20th Annual Report

ACIR: The Year In Review

The Advisory Commission on Intergovernmental Relations
Washington, D. C.
January 1979
ACIR: THE YEAR IN REVIEW

As the Advisory Commission on Intergovernmental Relations approaches its 20th anniversary in 1979, it can look back with considerable pride at the formidable collection of policy recommendations, research reports, and model legislation it has produced to help foster improved intergovernmental operation and coordination and to help diminish intergovernmental tensions.

The task has not been easy. Over the years, numerous new and explosive social issues have emerged, and the complex web of federal-state-local relations has been subjected to numerous strains and challenges. Through this, ACIR has sought to fulfill its mandate and offer ways to correct major malfunctions in our federal system by building stronger states, revitalizing local government, and ensuring that federal actions complement rather than conflict with subnational plans, policies, and programs.

In 1978, ACIR's base of findings and recommendations in intergovernmental finance and organization was directly on point and useful as citizens pressured the state, local, and federal governments to limit or slow down taxing and spending while at the same time making the delivery of services more efficient and cost effective. The pressures led governments at all three levels to consider many courses of action that had scant likelihood of adoption in better times, such as indexation of state and federal income taxes (whereby fixed code provisions are adjusted by the rate of increase in prices) and state reimbursement
to local governments for new state enacted programs requiring local governmental expenditures.

Passage of Proposition 13 in California, a measure to rollback property taxes and severely restrict imposition of new state and local taxes, focused an intergovernmental spotlight on state-local relationships. In California, fiscal and functional capacities of various levels of government were quickly but intensely scrutinized as Sacramento sought to provide assistance to local governments which lost $7 billion in expected revenues thanks to passage of Proposition 13. Likewise, other states began to look more closely at their relationships with local governments -- particularly at fiscally distressed cities within their borders suffering from diminishing tax bases and rising expenditures. ACIR's agenda for state-local reform offers guidance and assistance to many states faced with rethinking and redefining their relationships with their localities.

The $85 billion federal grant-in-aid system again received considerable attention in 1978 as the Administration and others sought to make the system more efficient -- rather than simply larger. Consequently, ACIR's recommendations on grant reform and consolidation were on target and used as the basis of congressional legislation and executive actions, as well as various public interest group policy positions.

The ACIR Approach

ACIR is a 26-member national, bipartisan body established by Congress in 1959 to study points of intergovernmental friction and to make recommendations for improving the federal system. Because it represents the
executive and legislative branches of all three levels of government and because of its status as a permanent, independent commission, ACIR is able to follow-up on its recommendations, encouraging and assisting both of these branches of federal, state, and local governments to consider and implement them.

The work of the Commission flows in three stages: staff research undertaken at the direction of the Commission; policymakers by the Commission; efforts by both the Commission and its staff to facilitate the adoption of the Commission's policy recommendations.

The Commission determines the research agenda, basing its choices on the members' own wide ranging experiences, observations, and contacts as well as on staff evaluations of alternatives. Once a topic is selected, staff gathers information by a variety of methods including library research, Commission hearings, staff surveys, and field studies.

To assure that all relevant aspects of each subject are reflected in the findings and background sections of a report, the staff conducts "thinkers' sessions" at the beginning of a research project to help define its scope and approach. "Critics' sessions" are scheduled near the completion of a project to avoid errors of omission or bias in the draft prepared for the Commission. Participants in these sessions usually include congressional staff members, representatives of appropriate government agencies, public interest group spokesmen, members of the academic community, and representatives of relevant civic, labor, and business associations.

When the background and findings are prepared, they are presented to the Commission along with a wide range of alternative policy options. The
Commission debates the report at a public meeting and votes on policy recommendations. Subsequently, the published report is widely disseminated, appropriate recommendations are translated into model state legislation or congressional bills, and implementation work proceeds.

1978 Activities

In 1978, Abraham Beame, former mayor of New York City, was named chairman of the Advisory Commission on Intergovernmental Relations, replacing Robert Merriam who had served as chairman for nine years. Lynn Cutler, member of the Black Hawk County, Iowa, Board of Supervisors, was named vice chairperson.

One of the first actions of the new chairman was to establish a special committee to review ACIR's work program, budget, and staffing, chaired by Vice Chairperson Cutler. The subcommittee is scheduled to report the results of its review to the full Commission in 1979.

On April 14, 1978, the Commission met with President Carter and three of his top aides -- Jack Watson, Secretary to the Cabinet and Assistant to the President for Intergovernmental Affairs; Stuart Eizenstat, Assistant to the President for Domestic Affairs and Policy; and Barry Bosworth, Director of the Council on Wage and Price Stability.

