The Emerging Roles of County Governments in Metropolitan and Nonmetropolitan Areas: Findings From a National Survey

Linda Lobao
David S. Kraybill
Ohio State University

During the past few decades, local governments have extended the scope of their activities in response to changing economic and political conditions. By and large, research on local governments neglects counties, now the fastest growing general-purpose governments. This article examines counties' roles in economic development and public service activities and reports on findings from a national survey of county governments with broad generalizability and a relatively high response rate across metropolitan and nonmetropolitan areas. Counties provide important services that promote local economic development, enhance human capital, and serve social safety net functions. In accordance with literature on decentralization, the scope of these activities is reported to have grown with the passage of time. Relative to other counties, however, nonmetro counties provide fewer economic development and other public services and are less likely to have increased their role in these activities over time. The article examines reasons for these metro-nonmetro differences.

Keywords: *county government; devolution; economic development; welfare reform; rural counties*

Linda Lobao is a professor of rural sociology, geography, and sociology at Ohio State University. Her current research centers on spatial inequality, regional development, and social change in rural areas.

David S. Kraybill is a professor of agricultural, environmental, and development economics and geography at Ohio State University. His research focuses on income inequality, regional growth, and local public finance.

In the past few decades, localities have faced profound changes in the economic and political environment. Although numerous studies document economic restructuring at the local level, far less research focuses on the political environment and shifts in institutional arrangements affecting localities. By *institutional arrangements*, we refer to laws, organizations, and practices guiding local economic development and distributing its benefits and losses (Kraybill & Weber, 1995). Since the 1980s, local governments appear to have increased their scope of functional responsibilities, reflecting a broader, national shift toward more decentralized government (Kodras, 1997; Razin, 2000). Federal responsibility has been reduced in some policy domains, greater programmatic authority is now granted to states and localities, and government operating decisions are increasingly influenced by market relations. A new political environment has emerged that in many ways redefines previous institutional arrangements that governments have forged with citizens and businesses (Kodras, 1997).

Most research on decentralization is at the national, state, or city level, with relatively little attention paid to counties and rural areas (Reese, 1994). This article fills a gap in the literature by examining the emerging role of counties across metropolitan and nonmetropolitan areas.

AUTHORS' NOTE: This research was funded by the National Research Competitive Grants Program, USDA-CSREES, and conducted in association with the National Association of Counties. Findings expressed are those of the authors and do not necessarily reflect the views of the National Association of Counties.

ECONOMIC DEVELOPMENT QUARTERLY, Vol. 19 No. 3, August 2005 245-259
DOI: 10.1177/0891242405276514

Our purpose is to report on findings from a recent survey focusing on the role of county governments in an era of decentralization. The survey provides comprehensive national coverage of both metro and nonmetro counties regarding government activities for which information is not available from secondary sources. We focus on two activities of county governments—providing economic development programs and public services. Both represent major domains along which decentralization of government functions is manifest (Dewees, Lobao, & Swanson, 2003; Kodras, 1997; Razin, 2000). For local governments, economic development and public services are linked activities in improving community well-being. We address three research questions:

Research Question 1: What economic development and public service activities do county governments undertake?
Research Question 2: How do economic growth strategies and public service provision vary across urban and rural counties?
Research Question 3: To what extent do added governmental responsibilities affect reported fiscal well-being?

This article is organized into three sections. First, we elaborate on the importance of the county as a unit of government. We also explain why rural counties, particularly the most remote ones, may experience greater difficulty than do urban counties in coping with changes brought about by decentralization. Next, we describe the survey design and present research findings. The final section summarizes our conclusions.

COUNTY GOVERNMENTS IN AN ERA OF DECENTRALIZATION

Counties as Units of Government

Counties serve large populations, yet they remain a level of local government obscure to most researchers (Reese, 1994). In 2001, counties had more than 230 million residents, comprising a larger population than other general-purpose local governments (municipalities and townships). Among the 48 contiguous states, 46 have functional county governments (counting Louisiana's parishes). Counties cover most of the national territory and are the major government for unincorporated areas. They are the fastest growing of all general-purpose local governments. From 1980 to 1997, government employment, a common indicator of government size, grew by 31% for counties. During this period, government employment grew by 26% for states, 8% for municipalities, and 15% for townships, whereas federal government employment declined by 3% (U.S. Bureau of the Census, 2000, p. 300).

Counties are significant administrative units where new federal and state mandates are being implemented. Nearly half of Americans live in the 13 states where counties directly administer Temporary Assistance to Needy Families (TANF).[1] In another 7 states, counties have discretion concerning TANF eligibility, benefits, or services (U.S. Department of Health and Human Services, 2003, pp. 319-321). There is little generalizable research on how counties, particularly in rural areas, implement devolved programs and the extent to which they provide important public services (Goetz & Freshwater, 1997).

Counties also undertake economic development activities, but here, too, empirical documentation is sparse (Reese, 1994). Extant research on economic development activities centers almost entirely on states and municipalities. Tax abatements and other widely used economic development instruments are not well studied at the county level or in rural areas.

Finally, counties play important coordinating roles in the Federalist system. They are often a de facto coordinator of regional planning among lower levels of government (e.g., municipalities and townships) and between higher levels of government and local residents (Cigler, 1993; Reese, 1994). The significance of county governments in the Federalist system was underscored in the 2000 presidential election, where variation among counties in providing voting machines and counting ballots decisively affected national results.

As county governments have grown in size in recent years, it is to be expected that they have allocated resources to an increasing range of activities, especially economic development programs and public services. Because of differences in county population characteristics and economic bases, it is likely that there will be spatial variation among county governments in managerial and other resource capacities, scope of economic development and public service activities, and fiscal stress. In particular, we expect that nonmetro counties will fare less favorably in terms of resource capacity, scope of activities, and fiscal stress.

Counties and the Localization of Economic Development and Public Service Activities

Several reasons for why counties should expand in size and scope of activities are suggested in the literature. Most broadly, increased local government activity is part of the ongoing trend toward decentralization, a complex process occurring across policy domains (Kodras, 1997; Razin, 2000; Rodriguez-Pose & Gill, 2003). One component of decentralization is that whether by choice or mandate, lower governmental units assume greater responsibility for a wider range of public service, economic development, and infrastructure functions (Razin, 2000). This component of decentralization, in which functional activity of local governments increases, is termed *localization*. Long-term as well as recent political and economic shifts have contributed to localization of government functions.

