The Routledge Handbook of International Local Government

Richard Kerley, Joyce Liddle, Pamela T. Dunning

Local government service roles in the USA

Publication details
J. Edwin Benton
Published online on: 03 Sep 2018

How to cite :- J. Edwin Benton. 03 Sep 2018, Local government service roles in the USA from: The Routledge Handbook of International Local Government Routledge
Accessed on: 26 Sep 2023

PLEASE SCROLL DOWN FOR DOCUMENT

Full terms and conditions of use: https://www.routledgehandbooks.com/legal-notices/terms

This Document PDF may be used for research, teaching and private study purposes. Any substantial or systematic reproductions, re-distribution, re-selling, loan or sub-licensing, systematic supply or distribution in any form to anyone is expressly forbidden.

The publisher does not give any warranty express or implied or make any representation that the contents will be complete or accurate or up to date. The publisher shall not be liable for an loss, actions, claims, proceedings, demand or costs or damages whatsoever or howsoever caused arising directly or indirectly in connection with or arising out of the use of this material.
Introduction

Local governments in the United States have an interesting history and existence. The U.S. Constitution is silent on the subject of local governments and legally recognizes only two levels of government—the national government and the states. Nonetheless, almost immediately after the United States came into existence, the states established local governments and vested them with a variety of responsibilities, with an expectation that they would provide a range of services to their residents. Actually, the states really did not do much more than permit local governments, which were already in existence during Colonial America, to continue in their familiar role of delivering a wide variety of vital services to local residents. To the extent that states did more, it was to give constitutional sanction to the existence of local governments and grant them legal authority to perform a number of functions and deliver state-level services (e.g., public welfare, health care, judicial functions, and so forth), to state citizens within local jurisdictions; and purely local-type services (e.g., streets, sidewalks, fire protection, garbage collection, etc.) to these same persons.

From their genesis local governments have been and continue to be legal creatures of the respective states and exist in a dependent relationship with them. This means that the power to create local governments also implies that states have the power to abolish them. Concomitantly, it also means that local governments have only those powers expressly granted to them, and, at the discretion of the states, those powers may be modified or rescinded. Over the years, most states have slowly lessened their control over local governments through grants of home rule, giving them more decision-making authority in determining their government structure, deciding what functions to perform and services to provide, and choosing sources of revenue. Nevertheless, Dillon’s Rule, promulgated in 1868 (deriving from the case of Merriam v. Moody’s Executors (25 Iowa 1868),¹ reinforces the settled legal principle that local governments were granted limited powers. In elaborating on the narrow scope of local government powers, Dillon concluded that they can exercise the following powers: (1) those granted in express words; (2) those necessarily or fairly implied in or incident in the powers expressly granted; and (3) those essential to the accomplishment of the declared objects and purposes of the corporation—not simply convenient, but indispensable (Dillon 1911: 448).
Succinctly put, this judicial decision emphatically stated that, if a local government has not been expressly granted a certain power in its state’s constitution, then the interpretation should be that it does not have that power.

Despite the limited nature of their powers, local governments nonetheless are entrusted with significant service responsibilities that require considerable financial resources. Local governments in total typically spend more money that do their state governments. In Fiscal Year 2016, direct expenditures of local governments to deliver a range of services to local residents amounted to $1.81 trillion (www.census.gov/gov/index.html). This compares to $1.66 trillion which was spent by the fifty states (www.census.gov/gov/index.html).

Given the vast number and variety of services that local governments provide in the U.S. as well as the amounts of money spent to deliver them, the purpose of this chapter is to conduct a comparative analysis of the service roles played by four types of local governments—counties, municipalities, townships, and special districts—over the last fifty years. First, attention focuses on the part played by each of the four types of local governments to provide three major categories of services (traditional, municipal-type, and regional). This is determined by examining the proportion of total local government expenditures accounted for in each of the three service areas. Second, consideration shifts to the priority that each type of local government assigns to the provision of services in the three service areas. This is measured by the proportion of each local government’s expenditures allotted to the delivery of services grouped in the traditional, municipal-type, and regional categories.

Before turning to the analysis sections of this chapter, it is instructive to provide a brief overview of the five types of local governments in the U.S. (counties, municipalities, townships, special districts, and school districts) and a context for the evolution of local government service roles and the subsequent three categories of services (traditional, municipal-type, and regional) that are synonymous with local governments.

Types of U.S. local governments

Local governments in the U.S. can be divided into two distinct types—general-purpose governments (i.e., counties, municipalities, and townships) and single-purpose governments (i.e., special districts and school districts).