At the meeting the President asked ACIR to perform two functions: to establish a clearinghouse on state urban policies, provide assistance to states in implementing innovative approaches to solving urban problems, and monitor efforts by federal departments and agencies to formulate urban and regional impact statements; and to assess and develop strategies to meet problems associated with inflation's impact on state-local governments.
Completed Work

During 1978, the Commission adopted recommendations on countercyclical aid and interstate tax competition and reaffirmed its position on cigarette bootlegging. It heard detailed progress reports on two broad areas currently under study by the staff; the federal role in our intergovernmental system and regional growth and development. It considered a report on citizen participation in the American federal system and postponed action until early 1979.

Countercyclical Aid. During 1978, the Commission made a series of recommendations and published a report on countercyclical aid and economic stabilization. The Commission was asked by the Congress to study the areas in two separate laws (Public Works Employment Act of 1976, P.L. 94-396, and the State and Local Fiscal Assistance Amendment of 1976, P.L.-488). The subject was particularly timely in 1978 as the Congress considered continuation of the anti-recession fiscal assistance (AFRA) program, the 1976-77 local public works program, and the public employment portions of CETA. The CETA and public works programs passed; ARFA was discontinued, at least temporarily.

The Commission looked at both recession and inflation and considered possible federal actions to accelerate state-local expenditures during periods of recession and slow them down during periods of inflation.

On the inflation front, the Commission recommended that the President in cooperation with state and local government officials, develop a cooperative anti-inflation policy. It also suggested that when the President emb...
on an economic stabilization program requiring private sector wage and price
restraint that he urge state and local officials and public employee union
leaders to accept a commensurate slowdown in the growth rate of total per-
sonal compensation bills in their jurisdictions.

To deal with recession, the Commission recommended an "accordion"
aid program that automatically expands to provide federal aid to a large
number of jurisdictions as unemployment rises and automatically contracts
to provide aid to a smaller number of jurisdictions as unemployment rates
fall. In addition, the Commission recommended that Congress make permanent
public service countercyclical job programs and local public works programs
on a stand-by basis to be available if the national unemployment rates
reaches a designated level.

The Commission's report, entitled Countercyclical Aid and Economic
Stabilization (A-69), also discussed the effect of state and local govern-
ment financial actions on the national economy. It found, for example, that

- state and local governments have not acted as a drain
  on the economy by raising taxes and cutting expenditures
  during downswings; and

- state and local fiscal behavior has not been a major
  driving force in increasing the present rate of inflation.

Interstate Tax Competition. As part of a study of the influence
of state tax and fiscal incentives on regional growth and development,
the Commission considered and made a recommendation relating to federal
involvement. The Commission considered whether federal involvement
should go beyond its present level -- the deductibility of various state and local taxes from federal income taxes -- and alter federal tax code provisions to favor state use of the personal income tax more clearly. It rejected a change in present federal tax policy with respect to state and local tax treatment. The Commission noted that deductibility now goes a long way toward reducing distortions in the location of people, capital, and jobs that could arise if the full effects of interstate tax differentials were not muted by this federal tax policy. It therefore recommended that the President and Congress reject any proposal to change the deductibility of major state and local taxes that does not at the same time retain the protection against unbridled interstate tax competition.

Implementation Activities

National Efforts. Congressional and federal executive branch action is an important aspect of the successful implementation of many of AICR's policy recommendations. Thus, one facet of the Commission's implementation activities is the area of federal relations.

Specifically, these activities encompass: (a) identifying and tracking the progress of key federal legislative and administrative actions which will impact upon the intergovernmental system; and (b) identifying appropriate opportunities to transmit Commission recommendations during the legislative and administrative decision-making processes. In addition to these activities, ACIR staff also has sought to establish and maintain contacts with key congressional, White House, and federal agency personnel and to work with those persons to identify issues of interest to the Commission and opportunities for making ACIR's position known to appropriate
policymakers. Staff also has worked with the Commission's congressional members and their staffs in the preparation, sponsorship, and introduction of legislative proposals.

While the majority of federal implementation efforts are the responsibility of the policy implementation section, the staff of both research sections as well as the executive director, the chairman, and Commission members participate to varying degrees depending on the nature of the activity.

As in the past, Commission members and staff testified before congressional committees in 1978. Topics included the federal response to the needs of small cities, reform of the federal grant system, cigarette bootlegging, the impacts of Proposition 13, and the fiscal condition of central cities.

The primary focus of federal implementation efforts, however, was concentrated in four areas: reform of the federal grant system, cigarette bootlegging, crime control, and urban policy.