Since the 1980s, devolution of federal functions to lower levels of government has been widely promoted as public policy by presidents and legislators alike (Donahue, 1997). Decentralized economic growth initiatives have increased as subnational governments have become more entrepreneurial (Eisinger, 1988). Analysts attribute the expanding role of local governments in economic development during the past two decades to five main factors: the national climate of slow economic growth, intensification of competition among localities for mobile capital, globalization of financial markets, fiscal crises associated with local economic decline, and cutbacks in federal assistance for economic development, which have forced local governments to rely on their own resources (Loveridge, 1996; Stoker & Mossberger, 1995; Wolman, 1996).

Finally, recent changes in the Federalist system place local governments, especially counties, at the forefront of a major shift in public services and entitlement programs. As a consequence of post-1990 federal and state decentralization, particularly mandates brought about by 1996 welfare reform legislation, local governments face a new wave of social service and workforce development responsibilities (Kodras, 1997).

Localization of economic development and public service activities are linked in practice and theory. In practice, low quality of public services, often found in rural areas, inhibits business attraction and makes it difficult to upgrade human capital required for economic growth (Fisher & Ditsler, 2003). Analysts also have recently argued that localities need to move beyond traditional economic growth initiatives, in which benefits do not filter down to most residents, and give greater attention to community quality-of-life initiatives, such as housing, public infrastructure, social services, and workforce development (Bukenya, Gebremedhin, & Schaeffer, 2003; Giloth, 2000; Reese & Rosenfeld, 2002).

There are also theoretical reasons for jointly addressing local economic growth and public service activities. Peterson (1981) notes that there are trade-offs between local governments' growth and redistribution activities. Counties highly engaged in competitive economic development activities may provide fewer public services, particularly social services. On the other hand, literature on decentralization provides reasons why counties may jointly expand economic development and public service activities of all types. Other theorists posit that distinct, subnational modes of regulating growth and redistribution exist across locales (Peck, 1996). If so, there may be systematic spatial variations in economic development and public service activities, particularly between urban and rural counties.

Increased responsibilities assumed by local governments have led to varying outcomes. The major argument for positive impacts of direct local control of services and growth activities is that governments closer to the people have greater flexibility in addressing needs and preferences (Wolman, 1995). Analysts stressing negative impacts often see localized growth initiatives and

public service devolution as symptomatic of broad, institutional shifts in which governments at all levels are less redistributive toward citizens and more dominated by market relations (Cox, 1997; Kodras, 1997; Lobao, Rulli, & Brown, 1999). Local governments are likely to experience a mismatch between devolved program responsibilities and resources, exacerbating fiscal stress. This changed institutional environment places ever-greater pressure on localities to engage in competitive economic development activities (Kantor, 1995).

Much of the literature suggests a rural marginalization thesis: Nonmetro governments are expected to be worse off as they attempt to cope with insufficiently funded public service mandates and devote their own revenues to the capture of mobile business resources.

Implications for Metropolitan and Nonmetropolitan Areas

Spatial differences in local governments' ability to assume increased responsibilities are an expected outcome of decentralization (Rodriguez-Pose & Gill, 2003). Much of the literature suggests a rural marginalization thesis: Nonmetro governments are expected to be worse off as they attempt to cope with insufficiently funded public service mandates and devote their own revenues to the capture of mobile business resources. Rural disadvantage is usually attributed to population size, density, and composition; economic structure; and local government capacity, with disadvantage greatest for more remote nonmetro counties (Brady, Sprague, Grey, & Wiseman, 2002; Goetz & Freshwater, 1997; Lichter & Jensen, 2002). In addition to smaller and in remote places, slower growing or declining populations, nonmetro counties tend to have older and less educated populations. They are also characterized by a smaller, less diversified economic base; poorer quality jobs; lower incomes; higher poverty; and higher unemployment (Lichter & Jensen, 2002; Lobao, 1990). These demographic and economic attributes limit the resources available to county governments and exacerbate fiscal stress (Johnson, Pelissero, Holian, & Maly, 1995). Older populations require more services but contribute less to the local economy than do working-age populations. Low population density makes service provision more costly per resident. Population decline means that revenues must be raised from smaller tax bases. A poorer local economy tends to place a greater burden on taxpayers (Johnson et al., 1995). Population and economic attributes affect localities' economic development activities. For example, in a study of cities, economic development expenditures were higher in areas with poorer economic conditions, larger population size, and slower population growth (Basolo & Huang, 2001).

In sum, because of attributes of the local population and economy, county governments vary in managerial and other resource capacities, scope of public services and economic development activities, and fiscal stress. Based on the literature, we expect that nonmetro counties fare less favorably than metro counties in all three of these areas.

Empirical Research on the Changing Role of Counties

Recent research on county government activities is limited. The vast majority of studies that use counties draw from data on populations as opposed to governments. Extant research provides some evidence of nonmetro disadvantage when government functions become localized in counties. A study of block grant programs finds that nonmetro governments experienced greater difficulty in obtaining and implementing grants than did metro governments, indicating serious weaknesses as local fortunes must increasingly depend on the capacity to secure and manage external funding (Rural Policy Research Institute, 1995). Using International City/County Management Association (ICMA) data that include about 20% of all nonmetro counties, Warner and Hefetz (2002) found that nonmetro county governments in the mid-1990s provided fewer public services than did metro counties.

Recent assessment of county governments' role in economic development is limited by geographic coverage and time period of existing studies. In a survey of county officials conducted in 1996 in six states bordering the Ohio River, Dewees et al. (2003) found that of 15 economic development activities, 10 activities were undertaken by at least half of all counties. Although the authors expected wide urban-rural variations, only 4 of the 15 activities differed significantly by metropolitan status. The greatest difference was in use of tax abatements, which increased with metropolitan proximity. About 49% of nonmetro, nonadjacent counties reported providing tax

abatements compared with 55% of nonmetro adjacent and 73% of metro counties. In a study using 1989 ICMA data for county governments, Reese (1994) found that the top 4 of 12 activities aimed at encouraging new economic growth involved soliciting foreign interests and human resource training, each reported by more than half of counties, and developing export markets and using a market development plan, each reported by more than one third of counties. Because ICMA data contain mainly metro counties, these findings likely overestimate the national scope of these activities.

