

Statement of Farris Bryant, Chairman
Advisory Commission on Intergovernmental Relations
Before the
Subcommittee on Treasury, Post Office and Executive Office
House Appropriations Committee
April 1, 1969

Mr. Chairman and Members of the Committee.

My name is Farris Bryant. Since February of 1967 it has been my privilege to serve as Chairman of the Advisory Commission on Intergovernmental Relations, the agency in whose behalf I am appearing today. With me are Wm. G. Colman, Executive Director of the Commission; John Shannon, Assistant Director for Taxation and Finance; Elton K. McQuery, Assistant Director for Program Implementation; and Arthur J. Craten, our budget representative from GSA.

The Commission was created by Public Law 380 of the 86th Congress. It is charged with studying the problems and relationships among Federal, State and local governments and with developing recommendations for improving these relationships. As you know, the Commission includes three members from this House--Congressman Fountain, Congresswoman Dwyer, and Congressman Ullman; three members of the Senate--Senators Muskie, Ervin and Mundt; three members from the Executive Branch; four governors; and thirteen other State legislative, county, municipal, and public members. Attached to this statement is a list of the Commission's current membership.

The appropriation request for the 1970 Fiscal Year is \$575,000, an increase of \$24,000 over the amount--\$551,000--appropriated for the current fiscal year.

During the 89th Congress the Intergovernmental Relations Subcommittees of the House and Senate Committees on Government Operations conducted joint hearings as the basis for a review and evaluation of the performance of the Advisory Commission during its first five years. An effort was made to obtain critical appraisals from public officials, organizations, and individuals familiar with the Commission's work and to solicit suggestions as to ACIR's future role.

Following the hearings, the Committees issued reports recommending modest expansion of the activities of the Commission as follows:

1. Initiation of occasional regional meetings involving Federal, State, and local officials.
2. Sponsorship of periodic nationwide conferences on intergovernmental relations.

3. Increased attention to implementation of the Commission's recommendations at both Federal and State levels of government.

4. Holding at least one Commission meeting a year outside of Washington.

5. Initiation of an internship program aimed at training beginning-level professional persons in intergovernmental relations.

The Commission sought and Congress appropriated funds for F.Y. 1968 and F.Y. 1969 to implement the first four committee recommendations. The budget request for F.Y. 1970 is based on the continuation of the present activities and responsibilities of the Commission and the initiation of a modest internship training program along the lines recommended by the House Committee on Government Operations following the 1965 review.

The purpose of the proposed internship program is to further the professional and, to some extent, the academic development of "intergovernmental relations specialists" who, after one year with the Commission, would pursue careers in State or local government. The program would include three interns each year who would be assigned on a rotating basis to each of the three ACIR staff sections (Governmental Structure and Functions, Taxation and Finance, and Program Implementation). Each intern would be paid at the GS-7 level and would be eligible for a modest tuition allowance (not more than \$400 per academic semester) to encourage him to carry on graduate work at an institution of higher education in the Washington area.

Since an important purpose of the program is to train intergovernmental relations specialists for State and local governments the interns would be asked to agree, in advance, not to accept employment with any organization or agency in Washington, D. C. nor with the regional or field offices of any Federal agency for at least one year after the completion of their internship. At the close of the internship year the interns would be assisted in securing employment with State or local governments or organizations thereof. The annual cost of the program is estimated at \$25,000 including tuition allowances.

Contributions to ACIR from Nonfederal Sources

Following the review of Commission operations by the House and Senate Subcommittees in 1965, Congress enacted Public Law 89-733 which amended the Commission's enabling statute to provide, among other things, an authorization for the Commission to accept contributions from State and local governments and organizations thereof. This action was in line with recommendations of the Commission and views expressed by Members of Congress and others that

the Commission's financial support, as well as its membership, should be intergovernmental in character. Early in 1969, pursuant to this authorization, I wrote to the Governors of all States calling their attention to the statutory provision and suggesting that each State consider making a voluntary annual token contribution of \$1,000 to the Commission. The response, we believe, has been quite encouraging. Thus far, one-third of the States have made or authorized such contributions and the Governors of most of the remaining States have recommended favorable action by their legislatures. It now appears that well over half of the States will make contributions to the Advisory Commission during F.Y. 1970.

Public Law 89-733 also authorized ACIR to accept contributions from nonprofit organizations. Accordingly, in July 1968, the Commission received a grant of \$25,000 from the Ford Foundation for the purpose of preparing and publishing a one-volume report that would present in context the findings and recommendations developed by the Advisory Commission in all of its studies relating to urban and metropolitan problems. This project is nearing completion; the final draft will be ready for the printer in a few weeks.

Late last fall a proposal was submitted to the Ford Foundation for a grant to finance a study of the feasibility of constructing and testing measures of fiscal capacity and tax effort for cities, counties, and towns. With the large amount of Federal grants presently going to local governments and with growing demands for even larger amounts either through project grants or block grants for particular functions, there is a rising concern that allocations take adequate account of differences in fiscal needs and fiscal efforts of various local jurisdictions. (For example, the "fiscal capacity" of Boston may be quite different from Beverly Hills.) Deficiencies in existing data have made it appear impossible to build such factors into prior allocation formulas. But recent and prospective statistical developments offer hope for more reliable comparative measures. The time seems ripe for a breakthrough on this front and the study could be an important step forward. We recently were notified that the Ford Foundation has approved a grant of \$65,000 for this purpose. The project will begin in the near future and is to be completed within a year.

