Conference of Mayors meeting in Washington, D.C., attending mayors celebrated the 40th anniversary of the CDBG program and protested proposed Obama administration cuts of about $200 million in FY 2015.[49] Writing about the protest in *Governing* magazine, Liz Farmer notes that CDBG funds are treasured by local chief executives because the monies can be used to finance a wide range of projects and unlike most federal grants the largess comes *directly* to cities. She provides examples of how cities have used the money to achieve local purposes:

> When a Vietnam veteran took a fall that left him paralyzed, the city of Pembroke Pines, Fla., gave him money to help make his house wheelchair accessible. Akron, Ohio, used funds to demolish blighted homes abandoned during the Great Recession. And money also helped the township of Piscataway, N.J. . . . rebuild local parks damaged by Hurricane Irene in 2011 and Superstorm Sandy a year later.[50]

It seems the protest efforts of the mayors were heard by President Obama and Congress. Although the mayors did not receive the $3.3 billion in CDBG funding in fiscal year 2015 for which they had lobbied, the $200 million in proposed cuts was restored and the program was funded at about the same level as it was in 2014—about $3 billion. Despite general concerns with block grants, including the CDBG, that funds may be spread too widely and are not targeted,[51] most observers, especially front-line leaders at the local level, consider the CDBG program a solid success.

The EZ/EC Program

The Omnibus Budget Reconciliation Act of 1993, passed during the Clinton administration, created the Empowerment Zone and Enterprise Community (EZ/EC) Program. Coming in the wake of the 1992 Los Angeles riots, this ten-year (until 2004), $3.5 billion program provided federal grants to distressed urban and rural communities for social services and community redevelopment. In addition, EZ/EC funds provided tax and regulatory relief for attracting and/or retaining businesses.

Funding for the program came primarily through the Social Services Block Grant Program administered by the Department of Health and Human Services. Responsibility for designating urban Empowerment Zones (EZs) and Enterprise Communities (ECs) devolved to officials in the Department of Housing and Urban Development (HUD) and the U.S. Department of Agriculture (USDA) administered the rural portion of the initiative. In December 1994, the secretaries of the two departments designated nine EZs and ninety-five ECs. Specifics of the EZ/EC program included the following effects:

- Six big-city empowerment zones—Atlanta, Baltimore, Chicago, Detroit, New York City, and Philadelphia/Camden, New Jersey—were created. Each EZ could receive grants totaling $100 million and tax breaks worth between $150 million and $250 million.

- Three rural empowerment zones—Kentucky Highlands, Mid-Delta in Mississippi, and Rio Grande Valley in Texas—were created. Each of the rural EZs could receive $40 million in grants and $150–$250 million in tax breaks.
- Los Angeles and Cleveland were designated Supplemental Empowerment Zones. Los Angeles received $450 million in grants and tax incentives, and Cleveland received $174 million.
- Sixty-five of the ninety-five ECs were located in big cities and the remaining thirty in rural areas. Each received grants and tax incentives worth about $6 million.
- Four "enhanced enterprise communities" were also created—Boston, Houston, Kansas City, and Oakland, California. The aid package for each was about $47 million.[52]

The two "supplemental" EZs and four "enhanced" ECs were added to address "disappointments" among areas that had been left out of original funding decisions. This is not to suggest that politics dominated the selection process. Recent research by Marc Wallace finds support for HUD Secretary Henry Cisneros's claim that "a city's degree of need and its revitalization approach was paramount to its selection."[53] In January of 1999 a second round of competitions was held, in which twenty new Empowerment Zones—fifteen urban and five rural—and twenty new rural Enterprise Communities were chosen.[54]

RC/EZ/EC: The Next Round

Building upon previous programs in this policy area, in December 2000 Congress passed the Community Renewal Tax Relief Act to create forty Renewal Communities (RCs)—twenty-eight in urban areas and twelve in rural areas—and to fund eight new Empowerment Zones (EZs)—six in urban areas under HUD and two in rural areas under USDA.[55] Accompanying the legislation was about $17 billion in tax incentives to be used for wage credits, tax deductions, capital gains exclusions, and bond financing. HUD Secretary Mel Martinez claimed, "These tax incentives couldn't come at a better time. This critical partnership between the public and private sectors will give local businesses in distressed neighborhoods an economic boost to help drive revitalization, provide jobs and ultimately build a foundation for stronger communities."[56]

The eight new EZs were located in Pulaski County, (Ark.); Fresno, (Calif.); Jacksonville, (Fla.); Syracuse, (N.Y.); Yonkers, (N.Y.); Oklahoma City, (Okla.); San Antonio, (Texas); and Tucson, (Ariz). The forty new Renewal Communities (RCs) were located in twenty different states. In addition to big cities such as Los Angeles, San Francisco, Detroit, and Chicago, a number of counties and parishes (primarily in the states of Alabama, Kentucky, Louisiana, and Mississippi) and the Turtle Mountain Band of Chippewa in North Dakota participate as RCs. New RCs and third-round EZs carried their designations until December 2009.