 Federal Grant Reform. In conjunction with the government structure and functions section, implementation staff drafted a bill to implement several of ACIR's recommendations for improving federal grant management. These recommendations included standardization and simplification of generally applicable requirements, advance appropriations, and joint funding arrangements. ACIR staff also worked closely with representatives of the Senate Subcommittee on Intergovernmental Relations, the White House Intergovernmental Affairs Office, OMB, GAO, and public interest groups during the drafting process.
In June, a bill entitled the "Federal Assistance Paperwork Reduction Act" (S.3267) was introduced by Senators Roth, Muskie, and Danforth. In July, Senator Danforth introduced the "Small Communities Act of 1978" (S. 3277) that also contained titles reflecting ACIR recommendations for standardizing generally applicable requirements and consolidating assistance programs. Staff testified on both measures, and is continuing to work with congressional committee representatives in refining the proposals. No final action was taken on either measure. It is expected that both proposals will be reintroduced during the next session of Congress.

Cigarette Bootlegging. Federal interest in cigarette bootlegging and available remedies increased significantly during the year. Over 20 bills were introduced in the Congress providing for federal penalties and enforcement capability (the Commission's position) and/or a uniform federal cigarette tax with provision for some of the funds to be returned to eligible states. Staff testified before the Senate Subcommittee on Crime early in the year.

Contraband cigarette measures ultimately were passed by both chambers, and, in October, a modified enforcement proposal was accepted by the House/Senate Conference Committee. The conference bill became P.L. 95-575 with the President's signature on November 2.
The new law implements the ACIR recommendation that "the Congress should give early and favorable consideration to legislation prohibiting the transportation of contraband cigarettes in interstate commerce." This recommendation, contained in the 1977 report *Cigarette Bootlegging: A State AND Federal Responsibility*, is one of a series of recommendations encouraging federal-state cooperation in the enforcement of anti-cigarette racketeering statutes.

Crime Control. At the request of Senate staff, an initial draft of the "Justice System Improvement Act" that would succeed the Crime Control Act of 1976 was prepared. Subsequent drafts were reviewed and commented on by ACIR staff in light of the Commission's 1975 report, *Safe Streets Reconsidered*. In July, a measure that was jointly endorsed by the Administration and key congressional leaders was introduced in both chambers. The proposal reflects a number of ACIR policy positions, especially those related to decategorization of the block grant, simplification of the planning process, and enhancement of local participation in the program.

Urban Policy. As a result of a presidential request for ACIR to serve as an urban policy "clearinghouse," staff track the progress of the key urban policy proposals through Congress; worked with the Department of Housing and Urban Development and the public interest groups in developing state incentive grant program guidelines, regulations and evaluation criteria;
monitored the implementation of the four urban policy-related executive orders; offered appropriate advice and assistance in the formulation of urban and community impact statements; and coordinated with clearinghouse and other urban policy undertakings of key federal departments.

In his September 1977 memorandum of federal grant reform initiatives, President Carter requested ACIR "to suggest, after one year, appropriate ways to further streamline federal and administrative practices." In response to this charge, ACIR assembled a panel of 17 state and local practitioners who deal with federal aid first-hand. During the year, the panel met four times to discuss a broad range of issues associated with federal aid practices and requirements.

In December 1978, the panel submitted its final report to the President, noting that the record of departmental and agency compliance with the memorandum was "mixed but disappointing." To encourage better agency compliance with the memorandum's provisions, the monitoring panel recommended to the President that:

- the grant reform memorandum be reissued as an executive order;
- a formal communication mechanism for comment by state and local officials on the development of new or revised federal regulations be established;
- the grant application process be standardized and simplified by permitting the submission of a single set of assurances as part of an annual jurisdictional certification for requirements which are generally applied to grant programs; and
- advance appropriation proposals be implemented to provide assistance to state and local governments.
Throughout their discussions, the panel members emphasized that an adequately staffed, authoritative central management arm is a prerequisite for any sustained improvement in intergovernmental grant management.

ACIR staff also actively participated in the White House Conference on Balanced National Growth and Economic Development held early in 1978. ACIR helped in the development of the "streamlining government" theme -- one of six broad themes of the conference -- by preparing 10 background papers on issues ranging from neighborhood decentralization to reorganization of the federal executive branch. In addition, a number of ACIR staff members served as rapporteurs for various workshops during the conference.

during the conference.

State Efforts. ACIR recommendations for state action are translated into suggested legislative language for consideration by state policymakers. These draft proposals are made available to governors, state legislative leaders, state administrative officials, other state and local leaders, and interested citizens. Efforts to implement ACIR legislation at the state level in 1978 generally took two forms: distribution of Commission recommendations to public officials and organizations and provision of technical assistance upon request.