County governments are the result of states dividing up their territory into 3,031 distinct, general-purpose subunits (except in Louisiana, where counties are called parishes, and Alaska, where they are referred to as boroughs). States created counties to function as their agents. In other words, counties were expected to manage activities of statewide concern or deliver basically state services at the local level. In this sense, counties sometimes can be viewed as “branch” or “satellite” offices of the state and, in this role, their customary set of functions traditionally have included such things as property tax assessment and collection, law enforcement, elections, rudimentary recordkeeping (concerning matters like land transaction, births, and deaths) and road maintenance. Due, however, to the dual pressures of modernization and population growth, additional demands have been placed on county governments. As a consequence, their service offerings have expanded. In addition to their traditional service responsibilities, counties presently handle health and hospitals, pollution control, mass transit, industrial development, social services, and consumer protection (Bowman and Kearney 2008).

Municipal governments are specific, populated territories usually operating under a charter from the state. Municipalities differ from counties in terms of how they were created and what they do. The process for an area to become a municipality begins with residents of that
Local government service roles in the USA

area petitioning the state for incorporation. The area designed for incorporation must satisfy certain criteria, like population and density minimums. In most instances, a referendum (where residents are permitted to vote on whether they wish to become an incorporated municipality) is required. Sometimes, residents are also asked to vote on the name of the proposed municipality and its form of government. If the incorporation referendum is successful, then a charter is granted by the state, and the newly created municipality has the legal authority to elect officials, levy taxes and fees, and provide services to its residents. Not all municipalities, however, have charters, as California municipalities, for example, function under general state law.

Unlike counties, however, municipalities usually have greater decision making authority and discretion. Almost all states have enacted home rule provisions for municipalities, although in some states, only municipalities which have reached a certain population size can exercise this option. Moreover, municipalities typically provide a larger menu of services to their residents than most counties do. Standard services delivered by municipalities include: police and fire, public works, parks and recreation, garbage and trash collection, water and sewer, streets and sidewalks, and traffic signals. In addition, some municipalities supplement these services with facilities such as publicly maintained cemeteries, city-operated marinas, convention centers, and sports stadiums, museums, municipal-owned and -operated housing, restaurant inspections, economic development, urban renewal, performing arts centers, swimming pools, and government access television and radio.

Townships, which exist in only twenty states, are also general-purpose local governments but are distinct from county and municipal governments. Created by their states, townships are actually subdivisions of counties and may have some of the same responsibilities as county governments and perform many of the functions of county government at the grassroots level. In some states (primarily in New England, along with those in New Jersey, Pennsylvania, and to some degree, Michigan, New York, and Wisconsin), townships typically are vested with broad powers and offer the kinds of services linked to municipalities and counties in other states. In the rest of the township states (Illinois, Indiana, Kansas, Minnesota, Missouri, Nebraska, North Dakota, Ohio, and South Dakota), the character of township government is more rural and the services they provide are usually limited to roads and law enforcement. However, the nearer these rural townships are to large urban areas, the more likely they are to provide a larger menu of services to their residents (Bowman and Kearney 2008: 278).

Special districts are presumed to do what other local governments (that is, counties and municipalities) cannot or will not do and thereby are established to satisfy services needs in a specific area. In some instances, special districts can be viewed as the governments of last resort because counties and municipalities do not have the legal authority to provide a service or sometimes are forbidden to do so. In other instances, they may have no interest in providing a particular service for various reasons, including not having the fiscal resources to do so. Special districts can be established in three different ways: (1) states can create them through special enabling legislation; (2) general purpose local governments (that is, counties and municipalities) may adopt a resolution creating them; and (3) citizens may initiate districts by petition, which is often followed by a referendum on the question (Bowman and Kearney 2008: 279). Once they are created, special districts may finance their operations by levying taxes, charging user fees, receiving intergovernmental grants, and using private revenue bonds.

Unlike general-purpose governments, most special districts (over ninety percent of them) provide a single service, although the functions vary. Natural resources management, housing and community development, fire protection, and water and sewer service are the most
common (Bowman and Kearney 2008: 280). Most states have other state-specific districts, such as Colorado’s mine drainage districts and tunnel districts or Florida’s beach and shore preservation districts, water management districts, and mobile home park recreation districts.

School districts are a type of single-purpose local government that can also be regarded as a distinct kind of special district. They are distinct in the sense that they provide only one service—education. The decision to create a separate and independent governmental entity to be responsible for the administration and operation of public schools was rooted in Americans’ strongly held belief that “free quality public education is a core societal value” and even a “fundamental right” (see Donovan, Mooney, and Smith 2009). Taking no chances that education could become politicized or have to compete with other interests for attention and funding, Americans, for the most part, were insistent that education not be one among the many services provided by either a county or municipal government. Nevertheless, four states (Alaska, Maryland, North Carolina, and Tennessee) have assigned responsibility for the provision of public education to county governments. In addition, there are a number of large U.S. cities (New York, Chicago, and Philadelphia, among others) that have been granted permission by their states to create their own school districts, while all public schools in Hawaii are operated by the state government.

As noted in the introduction, the analysis of trends and patterns in local government services conducted in this chapter will be confined to counties, municipalities, townships, and special districts.