Let me mention parenthetically at this point, that we have been asked by the Urban Mass Transportation Administration of the Department of Transportation to undertake a study closely related to the project I have just outlined for the measurement of local fiscal capacity and effort. DOT presently makes grants to State and local public agencies to help finance their acquisition and improvement of facilities for urban transportation systems. The purpose of the study proposed by DOT would be to develop sound criteria for evaluating the general ability of public agencies to provide the local contributions to "net project cost," and to devise a

framework for appraising the capacity of the individual applicants. The project, if accepted by the Commission, would cost \$50,000 to \$75,000 with the entire amount being paid from research funds available to DOT and would not constitute or necessitate any increase in appropriations to the Commission.

One further Foundation grant now is under consideration. Last December a pilot conference was held in New Jersey under the joint sponsorship of the New Jersey State legislature and Rutgers University. The conference brought together approximately 35 New Jersey State legislative leaders, State department heads, and resource people from academic circles and the community at large. Attention was directed to three specific ACIR proposals for State legislative action. The conference provided a unique opportunity for Advisory Commission recommendations to be explored in some depth with State legislative leaders and their policy advisors. The conference, we thought, was successful as a pilot project and should be repeated in other States. The Commission staff now is cooperating with the Council of State Governments in developing a joint proposal for a foundation grant to cover the costs involved in holding a series of similar meetings elsewhere dealing with State legislative proposals developed by both organizations.

I have reported on the matter of contributions to ACIR from non-federal sources at some length in order that you would be informed as to what has transpired pursuant to the authorization by Congress for ACIR to accept contributions from nonfederal sources. In carrying out projects, such as those outlined above, the Commission will make use of outside consultants and some temporary employees. We have not requested--nor do we anticipate requesting--any additions to our permanent staff for these purposes.

New Advisory Commission Policy Reports

During the current fiscal year the Advisory Commission has completed and published a policy report on Intergovernmental Problems in Medicaid. The Commission's study of this program focused on the basic policies affecting Federal, State, and local sharing of responsibility for financing Medicaid and, in addition, directed attention to certain nonfiscal problems involving constitutional, legislative, and administrative changes in the operation of the program.

Two other major research studies now are under way. One, a study of State aid to local governments is awaiting Commission action; the second--a study of State-local responsibilities for labor-management relations in public employment is scheduled for completion near the close of this fiscal year.

Implementation of Commission Recommendations

We are pleased to report, Mr. Chairman, that the Commission's proposals continue to receive favorable consideration. ACIR's Tenth Annual Report, issued earlier this year, summarized the progress that has been made, at both the Federal and State levels.

Last fall, Congress enacted the Intergovernmental Cooperation Act of 1966 (P.L. 90-577), climaxing four years of continuous effort by the Commission and a host of others to secure legislation in this field. The omnibus measure implements many of the most significant recommendations for Federal action advanced by the Commission over the last nine years. In this connection, let me note, that Congressman Fountain and others have introduced the Intergovernmental Cooperation Act of 1969 (H.R. 7366) which is designed to build on the 1968 Act by further improving and simplifying the management of federal assistance programs. In addition, a number of other measures now are being developed for consideration by the 91st Congress.

We are very encouraged by the record of State legislative action to improve intergovernmental relations. As you know, where it is appropriate, recommendations of the Advisory Commission for State legislative action are translated into draft bill form and offered to the States for their consideration.

During the last two years, 1967 and 1968, one or more statutes or constitutional amendments generally following draft proposals developed by the Commission or consistent with Commission recommendations were enacted in 49 of the 50 States. The Commission recommendation enacted in the greatest number of States was one urging States to adopt the real estate transfer tax upon withdrawal of the Federal Government from this field as of January 1, 1968. Twenty-six States enacted this model bill in whole or in part.

Eleven States established agencies for local affairs or community development, along the lines of draft legislation proposed by the Commission. Thirteen States enacted legislation to strengthen and coordinate programs for water resources and pollution control. Other Commission recommendations were adopted in from one to ten States. The most recommendations adopted by individual States were eleven in Michigan and ten each in Minnesota and Washington.

The Commission continues to perform a variety of activities designed to carry out its statutory responsibilities for technical assistance in review of proposed federal legislation and for encouraging discussion of emerging public problems. On request, staff members review pending bills

and submit comments thereon to the Bureau of the Budget or to Congressional Committees. Commission members and staff testify or file statements with Committees of Congress and State legislatures on Commission findings and recommendations as applied to the subjects before those bodies. On invitation, Commission members and staff appear before conferences and special meetings of national, regional, and State organizations of public officials as well as business, professional, and specialized groups concerned with intergovernmental problems. The Commission has inaugurated an information bulletin service whose purpose is to make available to key State and local governmental officials and others information on intergovernmental matters that otherwise might not be called to their attention. In addition, the Commission, from time-to-time, issues informational reports that are intended to provide policy makers with factual information to assist them in dealing with particular problems of Federal-State-local relations.

Search for a New Federalism

As the Commission stated in its Tenth Annual Report, the United States is faced with a necessity of finding a "New Federalism"--a new system of relationships among National, State, and local governments that is responsive to the challenges of the day on the one hand, but preserves the diversity and pluralism which the Founding Fathers so wisely made the bases of government in this country.

The work of the Advisory Commission is close to the center of the cyclonic pressures for change and adaptation in our federal system. The Commission is seeking through its recommendations and follow-up actions to strengthen State and local government so that these governments may be more responsible and responsive instruments of the American people. The Commission is striving at the National level to convince the Federal administrators and the policymakers in the legislative and executive branches of the necessity and desirability of decentralizing and developing power if our overall federal system is to be preserved.

Mr. Chairman, the Commission's work appears to be having very definite impact in this difficult field of intergovernmental relations. We are being called upon increasingly for assistance and consultation by officials at all levels of government, by public and private interest groups concerned with intergovernmental problems and by those engaged in academic research. We hope and believe that we are having a significant influence in the country's search for a "New Federalism."

This concludes our statement. We will be glad to answer any questions.