible. Performing these activities adequately is neither easy nor without cost. With present funding scarcities, too many clearinghouses find their activities substantially limited to the second activity—which amounts to little more than paper-pushing without real substantive involvement in the policy coordination task. In the Commission's view, this situation is unacceptable and the federal government has a responsibility to help correct it.

OMB currently (late 1980) is in the process of revising its A–95 circular, addressing (1) identified deficiencies in the preparation and use of coordinative policy frameworks, (2) accommodation of differing views before final federal funding decisions about reviewed projects, and (3) funding of clearinghouses. The Commission is pleased to take note of this timely effort and encourages its rapid completion.

On the question of funding the clearinghouses, while there is widespread agreement that the funding needs to be more adequate, the best method of achieving it is not clear. The three basic options considered recently are (1) reversing the decline in appropriations for existing federal aid for comprehensive planning and earmarking part of the funds for A–95, (2) establishing a new formula grant program designed specifically to support the A–95 process, and (3) supporting A–95 with fair shares of funds from the federal aid programs being reviewed. In the present budget-cutting mood of the nation, the first

two options seem to have little appeal, either to the Congress or to the executive branch. Therefore, OMB has focused on the third option.

Supporting an adequate A–95 process with funds from an array of planning assistance programs—largely focused on single-purpose functions—will not be easy. Continuing to use HUD's Section 701 Comprehensive Planning Assistance Program as a foundation will be helpful so long as that option can be maintained in the face of federal budget constraints. But beyond that, it gets much more difficult to channel functional planning funds into the clearinghouses. Of the approximately 550 areawide clearinghouses designated by OMB, something on the order of 517 receive HUD's 701 funds; but the various types of functional planning funds are available to far fewer, as the following indicates: law enforcement (242, and scheduled to phase out), economic development (204), special services for the aging (198), transportation (145), water quality (125), solid wastes (115), rural development (98), air quality (85), health systems (40), and community action (5). It is very difficult for a clearinghouse to use funds from a planning grant it does not receive; and, except for HUD's program, nonreceipt is the most common case. In addition, some of the federal agencies in charge of functional planning grants have regulations prohibiting the reimbursement of A–95 costs. EPA is a dramatic case in point. These difficulties would have to be overcome if option three is to become effective.

The Commission, therefore, recommends that OMB identify the functional planning funds which are to be used for reimbursing A–95 expenses before releasing them to the federal departments or agencies responsible for disbursing them, and establish a means of transferring such funds to the clearinghouses which are not the normal grant recipients. OMB's apportionment process is suggested as the mechanism for reaching the federal departments and agencies which administer the affected planning grants. Difficult as this task may be, the Commission believes that present circumstances leave little choice. It is essential, in the Commission's view, to provide the clearinghouses with more adequate funding, and OMB should be responsible for seeing that this aspect of its own process is implemented successfully.

RECOMMENDATION 15: ADMINISTRATION OF OMB CIRCULAR A–95

The Commission finds that federal administration of the OMB Circular A–95 federal project review and comment process has failed to achieve the full coordinative potential which might be expected at all levels. Hence . . .

The Commission recommends that the President through his Office of Management and Budget initiate a more energetic and imaginative administration of Title IV of the *Intergovernmental Cooperation Act of 1968* and OMB Circular A–95, especially its Part IV concerning the coordination of planning in multijurisdictional areas, and an expansion of the circular to require federal agencies to ensure consistency of reviewed projects with applicable federal policies as well as with state and areawide plans and policies.

This recommendation is a companion to the previous one. It takes more than money and designated clearinghouses to make the A–95 process work properly. OMB's August 1980 concept paper for revising the circular recognizes this. Yet, the paper is only conceptual and it deals with difficult federal interagency and intergovernmental coordination issues. It will take great skill and imagination to transform these laudable concepts into workable language for a revised circular and real achievements in the field. This recommendation encourages the efforts now underway, as well as any additional ones which may become necessary in the years ahead.