Context for understanding local government service roles

Over the years, scholars and practitioners have devised and utilized a number of practical terms to identify and capture the essence of the service roles played by local governments (see Benton 2002). Each term was designed to convey what it was that local governments do when providing services to their residents. For convenience sake and organizational purposes, similar types of services were grouped into three categories—that is, traditional, municipal-type, and regional (sometimes referred to as urban-type).

Traditional services are unquestionably the oldest type of services that local government deliver. When providing these kinds of services, local governments are oftentimes assisting the state government in providing what are essentially state-level services to people living within a local government’s jurisdiction and thereby function as administrative arms of the state. These services are provided to residents in both incorporated and unincorporated areas. In addition, traditional services are commonly ones that the state mandates that local governments provide. As such, local governments have no choice but to provide these services; however, in the case of many of these kinds of services, the state usually provides a considerable amount of financial assistance to underwrite the cost of service delivery (good examples are public welfare and health care services). Some of the more widely visible traditional services provided by local governments are listed in Table 13.1.

Municipal-type services are services that one ordinarily associates with city or municipal governments. Oftentimes, these services have been referred to as “optional” services that local governments, at their discretion, might be able to provide. However, county governments have always been less likely to provide “optional” services like fire protection, utilities (e.g., water, electric power, and natural gas supply), and sewage collection/disposal because they were either not granted state authority to do so or did not have the tax base or large population concentrations to make delivery of these type services cost efficient. Therefore, cities and sometimes townships have been more inclined to offer their residents municipal-type
<table>
<thead>
<tr>
<th>Finance/other administration</th>
<th>Public health</th>
<th>Police protection/corrections/public safety</th>
<th>Judicial and legal services</th>
<th>Social Services</th>
<th>Other</th>
<th>Transportation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property tax assessment</td>
<td>Mosquito control</td>
<td>patrol</td>
<td>Criminal prosecution</td>
<td>Income maintenance</td>
<td>Property/auto records/titling</td>
<td>Road/bridge maintenance</td>
</tr>
<tr>
<td>Property and other tax collection</td>
<td>Home health</td>
<td>Detective investigation</td>
<td>General jurisdiction courts</td>
<td>Emergency medical assistance</td>
<td>Vital statistics</td>
<td>Road/bridge construction</td>
</tr>
<tr>
<td>Personnel services</td>
<td>Maternal and child health</td>
<td>Forensic investigation</td>
<td>Limited jurisdiction courts</td>
<td>Food stamps</td>
<td>Elections</td>
<td>Traffic control</td>
</tr>
<tr>
<td>Purchasing</td>
<td>Commutable disease control</td>
<td>Criminal records</td>
<td>Indigent defense</td>
<td>Family social services</td>
<td>Agricultural extension services</td>
<td>Snow removal</td>
</tr>
<tr>
<td>Data processing</td>
<td>Dental health</td>
<td>Detention facilities</td>
<td>Juvenile/family court</td>
<td>Individual social services</td>
<td>Veteran’s affairs</td>
<td>Sidewalks</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Work release program</td>
<td>Legal/civil services</td>
<td>Children welfare services</td>
<td>Cemeteries</td>
<td>Street/road signage</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Adult probation/parole program</td>
<td>Children/senior daycare services</td>
<td>Human resource planning</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Juvenile probation/parole program</td>
<td>General welfare assistance</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Coroner’s services</td>
<td>Meals-on-wheel program</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
or “optional” services. In fact, the desire for these kinds of services is what usually prompted residents of densely populated areas to petition their state legislature for permission to incorporate—in other words, to create a new municipality. Table 13.2 contains a list of some of the most common and recognizable municipal-type services.

Regional services are ones that are designed to address pressing service needs and issues of an “urban” or “metropolitan” character and usually transcend or know no traditional political boundaries. Like traditional services, regional services are provided to residents of both the incorporated and unincorporated area. Urbanization, suburbanization, and metropolitan fragmentation have been primarily responsible for ratcheting up demands for regional services, and unorganized or chaotic development patterns known as “urban sprawl” have tended to exacerbate the underlying problem requiring a solution. Given the regional or urban area-wide nature of the problem, it is usually not possible for a municipality or a township and sometimes even a county to adequately service needs like water and air pollution, solid waste and sewage disposal, natural resource conservation, economic development, urban deterioration, and traffic congestion. Table 13.3 contains some of the more common regional services.