The EC program expired in 2004. The RC program expired at the end of 2009. While also targeted to expire in 2009, the EZ program was extended (including the DC EZ) until December 31, 2011, under the Tax Relief, Unemployment Insurance Reauthorization, and

Job Creation Act of 2010. Next, for empowerment zone tax credit purposes only, the EZ program (excluding the DC EZ) was extended to December 31, 2013, under the American Taxpayer Relief Act of 2012. Finally, the third extension of the EZ designation for claiming tax credits only was authorized until December 31, 2014, under the Tax Increase Prevention Act of 2014.

How did the various federal economic stimulus/revitalization programs fare? Marilyn Gittell and her associates examined the first-year experiences of the six urban EZ areas to determine the extent to which the program had enhanced civic opportunity.[57] They found variation in citizen participation levels among the six EZs—local political elites' control of the program had stifled the expansion of civic opportunity in some communities. These researchers urged caution, however, about a hasty evaluation of the EZ program with respect to expanding opportunities for community and citizen participation, pointing out that greater community capacity takes time to develop.

Community activists in EZ cities have also offered a mixed report card for the EZ program.[58] In Camden, New Jersey, Yvonne Haskins, an attorney who helped to write the EZ plan for the city, voiced concerns about fighting among participants over who got what and about the lack of concrete accomplishments. Gerald Roper, president of the Chicagoland Chamber of Commerce and a member of the city's thirty-nine-member EZ board, offered a similar story for Chicago. More positive assessments of the program came from Detroit and Baltimore. In the final analysis, perhaps Richard Nathan, director of the Rockefeller Institute of Government, provides an appropriate assessment of the program: "I'd give it a B-plus overall because this is a very ambitious agenda. . . . These things don't happen overnight."

In March 2004, the General Accountability Office (GAO) published an extensive review of federal revitalization programs in the area of community development.[59] As part of the report, the GAO laments the lack of tax benefit data that could be used by HUD and the USDA to "administer and evaluate the [EZ/EC/RC] programs."[60] The GAO report offers summaries of eleven studies focusing on EZs, ECs, and RCs, many of them highlighting the issues of citizen participation, citizen involvement, and community capacity in the revitalization programs. The number of participants, depth of participation, and sustainability of citizen involvement vary across the studies and across the sites studied. Some studies report minimal citizen involvement, some that citizen participation waned as the projects moved from planning to implementation, and some that citizen participation reached "moderate to substantial" levels. Another study reports that employment grew faster in four of the six EZ zones than in demographically similar neighborhoods, that large businesses are more likely to take advantage of tax incentives offered under the program, and that the number of business establishments owned by zone residents increased.

For the most part, the Empowerment Zone (EZ), Enterprise Community (EC), and Renewal Community (RC) Programs are gone. These programs have been replaced by a new, more holistic approach to federal government aid to local community development—President Obama's Promise Zones (see Policy and Practice Box 2.2). Nevertheless, for many

BOX 2.2 Policy and Practice

PRESIDENT OBAMA'S PROMISE ZONES

On January 8, 2014, the White House Office of the Press Secretary released a statement announcing that later that day President Obama would name the first five of his twenty proposed Promise Zones.[a] As defined by the Department of Housing and Urban Development (HUD), "Promise Zones are high poverty communities where the federal government partners with local leaders to increase economic activity, improve educational opportunities, leverage private investment, reduce violent crime, enhance public health and address other priorities identified by the community."[b] This targeted and holistic approach to revitalizing struggling, high-poverty communities aligns and maximizes existing federal resources across a number of U.S. agencies including the Departments of Education, Housing and Urban Development, Commerce, Health and Human Services, Agriculture, and Justice.[c] In addition, the President's initiative calls for tax credits for hiring workers and providing tax write-offs for capital investments in a designated Promise Zone.[d] Eligibility for Promise Zone designation requires that (1) the overall poverty rate within a tribal, rural, or urban area exceed 20 percent; (2) that the total population of the community not exceed 200,000; and (3) that local leaders in the designated area support the application.[b]

The first 5 promise zones included the following:[a]

- San Antonio, Texas—Eastside Neighborhood (urban)
- Los Angeles, California—Neighborhoods of Pico Union, Westlake, Koreatown, Hollywood, and East Hollywood (urban)
- Philadelphia, Pennsylvania—West Philadelphia (urban)
- Southeastern Kentucky—Kentucky Highlands (rural)
- Choctaw Nation of Oklahoma (tribal)

To illustrate the holistic nature of Promise Zone activities that require the alignment and maximization of efforts across multiple federal agencies, the statement released by the White House Press Secretary on January 8, 2014, contained "key strategies" associated with each application. For the Eastside Neighborhood in San Antonio, these strategies included