The main concepts which the Commission urges the President and OMB to develop more fully and pursue administratively are:

1) recognition of A–95 clearinghouses as areawide planning coordination organizations (APCO), backed up with OMB efforts to secure a standard set of federal agency designations for them and to provide that these organizations be involved throughout the preparation of major areawide plans affecting their area, whether or not they are designated to perform all such planning themselves;
2) ensuring that the stronger and better coordinated areawide planning which results from the above will be carried through into annual and multiyear programming documents which will become the basis for A–95 reviews;
3) making plans prepared with federal aid subject to A–95 review in addition to simplifying the application for funding these efforts;
4) requiring that federal agencies work toward mutual acceptability between the APCOs and federal aid recipients before federal aid projects are funded;
5) expanding the program coverage of A–95,

though perhaps "for information only" with respect to many of the added programs;

6) improving federal agency compliance with the notification, review, and information feedback provisions of the circular;
7) vigorous orientation and training efforts for those involved in administering A–95 at all levels; and
8) A–95 effectiveness-monitoring.

While it will not be easy to accomplish all of these objectives, they are certainly all worth going after. Some experimentation may be necessary to find the best ways. The Commission believes that it is high time to pursue these goals with seriousness of purpose and all deliberate speed.

Part V
State Governmental Capacity

Dramatic changes have occurred in the area of state governmental organization and processes over the past decade-and-a-half. As a consequence, the states are in a far better position today to play the big managerial and representational roles assigned to them in our transformed federal system. At the same time, the pace of adaptational change has not been all that even and the states' big middleman managerial role is only likely to grow greater as they move through the 1980s. Hence, the Commission *reaffirms its earlier recommendations* calling for:

1) state constitutional amendments to permit the Governor to succeed himself;
2) state constitutional amendments to reduce greatly the number of separately elected state officials;
3) state effective constitutional and statutory action to provide an effective executive budget;
4) state development of a strong planning capability in the executive branch of their governments;
5) state constitutional amendments to authorize the Governor to reorganize the administrative structure of state government subject to veto by either house of the legislature;
6) state constitutional or other appropriate action to remove restrictions on the length and frequency of legislative sessions; and
7) provision of year-round professional staffing of major legislative committees.[30]

To strengthen further the central role of state government in the federal system, the Commission advances *five additional recommendations* designed to improve state structure and functions.

RECOMMENDATION 16: ENHANCE EFFECTIVENESS OF CERTAIN BOARDS AND COMMISSIONS

The Commission recommends that Governors and legislatures reassess the role and contemporary relevance of state regulatory and licensing boards and commissions and eliminate those not needed; and, in the case of those that are still needed, take steps toward enhancing the impartiality of their quasi-judicial functions and the efficiency and effectiveness of their administrative activities including eliminating any unjustified duplicative state-local licensing and regulations.

Urging the states to take steps to achieve greater efficiency and effectiveness, eliminate duplication, and enhance the impartiality of quasi-judicial proceedings is a "good government" recommendation and needs little elaboration. Singling out a particular segment of the government—regulatory and licensing boards and commissions—is another matter. In short, the reason the Commission urges Governors and state legislatures to focus on these bodies is—as Common Cause has pointed out—that they have a heavy economic impact, generate much citizen dissatisfaction, and, because they require little in direct state appropriations, receive minimal review in the normal budget process. As semi-independent, quasi-administrative bodies, moreover, they escape the day-to-day administrative surveillance of the Governor and his management staff.

In the widespread emphasis on increasing productivity as the principal long-range hope for controlling inflation, considerable criticism has been aimed at federal regulations for their retarding effect on the economy. Because states also are in the regulatory business, it is essential that they too examine the impact of their regulatory activities and take steps to assure that those activities make a maximum contribution to the economy, as well as to equity. As with federal regulation, state regulation has become increasingly important with the heightened stress on production, energy, and protection and preservation of the environment.

Public utility commissions need to reexamine the full range of their decisions on ratemaking and service-adequacy decisions to assure their fairness and soundness from the standpoint of both the utility owners and the consuming public. Environmental regulatory bodies, such as state health departments setting standards for and

overseeing the management of local private and public antipollution facilities, need to assess their own operations to make certain that standards do not exceed what is needed to assure the public's health and safety. The same applies to state occupational and professional licensing boards and commissions.