Utilizing the experience and the contacts of the previous year, ACIR distributed numerous model bills together with appropriate supporting material. Staff rendered technical assistance at the request of over 40 states. That assistance generally involved the preparation of special materials, the modification of ACIR draft bills to meet specific situations,
on-site visits and consultation, and working with citizen study commissions, state agencies, legislative committees, legislative drafting offices, and governors' staffs.

Examples of ACIR's state technical assistance in 1978 include: assisting the Vermont Governor's Conference on State-Local Intergovernmental Relations; aiding states in adapting ACIR model legislation for a state criminal justice planning agency; providing information and assistance to several states interested in establishing a state-level ACIR; providing information to officials in Maine, Florida, and Rhode Island in the course of their reviews of substate districts; assisting officials in Tennessee in the area of county modernization; providing information and assistance to Alaska, West Virginia, Kentucky, Arizona, New York, Ohio, and several other states on the issue of state legislative oversight of federal funds; aiding the Indiana Local Government Commission; providing assistance and information to the Washington Ad Hoc Committee on Local Government; distributing information to several states on the development and implementation of "sunset" procedures and legislation; providing information to officials in Missouri on the impacts of federal aid; providing information to the North Carolina Local Government Advocacy Council and providing Minnesota officials (and other states) with information on urban initiatives.

In 1978, ACIR embarked upon a major effort to improve state and local government financial management practices through a project funded under an interagency agreement with the Department of Housing and Urban Development. The project, called ACIR State Initiatives in Local Financial Management
Capacity Building, has focused on three major tasks: the establishment of an implementation and technical review committee; the drafting and distribution of 19 pieces of model state legislation; and the development of a well-coordinated technical assistance program. The first two stages were completed and the third begun in 1978. In this project, ACIR is working with the National Governors' Association, the National Conference of State Legislatures, and the Municipal Finance Officers' Association in coordinating their research and technical assistance activities directed toward improvements in state and local financial management practices.

Other Activities. ACIR staff also presented papers and commentary on its work, or undertook implementation activities at a number of conferences, policy workshops, seminars, and other national, state, and local forums in 1978. Additionally, the Commission sought formal support for its recommendations or implementation assistance from various organizations of state and local officials, such as the National Governors' Association; the Council of State Governments; the National Conference of State Legislatures; the National Association of Counties; the National League of Cities; the U.S. Conference of Mayors; the International City Management Association; state leagues of municipalities and associations of counties; citizen groups; business, professional and labor organizations; taxpayers' leagues; bureaus of government research; academic institutions; and other public and private interest groups.

During 1978, Commission staff participated in four international activities. In May, the assistant director for government structure
and functions presented a paper at the fifth national seminar on local government Australia and lectured throughout the country. In June, the executive director attended an international conference on federalism held in Aosta, Italy. In August, the assistant director for policy implementation participated in seminars on the presidential system of government held in Nigeria. And in November, the assistant director for taxation and finance participated in an international conference on the influence of economic, demographic, and social changes on the financial conditions of cities that was held in Brussels, Belgium. At the request of the International Communication Agency and other official agencies, staff met with visiting officials from Canada, Belgium, France, Austria, Denmark, Australia, Israel, Italy, India, Poland, New Guinea, and the European Economic Community (Common Market) on intergovernmental relations and federalism issues.

Information Services and Reports. The Commission's information program, an integral part of the implementation effort, was expanded and improved in 1978. The Commission's quarterly magazine, Intergovernmental Perspective, continued to be a popular publication. Themes featured in 1978 were: "A Tilt Toward Washington: Federalism in 1977" (an examination of major federal, state and judicial actions affecting intergovernmental relations); "Urban Policy: Initial Readings" (a discussion of the President's national urban policy proposals); "The Taxpayers Speak: Proposition 13 and Intergovernmental Relations" (a review of the potential impacts of taxing and spending limits on government structures and finances); and "Frostbelt and Sunbelt: Convergence Over Time" (an examination of
regional growth and development, and the effect of federal expenditures on regional trends). An information bulletin on state-sponsored local government investment pools also was distributed widely.

A new series of reports titled "In Brief" was initiated in 1978. These reports are designed to summarize and highlight some of the Commission's most significant and timely work. Two "In Briefs" were issued during the year: One summarized the Commission's 14-volume work entitled "The Intergovernmental Grant System: An Assessment and Proposed Policies;" the other highlighted the Commission's report on state mandating of local expenditures.