- Focusing on job creation and training, including through a partnership with St. Philip's College, in key growth areas including energy, health care, business support, aerospace/advanced manufacturing, and construction.
- Empowering every child with the skills they need by increasing enrollment in high quality pre-K programs; instilling a STEM [science, technology, engineering, and mathematics] focus in the local school districts; expanding enrollment in Early College Programs; and improving adult education opportunities.
- Expanding public safety activities to facilitate neighborhood revitalization; improving street lighting and demolishing abandoned buildings; and integrating public safety activities with social resources.[a]

J. B. Wogan, writing in *Governing* magazine in July 2015, provides an early assessment of the impact of the Promise Zone designation in San Antonio's Eastside Neighborhood.[e] He begins his article by painting a somewhat bleak picture of the neighborhood, which is characterized by roaming dogs (sometimes in packs), vacant houses with boarded-up or broken windows, and pockmarked streets, many of which do not have sidewalks or street lights. Beyond the troubling landscape, quality of life indicators for residents of the Eastside Promise Zone (population of 64,125) are strikingly different from the city of San Antonio (population 1,327,407). Some of these statistics for Eastside, compared to the larger city of San Antonio shown in parentheses, are: poverty

BOX 2.2 Policy and Practice

rate = 30.2 percent (20 percent), unemployment rate = 15 percent (4.5 percent), violent crime rate = 2.78 per 1,000 residents (0.78 per 1,000), percentage of adults without a high school diploma = 33 percent (18 percent), and the vacant housing rate = 14 percent (9 percent). In short, according to Wogan, "Eastside is a very troubled place with pockets of potential."[e]

> There are small traces of a turnaround. Bars and restaurants are starting to pop up. A refurbished pedestrian bridge with a view of the downtown skyline has become a gathering spot for outdoor yoga classes. Charter schools have opened. A cluster of contemporary townhouses, built by a Houston developer, stands in sharp contrast to the older, dilapidated buildings around it.[e]

Some of this revitalization can certainly be tied to a combined $54 million in recent federal grants received by the city of San Antonio to increase educational achievement, reduce violent crime, and replace public housing before the Promise Zone designation was given to the Eastside Neighborhood. But some of the turnaround probably can also be attributed to the additional $32 million in federal grants flowing into the Eastside since its designation as a Promise Zone. The Eastside received grants to (1) create a Headstart program, (2) treat substance abuse, (3) offer job training, (4) treat and prevent HIV and hepatitis, (5) provide drug treatment and employment services to inmates, and (6) expand charter schools. Two federal grants were received to pay for comprehensive plans to formulate long-term strategies for neighborhood economic development and improved public safety. Moreover, the city of San Antonio earmarked more than $17 million for street improvements in Eastside. The city and its nonprofit partners impounded more than 900 stray animals, mowed over 3,400 lots, and repainted 15 houses. Finally, a nonprofit organization called San Antonio for Growth on the Eastside provided grants to 50 small businesses for landscaping and storefront improvements.[e]

Promise Zones represent a departure from the Empowerment Zone, Enterprise Community, and Renewal Communities Programs. These programs focused more on tax credits and regulatory relief for businesses with a focus on employment and economic development. In contrast, Promise Zones focus on more human development. "The same families that are getting upgrades to their streets, sidewalks and parks are gaining access to child care services, job training programs and an updated high school curriculum for science, technology, engineering and mathematics."[e] Promise Zones offer a wide range of coordinated federal grants that positively impact the quality of life of local residents.

On April 28, 2015, the Obama administration announced eight additional Promise Zones, including Camden, New Jersey (urban); Hartford, Connecticut (urban); Indianapolis, Indiana (urban); Minneapolis, Minnesota (urban); Sacramento, California (urban); St. Louis/St. Louis County, Missouri (urban); Pine Ridge Indian Reservation of the Oglala Sioux tribe, South Dakota (tribal); and South Carolina Low Country 9 (rural).[b]

SOURCES: [a] The White House, Office of the Press Secretary, "Fact Sheet: President Obama's Promise Zones Initiative," at https://www.whitehouse.gov/the-press-office/2014/01/08/fact-sheet-president-obama-s-promise-zones-initiative, bulleted key strategies for San Antonio are direct quotes; [b] U.S. Department of Housing and Urban Development, "Promise Zones," at http://portal.hud.gov/hudportal/HUD?src=/program_offices/comm_planning/economicdevelopment/programs/pz; [c] U. S. Department of Housing and Urban Development, *PD&R Edge: An Online Magazine*, "Promise Zones to Improve the Life Chances of Children," at http://www.huduser.org/portal/pdredge/pdr_edge_featd_article_102113.html; [d] Stephanie Condon, "Obama to unveil 'promise zone' economic initiative," CBS News. January 9, 2014, at http://www.cbsnews.com/news/obama-to-unveil-promise-zone-economic-initiative/; [e] J. B. Wogan, "Obama Tries to End the Cycle of Broken Poverty Promises," *Governing*, July 2015, at http://www.governing.com/topics/health-human-services/gov-promise-zones-obama-poverty.html.