For the latter, moreover, gubernatorial and legislative review needs to confront a prior kind of question because of their special nature. These bodies are created by the legislature when it is convinced that a particular occupation should be regulated for the public good. The effect of a licensing board's activities is to control not only the way in which the licensed occupations/professions operate, but also the supply of the licensed practitioners. The board controls the supply through its authority to approve an applicant's credentials and practices and to revoke a practitioner's license. By controlling the practitioner supply, of course, it has a profound influence on the prices that the practitioners are able to charge the public. Its impact on prices is reinforced by its authority to impose prohibitions against advertising, price cutting, and other competitive activities, enforced by the threat of license revocation. Professional occupational licensure, in short, operates as a legally sanctioned cartelization device, flowing to a considerable degree from the fact that licensing boards and commissions ordinarily are composed of members of the occupation being regulated. (Note, however, that some states have moved to require lay representation on, and in some cases control of, the boards and commissions.)

When considering the economic as well as the health and safety impacts of occupational and professional licensing bodies and particularly when receiving pressure to establish new ones, states need to answer the prior question: Are they necessary? This, in turn, should lead to a full probe of the following:

> What problem is the regulatory law supposed to solve? How serious or widespread is the problem? Are the abuses cited mainly concerned with fraud, deception, and poor workmanship, or has life and property been endangered because of incompetence? If the former, why wouldn't civil or criminal remedies suffice.[31]

In weighing these issues, officials need to look at alternatives to licensure. It may be possible to achieve the same ends by enforcement of laws already on the books—such as unfair trade practice laws—or by strengthening of existing agencies that already have jurisdiction.

One objective here, of course, is to avoid duplication of state agency activities. A related objective is avoidance of duplication of activities between such boards operating at both the state and local levels. A 1970 survey found that some cities in every state except West Virginia licensed businesses, occupations, and amusements in varying degrees.[32] These cities licensed for revenue as well as for regulatory purposes; but existence of local licensing clearly raises the question of whether certain occupations and professions are being subjected to a double dose of regulations, procedures, etc., to obtain permission to practice in a municipality. Locally licensed occupations that are also licensed at the state level include insurance brokers, nursing homes, real estate brokers, and undertakers. Local licensing and regulation of business and individuals also regulated by the state is not *ipso facto* an indication of unnecessary duplication, of course, even though it may seem burdensome at times to those subject to the dual regulation. States have to bear in mind that localities may need these tools for meeting special local requirements and generally shaping local policies to meet the varying health, welfare, and safety goals of different communities.

Turning now to ways of improving regulatory bodies' efficiency and effectiveness, utility commissions have been criticized widely for their procedural inadequacies and operational deficiences.[33] One of the basic procedural shortcomings identified is reliance on adversary proceedings for arriving at their judgments. Critics acknowledge that this may be an effective way to bring out the special interests of the parties involved, but question whether it always leads to the best decision. One result is that proceedings are prolonged and expensive and still fail to cover important matters.

The not infrequent inequality between the two contending sides in commission proceedings is another point of concern. Utility firms possess considerably greater power than either their opponents or commission staffs, generally commanding more resources and experts and being in the enviable position of recovering their costs in the rates charged.

Impartiality is vital to the acceptability of a regulatory commission's operations. Yet, this goal is one that commissions find difficult to realize in playing the conflicting roles of prosecutor, judge, and jury. They are asked simultaneously to do the job of assessing a utility's performance, protecting the interests of the public and of the utility's owners and creditors, and maintaining the strictly neutral and fair attitude of a judge in a courtroom.

With regard to operational deficiencies, regulatory commissions are said to suffer from the fact that commissioners frequently are not required by law to have any special qualifications: Qualifications are usually left

to the appointing authority (ordinarily the Governor) or the voters. The result often is a body of officials with vastly different skills and backgrounds—one that is ill-suited for passing judgments on utilities or protecting the public interest.

Poorly qualified commissioners might be offset by competent commission staff, but some commissions lack this redeeming feature, having to depend on overworked, undertrained, and poorly paid staff. A 1966 survey by the U.S. Senate Government Operations (now Governmental Affairs) Committee's Subcommittee on Intergovernmental Relations found that more than one-half of the state commissions reported they had inadequate staff. More than one-half had only one or two lawyers, or none at all, and only one or two rate analysts, or none at all. Twenty had but one or two accountants, despite the fact that effective regulation relies almost entirely on accurate analysis of the accounts of companies subject to regulation. Twenty-six of the commissions did not have a security analyst, although most security issues of utilities are subject to state, rather than federal, jurisdiction.