As desirable as it is to be able to definitively sort local government services into three distinct categories, that is not always possible. Some services could logically fall into two or all three categories. One example would be solid waste and sewer services. While the collection of solid waste (garbage) and sewage could be classified as municipal-type services, solid waste disposal (management) and sewage disposal (treatment) could fall into the regional service category. Likewise, parks and recreational services could also be placed in these same two service categories. That is, parks and recreational facilities that are funded and operated by municipalities would logically fit into the municipal-types service category, while parks and recreational facilities located in both incorporated and unincorporated areas and funded and operated by a county government or a special district could conceivably be classified as regional services. A third example is that of emergency medical services (EMS). At one time, municipalities were the only governmental entities to provide EMS services, and as such these services could be

<table>
<thead>
<tr>
<th>Table 13.2 Municipal-type services of local governments</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Public safety</strong></td>
</tr>
<tr>
<td>Fire prevention</td>
</tr>
<tr>
<td>Fire protection</td>
</tr>
<tr>
<td>Emergency medical service</td>
</tr>
</tbody>
</table>

Parking facilities
Auditoriums
Marinas
Consumer protection services
Cable television
Sidewalks/stormwater management
Table 13.3 Regional services of local governments

<table>
<thead>
<tr>
<th>Transportation</th>
<th>Land use</th>
<th>Culture and recreation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public parking facilities</td>
<td>Comprehensive land use planning</td>
<td>Recreational services</td>
</tr>
<tr>
<td>Mass transit</td>
<td>Zoning</td>
<td>Fairgrounds</td>
</tr>
<tr>
<td>Airports</td>
<td>Growth management</td>
<td>Stadiums</td>
</tr>
<tr>
<td>Highway safety</td>
<td>Open space control</td>
<td>Convention centers</td>
</tr>
<tr>
<td>Bikeways</td>
<td>Subdivision control</td>
<td>Marinas</td>
</tr>
<tr>
<td>Natural resources</td>
<td>Community</td>
<td>Swimming pools</td>
</tr>
<tr>
<td>Flood control/drainage</td>
<td>Building code enforcement</td>
<td>Museums</td>
</tr>
<tr>
<td>Irrigation</td>
<td>Housing code enforcement</td>
<td>Performing arts</td>
</tr>
<tr>
<td>Soil conservation</td>
<td>Convention public housing</td>
<td>Public utility</td>
</tr>
<tr>
<td>Coastal zoning</td>
<td>Leased public housing</td>
<td>Sewage collection and disposal</td>
</tr>
<tr>
<td>Energy conservation</td>
<td>Rural housing programs</td>
<td>Other</td>
</tr>
<tr>
<td>Energy management</td>
<td>Industrial development</td>
<td>Central emergency number (911)</td>
</tr>
<tr>
<td>Solid waste disposal</td>
<td>Parks</td>
<td>Emergency medical services (EMS)</td>
</tr>
<tr>
<td>Water pollution control</td>
<td>Park acquisition</td>
<td>Emergency medical services (EMS)</td>
</tr>
<tr>
<td>Air pollution control</td>
<td>Park development</td>
<td>Disaster preparedness</td>
</tr>
<tr>
<td>Noise control</td>
<td>Park maintenance</td>
<td>Job training</td>
</tr>
<tr>
<td></td>
<td>County parks</td>
<td>Work experiences programs</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Public service employment</td>
</tr>
</tbody>
</table>

categorized as municipal-type services. With more and more county governments assuming financial and operational responsibility for EMS services, they could be reasoned pigeonholed into all three services categories.

Another service that is difficult to assign to anyone of the three service categories is education. There are several large cities in the U.S. (for example, New York, Philadelphia, and Chicago) and counties in four states (Alaska, Maryland, North Carolina, and Tennessee) that operate public schools. Furthermore, some cities and counties operate junior/community colleges and four-year universities. The question therefore becomes: In which of the three service categories should education be placed?

Methodology

As mentioned early on, the focal point of this chapter is to investigate the role that county governments, municipal governments, townships, and special districts have usually played in the provision of three categories of local government services (traditional, municipal-type, and regional). This focus will also entail an analysis of a number of trends and patterns so as to determine what has stayed the same or what has changed over time.

To accomplish the goals laid out here will require us to examine the spending behavior of each type of local government. First, a comparison of the proportion of total local government spending in each of the three service categories accounted for by counties, municipalities, townships, and special districts will reveal which government is playing a greater or less role in service provision. Second, a comparison of the proportion of a local government’s expenditures allocated to traditional, municipal-type, and regional services will show the priority that these governments place on delivering services in each of the three service categories.
Data to conduct these analyses will be derived from the U.S. Bureau of the Census, Census of Governments, *Compendium of Government Finances* series, which is published every five years in years ending in “2” and “7.” The time frame for the analyses will be 1962–2012, since 1962 marks the first year that expenditure data for all of the specific local government services needed for this study was available and 2012 is the year of the most recent publication of these data. This fifty-year time frame should provide a well-defined picture from which to draw significant conclusions about the service roles played by each of the four types of local governments.

For the most part, the expenditure data reported in the Census of Governments surveys closely align with the services that are clustered into the traditional, municipal-type, and regional categories in Tables 13.1, 13.2, and 13.3. These expenditure groupings are located in Table 13.4. While not a perfect fit in every instance, they nonetheless are the best facsimile that can be produced, given the way in which the U.S. Census Bureau collects and reports these spending figures.