Americans the EZ, EC, and RC programs brought much needed relief to urban, rural, and tribal residents. The U.S. Department of Housing and Urban Development website offers over 100 "Community Renewal Good Stories" from EZs, ECs, and RCs in over thirty-two states and the District of Columbia. These are real stories about real people and real successes (see www.hud.gov/offices/cpd/economicdevelopment/programs/rc/tour/gsindex.cfm).

The Local Response to Federal Assistance

We noted earlier that federal aid is a mixed blessing; the outside money is welcome, and often desperately needed, but the red tape, delays, and changing federal requirements frequently frustrate city officials. Complaints about federal programs abound. Local officials, for example, express concern about the administrative complexity associated with grant implementation. They note the need for improved communication between federal and local personnel, more timely information on new programs, and knowledge about similar programs administered by different federal agencies.[61] Robert Agranoff suggests that the cooperative federalism of the 1930s to 1960s has given way to even more federal control and bureaucratic management: "The actions of Congress, the Supreme Court, and presidential administrations appear to have introduced more supervisory than collegial behavior, funneled through an increasingly directive bureaucratic administration."[62]

Here we should note that localities are not as helpless in the face of federal grant requirements or mandates as they might seem. A great deal of bargaining and negotiation commonly occurs among levels of government; federal enforcement efforts are often weak; and cities can frequently shape grant programs to suit local needs, regardless of federal intent. As public administration scholars Jane Massey and Jeffrey Straussman point out, some grant requirements provide a range of compliance choices or allow different levels of compliance. Local governments, then, do not simply comply or fail to comply with grant mandates; instead they choose the method and/or degree of compliance.[63] We have more to say about federal and state mandates on local governments later, but first we examine the relationship between state governments and their legal offspring.

THE STATES AND THE CITIES

Like parents and their children, states and cities have nearly always had a love-hate relationship. States provide financial support for urban areas, but they are also the source of limitations and constraints. As legal creatures of the state, cities are subject to a number of potential controls and regulations. In the late 1860s, Judge John F. Dillon promulgated the most famous rule of law upholding total state sovereignty. Dillon's rule says in effect that cities owe their origins to and derive their powers solely from the state, which has the right to abridge and control those powers. Under this rule, cities have only those powers expressly granted to them by the state constitution or legislature, or any other powers that can be fairly implied from those specific grants of authority. Although this narrow perspective on municipal powers still prevails in some states, other state courts have taken a more liberal view of the powers of a municipal corporation, especially where the state constitution provides for a home-rule charter. (We examine the impact of home rule and the legal limitations that still surround city government in Chapter 3.) Nonetheless, cities remain very much subject to state control in a variety of ways.

Although federal grant programs receive more attention, states actually provide more money to cities than does the national government. By 2012, state assistance as a proportion of *municipal general revenue* had increased to about 18.2 percent[64]—up from 16 percent in 1960. If one includes municipalities and towns/township, the figure in 2012 was 18.05 percent.[65] For all local governments (counties, municipalities, townships, special districts, and school districts), state transfer payments equaled 31.4 percent of local government general revenue in 2012, and one-half (55.4 percent) of these dollars went to school districts.[66]

Because of the growing emphasis on decentralization and the accompanying loss of federal funds, states have been asked to do even more to help their cities. How have states responded? Do they have the capacity to meet the challenge? Capacity means more than money, of course; it means management skills and political will as well.[67]

During the early years of the Reagan budget cutting, some states stepped in to help fill the gap, but most made only modest efforts to replace the lost federal funds.[68] By the middle of the 1980s, as states began to grapple with their own budget shortfalls, state aid to localities slowed down.[69] The states' fiscal problems continued through the early 1990s, until, as the national economy registered steady improvement over the latter half of the decade, state finances also rebounded. Most of the new money went for traditional state services—education, prisons, and Medicaid captured the lion's share of spending growth. Then, the twenty-first century welcomed American cities with yet another wave of budget woes. Michael A. Pagano, writing in a research report titled *City Fiscal Conditions in 2004* for the National League of Cities, notes:

> While economists announced the end of the recession two years ago, a fiscal recession continues in America's cities. Ongoing economic struggles, combined with soaring health care and pension costs, marked declines in state aid to local government, and other factors continue to cause serious fiscal problems for municipalities across the country. . . . Cities are responding to the deteriorating fiscal conditions in a variety of ways. The most common response has been to raise or institute new fees and charges for services. Cities have also increased productivity levels and reduced city employment, service levels and operating spending.[70]