In addition, during 1978, the Commission published five policy reports, one information report and a report on its annual poll on government and taxes. A complete listing of these volumes, as well as other publications, can be found in Appendix F.

In August, the Chairman conducted a briefing for members of the press on the Commission's three-year study of the intergovernmental grant system. Press releases also were issued throughout the year, highlighting the publication of ACIR reports, significant actions of the Commission, and the designation of new members.

**OMB Circular A-85.** OMB Circular A-85, the major vehicle by which state and local officials were consulted prior to the issuance of new regulations having an intergovernmental effect, was rescinded in 1978. In its stead is a new system, set up by Executive Order 12044, which requires agencies to publish an agenda of major regulations under development or review at least twice a year in the Federal Register. In addition, agencies must establish criteria for evaluating the "significance" of
regulations, and in those cases where regulations have major economic consequences, a regulatory analysis is to be prepared.

Current and Future Activities

The subject diversity contained in the 1979 ACIR workplan reflects the rapid growth in the size and complexity of our intergovernmental system. The mixture of long and short term research projects composing this workplan integrates the objective of producing quality, in-depth research with that of remaining in step with intergovernmental trends and developments. Similarly, the implementation agenda incorporates projects which require a protracted and sustained effort with those upon which the Commission's voice can have a more immediate and measurable impact.

The ACIR research agenda this year, as last, is conditioned largely by congressionally mandated studies emanating from amendments contained in the 1976 reauthorization of the State and Local Assistance Act (general revenue sharing). Five current research efforts of ACIR staff are in direct response to these revenue sharing renewal amendments.

Federal Role Study. A project entitled "The Federal Role in the Federal System: The Dynamics of Change," is the broadest, most ambitious of the current ACIR undertakings. This effort, based upon the best available scholarship, as well as the Commission's own resources, is designed to define the current federal role in the intergovernmental system, examine the process of which the federal role developed, and make recommendations concerning the appropriate allocation and coordination of public resources among federal, state, and local governments.
in the future. Several of the theoretical introductory chapters and the case studies forming the body of the report are now in final draft form. Yet to be completed are chapters on the growth of the federal role 1960-1978; constitutional, political, and practical constraints to the growth of federal role; and several of the case studies including libraries, fire protection, employment and training, law enforcement, and health policy. Although completion of the Commission's research and recommendations on the federal roles issue is not required until October 1, 1980, the current agenda calls for work on the remaining chapters to be largely completed during 1979.

The Future of Federalism. In a related project, the revenue sharing amendment directs the ACIR to study and evaluate the forces likely to affect the nature of American federalism in the future and to recommend any adjustments in the system which these developments might suggest. ACIR will, in satisfying this mandate, convene a conference of public officials, academicians, and other experts to discuss the future of our federal system. While no dates have been set for this Conference on the Future of American Federalism, it will follow the substantial completion of the federal role study.

State and Local Assignment of Functions. Now in its early stages, a third study required by the general revenue sharing renewal will examine how responsibilities for performing and financing governmental services are, and should be, assigned between states and their local governments and among the various types of local government. Building on two earlier
ACIR reports on functional assignments between local and areawide units, the study will review recent experiences with structural and procedural adaptations at the local level, such as intergovernmental service agreements, the transfer and consolidation of functions, and the development of substate districts. At the state level, it will focus on the status of, and changes in, state government capacity as they bear on state actions in shifting functional and financing responsibilities between themselves and their political subdivisions. Finally, special attention will be given to the growing impact of the federal grant-in-aid system on the performance and funding of individual state and local activities. Various parts of the overall study will rely heavily on the latest fiscal and other data from the 1977 Census of Governments.

Citizen Participation. The 1976 revenue sharing reauthorization directed the Commission to study "the legal and operational aspects of citizen participation in federal, state, and local fiscal decisions..." Because fiscal and administrative impacts of these practices are highly integrated, the Commission is looking at both areas in its study of the effects of citizen participation requirements upon the delivery of public services.

While the body of the citizen participation study is completed, staff is currently revising the report draft in response to comments collected at the critics' session, through hearing testimony, and by circulating its draft to nearly 300 citizen participation organizations and others for their review. These responses with the revised report will be presented to the Commission at its March 1979 meeting.
Comparative Fiscal Federalism. A final study initiated by the revenue sharing law will determine how other federal nations deal with issues of fiscal federalism that are of concern to the United States. The report presents an overview of fiscal federalism for four federations: the United States, Australia, Canada, and the Federal Republic of Germany (West Germany). The report for each country deals first with a range of specific fiscal issues, including fiscal equalization, public sector growth, and intergovernmental and interlevel coordination. The study will also explore the recent history of fiscal federalism, with special emphasis on centralization issues and fiscal disparity characteristics.