Budgetary limitations were responsible for some of the staffing problems of the utility commissions. While improvements have been scored on this front in the last decade-and-a-half, few state commissions compensate high-echelon employees at levels which equal or exceed those paid for similar positions in federal regulatory agencies and which compare favorably with professional and executive salaries in areas requiring parallel skills.

The operation of occupational/professional licensing boards and commissions also has received its share of criticism. They are sometimes charged with focusing too much on testing applicants for the initial license and ignoring the need to assess and reassess the continuing competence of licensed practitioners. Some observers, on the other hand, believe continuing education requirements for licensees are just another means of restricting the field, have little effect on the practitioner's competence, and are costly and time-consuming for the conscientious practitioner. On a related matter, licensing boards also are faulted for concentrating their attention on unlicensed practitioners, with little or no time spent on monitoring licensees. It is charged that the compliance process and disciplinary procedures of the boards are in need of evaluation and improvement.

That regulatory and licensing boards and commissions merit attention by Governors and legislatures is supported by the results of "sunset" procedures in numerous state legislatures. In its review of the 29 states that had enacted sunset laws in the three years ending in 1978, Common Cause found that legislatures tended to focus their attention on these bodies.[34] The results of the review as of 1978 indicated that in many states the regulatory bodies indeed deserved examination.

In Colorado, three agencies were terminated, two boards were consolidated, and three agencies were reestablished with modifications designed to improve their performance. Although the board of mortuary science was terminated, a last-minute resolution calling for an interim study produced legislation in 1978 recreating the board with new consumer protections.[35] The sunset process also had benefits other than statutory changes, spurring numerous administrative improvements in anticipation of legislative scrutiny.

Other states reported changes in the licensing boards as a consequence of the legislative review. The Florida legislature reenacted eight laws or modifications but terminated four that regulated sanitariums, watchmaking, yacht and ship brokers, and shorthand court reporters. The reenacting legislation placed the independent regulatory boards more firmly under the control of the State Department of Professional and Occupational Regulation and placed at least two lay members on every board. The Hawaii legislature reviewed six licensing boards in 1978 and decided to continue four but terminate two—escort agencies and the board of photography (which actually had never been formed). In Nebraska, the five licensing boards and the department of economic development reviewed in 1978 were all recreated with few modifications. Several boards indicated, however, that operational improvements were made in preparation for the sunset review. In 1978, the New Mexico legislature decided to recreate 13 agencies with some modifications and terminated four relating to dry cleaning, employment, massage, and polygraphy. In addition, a number of changes applicable to all boards were proposed—adding lay members and improving complaint procedures through such requirements as a full-time answering service for each board. In 1978, the Oklahoma legislature terminated 12 agencies and continued nine with some modifications. All were small agencies and were terminated for such reasons as duplication, inactivity, and an unproven need to be a state agency.

This early record of the sunset review process reflects heavy emphasis on occupational licensing boards. The Commission believes that this should not be taken as a sign of the lesser potential to be derived from careful review of utility regulatory bodies. More likely, it indicates the view of the initiators of the sunset process that the licensing boards were better targets for yielding quick "pay dirt."

The sunset movement centers on legislative action. This is appropriate, since the heart of that process is the use of the statutory expiration date to force a decision

on the termination or continuation of a program. The Commission believes, nevertheless, that as chief executive the Governor has an interest in and a responsibility for seeing that every administrative agency is organized and operating effectively and efficiently. We, therefore, urge that the Governor share responsibility with the legislature for the review of regulatory and licensing boards and commissions, with or without a formally established sunset procedure.

RECOMMENDATION 17: STRENGTHEN THE REVIEW AND COMMENT PROCESS

The Commission recommends that Governors and legislators join in converting the state A–95 review and comment process into an integral component of state planning and budgeting.

Planning and budgeting are two major policymaking processes increasingly relied upon in state government. Together, they can encompass the lion's share of policymaking in a state. Both processes involve, or can involve, the Governor, the legislature, and the public in dialogues which determine the directions which state government will take.