The "marked declines in state aid to local government" Pagano refers to in line three of the above quote represented a loss to cities of about $2.3 billion, or 9.2 percent, in

FY 2004. This loss came on top of a 2.1 percent decline in state aid to cities in FY 2003, and a marginal growth rate of 0.3 percent in FY 2002. As Christopher Hoene noted in *American City and County* in 2003, "When it comes to financial matters, the bad news just keeps on coming for local governments."[71] *And, indeed it did!* As noted in Chapter 1, as a result of the Great Recession that hit the nation with full force in 2008, in 2009 and 2010 collectively state governments experienced massive shortfalls. The National Council of State Governments in 2009 noted for the combined fiscal years 2009 and 2010 there were revenue shortfalls of $291 billion, with an estimated decline of $55 billion in 2011 and $69 billion in 2012.[72] In other words, during and after the Great Recession, state governments simply were not in a position to help their legal offspring weather the downturn in local economies. But, by 2014, local governments finally saw the proverbial light at the end of the fiscal tunnel. For example, the National League of Cities' (NLC) annual survey of city finance officers found that more of these city officials reported improved city fiscal conditions in 2014 than in the twenty-nine-year history of the survey; 80 percent of the respondents said they were better able to meet city fiscal needs than they were in 2013. Moreover, for the first time since 2008 survey participants reported that cities were increasing rather than decreasing municipal workforces.[73] Although 2014 seems to be a watershed year for the improvement of city fiscal conditions, Christiana McFarland and Michael Pagano, authors of the NLC report, offer words of caution about the current fiscal health of cities.

> However, local fiscal health has not yet fully returned to prerecession levels as economic activity clambers back from the downturn. While tax revenues continue to improve, increases in service costs, long-term infrastructure needs, employee wages, and pension and health care obligations, along with decreased levels of state and federal aid, continue to constrain the fiscal outlook.[74]

Clearly, at least for the foreseeable future, cities will continue to exemplify the fend-for-yourself intergovernmental environment that began to emerge in the late 1970s and early 1980s.

Before examining how cities manage relationships among themselves (interlocal relations) in metropolitan areas, a brief discussion of federal and state mandates is warranted.

FEDERAL-CITY AND STATE-CITY RELATIONS: THE ISSUE OF MANDATES

A *mandate* is "a constitutional provision, a statute, an administrative regulation, or a judicial ruling that places an expenditure requirement on a government. That requirement comes from outside the government forced to take the action."[75] In intergovernmental relations, mandates flow downward, from the federal to the state and local levels or from the state to the local level. Also, courts have become increasingly active in the mandate process, requiring various actions on the part of state and local governments (such as addressing prison/jail overcrowding). Mandates are especially troublwhich are on the receiving end of most of them, because invariably they seem to require the expenditure of money. Thus, the burden of dealing with many social ills falls disproportionately on those governments least able to absorb the shock because their revenue sources are the most restricted.

Although Congress drastically reduced aid to states and localities during the 1980s, federal lawmakers were reluctant to relinquish control over certain national programs. Therefore, as money dried up, mandates exploded—much to the displeasure of local officials. "Basically, it's a matter of buck-passing," complained Mayor Victor Ashe of Knoxville, Tennessee, then chairman of an advisory board for the U.S. Conference of Mayors. "Congress has decided it can impose anything that it wants just by writing its goals into a law and then passing the costs on down to state and local governments. . . . Carried to its logical extreme, it's going to drive us all into bankruptcy."[76]

Mandates typically cover valuable and even popular programs. Most of these direct orders concern civil rights and environmental protection. Various pollution mandates require states or localities to comply with federal standards for clean air, pure drinking water, and effective sewage treatment. Another major mandate protects the rights of the disabled. The 1990 Americans with Disabilities Act (ADA), requiring businesses as well as state and local governments to provide equal access for the disabled, became one of twenty mandates enacted in that year.[77] Many times, the real question associated with mandates is not so much the desirability of the policies as who should pay for implementation.

When Republicans gained control of Congress in 1994, the pleas of state and local officials received a sympathetic hearing. The result was the Unfunded Mandates Reform Act (UMRA) of 1995. The law was not retroactive, and it exempted unfunded mandates covering civil rights.[78] Still, it represented a major shift in the relationship between the national government and state, local, and tribal governments. Basically, the act declared that Congress cannot pass any unfunded mandate without first submitting it for cost estimates to the Congressional Budget Office (CBO). If the CBO finds that the cost of the intergovernmental mandate exceeds an estimated $50 million or $100 million for a private sector mandate (the figures are adjusted for inflation and in 2013 the thresholds were $75 million for an intergovernmental mandate and $150 for a private sector mandate),[79] Congress must specify the source of the additional money to support the legislation. The 1995 act did not end mandating, but, at least in principle, it should have substantially slowed the congressional tendency to impose these fiscal burdens on subnational governments. Did it succeed?