### Table 13.4 Three types of local government services based on expenditure categories

<table>
<thead>
<tr>
<th>Traditional</th>
<th>Municipal-type</th>
<th>Regional</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corrections</td>
<td>Fire protection</td>
<td>Air transportation</td>
</tr>
<tr>
<td>Financial administration</td>
<td>Libraries</td>
<td>Housing and urban</td>
</tr>
<tr>
<td>General public buildings</td>
<td>Protective inspections</td>
<td>Development</td>
</tr>
<tr>
<td>Health</td>
<td>Utilities</td>
<td>Natural resources</td>
</tr>
<tr>
<td>Highways</td>
<td></td>
<td>“Other transportation”</td>
</tr>
<tr>
<td>Hospitals</td>
<td></td>
<td>Parking facilities</td>
</tr>
<tr>
<td>Judicial/legal</td>
<td></td>
<td>Parks and recreation</td>
</tr>
<tr>
<td>“Other” general government</td>
<td></td>
<td>Sewage</td>
</tr>
<tr>
<td>“Other” social services</td>
<td></td>
<td>Solid waste</td>
</tr>
<tr>
<td>Police</td>
<td></td>
<td>Management</td>
</tr>
<tr>
<td>Public welfare</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Data to conduct these analyses will be derived from the U.S. Bureau of the Census, Census of Governments, *Compendium of Government Finances* series, which is published every five years in years ending in “2” and “7.” The time frame for the analyses will be 1962–2012, since 1962 marks the first year that expenditure data for all of the specific local government services needed for this study was available and 2012 is the year of the most recent publication of these data. This fifty-year time frame should provide a well-defined picture from which to draw significant conclusions about the service roles played by each of the four types of local governments.

For the most part, the expenditure data reported in the Census of Governments surveys closely align with the services that are clustered into the traditional, municipal-type, and regional categories in Tables 13.1, 13.2, and 13.3. These expenditure groupings are located in Table 13.4. While not a perfect fit in every instance, they nonetheless are the best facsimile that can be produced, given the way in which the U.S. Census Bureau collects and reports these spending figures.

### Provision of three kinds of services: what part does each local government play?

Before turning our attention to the part that each local government plays in the provision of three categories of services, it is important to develop an understanding of the bigger picture. That is, how much of total local government spending for all types of local services do counties, municipalities, townships, and special districts account for? Figure 13.1 assists in answering this question.

As can be plainly seen from the figure, municipalities have always outdistanced all other local governments in accounting for the largest proportion of spending for all local government services. In 1962, municipalities accounted for around 80 percent of total local government monies spent to deliver all types of local government services. Nevertheless, it is useful to note that, while municipalities were still accounting for a larger percentage of all local government expenditures made for all local government services some fifty years later, the municipal share has dropped to about 55 percent. This means that other local governments—but especially special districts and, to a lesser extent, counties—are more involved today in delivering a wider menu of services than ever before. In short, municipalities no longer hold a monopoly over the provision of most local government services. In addition, it is important to note that the size of
Local government service roles in the USA

the service role of townships, while never rivaling that of counties and municipalities and even special districts, has declined over time, but especially for those that are located in rural areas.

Besides this important observation about local government service delivery, other points of interest come to light in the analysis that follows. For instance, from perusal review of the kinds of services that each type of local government provides, certain patterns and truisms emerge. In particular, it appears that states have engaged in a calculated and logical assignment of functional responsibilities. In addition, it is obvious that there has been a conscious and calculated effort on the part of local governments and their officials to satisfy the service needs and expectations of the citizens and businesses within their jurisdictions. This is confirmed in the examination below of the proportion of total local government expenditures in each of our three service categories accounted for by counties, municipalities, townships, and special districts.

**Traditional services**

From an inspection of the first panel of Figure 13.2, it is evident that county governments are the dominant providers of traditional kinds of services. In 1962, counties accounted for around 47 percent of all local government spending for these services. Little had changed by 2012, as counties still accounted for slightly over one-half of such spending. However, we can observe a notable decrease in the percentage of expenditures made by municipalities (a drop of about 8 percent), while the proportion accounted for by townships also decreased slightly from 1962 to 2012. Moreover, it can be seen that there was a clear increase (roughly 8 percent) in the special district share of traditional service expenditures from about 3 percent in 1962 to nearly 11 percent in 2012. Finally, townships have had a relatively small part to play in the provision of traditional kinds of services.

Figure 13.1 County, municipal, township and special district spending as a percentage of total local government spending, 1962 and 2012

These data confirm the expectation that counties would be the primary providers of traditional services, since it is a well-known fact that most states mandate that county governments provide several of the major and most costly services included in this category (e.g., health care, public welfare, judicial/legal, and corrections) that, in 2012, constituted roughly one-third of all local government spending for traditional types of services.