Federal aid programs intrude into this policymaking setting, predetermining certain policies and altering priorities for the use of state funds. Often, federal aid funds may not even be reflected in the state budget. Such funding outside the regular policymaking process of the state tends to establish direct relationships among federal agencies, state agencies, and directly benefited groups—circumventing the framework within which the Governor and legislature work together to determine state policies.

Unless the Governor and legislature are to abandon their roles in setting major portions of state policy, they must be able to bring federal aid programs within their policymaking orbit. The OMB Circular A–95 federal review and comment process provides a mechanism for doing this.

ACIR previously has recommended that state planning and budgeting processes be strengthened, that states upgrade their participation in the Circular A–95 process, that state legislatures include federal grants within their appropriations and limit the use of federal aid falling outside the budget, and that Governors be given authority over state agency negotiations, applications, and acceptances of federal grants.[36] The idea is that the Governor should closely direct both the budget and planning processes in the state, using them to coordinate executive branch departments and agencies with each other, and communicate coordinated budget and policy proposals to the legislature for its consideration and action. Federally assisted programs would be incorporated into both processes and dealt with explicitly by both the Governor and the legislature—not just by a single functional agency of state government.

Actual experience currently is far from this ideal. The state planning function is now located in the Governor's office in a majority of the states, and is in a department of administration along with budgeting in several others. Yet state plans required for federal aid funding in 89 programs amounting to over $50 billion in federal funding are prepared in other agencies of state government and usually are reviewed only in a perfunctory fashion by the Governor. These federally required state plans too often are little more than administrative compliance and funding allocation documents, devoid of policy analysis and decisionmaking options.

The A–95 process, under which a gubernatorial review opportunity is provided, seldom has the capability to inject a policy framework into the consideration of this large number of complex administrative documents. Nevertheless, state planning capabilities are improving in most states, and the recent Presidential planning requirements review at the federal level has led to a number of experiments by federal agencies encouraging the consolidation of numerous highly specific state planning requirements into fewer, more manageable packages. The U.S. Office of Management and Budget is currently considering a number of improvements to Part III of Circular A–95 dealing with state plans (as well as other parts). These improvements would (1) encourage greater policy content in such plans, (2) allow the substitution of regular state planning and budgeting procedures for federally required state plan submissions, (3) facilitate coordinated interagency reviews of related state plans at the federal level on a timely basis, (4) encourage local government and regional agency participation in the development of state plans, and (5) require a federal agency response to any gubernatorial recommendations concerning such state plans. Each of these proposals would address a currently identified deficiency in the A–95 review process as it applies to state plans.

In its current recommendation, the Commission reaffirms and builds upon its previous recommendations concerning state planning, budgeting, A–95 participation, and general policy control over the negotiation, applying for, and receipt of federal aid. Pending improvements in the A–95 notification and review provisions, as well as in the provisions for information feedback from the federal agencies, are expected to increase the potential of the A–95 mechanism as a means of integrating the federal aid funding process into normal

state planning and budgeting processes. By making its recommendation at this time, it is the intent of the Commission to encourage the federal government to pursue its present proposals for improving the A–95 process, while at the same time urging the states to prepare to take maximum advantage of these advances. The states could be doing more to integrate these processes under the existing A–95 provisions, and will be challenged even further by the expected revisions. Fuller realization of these potentials can be assured only by greater state effort.

RECOMMENDATION 18: IMPROVE STATE RULEMAKING

The Commission recommends that state legislatures, by amending their administrative procedures statutes or, where necessary, enacting such statutes, require publication of proposed rules and regulations, the maintenance of current codifications of all rules and regulations presently in effect, and periodic reassessment thereof.

State regulatory activity is not confined to public utilities commissions and occupational licensing boards. It extends across the full range of state functions, with many departments and agencies issuing rules and regulations for the protection of the public health, safety, and welfare.

Generally, state regulatory procedures recently have drawn two main types of criticism: Largely from consumer advocates have come complaints that regulatory bodies are controlled by the forces they are supposed to regulate and therefore the public interest is not adequately represented. These critics commonly have sought means of ensuring more citizen participation in the regulatory process.[37] The other major line of criticism has been that regulation exerts an excessive deterrent effect on economic activity, to the detriment of the nation's productivity and efforts to combat inflation. Although this second criticism is focused principally on federal regulations, states also come in for a share of the blame. The Commission believes that actions called for in this recommendation will help meet both of these general criticisms at the state level.

