

Recent Research Treats Finance

Organizations in Four States Compile Reports

STATE and local finance has been a topic of consideration by research groups in Illinois, Wisconsin, Michigan and Pennsylvania.

The Illinois study, *Financing Illinois Government* by Glenn W. Fisher (Institute of Government and Public Affairs, University of Illinois, Urbana, 1960, 202 pages, \$3.00), is a survey of state finances over a seventeen-year period, 1942-1958. The author analyzes expenditure trends and patterns and general revenue, compares the tax burdens with those of other states and projects expenditures and revenue for the decade ahead.

He observes that "state expenditure per person is lower than in most other states," and that the increase in public spending recently is due almost entirely to growth in expenditures for education and highways. For revenue the state depends heavily upon consumption taxes. "Forty-three per cent of 1958 tax revenue came from the general sales tax." Relative to ability, the over-all burden of taxation is quite low.

Fisher's projections of expenditure and revenue show that the state does not necessarily need drastic tax increases. However, "increasing dissatisfaction with the inequitable and growing burdens imposed by the property tax could lead the state to assume a share of the total state and local tax load"; governmental services may also be stepped up from their relatively low level at present. If either of these possibilities occurs, the author doubts that the present tax structure will be able to provide the necessary revenue.

Alfred L. Edwards, of the Michigan State University Institute for Community Development and Services, examines an important ability of governmental units, the power to borrow funds, in *A Study of Local Government Debt in Michigan* (the institute, East Lansing, 1960, 59 pages, \$1.00). The focus is on patterns of borrowing, purposes of debt and the relation between indebtedness and economic resources.

The study concludes that the "debt of local governments in Michigan is not out of line with that of local governments in other states," and that "the increasing trend of local governments" in the state "to employ revenue bonds is likely to continue." "The rural areas in Michigan are becoming more urbanized and greater need has arisen for the public services and governmental functions that are required to sustain an urban area. Vital as these services are for the growth of communities, they are often costly. Usually, the only way they can be provided is to charge them against the future through some form of debt. Their financing calls for careful administration and management."

It is almost impossible, however, to determine with any amount of precision the amount of debt which a local government can safely incur. Observers of municipal borrowing policies "are less concerned with the amount of tax-supported debt that a locality incurs than with (1) the amount of such debt that is permitted to accumulate, (2) the purposes for which borrowing is undertaken, and (3) the forthrightness of plans for debt retirement."

The research on Wisconsin is concerned with *State-Local Financial Relationship: A Study of Shared Taxes and Aids in Wisconsin* (by Alan H. Smith, Bureau of Business and Eco-

nomie Research, Marquette University, Milwaukee, 1960, 75 pages). The report was prepared for the Revenue Sources and Distribution Committee of the Milwaukee Metropolitan Study Commission and is directed to local government problems within Milwaukee County.

Smith considers the nature of state payments to local governments, growth of specific state aid, the pattern of such aid in the country, distribution by counties of state aid in Wisconsin, the equalizing effect of specific grants, the effect of increasing local expenditure and ways of amending state aids. Both state-collected locally-shared taxes and grants-in-aid toward expenditures are included in the study's purview.

Fiscal Problems of Pennsylvania State and Local Governments: How to Reduce Present Costs and to Find New Revenue Sources (Institute of Public Administration, Pennsylvania State University, University Park, 1960, 197 pages, \$1.50) is a collection of papers presented at the Annual (Pennsylvania) Finance Officers Workshop in October 1959, sponsored by the institute.

The speeches are categorized under the following headings: proposals to revise Pennsylvania's constitution, the commonwealth's fiscal dilemma, finding new sources of state revenue, reducing the operating costs of state and local governments, new sources of local revenue, improving tax assessment and collection, budgeting and financing capital expenditures, and financing the rebuilding of Pennsylvania's boroughs and cities.

Consider Michigan's Apportionment Problem

Herbert Garfinkel and L. J. Fein, authors of *Fair Representation: A Citizen's Guide to Legislative Apportionment in Michigan* (Bureau of Social and Political Research, Michigan State University, East Lansing, 1960, 32 pages), have succeeded admirably in presenting

an impartial view of the current apportionment controversy in their state. They give the theoretical, historical and political arguments for population—and geography-based representation.

Some of the facts brought out by the pamphlet, however, would seem to favor the proponents of at least a partial change to apportionment based on population. According to 1950 census figures, 27.2 per cent of the voters elect 51 per cent of the senators; thus the Democratic party, with 53 per cent of the vote in the 1958 elections, secured only twelve senators out of 34, or 35 per cent. In the same election while the lower house was evenly divided the governor was a Democrat, as has been the case for the last twelve years. With neither party in clear control of the legislature and the governor's mansion, governmental ineffectiveness reached its height last year when the state was unable to meet its payroll because of a tax dispute.

Solutions are being sought through the courts, a constitutional convention and an initiative to revise the constitutional apportionment clause. Changes suggested include the addition of more Senate seats, perhaps to accommodate senators at large, the weighting of senatorial votes, a complete reapportionment of the Senate on a population basis, creation of a unicameral legislature and granting the lower house the right to override the Senate's veto on legislation.

A.K.S.

Colorado LWV Describes Local Units

Colorado's League of Women Voters has released the first of two studies on the structure of the various governmental subdivisions in the state. *Cooperation or Confusion?* (April 1960, 46 pages, 50 cents) is a careful, analytical report.