Also underway is research on regional growth and development, state-local pensions, and the impact of federal urban land holdings on local governments. In anticipation of the legislative timetable for congressional reconsideration of the general revenue sharing law, the Commission has also directed staff to prepare a paper in support of the reauthorization of general revenue sharing. This paper will state the case for a permanent revenue sharing program for states and localities tied to growth in the economy and will answer arguments being made currently against the program. currently against the program.

Sunbelt-Frostbelt. The regional growth study continues to be a major focus of Commission staff efforts. Two facets of this study, trends and explanations of differential regional growth rates and estimates by state of the ratio of its percentage of federal expenditures to federal revenues, are nearing completion. These two research efforts lay the groundwork for two additional aspects of the study.
The first of these, interstate tax competition, examines a trend which has witnessed an increasing number of states providing tax and fiscal incentives to attract industry. A data file developed specifically for the Commission, on the moves and births of single and branch establishments of manufacturing firms with 20 or more employees as recorded in Dun and Bradstreet records, is being used to help analyze the influence of tax and/or fiscal incentives on industry location decisions. The Commission will consider whether the use of such fiscal incentives in interstate competition for business development is having damaging effects that call for federal rules of the game.

The final element of the regional growth study deals with the issue of federal aid bias. It is asserted that federal aid distributions do not reflect the variations in costs confronted by governments in different parts of the country. In this research, ACIR staff will analyze the desirability of a cost of living adjustment, including the feasibility of collecting the data. It is further asserted that personal income may not always be the most useful indicator of state fiscal capacity in federal aid formulas. In this study ACIR is developing an alternative measure based on the representative tax system approach.

**State-Local Pensions.** In its pension study, ACIR staff will examine state and local public employee pension plans in the interest of evaluating the case for federal regulation. Staff will further investigate what reform initiatives states can take short of federal regulation in order to strengthen their own public employee pension systems. This study will
focus on current state and local oversight and control over public employee retirement systems, and current trends toward improving these systems. Other questions, including the review of pension systems in terms of excessive employee retirement benefits, social security integration, double dipping, and reasons for the consolidation of plans also will be dealt with in the report.

Federally Owned Tax Exempt Property. In the next year, the ACIR will conduct research on the question as to whether the federal government should make payments-in-lieu of taxes (PILOT) to state or local governments for federally owned tax exempt properties in urban areas. This study is in response to a request from nine members of Congress that the Commission examine "the impact that the presence of any real property owned by the United States has on units of general local government within whose jurisdiction such property is located." The study will examine such issues as:

- the status of current ad hoc in-lieu payment systems;
- the criteria for establishing a uniform federal PILOT;
- the cost of the tax loss to state/local governments as a result of federal holdings; and
- the operational mechanisms required to administer a PILOT if it is determined such a program is warranted.

Implementation Activities. The Implementation Section contemplates a range of actions in 1979 designed to bring ACIR recommendations to the attention of legislative and executive branch policymakers at both the state and federal levels.
At the state level, the 1979 implementation strategy will contain, at a minimum, the following components:

- providing information and technical assistance in connection with the development, approval and implementation of state urban policies;

- monitoring, providing information and technical assistance, and preparing and disseminating model legislation dealing with state and local financial management improvement and tax reform;

- encouraging the creation of state commissions on intergovernmental relations and providing information and technical assistance to strengthen communications and cooperation among existing state bodies which have responsibility for examining intergovernmental issues; and

- preparing and publishing a profile of state-local relations to provide current, accurate and comprehensive information to federal, state and local officials, the research and academic communities, and others on the structural characteristics and interrelationships of these jurisdictions.

The section also anticipates the completion in 1979 of two survey-based studies dealing with state commissions on intergovernmental relations and the extent of local discretionary authority.

At the federal level, reform of the federal aid system will most likely be a highly priority item, with staff working closely with Congress in its


consideration of Commission recommendations to simply cross-cutting requirements, consolidate categorical grants, and improve the joint funding simplification law.