An essential step for improving their regulatory activities is for states to make certain that potentially affected parties are informed in advance about proposed rulemaking. Apart from the inherent equity of such a procedure, it assures that unnecessary or overburdensome proposals, or parts of them, will be identified and deleted before going into effect. Alerting the public to proposed rulemaking means publication of a notice of proposed rules in a newspaper or other public journal or in a state register similar to the *Federal Register* at the national level. (In 1975, at least 25 states had such a register.) While this seems like an obvious procedure for a state to follow, as recently as 1977 four states had no statutory requirement for publishing proposed rules.

Interested parties also should be able to find out about existing regulations without a great deal of difficulty and without employing special assistance. With a constant stream of new regulations and revisions issuing from state departments and agencies, this objective is difficult to achieve unless the state maintains a continual codification procedure, deleting expired and superseded regulations and having accessible all the currently effective rules. Again, as obvious as the need for such a practice may seem, a 1975 survey found that 24 states did not codify their regulations. Once established, a regulatory code should be reassessed periodically so users can be assured that they have the latest regulations.

As the data indicate, most states have established these features of a sound regulatory system. The Commission believes that all states should adopt them to assure a balance between responsibility for protecting the public health, safety, and welfare and minimizing the possible deterrent effect on the activities of the regulative parties—whether they be private individuals and enterprises or public or quasi-public organizations.

RECOMMENDATION 19: MINIMIZE MULTIMEMBER ADMINISTRATIVE HEADS

The Commission recommends that state constitutional amendments or legislation be adopted that substantially reduce the use of boards and commissions for the administration of "line agency" functions.*

Boards and commissions often are established to head executive departments in state governments on the assumption that they will "keep politics out of a department." The idea is that the board will serve as a buffer between the Governor and departmental operations, preventing him from using the agency for partisan purposes. Proponents also claim that boards whose members have overlapping terms—a common feature—provide continuity of policy that is lost when the Governor can appoint a new department head on taking office. Other arguments in support of administrative boards are that a council of minds is likely to be better than the judgment of a single person, particularly on issues such as those involved in public utility regulation or workmen's compensation

*Governor Snelling voted no.

cases. Furthermore, the argument goes, boards can better represent a variety of interests and different sections of the state.

In truth, much can be said for the use of boards for quasi-legislative or quasi-judicial functions, or even in instances where unusual representation is required. But for ordinary day-to-day administration of so-called "line" or service agencies, this device has many drawbacks. Experience has shown that boards do not work well as administrators. They tend to be irresponsible, to lack initiative, and to be unreasonably slow in handling routine business, in large degree because they need to develop a consensus among the members for decision-making. They often become isolated from the rest of the state administration, impairing cooperation and coordination and making problems more difficult to correct. More importantly, they destroy the pinpointing of authority and responsibility since they remove their functions from the effective control of the Governor. This raises issues of accountability, authority to act quickly and decisively, and whom to hold responsible in cases of malfeasance or misfeasance.

The use of this mechanism has been condemned in almost every executive reorganization study, including those of the President's Committee on Administrative Management (Brownlow Committee) in 1937 and the Commission on the Organization of the Executive Branch of the Government (Hoover Commission) in 1949. One of the focal points of state executive branch reorganizations throughout the country has been elimination of administrative boards. A. E. Buck's principles of reorganization of state government, which have provided the theoretical base for most state reorganizations for half a century, include "the undesirability of boards for purely administrative work."[38] The National Municipal League's *Model State Constitution* endorses this idea, at least by implication.

As of 1979, all states still vested some administrative responsibilities in boards or commissions. A 1978 survey for the National Governors' Association found that the number of boards in a state ranged from a low of 18 to a high of 300, although there was no indication of how many performed line administrative functions. Eighteen states had at least 120 boards, and in only nine were efforts underway to consolidate or eliminate them.

The Commission is convinced that the use of boards and commissions for administrative purposes unnecessarily impedes effective state administration. By diminishing the Governor's authority over state agencies, they reduce executive accountability and thwart the executive's efforts to manage and guide the administration effectively, efficiently, and responsibly.