In May 2001 the Congressional Budget Office offered a five-year (1996–2000) report on its activities under the UMRA. The report notes, "Numerous pieces of legislation that originally contained significant unfunded mandates were amended to either eliminate the mandates or lower their costs. In many of those cases, information about mandate cost provided by the Congressional Budget Office (CBO) clearly played a role in the Congressional decisions. In those respects, title I of UMRA proved to be effective."[80] The report further notes that during the five-year span only two intergovernmental mandates with costs exceeding the $50 million threshold became law—an increase in the minimum wage in 1996 and a reduction in federal aid to support the food stamp program in 1997.

Another study completed by the General Accountability Office in May 2004 was less sanguine about the effectiveness of the UMRA. The GAO suggested that the "identification and analysis of federal mandates on state, local, and tribal governments or the private sector is a complex process under UMRA."[81] There are multiple steps and multiple tests to pass before a law or regulation is tested against UMRA standards: "For example, UMRA does not require CBO to review potential mandates in appropriation bills, and UMRA does not apply to final rules that agencies issue without having published a notice of proposed rulemaking or to any rules issued by independent regulatory agencies."[82] The GAO report noted that the No Child Left Behind Act of 2001 did not meet the definition of a mandate because compliance with requirements in the act was a condition of receiving federal aid. In short, the UMRA has not been the panacea that state and local officials had hoped for because few actions trigger UMRA review. During the first three years of the act, only three federal actions were judged to impact subnational governments enough for UMRA review.[83] In the legislative years 2001 and 2002, only 5 of 377 statutes enacted and only 9 of 122 economically significant rules issued by federal agencies were deemed to have mandates applicable for UMRA review.[84]

What about state governments and their propensity to place mandates on their legal offspring? One might think that since the states are on the receiving end of federal mandates, they might "go easy" when imposing them on local governments. Unfortunately, this is not the case. Nicholas Henry, for example, notes, "On average, a fifth of the hundreds of measures introduced each year in state legislatures directly affect the authority, procedures, and finances of local governments," and "one careful review of this issue has labeled efforts to measure the cost of state mandates a 'fool's errand.'"[85]

INTERLOCAL RELATIONS

In 2014, an estimated 85 percent of the U.S. population lived in metropolitan (metro) areas.[86] These metro areas comprise about 20 percent of the nation's total land area. Metropolitan areas abound with local governments—counties, cities, school districts, and special districts. For example, the Chicago metropolitan area has 1,456 units of local government—9 counties, 455 cities and towns, 662 special districts, and 330 school districts.[87] These statistics reinforce a basic truism about American politics: Political power in the United States is highly fragmented. The relationships that exist among all of the thousands of local jurisdictions tend to be informal and voluntaristic; no single political structure encompasses the entire metropolitan area in most parts of the country. For years, various groups have decried this proliferation of autonomous political units, urging in its place a more unified, centralized political structure.

Just how serious is the multiplicity of local governments in the metropolis? According to some authorities, the political balkanization of the metropolitan area contributes to the following problems:

- Municipal services are provided less efficiently because of overlapping jurisdictions, duplication of services, and lack of economies of scale.
- Political accountability is reduced because citizens are confused as to which government is responsible for which activities.
- Area-wide planning is impossible—the lack of an area-wide government precludes a coordinated attack on problems (transportation, pollution, housing) that transcend local boundaries.
- Fiscal disparities are created between central city and suburb.
- Great variations in service levels occur among parts of the metropolis.
- The inability of the metropolitan area to handle its own problems compels state and federal intervention and reduces local initiatives and options.

In short, reformers blame many of the problems associated with big cities on the faulty metropolitan political structure. In an earlier period, local reform groups often urged the creation of some form of government that would encompass an entire metropolitan area, perhaps through city-county consolidation. But in this country, far-reaching structural changes almost always require voter approval, and over the years voters have not been kind to proposals that would drastically reshape government in metropolitan areas. Few city-county consolidation efforts have been successful. Only seventeen of the eighty-three referenda proposed on city-county consolidation passed between the years 1921 and 1979; seven out of twenty-seven passed in the 1980s, two in the 1990s, and one in 2003. Since the early 1900s, only four consolidations of a large city (250,000 or more people) and a county have been approved: Nashville–Davidson County, Tennessee, in 1962; Jacksonville–Duval County, Florida, in 1967; Indianapolis–Marion County, Indiana (imposed by the state legislature), in 1969; and Louisville–Jefferson County, Kentucky, in 2003. Historically, fewer than one-quarter of the consolidation issues placed on the ballot have been approved by the voters.[88]

Reorganization Successes and Failures

Why have far-reaching changes occurred in some places and not in others? There is no simple answer. Perhaps voter approval can be won only under unique, crisis-related circumstances. Or, as some contend, a crisis may be a necessary but not a sufficient reason for change. A variety of other forces—in particular strong local leadership from influential segments of the community—must converge if reorganization is to succeed.[89]