Federal level implementation will hinge largely upon the expression of congressional interest in intergovernmental issues. Staff anticipates, however, that indexation of the federal income tax, the Law Enforcement Assistance Administration reauthorization, and the general revenue sharing reauthorization will be topical issues in the new Congress requiring Implementation Section response.
Appendix A

Commission Members
Advisory Commission on Intergovernmental Relations
December 31, 1978

Private Citizens
Abraham D. Beame, CHAIRMAN, New York City, New York
Bill King, Huntsville, Alabama
Richard W. Riley, Greenville, South Carolina

Members of the U.S. Senate
Lawton Chiles, Florida
William P. Hathaway, Maine
William V. Roth, Jr., Delaware

Members of the U.S. House of Representatives
Clarence J. Brown, Jr., Ohio
L. H. Fountain, North Carolina
Charles B. Rangel, New York

Officers of the Executive Branch, Federal Government
W. Michael Blumenthal, Secretary of the Treasury
Juanita M. Kreps, Secretary of Commerce
James T. McIntyre, Jr., Director, Office of Management
& Budget

Governors
Reubin O'D. Askew, Florida
Bruce Babbitt, Arizona
Otis R. Bowen, M.D., Indiana
Richard A. Snelling, Vermont

Mayors
Tom Bradley, Los Angeles, California
Richard E. Carver, Peoria, Illinois
Tom Moody, Columbus, Ohio
John P. Rousakis, Savannah, Georgia

State Legislators
Fred E. Anderson, President, Colorado Senate
John H. Briscoe, Speaker, Maryland House of Delegates
Martin O. Sabo, Speaker, Minnesota House of Representatives

Elected County Officials
William O. Beach, Montgomery County, Tennessee
Lynn G. Cutler, VICE CHAIRPERSON, Black Hawk County, Iowa
Doris W. Dealaman, Somerset County, New Jersey
Appendix B

ACIR PERMANENT STAFF AS OF DECEMBER 31, 1978

Anderson, Wayne F. (Executive Director)
Shannon, F. John (Assistant Director)
Stenberg, Carl W. (Assistant Director)
Walker, David B. (Assistant Director)

Adams, Harolyn D. (Secretary)
Beam, David R. (Senior Analyst)
Bunn, Elizabeth A. (Secretary)
Byrne, Joanne G. (Secretary to Executive Director)
Clarke, Lavinia B. (Secretary)
Colella, Cynthia C. (Analyst)
Dawson, Delores A. (Secretary)
Fried, Esther (Personnel Officer)
Gabler, L. Richard (Senior Analyst)
Hahn, Thomas D. (Accountant)
Jones, MacArthur C. (Duplicating Machine Operator)
Kirkwood, Karen L. (Staff Assistant)
Koch, Patricia A. (Librarian)
McDowell, Bruce D. (Senior Analyst)
Mitchell, Michael C. (Federal Relations Associate)
Mohan, Charles M. (Senior Public Finance Resident)
Myers, Will S. (Senior Analyst)
Nolin, Evelyn M. (Secretary)
Phillips, Ruthamae A. (Secretary)
Rieger, Richard J. (Analyst)
Richter, Albert J. (Senior Analyst)
Roberts, Diana M. (Production Manager)
Roberts, Jane F. (State-Local Relations Associate)
Ross, Ronald L. (Mail Room Supervisor)
Ryan, Jean A. (Secretary)
Schwalje, Lynn C. (Secretary)
Silberg, Linda S. (Secretary)
Stein, Robert M. (ACIR Fellow)
Steinko, Franklin A. (Budget and Management Officer)
Tippett, Francis X. (Statistician)
Wallin, Bruce A. (Analyst)
Weissert, Carol S. (Information Officer)
Wright, Carol Monical (Analyst)
Appendix C