RECOMMENDATION 20: MINIMIZE FEDERAL INTRUSION INTO STATE ADMINISTRATIVE ORGANIZATION

The Commission recommends that the federal government curb its intrusion into state organization and procedures by amending Section 204 of the *Intergovernmental Cooperation Act of 1968* to eliminate any federal assistance condition that requires a single state or local government department, agency, board or commission, or a single bureau, division, or other organizational unit to serve as the administrative focal point of an aided program, along with any provisions that dictate a specific headquarters-field administrative relationship within a state or substate governmental department or agency.

The single state agency requirement originally was placed in federal grant legislation to provide an administrative focal point for a particular program and to insulate it from other state services. Congress enacted Section 204 of the *1968 Intergovernmental Cooperation Act,* with this Commission's support, in response to long-standing complaints by state officials that this requirement was preventing states from integrating related major functions in state administrative reorganizations and from otherwise adapting their administrative structures to new circumstances. The section permits a federal department or agency head to waive the single agency provision, provided he finds that the waiver will not endanger the objectives of the federal statute authorizing the program.

While the waiver provision has afforded states some relief, it has not been entirely effective in shielding them from unnecessary federal prescription of their internal organizational arrangements. This was demonstrated most recently in Florida, when a 1975 statute reorganized the internal structure of the state department of health and rehabilitative services. The department was the designated sole state agency for vocational rehabilitation services. The reorganization created one-stop department offices by integrating and decentralizing various human service programs, including vocational rehabilitation. In this districting arrangement, responsibility for vocational rehabilitation was to be shared between the vocational rehabilitation director and the district administrators responsible to the department's assistant secretary for operations. This setup was disapproved by HEW on the grounds that it violated a provision in the federal statute that requires the agency administering vocational rehabilitation to have, within the single state agency, a discrete organizational unit for vocational rehabilitation, with its own full-time director and staff. When the state

sought a waiver of this requirement, the Secretary of HEW ruled that the waiver under Section 204 of the *Intergovernmental Cooperation Act of 1968* could apply only to the single state agency and not to the organizational unit within the agency. The state's appeal from the Secretary's ruling was turned down by an administrative law judge and that decision was sustained by the federal district and appellate courts.

The Commission believes that there is no longer any need for single state agency or related organizational requirements and that abolishing them would in no way jeopardize grant program objectives. The states now possess highly sophisticated agencies; isolation is an administrative problem; and state politics are no better or worse than those at the national level. In fact, the requirement presently has the undesirable side effect of diluting the administrative authority of elected officials and strengthening the hands of nonaccountable, nonelected program specialists found at all levels of the federal system. The Commission, therefore, recommends that Section 204 be amended to strip out any recipient organizational requirements in grant programs—whether of the single agency type or otherwise.

We believe that this course is necessary to strike a blow against arbitrary federal intrusion into the management and headquarters-field relationships and other wholly internal administrative concerns and actions of recipient jurisdictions at the state and local levels.

FOOTNOTES

[1] ACIR, *The Federal Influence on State and Local Roles in the Federal System* (Report A–89), Washington, DC, U.S. Government Printing Office, 1981.

[2] *Ibid.*, Chapter 2.

[3] See Samuel Beer, "The Modernization of American Federalism," *The Federal Polity, Publius: The Journal of Federalism*, 3(2), pp. 54–57 and 81–87.

[4] See Northwest Federal Regional Council, *Red Tape in the Federal Supermarket*, 1976, pp. 27–28.

[5] ACIR, *The Intergovernmental Grant System as Seen by Local, State, and Federal Officials* (Report A–54), Washington, DC, U.S. Government Printing Office, 1977, pp. 93–95.

[6] *Ibid.*, p. 96

[7] See William E. Bivens, et. al., *State Departments of Community Development*, Washington, DC, 1978, p. 3.

[8] ACIR, *Performance of Urban Functions: Local and Areawide* (Report M–21), Washington, DC, U.S. Government Printing Office, September 1963.

[9] ACIR, *Governmental Functions and Processes: Local and Areawide* (Report A–45), Vol. IV of *Substate Regionalism and the Federal System*, Washington, DC, U.S. Government Printing Office, February 1974.