Which groups customarily oppose one another over the issue of metro reform? The central-city business elite, civic organizations, big-city newspapers, and reform groups often support reorganization, while suburban newspapers, mayors and employees of small towns, fringe-area business people, and central-city blacks often lead the opposition. Despite the endorsement of what seem to be powerful local groups, the status quo usually carries the day. In addition, the confusion and distrust created by reform opponents frequently induce voters to take the traditional way out. The adage, "Better the evil that is known," and the rule of thumb, "When in doubt, do nothing," are probably decisive for many voters.[90]

Centralization versus Decentralization

Not everyone favors increased governmental centralization in metropolitan areas. In recent years, certain groups, minorities in particular, have urged just the opposite—greater decentralization and increased citizen participation. This movement grew out of the maximum-feasible-participation requirements associated with the Johnson administration's War on Poverty. In general, traditional metro-centralization proposals omit any consideration of what many feel is an equally important need: providing a mechanism for individuals to exercise a greater degree of control over certain services and facilities serving their own neighborhood.

Support for metropolitan decentralization also comes from scholars who, committed to the public-choice tradition, favor competition in public service. They suggest that the fragmented metropolis is analogous to a market system in which cities compete with one another for customers by offering appropriate packages of urban services. Presumably, residents can select the particular community in the metropolitan area that most nearly provides the public services they need. Municipalities then are forced to compete by offering attractive services and low tax rates.

Decentralization offers the following advantages as well, according to critics of metropolitan reform:

- Services provided by smaller units frequently receive more favorable citizen evaluations than those offered by larger jurisdictions.[91]
- Economies of scale are not universally achieved with greater size; in fact, some services may be less costly when offered by smaller units.[92]
- The existence of a large number of local governments may provide greater citizen access to political authority and thus reduce feelings of apathy, isolation, and anomie.[93]

Even though city-county consolidation has not swept the country, mechanisms are available for ensuring some measure of coordination among local governments in metropolitan areas. Before examining councils of governments and metropolitan planning organizations as coordination mechanisms, we should consider local governments that further decentralize administrative and political power: special districts.

SPECIAL DISTRICTS: A "SPECIAL" TYPE OF DECENTRALIZATION

Over the past fifty years, special districts have been the most rapidly growing type of government in the United States, increasing in number from 18,323 in 1962 to 38,266 in 2012. Although they represent 43 percent of all local governments, they do not include towns, municipalities, or school districts. Only one of ten provides services beyond a single county (they serve a limited area) and 90 percent of them deliver only one service (they serve a limited function). They are highly dependent on federal aid: 11 percent of their revenues come directly from Washington, "the largest proportion for any type of local government."[94] These governmental units are often highly criticized, for a variety of reasons:

> Excessive reliance on single function special districts has led to lack of coordination in local service provision, use of public funds to further private development interests, decrease in public accountability, and decreased capability of general-purpose governments to enact effective area-wide policies.[95]

Special districts offer a wide array of activities and services, including cemeteries, housing and urban renewal, soil conservation, sewers, water supply, electric power, transit, drainage, and irrigation. Operating largely outside the control of general-purpose government and public scrutiny, these "shadow" governmental units allow cities to do things they could not do otherwise because of state constraints on debt limits. Most special districts have taxing authority, and some even have the ability to issue revenue bonds.

So, then, are special districts "good" or "bad"? The answer depends, of course, on the politics of the creation of a particular special district. If politics allocate values, and if we value open, participatory government, then the development of a citizen-controlled, single-purpose water district in a rural area to lay pipes that enable citizens to enjoy safe, clean water is good. If, on the other hand, a special district is created to foster the politics of exclusion, to bypass public dialogue about an issue or problem, then the special district distorts the democratic process. Perhaps Nancy Burns summarizes the crux of the argument best in her important book on the topic of special districts, *The Formation of American Local Governments: Private Values in Public Institutions:*

> The benefits of special districts are that they can fund and provide services and infrastructure; they are able to get things done in a fragmented American polity. The difficulties are two: They do this while no one watches except interested developers, and they are gradually becoming the realm where much of the substance of local politics happens. Thus local politics becomes quiet, not necessarily through . . . consensus, but rather through the invisibility of special district politics.[96]

MECHANISMS FOR COORDINATION: COGs AND MPOs

Aside from the few successful instances of genuine metropolitan reorganization, about the only means of bringing about greater governmental centralization in metropolitan areas has been some form of voluntary cooperation. A host of interlocal agreements (special districts, contractual arrangements, and so on) characterize every large urban area, but the major development in effecting greater governmental coordination has been the creation of councils of government (COGs) and metropolitan planning organizations (MPOs). Few such arrangements existed prior to the mid-1960s. The real impetus for the formation of COGs came with the Demonstration Cities and Metropolitan Development Act of 1966, which required that a number of federal urban development grants be subject to review and comment by some area-wide organization. The most prominent mandate for area-wide review to help coordinate federal grants in metro areas is called the "A-95 review power" (after a budget agency document with that number).[97] Although the actual A-95 clearinghouse expired in 1982 under the Reagan administration, similar review processes have been established in all the nation's metropolitan areas (central cities and their surrounding areas), in the form of either COGs or MPOs—both of which are sometimes called *regional councils*.