Official Consultants

Albert J. Abrams, secretary of the New York State Senate, Albany, New York
Frank Bane, former chairman of ACIR, Alexandria, Virginia
John E. Bebout, Wellfleet, Massachusetts
George C. S. Benson, director, Henry Salvatori Center and President Emeritus, Claremont Men's College, Claremont, California
Guthrie Birkhead, dean, The Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, Syracuse, New York
John C. Bollens, professor of political science, University of California, Los Angeles, California
George Break, professor of economics, University of California, Berkeley, California
Frank L. Britt, executive manager, Toledo Area Governmental Research Association, Toledo, Ohio
Alan K. Campbell, director, Office of Personnel Management, Washington, D.C.
Arnold Cantor, assistant director of research, AFL-CIO, Washington, D.C.
William N. Cassella, executive director, National Municipal League, New York, New York
William G. Colman, governmental consultant, Potomac, Maryland
Charles F. Conlon, Chicago, Illinois
John DeGrove, director, Joint Center for Environmental & Urban Problems, Florida Atlantic University, Boca Raton, Florida
L. Laszlo Ecker-Racz, consultant, Arlington, Virginia
Daniel J. Elazar, professor of political science and director, Center for the Study of Federalism, Temple University, Philadelphia, Pennsylvania
Bernard Frieden, director, Joint Center for Urban Studies, MIT-Harvard, Cambridge, Massachusetts
Neely Gardner, professor of public administration, University of Southern California, Los Angeles, California
C. Lowell Harriss, professor of economics, Columbia University; Economic Consultant, Tax Foundation, Inc., New York, New York
Lawrence Howard, professor of public and international affairs, University of Pittsburgh, Pittsburgh, Pennsylvania
Victor Jones, professor emeritus, University of California, Berkeley, California
Richard Leach, professor of political science, Duke University, Durham, North Carolina
Eugene C. Lee, director, Institute of Governmental Studies and professor of political science, University of California, Berkeley, California
Arthur Naftalin, professor, School of Public Affairs, University of Minnesota, Minneapolis, Minnesota
Oliver Oldman, professor of law, Harvard School of Law, Cambridge, Massachusetts
James A. Papke, professor of economics, Purdue University, Lafayette, Indiana
John Rehfuss, Dekalb, Illinois
Frank Schiff, vice president and chief economist, Committee for Economic Development, Washington, D.C.
Mabel Walker, consultant, Milford, New Jersey
George H. Watson, president, Friends World College, Huntington, New York
Murray L. Weidenbaum, professor of economics, Washington University, St. Louis, Missouri
Joseph F. Zimmerman, professor of political science, State University of New York, Albany, New York
Appendix D

Financial Support

From its inception, the Commission has been financed primarily from congressional appropriations but has generated some additional income from state or local government contributions and from grants to support specific research or other projects. The Commission received about $60,000 in fiscal 1978 in contributions, honoraria, and travel reimbursements.

In 1977, ACIR, on the basis of its discussions with the Office of Management and Budget and the House and Senate Appropriations Committees, finalized the reinstatement of its program of soliciting contributions for state governments. This second year of the resumed solicitation program generated 17 state contributions totaling $35,000.

From time to time, federal agencies contract with ACIR to conduct research or undertake projects of special interest to the agency and closely related to ongoing work of the Commission. Project funds from other agencies in fiscal 1978 amounted to $856,171 from the Department of Housing and Urban Development. The funds partially support the revision of the financial administration volume of ACIR's "State Legislative Program," as well as technical assistance efforts to be undertaken by the Commission in cooperation with the National Governors' Association and the National Conference of State Legislatures.

As a matter of Commission policy, all state, local and miscellaneous contributions are used to supplement and strengthen ACIR services
to state and local government. The grant and contract funds from other federal agencies are used for consultants, temporary personnel, and publication costs to carry out specific research projects. The Commission approves the acceptance of all such funds.
Salaries and Expenses
Statement

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<tr>
<th>Object Classification</th>
<th>FY 1978 Actual</th>
<th>FY 1979 Estimate</th>
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<tr>
<td>Personnel Compensation</td>
<td>$1,015,000</td>
<td>$1,043,000</td>
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<td>Personnel Benefits</td>
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<td>Travel and Transportation of Persons</td>
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<td>Transportation of Things</td>
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<td>Standard Level User Charges</td>
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<td>Communications, Utilities &amp; Other Rent</td>
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<td>Printing and Reproduction</td>
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<td>Other Services</td>
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<td>Supplies and Materials</td>
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<td>Equipment</td>
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<td>Total Obligations</td>
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Appendix F

Publications

REPORTS PUBLISHED IN 1978

Two volumes and an "In Brief" summary were published in 1978 completing the 14-volume series entitled The Intergovernmental Grant System: An Assessment and Proposed Policies. They were:

A-52 Categorical Grants: Their Role and Design
A-62 Summary & Concluding Observations
B-1 In Brief: The Intergovernmental Grant System: An Assessment and Proposed Policies

Other publications included:

A-67 State Mandating of Local Expenditures
B-2 In Brief: State Mandating of Local Expenditures
A-68 The Adequacy of Federal Compensation to Local Governments for Tax Exempt Federal Lands
A-69 Countercyclical Aid and Economic Stabilization
S-7 Changing Public Attitudes on Governments and Taxes
M-114 The Michigan Single Business Tax: A Different Approach to State Business Taxation

Intergovernmental Perspective Winter 1978, Volume 4, Number 1
A Tilt Toward Washington: Federalism in 1977

Intergovernmental Perspective Spring 1978, Volume 4, Number 2
Urban Policy: Initial Readings

Intergovernmental Perspective Summer 1978, Volume 4, Number 3
The Taxpayers Speak: Proposition 13 and Intergovernmental Relations

Intergovernmental Perspective Fall 1978, Volume 4, Number 4
Frostbelt and Sunbelt: Convergence Over Time