Most recent research on urban-rural differences in governmental activities is based on secondary data of county populations and focuses on social services, particularly welfare reform. This research suggests that nonmetro populations, particularly those residing in the most remote counties (nonadjacent to metro areas) have fared worse as government functions have decentralized. Real declines in spending for social programs have greater effects on remote, nonmetro populations owing to their higher poverty rates (Economic Research Service, 1997, p. 46). Using data prior to welfare reform, Nord (1998) found that welfare benefits per recipient were lower in more rural states, but there was no rural disadvantage in food stamp benefit levels. A number of studies directed at welfare reform document a spatial mismatch of workers and jobs in poorer and more rural counties, which reduces the probability of successful employment of welfare recipients (Gibbs, 2002; Goetz & Freshwater, 1997; Jensen & Chitose, 1997; Lichter & Jensen, 2002). Evidence from two southern states shows that welfare and food stamp caseload declines from 1991 to 1999 were smaller in nonmetro counties, owing to their weaker economies (Henry, Reinschmiedt, Lewis, & Hudson, 2002).

Despite the general view that rural places and people are made worse off as government functions are localized, some studies suggest the issue is more complex. First, expectations of rural disadvantage are not consistently borne out, as we have noted earlier and as are found in studies elsewhere. For example, in a 1999 study of rural Ohio Appalachian counties, social service directors reported that funding was more than adequate to implement mandates associated with welfare reform (Tickamyer, White, Tadlock, & Henderson, 2002). Past governmental activity also may mask contemporary rural disadvantage. Urban local governments have a long tradition of providing a wider range of economic development and general public services, as compared to rural local governments. These differences in political culture likely persist, affecting not only which services are provided but also public spending in times of fiscal stress (Johnson et al., 1995). Because rural governments undertake a more limited range of activities in the first place, they may be less likely to experience funding shortages than do urban governments, which expand activities to accommodate local population and business needs.

Systematic examination of spatial disadvantages among counties is hampered by existing data. Compared to information available on governments at state and municipal levels, there is relatively little standardized information on county governments, and the available information is limited in quality. The major source of secondary data on county governments is the quinquennial Census of Governments, which focuses on revenues, expenditures, and employment but contains relatively little information about economic development activities and services directly provided by counties. Data compiled in the Census of Governments are actually provided by states, not counties, and there exists no common methodology across states for gathering the data. Secondary sources such as the Census of Governments are also limited in detail on variables related to recent policies, programs, and devolved activities. Primary data collected on county governments are largely state specific and cannot be generalized across urban-rural governments nationally. National data on county governments are produced by the ICMA, which performs periodic surveys dealing with staffing, economic development, and other activities. However, ICMA surveys focus on counties with populations of 25,000 or more, excluding more than half of all counties. Remote nonmetro counties, because they tend to be small, are excluded. Response rates to ICMA surveys are generally 30% to 35%, meaning that even for sampled counties, about two thirds are missing. As a result of low response rates and restricted sampling, ICMA surveys cover only about 20% of all nonmetro counties.

COUNTY GOVERNMENT SURVEY

Survey Methods

To better understand the activities of county governments, we conducted a survey in winter 2001 with the cooperation of the National Association of Counties (NAC). The NAC publicized the survey broadly in advance and sent a letter to county officials encouraging their participation. To develop the questionnaire, we conducted focus groups with county officials nationally and further refined our questions through pretesting with officials in each of 46 states. Using a list of officials provided by the NAC, we mailed questionnaires to about 2,700 counties in the 46 contiguous states in which counties are functional units of government. We contacted the NAC–affiliated associations of counties in each state to identify the appropriate official to serve as the respondent or key informant for the county. For example, although for most states county commissioners or county managers were the most appropriate key informants, county clerks were most knowledgeable about administrative and budgetary issues in a few. We followed Dillman's (1978) methodology for survey implementation.[2] A total of 1,678 counties responded to the survey, yielding a response rate of 62%. Of the responding counties, 26% were metropolitan; 24% were nonmetro, adjacent to metro areas; and the remaining 50% were nonmetro, nonadjacent to metro areas. These response percentages were identical to the proportion of all U.S. counties in each metro-status category.

A total of 1,678 counties responded to the survey, yielding a response rate of 62%.

Surveys using government officials as key informants to describe their locale are the most common way of gathering local government data unavailable through secondary sources such as the Census of Governments. This methodology of primary data collection is used in the surveys conducted by ICMA, the National Governors Association, and the U.S. Conference of Mayors and by independent researchers (e.g., Basolo & Huang, 2001; Reese & Rosenfeld, 2002; Sullivan, 2002). Such primary surveys of governments have limitations, and ours is no exception. Wolman (1996) provided an overview of these limitations and noted that much data collected allowed construction only of dichotomous variables, such as use or nonuse of an economic development tool or other government activity. Wolman indicated that government key informant surveys ideally should aim for a range of responses, such as the degree of use of an economic development tool or activity. Therefore, to better capture a range of responses and because we were interested in change in processes, we asked informants to rate the degree to which certain government activities changed compared to the past. Retrospective questions about change are also used in many surveys, such as those by the U.S. Conference of Mayors. These questions may introduce perceptual and other response biases that cannot be readily avoided or corrected. We have no evidence that systematic bias has affected the results reported here. Until generalizable surveys of counties' economic development and other activities are implemented using longitudinal designs, the only way to assess national trends over the same counties is to ask key informants about changes.

We tested for two types of systematic bias: nonresponse bias and bias due to the informants' characteristics. The potential for nonresponse bias was tested following Basolo and Huang (2001). We used logistic regression models with response as the dependent variable (1 = county responded to the survey; 0 = county did not respond) and included five major county characteristics as independent variables: unemployment rate, median family income, population size, metro status, and region of the country. None of the coefficients on these variables was statistically significant. We also included variables on the responding officials' age, education, gender, and length of time in county employment. Using these informant characteristics as independent variables, we performed regression analyses for two sets of dependent variables shown in the appendix (number of economic development activities reported to have increased and number of social service activities reported to have increased). These models show no statistically significant effects of informant characteristics on their reports about economic development and social service activities. The relatively high response rate to the survey also helped minimize the possibility of systematic biases.

We present findings for the nation as a whole and for three categories of counties: metro, nonmetro adjacent, and nonmetro nonadjacent.[3] To condense terminology, we refer to these counties as metro, adjacent, and remote. Government size tends to vary by metro status and affects the

scope of activities undertaken. We placed county governments in eight employment-size categories. Modal employment was 100 to 249 for all counties and adjacent counties, 1,000 or more for metro counties, and 50 to 99 for remote counties.

We address three questions: What economic development and public service activities are county governments providing? How do economic development and public service activities vary across metro, adjacent, and remote counties? To what extent is decentralization affecting reported fiscal well-being? To address these questions, we focus on providing a descriptive analysis, which we supplement with multivariate findings. Our purpose is to describe the current situation and reported trends, not to engage in causal analysis. All differences we report for metro, adjacent, and remote rural counties are statistically significant at $p < .1$, unless noted otherwise.