An examination of county spending for these four services reveals several noteworthy patterns (see Table 13.5). First, county government dominance in spending for welfare has been quite pronounced, with these governments consistently accounting for about three-fourths of all local governments expenditures in this area. Second, county government expenditures made for judicial/legal and corrections increased by 23 and 15 percentage points, respectively between 1962 and 2012 due to states mandating that more of the cost of providing these services be borne by states’ administrative arms or subdivisions (that is, counties). In addition, the county proportion of health care spending rose by around 19 percentage points from 1962 to 2012 because of the tremendous increase in Medicaid funds flowing from the Federal government to the states and ultimately passed onto counties in their time-honored and mandated role to be the primary providers of this service.

Municipalities, while doing less in the area of traditional services overall in recent years, was still accounting for a considerable proportion (close to one-half) of all local government expenditures in roads and highways. Conspicuous decreases, however, in expenditures for hospitals (18 percent in 2012 versus 38 percent in 1962) and welfare (20 percent in 2012 compared to 43 percent in 1962) point to a declining role for cities in providing these two traditional kinds of services.
Local government service roles in the USA

The increase in the expenditure percentage of traditional services accounted for by special districts that occurred over the last 50 years can be attributed to the markedly greater role that they were playing in providing hospital services. By 2012, special district expenditures for hospitals made up 40 percent of total local government spending for this service compared to only 15 percent in 1962. Two factors can be offered for the enlarged role of special districts. One, states were creating more hospital special district authorities at the urging of both counties and municipalities that were becoming increasingly concerned that their governments’ financial security was being threatened by the tremendous rise in medical malpractice lawsuits. Two, municipalities, which historically had constructed and operated hospitals primarily from taxes levied on city residents, complained that a growing number of hospital users were residents of the unincorporated area who did not pay city taxes—an unfair situation from a city’s perspective that is often referred to as a “freeloader” problem.

Municipal-type services

Looking again at Figure 13.2 (see second panel), it is clear that municipalities have always been the principal providers of municipal-types services. Nevertheless, the municipal government share of total municipal-type service expenditures declined substantially from 80 percent in 1962 to 55 percent in 2012. Picking up the slack for the reduced role played by cities in recent years have been special districts, as their share of spending for these type services increased significantly from 14 percent in 1962 to 34 percent in 2012. To a lesser extent, counties have assumed additional responsibility for the delivery of these services as evidenced by the increase in their share of total local government monetary allocations (that is, from 3 to 8 percent) over this same period of time. The part played by townships in the delivery of these kinds of services, however, has been minimal over the last 50 years. The greater role played by special districts and counties is inevitably due to the significant increase in the number of people and businesses choosing to reside or locate in unincorporated areas and who desire and expect the delivery of a number of services historically associated with living in a city. With municipalities often being reticent about providing these services beyond their borders, counties have been agreeable to provide these services if economies of scale can be achieved; alternatively, state legislatures have been persuaded to create special service districts to satisfy unmet service demand.

A review of Table 13.6 provides insight into the role played by counties, municipalities, and special districts for the provision of two of the primary specific services in the municipal-type services category—utilities (e.g., water supply, sewer collection, electric power, natural gas, etc.) and fire protection. Like what was found for municipal-type services generally, one can see that the huge role that municipal governments played at one time in providing utilities and fire protections is no longer the case. More specifically, the proportion of total local government

Table 13.5 County government expenditure percentages for selected traditional services, 1962 and 2012

<table>
<thead>
<tr>
<th></th>
<th>Welfare</th>
<th>Judicial/legal</th>
<th>Corrections</th>
<th>Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>1962</td>
<td>71</td>
<td>54</td>
<td>70</td>
<td>51</td>
</tr>
<tr>
<td>2012</td>
<td>75</td>
<td>77</td>
<td>85</td>
<td>69</td>
</tr>
</tbody>
</table>


The increase in the expenditure percentage of traditional services accounted for by special districts that occurred over the last 50 years can be attributed to the markedly greater role that they were playing in providing hospital services. By 2012, special district expenditures for hospitals made up 40 percent of total local government spending for this service compared to only 15 percent in 1962. Two factors can be offered for the enlarged role of special districts. One, states were creating more hospital special district authorities at the urging of both counties and municipalities that were becoming increasingly concerned that their governments’ financial security was being threatened by the tremendous rise in medical malpractice lawsuits. Two, municipalities, which historically had constructed and operated hospitals primarily from taxes levied on city residents, complained that a growing number of hospital users were residents of the unincorporated area who did not pay city taxes—an unfair situation from a city’s perspective that is often referred to as a “freeloader” problem.