Metropolitan planning organizations, like COGs, are primarily the product of federal legislation, but they are more recent in terms of development. In the early 1990s, a number of laws making amendments to the Clean Air Act and the Transportation Equity Act for the 21st Century required that metropolitan areas develop metro-wide transportation plans.[98] This led to the creation of MPOs. Often this metro-wide transportation planning function is housed in the local COG, and for this reason, the remainder of the discussion here focuses primarily on COGs.

Though stimulated and nourished by federal requirements, regional councils are voluntary in nature. They are not true governments because they lack taxing and legislative power. Organizationally, COGs consist of elected officials from member governments, primarily cities and counties in the region. Although, in the beginning, about 50 percent of regional councils had a one-government, one-vote arrangement, provisions for population-weighted voting became more common over time.

COG Activities and Funding

Regional councils essentially perform three functions: they prepare plans, oversee grant applications, and provide technical assistance to member governments, especially in grant preparation. The area-wide review-and-comment role gave COGs their greatest potential leverage for bringing about some measure of metropolitan area coordination. After President Reagan revoked the provisions of the A-95 review power, state governments were asked to develop their own procedures for reviewing federally funded activities. Under this order, federal agencies are still required to make every effort to accommodate state and local recommendations concerning federal programs affecting their jurisdictions. Almost every state has now implemented its own version of the review-and-comment function, in many cases essentially continuing the system in place under federal guidelines.

Today there are about 700 regional councils; after the hard years in the 1980s, when many COGs closed their doors and cut staff, the number has stabilized.[99] Most of the planning done by COGs is for physical development; water-and-sewerage, land-use, open-space, transportation, and solid-waste planning are the most prevalent issues. Some economic development planning also occurs. But COGs are notorious for avoiding politically sensitive problems that might involve social change, such as metropolitan approaches to low-income housing and school desegregation.

In the past, most regional councils received the bulk of their planning and operating funds from federal sources, but that, too, has changed in recent years. Instead, the state and local governments in affected areas have had to come up with an ever-larger portion of their COGs budget.

Evaluating the COGs

How successful have COGs been in bringing about some measure of metropolitan centralization? The assessment of COGs varies considerably. The federal-COG partnership peaked in 1977; since then, COGs have been engaged in a continuing quest to redefine their role and their relationship to local governments. Even though these organizations now provide more direct delivery of services and offer more management support services than before, former COG official Charles Shannon believes they have declined in importance. Writing in 1986, he noted that COGs have served as vehicles for incremental change, but "they have not met the more fundamental tests of equitably redistributing public resources, including attendant metropolitan financing methods, nor have they fulfilled comprehensive regional planning needs."[100] A recent quote by a regional council director speaks further to the issue of the lack of comprehensive regional planning on the part of COGs: "Members [of regional councils] are comfortable with regionalism that stops at the county/urbanized area boundary. Extraregional activity (megaregions) are viewed skeptically, a way of losing local control."[101] Most supporters have abandoned hope that COGs can evolve into genuine metropolitan governments.

SUMMARY

The social, economic, and political context in which urban managers must function is a complex one. Especially in larger urban areas, the world of municipal governance has grown even more complicated and demanding in recent years. As population shifts accentuate the special needs of disadvantaged groups even as they decrease the resource base, city governments are finding it increasingly difficult to manage the seemingly endless service demands of the urban populace. Having sustained cuts in many federal aid programs, some cities have had an especially tough time adjusting to the new fiscal realities. But some observers contend that by relying more on their own resources—in many instances increasing taxes or fees to maintain service levels—cities have become stronger. They have had to grow stronger in an era of "fend for yourself" federalism.

The urban manager's intergovernmental environment is not by any means confined to higher levels of government. A bevy of local jurisdictions, often in competition with one another, is found in virtually every metropolitan area of any size. Questions of metropolitan government reform arise periodically, but Americans seem to like fragmented government and local control—and this is not a feature of politics American-style that is likely to change. Perhaps the best we can hope for is to address area-wide concerns in metropolitan areas through COGs and MPOs.

As we discuss in greater detail in Chapter 4, systems management requires the urban administrator to recognize *and* manage the "big picture." Many factors act as inputs into the local political system. Some of these factors the urban executive can control, but many cannot be controlled. Among the inputs that are really beyond local control are actions taken by other governments vertically (federal and state policies) and actions taken by