County Government Economic Development Activities

Most county governments play a role in economic development. Of county officials, 72% (80% of metro, 75% of adjacent, and 67% of remote counties) report their county engages in economic development planning and implementation. Moreover, for 51% of counties (55% for adjacent), county government is one of the two most important players in economic development.

Staff positions and budgeting further reflect counties' involvement in economic development activities. About 45% of county governments have one or more economic development professionals on staff; 47% report devoting a portion of their economic development budget to activities designed to promote small business start-ups. A proportion of their budgets are devoted to attraction of outside businesses by 62% of governments, and 61% budget for business retention and expansion.

Our survey also collected information about specific economic development activities. For a menu of 12 activities, the following proportions of counties reported currently undertaking the activity: collaborative planning for economic development with other local governments (68%), economic development assistance to small communities (51%), tax abatements (50%), workforce development for low-income workers (50%), worker training assistance for local business (41%), national advertising of the county as a place to do business (36%), travel to other parts of the United States to recruit new business (32%), tax increment financing of infrastructure (30%), subsidized loans to business (29%), assistance in transfer of new technologies (25%), travel to other parts of the world to recruit new business (14%), and loans or grants for exporters (12%).

The rural marginalization thesis put forth in various literatures suggests that nonmetro governments are less active in economic development program delivery. We found that nonmetro counties are indeed much less likely than metro counties to undertake the 12 economic development activities cited. For example, even in the provision of economic development assistance to small communities, remote counties lag metro and adjacent counties: 19% of remote governments, 22% of adjacent governments, and 23% of metro governments provide economic development assistance to small communities. These urban-rural differences are further reflected in budget allocations and staff, with 58% of remote and 54% of adjacent governments, compared to 41% of metro governments, not budgeting for small business development; 47% of remote and 36% of adjacent nonmetro governments, compared to 22% of metro governments, not budgeting for attraction of outside businesses; and 49% of remote and 37% of adjacent nonmetro governments, compared to 21% of metro governments, not budgeting for business retention and expansion. Although 61% of metro governments have at least one economic development professional on staff, only 39% of adjacent governments and 31% of remote governments do so.

Changes in the scope of economic development activities. Consistent with the literature on the expansion of local growth initiatives, for a menu of 12 economic development activities, officials were much more likely to report that the activity had increased rather than decreased in the past 5 years.[4] Officials were asked, "To what extent does your county undertake the following activities today as compared to the past 5 years?" The five most frequently reported increases were in collaborative planning (35% of governments), workforce development (26%), assistance to small communities (21%), national advertising (16%), and tax abatements (16%). For any of the 12 activities, only about 3% to 4% of counties reported decreases in the activity.

The survey data indicate that whereas county governments as a whole have expanded their volume of economic development activities during the past 5 years, remote governments have expanded at a slower rate than have metro and adjacent governments. Thirteen percent of remote counties, but 18% of adjacent governments and 20% of metro governments, reported greater use of tax abatements compared to 5 years ago. Thirteen percent of remote governments, but 16% of adjacent governments and 22% of metro governments, reported greater national advertising of the county as a place to do business. Twenty percent of remote governments, but 24% of adjacent governments and 40% of metro governments, reported engaging in more workforce development activities for low-income workers.

For both metro and adjacent counties, business retention and expansion activities have grown at a more rapid rate during the past 5 years than have business attraction or small business development activities. In remote counties, however, business attraction activities grew at a more rapid rate than business retention and expansion or small business development.

The survey data indicate urban-rural differences in the portfolio of economic development activities. For both metro and adjacent counties, business retention and expansion activities have grown at a more rapid rate during the past 5 years than have business attraction or small business development activities. In remote counties, however, business attraction activities grew at a more rapid rate than business retention and expansion or small business development. Of all governments, 40% (52% of metro, 41% of adjacent, and 34% of remote governments) reported a greater focus on business retention and expansion activities than 5 years ago. A greater focus on small business development for local entrepreneurs was reported by 29% of governments (33% of metro, 29% of adjacent, and 26% of remote governments). And 39% of governments (42% of metro, 41% of adjacent, and 36% of remote governments) reported a greater focus on business attraction. Thus, during the past 5 years, whereas metro counties have shifted their portfolio of economic development activities toward business retention and expansion, remote counties have placed somewhat more emphasis on fiscally less sustainable business attraction activities.

Public Services Provided by County Governments

To what extent are other major public services provided by county governments? Do survey results for public services correspond to the findings for economic development activities, in terms of expanding scope and urban-rural differences? Counties provide a variety of services that they operate directly and in cooperation with other public and private partners. Out of a menu of 21 services that counties may provide, 7 are provided, either directly or through subcontracting arrangements, by more than 50% of county governments. The most ubiquitous service is law enforcement, provided by 84% of all counties. Other activities widely provided are 911 emergency systems (82%), senior citizen programs (57%), mental health services (53%), health clinic services (52%), emergency medical services (51%), and solid waste removal (51%).

For 16 of the 21 county government services in the survey, there were statistically significant differences across the three county categories, with adjacent counties providing fewer services than metro counties and remote counties providing fewer services than adjacent counties. For the remaining 5 services, the differences across county categories were not statistically significant. The greatest urban-rural gaps were found across social services. The largest disparity, 30 percentage points, was in the provision of housing assistance, a service provided by county governments in 17% of remote counties, 23% of adjacent counties, and 47% of metro counties. Other services with a large disparity between metro and nonmetro counties were water and sewer (28% gap), drug and alcohol rehabilitation (27% gap), elder care (26% gap), bus services (21% gap), child care/Head Start (21% gap), mental health services (21% gap), nutrition programs (20% gap), health clinic services (19% gap), homeless shelters (18% gap), and shelters for battered persons (17% gap).

Changes in the scope of public service activities. Consistent with the literature on decentralization and with our findings for economic development activities, officials reported that public service activities were much more likely to have increased rather than decreased with the passage of time. Officials were asked to report whether there "have been any changes (increases, cutbacks, no change) in the services your county government provides" during the past 5 years. For most services, from 15% to 30% of counties reported increases in activity. The major service increase was in law enforcement, with 63% of counties reporting increases. For most services, metro counties were significantly more likely to report increases relative to nonmetro counties, whereas remote

counties were significantly less likely than other counties to report increases. Service cutbacks were rare. Only 1% to 2% of counties reported cutbacks in any of the 21 services except for landfill services, in which about 5% of counties reported cutbacks. There was little metro-nonmetro variation in service cutbacks.