[10] *Ibid.*

[11] ACIR, *State Limitations on Local Taxes and Expenditures* (Report A–64), Washington, DC, U.S. Government Printing Office, February 1977, p. 7.

[12] ACIR, (Report A–89), *op. cit.*

[13] Except where otherwise noted, all recommendations in this section are from ACIR, *The Challenge of Local Government Reorganization* (Report A–44), Washington, DC, U.S. Government Printing Office, February 1974.

[14] ACIR, *State Constitutional and Statutory Restrictions Upon the Structural, Functional, and Personnel Powers of Local Governments* (Report A–12), Washington, DC, U.S. Government Printing Office, October 1962.

[15] ACIR (Report A–12), *op. cit.*

[16] ACIR, *Fiscal Balance in the American Federal System*, Vol. II, *Metropolitan Fiscal Disparities* (Report A-31), Washington, DC, U.S. Government Printing Office, October 1967.

[17] ACIR (Report A-12), *op. cit.*

[18] ACIR (Report A-31, Vol. II), *op. cit.*

[19] ACIR, *Governmental Structure, Organization, and Planning in Metropolitan Areas* (Report A-5), Washington, DC, U.S. Government Printing Office, July 1961, p. 39.

[20] ACIR (Report A-31, Vol. I), *op. cit.*, pp. 14–16.

[21] ACIR (Report A-44), *op. cit.*, pp. 151–152.

[22] *Michigan Municipal Review*, September/October 1980, p. 190.

[23] ACIR (Report A-44), *op. cit.*, pp. 153 and 166–169.

[24] ACIR (Report A–12), *op. cit.*, pp. 72–73.

[25] ACIR (Report A–5), *op. cit.*, p. 31.

[26] ACIR (Report A–44), *op. cit.*, p. 153.

[27] ACIR, *State Mandating of Local Expenditures* (Report A–67), Washington, DC, U.S. Government Printing Office, July 1978, pp. 9–12.

[28] See ACIR, *Local Revenue Diversification: Income, Sales Taxes and User Charges* (Report A-47), Washington, DC, U.S. Government Printing Office, October 1974.

[29] All recommendations in this section are from ACIR, *Regional Decision Making: New Strategies for Substate Districts* (Report A-43), Washington, DC, U.S. Government Printing Office, October 1973.

[30] ACIR, (Report A–31), Vol. I, *op. cit.*

[31] Benjamin Shimber, "The Sunset Approach: The Key to Regulatory Reform," *State Government*, Summer 1976, p. 141.

[32] Jo Anna M. Watson, *Municipal Licensing of Business and Occupations: A Survey of Practices in Illinois and Other States*, Urbana, IL, Institute of Government and Public Affairs, University of Illinois, 1970, p. 36.

[33] See Martin T. Farriss and Roy J. Sampson, *Public Utilities: Regulation, Management, and Ownership*, Boston, MA, Houghton Mifflin Co., 1973, pp. 162–69.

[34] Common Cause, *Making Government Work: A Common Cause Report on State Sunset Activity*, Washington, DC, December 1978.

[35] *Ibid.*, p. 52.

[36] ACIR, (Report A–31), Vol. I, *op. cit.*, pp. 39–40; *Urban and Rural America: Policies for Future Growth* (Report A–32), Washington, DC, U.S. Government Printing Office, April 1968, pp. 134–137; *State Legislative Program* (Report M–92 and M–96) Washington, DC, U.S. Government Printing Office, November 1975, pp. 30–37 and 14–29, respectively; *Improving Federal Grants Management* (Report A–53), Washington, DC, U.S. Government Printing Office, February 1977, pp. 281–282; and *The States and Intergovernmental Aids* (Report A–59), Washington, DC, U.S. Government Printing Office, February 1977, pp. 79–81.

[37] See ACIR, *Citizen Participation in the American Federal System* (Report A–73), Washington, DC, U.S. Government Printing Office, 1980, especially Chapter 5.

[38] A. E. Buck, *The Reorganization of State Governments in the United States*, New York, published for the National Municipal League by Columbia University Press, 1938, p. 20.

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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' Association, the National Conference of State Legislatures, 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.