Municipal-type services

Looking again at Figure 13.2 (see second panel), it is clear that municipalities have always been the principal providers of municipal-types services. Nevertheless, the municipal government share of total municipal-type service expenditures declined substantially from 80 percent in 1962 to 55 percent in 2012. Picking up the slack for the reduced role played by cities in recent years have been special districts, as their share of spending for these type services increased significantly from 14 percent in 1962 to 34 percent in 2012. To a lesser extent, counties have assumed additional responsibility for the delivery of these services as evidenced by the increase in their share of total local government monetary allocations (that is, from 3 to 8 percent) over this same period of time. The part played by townships in the delivery of these kinds of services, however, has been minimal over the last 50 years. The greater role played by special districts and counties is inevitably due to the significant increase in the number of people and businesses choosing to reside or locate in unincorporated areas and who desire and expect the delivery of a number of services historically associated with living in a city. With municipalities often being reticent about providing these services beyond their borders, counties have been agreeable to provide these services if economies of scale can be achieved; alternatively, state legislatures have been persuaded to create special service districts to satisfy unmet service demand.

A review of Table 13.6 provides insight into the role played by counties, municipalities, and special districts for the provision of two of the primary specific services in the municipal-type services category—utilities (e.g., water supply, sewer collection, electric power, natural gas, etc.) and fire protection. Like what was found for municipal-type services generally, one can see that the huge role that municipal governments played at one time in providing utilities and fire protections is no longer the case. More specifically, the proportion of total local government
spending for utilities and fire protection substantially dropped between 1962 and 2012 from 79 to 54 percent for the former and from 88 to 63 percent for the latter. Concomitantly, note the marked increase in the special district proportion for both services and a moderate increase for counties for fire protection. These trends are undoubtedly the consequence of the rapid increase in the unincorporated area population of the last five decades.

But, do these findings for the provision of municipal-type services, in general, and for fire protection and utilities, in particular, accurately depict the role played by local governments in states that are experiencing rapid growth and also exhibit major differences in the percentage of people residing in unincorporated areas and possess varying degrees of home rule authority? To answer this question, the analysis will be directed to an examination of municipal-type expenditures for counties and special districts in the nation’s fastest-growing states—Florida, California, and Texas. These states were selected for separate analysis not only because of their rapid untypical population growth but also because two other characteristics, which set them apart, could have a significant effect on the role played by their local governments as providers of municipal-type services.

First, let’s consider the differences in the size of the unincorporated area population in these states as a factor in the provision of municipal-type services in 2012. From Figure 13.3, it can be seen that counties play a much greater role in the provision of these services in Florida than is the case for counties in either California or Texas (or even counties, generally). This is probably because there is a much greater proportion of incorporated area residents in Florida (49 percent compared to 27 and 16 percent in Texas and California, respectively). Since Texas has a larger unincorporated area population than California, one would logically expect that there would be a greater need for the delivery of municipal-type services to Texans living outside a municipality. However, Figure 13.3 indicates that counties are not playing that role. Therefore, if counties are not playing the role of service provider, then who is? Another look at the far-right side of Figure 13.3 reveals that special districts are assuming this responsibility because Texas does not grant a great deal of home rule authority to its counties. It should also be mentioned that special districts in Florida play an important role—although not as much as counties—in the delivery of municipal-type services. While counties in Florida have more home rule authority than counties in Texas and California4 (and even more so than counties in other states), their ability to raise additional revenue to fund the growing demand for municipal-type services is still quite limited. Suffice it to say, similar patterns (data is not shown here) were observed for the two major services in the municipal-type services category—fire protection and utilities.

### Table 13.6 Expenditure percentages for selected municipal-type services, 1962 and 2012

<table>
<thead>
<tr>
<th></th>
<th>1962</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>County governments</td>
<td>Municipal governments</td>
</tr>
<tr>
<td><strong>Utilities</strong></td>
<td>2</td>
<td>79</td>
</tr>
<tr>
<td><strong>Fire Protection</strong></td>
<td>3</td>
<td>88</td>
</tr>
</tbody>
</table>

In addition, these findings suggest that the responsibility that local governments in other states (but especially, counties and special districts) have for providing these kinds of services can also be dictated by the size of the their unincorporated population and the scope of home role authority.

**Regional services**

Returning once again to Figure 13.2 (see third panel), it is obvious that municipalities historically have been the major providers of regional services, although these governments’ share of total local government spending for these kinds of services dropped by about 13 percentage points over the 1962–2012 time period. At the same time, counties and special districts, for the most part, have filled the void left by the diminished role played by municipalities, as their share of total local government expenditures increased by 4 and 9 percentage points, respectively. The role played by townships in providing these type services, however, remained negligible from 1962 to 2012.

The changes observed for the service roles played by municipalities, counties, and special districts are probably the result of several key factors. On the one hand, the reordering of service responsibility for many regional services has been brought about by discernable shifts in the U.S. population from large central cities to suburbia, which includes unincorporated places and satellite cities surrounding the core/major city of metropolitan statistical areas (MSAs). Such population swings have underscored the realization that service needs in areas like solid waste and sewage disposal, natural resource conservation/environmental protection, cultural amenities, parks and recreational facilities, economic development and redevelopment, housing for the poor, and airports are increasingly viewed as region-wide issues and concerns that require an area-wide or county-wide response. On the other hand, municipalities have been becoming
reluctant to continue to provide some services (e.g., social amenities, parks and recreational facilities, and airports) that are seen as a “free-loader” phenomenon as referred to above. Over the last several decades, large central cities and their citizens have taken the position that they will no longer “go it alone” in funding services, in which residents of metropolitan satellite cities in the MSA and unincorporated parts of the county increasingly utilize but pay little or nothing in the way to finance them.