Social services and welfare reform. Recent literature on decentralization gives most attention to localities' increasing social service responsibilities. Consistent with this literature, county officials tended to report increased administrative duties for five out of six social services. For counties providing social services, more than 70% reported an increased administrative workload during the past 3 years for child care and for workforce development and training, more than 60% reported an increased workload for Medicaid and for federal and state transportation programs, and nearly 40% reported an increased workload for food stamps. Metro counties were significantly more likely than adjacent and remote counties to report increased workloads for all social services except workforce development, in which administrative duties increased in 74% of both metro counties and adjacent counties but only in 67% of remote counties. This was not expected based on the marginalization thesis, which suggests rural counties shoulder greater burdens from decentralization. However, these findings are perhaps a function of size: As metro counties serve larger populations and provide a greater number of social services, workload may increase correspondingly.

Officials were also asked whether their county government faced funding shortages for various social services. The most frequently reported funding shortages were in services for the elderly (47%) and for child care (41%), followed by transportation (25%) and housing assistance (30%). In general, metro counties were more likely than other counties to report funding shortages—also unexpected, given the marginalization thesis put forth in previous literature.

The role of county governments in welfare reform varies by state. As noted, 13 states have devolved TANF administration to the county level. Because these states tend to be more urbanized, urban counties as a whole are more likely to administer welfare reform. Of surveyed counties, 22% (33% of metro, 21% of adjacent, and 16% of remote governments) administer TANF directly.

Most counties that administer TANF operate or sponsor programs to help welfare recipients find work. Among TANF counties, 89% of metro, 85% of adjacent, and 73% of remote governments have jobs programs for welfare recipients. Metro counties reported greater success in placing welfare recipients in jobs than did nonmetro counties. This finding was expected from the rural marginalization thesis and could be attributed to weaker nonmetro employment demand and county organizational capacity. Of remote counties with TANF-related jobs programs, 30% reported placing 20% or fewer of their welfare recipients in jobs. In contrast, only 11% of metro and 17% of adjacent counties with jobs programs reported job placement at 20% or fewer.

In summary, the marginalization thesis derived from various literatures suggests that nonmetro counties would face greater problems in social service delivery under an increasingly decentralized federal system. We found support for this view in the pattern of welfare-recipient job placements, which were far less successful in remote counties. However, our descriptive findings also indicate that whereas most counties reported funding shortages and administrative workload increases, metro counties were somewhat more likely to report these problems. Because the scope of social services is greater in metro counties, new mandates may increase funding pressures relative to nonmetro counties, where social service provision has always been more limited.

Decentralization and County Government Finances

In addition to localizing economic growth and public service activities, decentralization is thought to contribute to fiscal stress as localities become increasingly dependent on own-source funds and as mismatches occur between devolved responsibilities and local resources (Kodras, 1997). Fiscal stress was reported as an important problem by more than two thirds of county governments. Compared to metro counties, nonmetro counties reported greater fiscal stress due to federal and state revenue sharing. Thirty-eight percent of remote governments, 31% of adjacent governments, and 24% of metro governments reported that loss of federal revenue is a very important problem; 48% of remote governments, 45% of adjacent governments, and 38% of metro governments reported that decline in state revenue is a very important problem. With no difference

between metro and nonmetro governments, 62% of counties reported that mandated costs from higher levels of government represented a very important problem.

Fiscal stress in nonmetro counties is exacerbated by additional factors, such as taxpayer pressure, funding capacity, and general tax base. About 44% of county governments reported that rising service demands from citizens represented a very important problem, with little difference among the three county government types. At the same time, nonmetro counties are subject to greater countervailing pressures to reduce local taxes: 37% of remote governments, 33% of adjacent governments, and 24% of metro governments reported that pressures from local taxpayers to reduce taxes represented a very important problem. Nonmetro governments have less capacity to seek external grant funds compared to metro governments. Fifty-one percent of metro governments, but only 30% of adjacent and 28% of remote governments, reported having a grant writer on staff. A much higher proportion of remote governments (40%), compared to adjacent (31%) and metro governments (12%), reported decline in tax base as a very important problem.

Multivariate Analysis: Exploring Reasons for Urban-Rural Differences

Our survey findings point to an increased role of county governments in economic growth and public services, although the changes vary by metro-nonmetro location. We conducted multivariate analyses to address the extent to which metro-nonmetro differences in increased economic development and social service activity were related to other county attributes.[5]

To measure increases in the scope of economic development activities, for 12 major activities discussed earlier, we counted the number for which the county reported increased activity during the past 5 years. Increases in the scope of social services were measured using the 10 social services discussed earlier. We counted the number of social services for which the county reported increased activity during the past 5 years.[6] The two measures (number of reported increases in economic development activities and number of reported increases in social service activities) correlated significantly at $r = .301$. This indicates that in contrast to a trade-off between growth and social service activities, counties reported expanded involvement in both domains of activities.

As noted earlier, rural disadvantage is usually attributed to the local economy, population characteristics, and government capacity (Brady et al., 2002; Goetz & Freshwater, 1997; Lichter & Jensen, 2002). We selected variables to represent a mix of these three attributes. Because the dependent variables measured changes during the past 5 years, independent variables were selected to be causally prior. This would constrain the time period for which pertinent independent variables could be drawn. We drew mainly from *USA Counties* (U.S. Bureau of the Census, 1999), the major federal compilation of data on counties for intercensus years.[7] Structural attributes of the local economy included in the analysis were local economic conditions, measured by per capita income and percentage unemployed, and economic base, measured by the proportion of the employment in three sectors known to differentiate urban-rural regions—the extractive sector (forestry, fishing, farming, and mining), nondurable manufacturing (generally having relatively lower wages), and durable manufacturing (generally having higher wages). Population characteristics were college graduates as a percentage of the adult population, population older than age 65, population size (logged), and percentage change in population from 1990 to 1997. We also included a mix of government-related variables reflecting resources, capacity, and factors related to social program devolution. Local government resources and capacity variables were collected as part of our survey: how large the size of county government, whether the county had a grant writer on staff and an industrial park, and whether the county is located on a major highway. Social program devolution variables were from secondary sources: how much in transfer payments per capita, indicating recent (1996) dependence on federal-state government; Aid for Dependent Children per capita recipient benefits (1990), reflecting past social program generosity; and whether the county is located in a state that had devolved TANF welfare administration directly to county governments.