After broadly outlining the major problems of local units and describing the subdivisions' functioning, the pam-

phlet presents a detailed study of counties, municipalities, school districts and special districts. The organization and major functions of each group is discussed along with the advantages and disadvantages of their present structure, operation, financial practices and sources of revenue.

Improvements and reforms are advocated for all but school districts. The reorganization of school districts (primarily consolidation thus cutting the total number to approximately one-fourth their present number) is described.

Major emphasis is placed on the various governmental units' relationships to one another and methods of cooperation which can be promoted to end the confusion which frequently prevails.

The second study in the series will deal more specifically with the problems of metropolitan and urbanized areas.

W.J.D.B.

U. S. Chamber Publishes Community Series

The Chamber of Commerce of the United States has published a Community Development Series which includes seven pamphlets on various areas of community concern. Problem-solving tools available for community use are suggested as well as procedures for developing special programs.

Copies of individual pamphlets may be purchased at 50 cents each or \$3.00 for the set from the chamber, 1615 H Street, N.W., Washington 6, D.C.

The numbers and titles of the pamphlets are:

- I. *Balanced Community Development* (36 pages),
- II. *Community Analysis: Foundation for Decision Making* (35 pages),
- III. *Comprehensive Planning: Guide for Community Growth and Change* (32 pages),
- IV. *Planning Urban Renewal Projects* (45 pages),

V. *Modernizing Local Government* (32 pages),

VI. *Financing Community Development* (35 pages),

VII. *Community Leadership: Key to Local Development* (34 pages).

Compiles List of Research Bureaus

Gale Research Company has compiled another organizational guide, *Directory of University Research Bureaus and Institutes* Book Tower, Detroit 26, 1960, 199 pages, \$20). "Those bureaus, institutes, experiment stations, laboratories and other organizations which conform to the following definition have been included: 'A university- or college-sponsored unit set up on a permanent basis, carrying on a continuing research program and formally identified by a specific or distinctive title.'"

The research bodies are categorized into seventeen broad functional areas such as education, social sciences, labor and industrial relations, conservation, mathematics and physical sciences.

Each of the 1500 listings includes the name of the research organization and the university with which it is affiliated, address and founding date, name and title of the bureau head, size of staff, description of the program, and name and frequency of any serial publications.

Two appendices provide lists of university presses and members of the newly organized National Council of Research Administrators.

Kentucky's Constitutions

Kentucky's Constitutional Development (Kentucky Legislative Research Commission, Frankfort, 1960, 20 pages) discusses the four constitutions the state has had, general aspects of the present one, the amending procedure, and current revision plans.

A limited constitutional convention has been proposed by the legislature, an issue on which the people will vote in

November. The pamphlet lists the time schedule for the call and organization of the convention.

Texas Suffrage, Elections

The Arnold Foundation has released the second monograph of its series on the major provisions of the Texas constitution, *Suffrage and Elections* by W. E. Benton (Southern Methodist University, Dallas, 1960, 54 pages, \$1.00). The series is edited by John M. Claunch.

Mr. Benton analyzes the nature of suffrage, its development in Texas, and suggests issues which constitutional drafters might consider. Included is a proposed suffrage and elections article.

Federal Grants to States

"In an analysis of state revenues and expenditures, it is necessary to have some understanding of federal grants-in-aid and their impact on the state financial system. The importance of federal grants in state government finance is indicated by the fact that in 1958 almost one-fourth of the total state revenue in the United States was derived from federal aid," begins William M. Griffin in *Federal Grants-in-Aid in South Dakota* (Governmental Research Bureau, State University of South Dakota, Vermillion, 1959, 51 pages).

After discussing such topics as constitutional authority for grants-in-aid and the arguments for and against grants, the author concludes: "During the past twenty years federal aid to South Dakota has become one of the largest and most stable sources of state revenue. Important functions of the state government are dependent upon continuation of federal funds for effective administration. . . . Since the state is currently anticipating the need for additional revenue, a sudden drastic reduction of federal grants-in-aid would result in great financial difficulty for South Dakota."

Voting Manual Revised

The Institute of Public Affairs of the State University of Iowa has published a revision of *Voting in Iowa*, by George B. Mather with illustrations by Dale Ballantyne (Iowa City, 1960, 88 pages, 50 cents). Originally planned as an aid to election officials, the first edition was used extensively in high school classes, by the political parties in their volunteer workshops and by such groups as the League of Women Voters and 4-H clubs in their civic education workshops. The present edition incorporates suggestions and new laws concerning voting in all types of elections and the organization of political parties in Iowa.

A.K.S.

Research Bibliographies

Of interest to those engaged in various phases of government research is a new series being prepared and distributed by the Tax Foundation entitled *Research Bibliography*. The foundation plans to issue one or two of these bibliographies every two months, each listing selective sources on particular topics.

Those which have been compiled are: No. 1, *Tax and Other Financial Inducements to Industrial Location*; No. 2, *Comparative Analyses of State Tax Burdens*; and No. 3, *Financing Municipal Government* (three, six and thirteen pages, respectively).

Copies may be procured from the foundation, 30 Rockefeller Plaza, New York 20, New York.

Strictly Personal

Robert J. M. O'Hare, formerly town manager of Stoughton, Massachusetts, resigned in September to become executive director of the Seminar Research Bureau at Boston College. He will direct economic and governmental research on the Boston metropolitan area and plan seminars on a wide variety of topics.