All the independent variables differed significantly between remote counties and metro counties and reflected rural disadvantage. That is, remote rural counties were more likely to have lower per capita income; higher unemployment; higher proportion of extractive and nondurable manufacturing employment; lower proportion of durable manufacturing employment; smaller propor-

tion of college graduates; higher proportion of elderly; smaller, slower growing population; greater dependence on income transfers; less generous Aid for Dependent Children benefits; and fewer government resources indicated by government size, grant writer, industrial park, and highway. Remote rural counties also were more likely to be located in states that had not devolved welfare to counties. For the most part, these variables also differentiated remote counties from adjacent counties.

The purpose of the multivariate analysis was to examine reasons for urban-rural differences, not to provide a causal model of factors predicting government activities. Our independent variables were similar to those used in other studies assessing correlates of local government activities (Basolo & Huang, 2001).[8] Results from the multivariate analyses using ordinary least squares regression are shown in the appendix and are briefly summarized here. As noted earlier, the dependent variables in the appendix are the number of economic development activities for which the county reported increased activity and the number of social service activities for which the county reported increased activity.

Economic development activities. Findings for economic development activities followed a distinct spatial pattern: Metro governments, followed by adjacent governments, reported increasing a greater number of activities relative to remote governments (see the first model in the appendix). These statistically significant metro-nonmetro differences disappeared when independent variables were added, indicating rural differences were a function of other county characteristics (see the second model in the appendix). Increased economic development activities were related to population attributes, local economic conditions, and county government capacity and resources. Counties that were slower growing in population, more dependent on government transfers, and had higher unemployment—all of which indicate greater need for private sector investment—reported significantly more increases in economic development activities. Resources such as larger government size, grant-writing staff, and presence of an industrial park were related to increased economic development activities. Finally, counties located in states that devolved welfare to county government reported a greater number of increased economic development activities. This may be related to the historical context of devolution, insofar as such states may have a political culture of greater county government activism. However, it is also possible that with devolution of TANF, counties in such states now face greater pressure to engage in economic development to supplement social welfare activities.

Increased economic development activities were related to population attributes, local economic conditions, and county government capacity and resources.

Social service activities. Metro governments, followed by adjacent governments, reported increases in a greater number of social service activities compared to remote governments (see the third model in the appendix). These significant differences became nonsignificant when other independent variables were added (see the fourth model in the appendix). Increased social service activities were significantly greater in counties where population had grown more rapidly; past social welfare benefits had been higher; county government capacity and resources were greater, as indicated by larger government size, a grant writer on staff, and the presence of an industrial park; and in states that had devolved TANF to counties.

In sum, the multivariate analyses show that county economic and population attributes, as well as governmental resources and capacity, were associated with urban-rural differences in economic development and social service activities. Of particular importance is the finding that both economic development activities and social service activities are higher in states that have devolved welfare to the county level.

CONCLUSIONS

During the past few decades, localities have increasingly extended their scope of governmental activities. This trend toward localization of government functions is part of the broader process of decentralization, occurring nationally as well as globally in response to changing economic and political conditions (Kodras, 1997; Razin, 2000). In documenting the expanded role of local governments, researchers have largely neglected counties. Furthermore, although a number of analysts have suggested that there will be marked spatial variation in how localities cope with added

responsibilities, little empirical research addresses this variation, particularly for nonmetro governments.

This study addresses a gap in the literature by reporting on findings from a survey of county governments with broad, national generalizability. We focused on two governmental activities—economic development and public service provision—examining how the scope of these activities differed for metro and nonmetro counties and the implications for fiscal well-being. Although numerous studies employ counties as a unit of analysis, the vast majority draw from data on county residents as opposed to governments. Existing data on county governments are limited either in generalizability or in information about activities directly undertaken by counties. As a result, the functions of county governments nationally remain largely unmeasured, and trends are not well identified.

County governments provide important services that regulate local economic development, enhance human capital, and serve social safety net functions. A majority of counties provide law enforcement, 911 emergency services, senior citizen programs, mental health services, health clinic services, emergency medical services, and solid waste removal. Almost three quarters of county governments engage directly in local economic development activities.

Following literature on decentralization, our findings point to the localization of government functions and counties' expanded involvement in economic development and public service activities. From 30% to 40% of county officials reported increased activity during the past 5 years in attracting outside businesses, retention and expansion of existing local businesses, and small business development. For most of 21 public services provided, from 15% to 30% of county government officials reported increased activity during the past 5 years. Less than 4% of counties reported less economic development or social service activity in any area during the past 5 years. Increased economic development activity correlated with increased social service activity. Thus, survey findings do not suggest that counties are pursuing a trade-off course between economic growth activities and social service provision; rather, officials reported that counties' roles in both sets of functions had increased.

We noted limitations with our survey, particularly in assessing economic development and social service activities relative to the past. Because longitudinal studies repeated over the same counties to collect information about these activities do not exist, we must rely on reports of change from key informants. Analyses for response bias in both the types of counties responding to the survey and in key informant characteristics provided no evidence of systematic response bias.

A number of authors have put forth a spatial marginalization thesis with regard to local governments under an increasingly decentralized federal system. Remote counties were expected to face greater problems in public service delivery, to be less active in pursuing economic development activities, and when doing so, to engage in fiscally less sustainable strategies, such as use of tax abatements. Nonmetro governments were also expected to be more fiscally stressed. Our findings support the marginalization thesis with regard to economic development activities, general public services, and fiscal stress of remote counties. With regard to new social service demands from welfare reform, the picture is somewhat more mixed. Support for the spatial marginalization thesis is clearest when looking at job placement efforts for former welfare clients. Nonmetro, especially remote counties, were far less likely to have implemented jobs programs in response to welfare reform and when they did so, to have less success in job placement than did metro counties.

To explore reasons for metro-nonmetro differences, we conducted multivariate analyses. These show that reported increases in social service and economic development activity were associated with identifiable county attributes. Weaker economic base, a smaller and older population, and a lack of county government capacity and resources—all attributes more characteristic of remote counties—were related to less expansion of county government activity.

The survey findings have implications for further studies. Nationally generalizable surveys using longitudinal research designs that collect information on economic development and public service activities repeatedly from the same counties are needed. Although our survey provides baseline data on these activities, longitudinal surveys allow for systematic monitoring of changes with time. Such surveys are critical for assessing how county governments are adapting to recent economic changes, such as the post-9/11 downturn, as well as to continued devolution of federal

and state mandates. Moreover, many studies use counties as the unit of analysis in examining local economic well-being, labor markets, and other development issues. Detailed, generalizable information on the internal activities of county governments is important for researchers, who thus far have had to rely on census-based, secondary data.

Our survey documents the resource constraints under which county governments operate. Service demands by residents have risen at a similar rate in both nonmetro and metro counties, but nonmetro governments reported greater fiscal constraints in meeting those demands. Nonmetro governments were more likely to report significant problems with reduced federal and state revenues, declining local tax base, pressure from citizens to reduce taxes, and mandates from higher levels of government. These fiscal constraints were compounded by the fact that nonmetro governments had less capacity to seek additional outside funds.

Localization of economic growth and social and other public services have important implications for longstanding spatial disparities in socioeconomic well-being. As compared to metro counties, nonmetro county governments are more likely to lack the capacity, resources, and possibly commitment (given voter sentiment) required to successfully carry out added functional responsibilities. They will continue to face serious challenges in becoming economically competitive while sustaining the social well-being of their residents.

APPENDIX
Multivariate Regression Models: Explaining Metro-Nonmetro Differences in Reported Increases in Economic Development and Social Service Activities

	Economic Development Activities[a]				*Social Service Activities*[a]			
Metropolitan	1.361***	(7.85)	.141	(.54)	1.073***	(9.35)	.014	(.018)
Nonmetro, adjacent (reference category: nonmetro, nonadjacent)	.423*	(2.37)	–.170	(–.92)	.467**	(3.97)	.225	(1.76)
Per capita income			.001	(.41)			.001	(.61)
Percent durable manufacturing employment			.017	(1.21)			–.003	(–.28)
Percent nondurable manufacturing employment			–.007	(–.59)			.003	(.43)
Percent extractive employment			–.003	(–.24)			–.014	(–1.44)
Percent unemployed			.091**	(3.23)			.012	(.57)
Percent college graduate			–.017	(–.93)			–.004	(–.34)
Percent population > age 65			–.040	(–1.62)			–.005	(–.28)
Population (log)			.206	(1.75)			–.024	(–.13)
Percent change in population			–.021**	(–2.85)			.010*	(2.02)
Transfer payments per capita			.327*	(2.45)			.007	(.08)
AFDC recipient benefits			.001	(.39)			.011***	(5.27)
Highway			.121	(.81)			.049	(.47)
County government size			.00	(1.67)			.001***	(4.26)
Grant writer			.752***	(5.03)			.244**	(2.54)
Industrial park			1.564***	(10.76)			.475***	(4.70)
State devolves welfare to county			1.00***	(5.56)			.314**	(2.58)
R^2 (adjusted)	.036	.220			.049	.150		

NOTE: Numbers in parentheses are *t* statistics. AFDC = Aid for Families with Dependent Children.
a. Economic development activities and social service activities are measured by a count of the number of activities for which increased activity by county government is reported.
*$p < .05$. **$p < .01$. ***$p < .001$.

NOTES

1. The states are California, Colorado, Maryland, Minnesota, Montana, New Jersey, New York, North Carolina, North Dakota, Ohio, Oregon, Virginia, and Wisconsin (U.S. Department of Health and Human Services, 2003).

2. County officials were requested to act as coordinators for assembling their counties' responses to the survey. In cases where the officials might be uncertain about their answer to a question, they were requested to seek assistance from a staff

person or from county archives. Mailing of the questionnaire was followed 2 weeks later by a reminder postcard. If a response was not received within another 2 weeks, a second questionnaire was sent.

3. Counties were assigned to these categories following the urban-rural continuum codes developed by Economic Research Service (2001). We treated a small proportion (8%) of counties (those completely rural by size of place but metro adjacent) as part of the highly rural category (nonmetropolitan, nonadjacent category).

4. These activities include use of tax abatements, national advertising of county as a place to do business, national travel to recruit new business, travel outside the United States to recruit new business, workforce development for low-income workers, worker training for local businesses, technology transfer to small communities, subsidized loans, loans and grants for exporters, tax increment financing of infrastructure, collaborative planning with other local governments, and economic development assistance to small communities. Reports of these activities were coded as follows: more (activity increased), the same (no change in activity), less (activity decreased), and none (activity not undertaken by county at all).

5. In the multivariate analyses, we chose to narrow our focus to the social services category as opposed to all public services. Social services are at the crux of recent debates about decentralization and urban-rural differences. Literature on decentralization suggests that increased responsibilities for social services are likely to create funding shortages as locales cope with unfunded mandates. Our findings show the largest urban-rural gaps in providing public services tend to be for social services. Recent research on urban-rural differences also centers on social services but largely ignores how rural county governments directly implement them.

6. The 12 economic development activities include use of tax abatements, national advertising of county as a place to do business, national travel to recruit new business, travel outside United States to recruit new business, workforce development for low-income workers, worker training for local businesses, technology transfer to small communities, subsidized loans, loans and grants for exporters, tax increment financing of infrastructure, collaborative planning with other local governments, and economic development assistance to small communities. The 10 social service activities include child care, drug-alcohol rehabilitation, elder care, food pantry, homeless shelter, housing assistance, mental health services, nutrition programs, senior citizens programs, and shelters for battered persons. As noted, decreases reported in the above activities were minuscule (less than 2% for any social service and less than 4% for any economic development activity).

7. All variables from secondary sources, with the exception of industry of employment, are from *USA Counties* (U.S. Bureau of the Census, 1999). *USA Counties* compiles data from various federal sources, which vary in time period of collection. Although we chose the time period most closely reflecting the mid-1990s, data availability restricts the specific year. The specific years for each variable compiled by *USA Counties* are per capita income (1994), percentage unemployed (1996), population older than age 65 (1996), log of population (1997), percentage change in population from 1990 to 1997, percentage college graduate (available only for 1990), and income transfers per capita (1996). For industry of employment, we wanted sufficient detail to separate industries (extractive sector, durable and nondurable manufacturing) that are known to differentiate rural and urban areas; these data were available only from the 1990 Census of Population (U.S. Bureau of the Census, 1993).

8. For example, with regard to cities, Basolo and Huang (2001) found that economic development expenditures were related to greater population need, such as higher unemployment and lower family income, larger population size, and slower population growth.

REFERENCES

Basolo, V., & Huang, C. (2001). Cities and economic development: Does the city limits story still apply? *Economic Development Quarterly*, *15*(4), 327-339.

Brady, H. A., Sprague, M., Grey, F., & Wiseman, M. (2002). Seasonal employment dynamics and welfare use in agricultural and rural California counties. In B. Weber, G. Duncan, & L. Whitener (Eds.), *Rural dimensions of welfare reform* (pp. 147-175). Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

Bukenya, J. O., Gebremedhin, T. G., & Schaeffer, P. V. (2003). Analysis of rural quality of life and health: A spatial approach. *Economic Development Quarterly*, *17*(3), 280-293.

Cigler, B. A. (1993). The special problems of rural governments. In D. R. Berman (Ed.), *County governments in an era of change* (pp. 89-106). Westport, CT: Greenwood.

Cox, K. R. (1997). Introduction: Globalization and its politics in question. In K. R. Cox (Ed.), *Spaces of globalization: Reasserting the power of the local* (pp. 1-18). New York: Guildford.

Dewees, S., Lobao, L., & Swanson, L. (2003). Local economic development in an age of devolution. *Rural Sociology*, *68*(2), 182-206.

Dillman, D. (1978). *Mail and telephone surveys: The total design method.* New York: John Wiley.

Donahue, J. D. (1997). *Disunited states*. New York: Basic Books.

Economic Research Service. (1997). *Rural conditions and trends: Federal programs issue* (Vol. 7). Washington, DC: U.S. Department of Agriculture.

Economic Research Service. (2001). *Measuring rurality: Rural-urban continuum codes*. Available from http://www.ers.usda.gov/Briefing/Rurality/RuralurbCon/

Eisinger, P. K. (1988). *The rise of the entrepreneurial state*. Madison: University of Wisconsin Press.

Fisher, P. S., & Ditsler, E. (2003). *Taxes and state economic growth: The myths and reality.* Mount Vernon, IA: The Iowa Policy Project. Available from http://iowapolicyproject.org

Gibbs, R. M. (2002). Rural labor markets in era of welfare reform. In B. Weber, G. Duncan, & L. Whitener (Eds.), *Rural dimensions of welfare reform* (pp. 51-76). Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

Giloth, R. P. (2000). Learning from the field: Economic growth and workforce development in the 1990s. *Economic Development Quarterly*, *14*(4), 340-359.

Goetz, S. J., & Freshwater, D. (1997). Effects of welfare reform on rural counties and labor markets. *American Journal of Agricultural Economics*, *79*(5), 1608-1613.

Henry, M., Reinschmiedt, L., Lewis, W., Jr., & Hudson, D. (2002). Reducing food stamp and welfare caseloads in the south. In B. Weber, G. Duncan, & L. Whitener (Eds.), *Rural dimensions of welfare reform* (pp. 113-146). Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

Jensen, L., & Chitose, Y. (1997). Will workfare work? Job availability for welfare recipients in rural and urban America. *Population Research and Policy Review*, *16*, 383-395.

Johnson, K. M., Pelissero, J. P., Holian, D., & Maly, M. T. (1995). Local government fiscal burden in nonmetropolitan America. *Rural Sociology*, *60*(3), 381-398.

Kantor, P. (1995). *The dependent city revisited*. Boulder, CO: Westview.

Kodras, J. (1997). Restructuring the state: Devolution, privatization, and the geographic redistribution of power and capacity in governance. In L. Seaeheli, J. Kodras, & C. Flint (Eds.), *State devolution in America* (pp. 79-96). Thousand Oaks, CA: Sage.

Kraybill, D. S., & Weber, B. A. (1995). Institutional change and economic development in rural America. *American Journal of Agricultural Economics*, *77*(5), 1265-1270.

Lichter, D., & Jensen, L. (2002). Rural America in transition: Poverty and welfare reform at the turn of the century. In B. Weber, G. Duncan, & L. Whitener (Eds.), *Rural dimensions of welfare reform* (pp. 77-110). Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

Lobao, L. M. (1990). *Locality and inequality.* Albany: State University of New York Press.

Lobao, L. M., Rulli, J., & Brown, L. A. (1999). Macro-level theory and local level inequality: Industrial structure, institutional arrangements and the political economy of redistribution, 1970-1990. *Annals of the Association of American Geographers*, *89*(4), 571-601.

Loveridge, S. (1996). On the continuing popularity of industrial recruitment. *Economic Development Quarterly*, *10*(2), 151-158.

Nord, M. (1998). Racial and spatial equity in welfare payments: Interstate and intercounty differences in welfare spending. *Rural Development Perspectives*, *13*(3), 11-18.

Peck, J. (1996). *Work-Place: The social regulation of labor markets*. New York: Guildford.

Peterson, P. E. (1981). *City limits*. Chicago: University of Chicago Press.

Razin, E. (2000). The impact of local government organization on development and disparities: A comparative perspective. *Environment and Planning C: Government and Policy*, *18*, 17-31.

Reese, L. (1994). The role of counties in local economic development. *Economic Development Quarterly*, *8*(1), 28-42.

Reese, L., & Rosenfeld, R. (2002). *The civic culture of local economic development*. Thousand Oaks, CA: Sage.

Rodriguez-Pose, A., & Gill, N. (2003). The global trend toward devolution and its implications. *Environment and Planning C: Government and Policy*, *21*, 333-351.

Rural Policy Research Institute. (1995). *Block grants and rural America*. Columbia, MO: Author.

Stoker, G., & Mossberger, K. (1995). The post-Fordist local state: The dynamics of its development. In J. Stewart & G. Stoker (Eds.), *Local government in the 1990s* (pp. 210-227). London: Macmillan.

Sullivan, D. M. (2002). Local governments as risk takers and risk reducers: An examination of business subsidies and subsidy controls. *Economic Development Quarterly*, *16*(2), 115-126.

Tickamyer, A., White, J., Tadlock, B., & Henderson, D. (2002). Where all the counties are above average: Human service agency directors' perspectives on welfare reform. In B. Weber, G. Duncan, & L. Whitener (Eds.), *Rural dimensions of welfare reform* (pp. 231-254). Kalamazoo, MI: W. E. Upjohn Institute for Employment Research.

U.S. Bureau of the Census. (1993). *1990 census of population, summary tape files 3 and 4* [Data file]. Washington, DC: Author.

U.S. Bureau of the Census. (1999). *USA counties CD-ROM 1998*. Washington, DC: U.S. Department of Commerce.

U.S. Bureau of the Census. (2000). *Statistical abstract of the United States*. Washington, DC: U.S. Department of Commerce.

U.S. Department of Health and Human Services. (2003). *Temporary Assistance for Needy Families program (TANF): Fifth annual report to Congress*. Available from http://www.acf.dhhs.gov/programs/ofa/annualreport5/index.htm

Warner, M., & Hefetz, A. (2002). The uneven distribution of market solutions for public goods. *Journal of Urban Affairs*, *24*(4), 445-459.

Wolman, H. (1995). Local government institutions and democratic governance. In D. Judge, G. Stoker, & H. Wolman (Eds.), *Theories of urban politics* (pp. 135-159). London: Sage.

Wolman, H. (with Spitzley, D.). (1996). The politics of local economic development. *Economic Development Quarterly*, *10*(2) 115-150.