The most conspicuous changes in fiscal responsibility between 1962 and 2012 occurred in five regional service areas (see Figure 13.4). In each area, the municipal government share of total local government expenditures declined, with it being particularly pronounced for solid waste management and parking. It can also be seen that county governments and special districts were accounting for a larger part of regional service spending by 2012. This was most evident for counties in those areas where municipalities were doing less (solid waste management and parking), while the special districts role had expanded most noticeably in parking and airports. Furthermore, it is important to note that special districts have always been an important provider of housing and urban redevelopment services and even rival the role played by municipalities.

Another service area that warrants separate consideration is transit. While transit was not listed as an expenditure category in 1962 by the Census of Governments in its *Compendium of Government Finances*, provision of this service has been the primary responsibility of special districts. By 2012, special districts accounted for over one-half of all local government spending for this service (58 percent), while municipalities accounted for another 35 percent of the money spent for this service. Counties accounted for almost all of the remaining 8 percent of transit funding (township contributed only 0.1 percent).

Natural resources conservation also deserves mention as well as a special case since counties and special districts have always accounted for the bulk of spending in area. In 2012, these two governments’ spending for conservation efforts constituted around 84 percent of all local government expenditures for this purpose (that is, 39 percent for counties and 45 percent for special districts).
To varying degrees, all regional services have region- or area-wide implications. As such, municipal government usually do not have the legal or moral responsibility to address these kinds of service needs. Sometimes, the service need requires a county-wide response and, at other times, a multi-county response. Many times, service needs emanating from environmental degradation, conservation consciousness, urban decay, metropolitan sprawl, traffic gridlock, recreational and social amenity desires, and inadequate/substandard housing defy a simple or parochial solution where each government in a metropolitan area tries to craft its own response. Put differently, the service needs mentioned above and the issues that give rise to them know no political boundaries, as pollution and urban decay, for example, do not stop at the city limits or even county lines. This means that governments such as counties and special districts, which typically possess area-wide authority and coordinating abilities, are the best equipped to respond adequately.

**County, municipal, township, and special district spending priorities**

Another important way to view the service provision roles played by the four types of local governments is to consider the importance or priority that each assigns to the delivery of traditional, municipal-type, and regional services. Looking at Figure 13.5, it is clear that local governments have a history of assigning the greatest importance and thereby have allocated the largest proportion of their collective resources to the provision of traditional kinds of services—roughly 50 percent or greater. This includes not only mandated services like health, welfare, and judicial/legal services but also staple services like roads and highways, police, financial and other administrative (collection of vital statistics, supervision of elections, agricultural advice, etc.) functions, and construction and maintenance of public buildings and allied facilities. Still, a closer look at Figure 13.5 shows that local governments were dedicating a somewhat smaller percentage of their budgets to traditional services over the last fifty years—that is, 50 percent in 2012 versus 54 percent in 1962. It appears that this reduction in the emphasis on traditional services coupled with a slight decrease in emphasis on municipal-type services has meant that local governments
have been able to redirect a fairly larger proportion of their resources to urban-type services (27 percent in 2012 compared to 22 percent in 1962).

Beyond these general observations about expenditure priorities, what priority does each type of local government assign to the provision of traditional, municipal-type, and regional services? Figure 13.6 will be helpful in answering this question.

**County governments**

Given our earlier discussion about the rationale for the creation of county governments as well as the findings in the first analytical section, it is not surprising to see that counties have assigned the greatest priority to the provision of traditional kinds of services, but especially to those services that the state mandates them to provide in counties’ role as administrative arms or satellite offices of the state government. As the first panel in Figure 13.6 indicates, counties have allotted 80 percent or greater of their money to deliver these kinds of services since 1962. This means that counties place much less emphasis on providing both municipal-type and regional services, although they have been directing a little more attention to both of these services areas in recent years. The finding that counties place a much greater emphasis on traditional services probably has always been the case and is supported by some historical accounts. However, we cannot confirm this assumption, since the U.S. Census Bureau did not publish these data prior to 1962.

As could be predicted, the specific traditional services that are assigned the high priority by counties in 2012 (as evidenced by the proportion of the total resources allocated to them) are ones that are mandated. These include judicial/legal/corrections (15 percent), public welfare (14 percent), hospitals (14 percent), and health (11 percent). Other important but non-mandated staple services that local citizens have come to expect from their county governments are police (10 percent), highways and roads (8 percent), and financial and other administration (6 percent).
Local government service roles in the USA

Municipal governments

Further inspection of Figure 13.6 (second panel) reveals that municipal governments have a more balanced set of priorities. Like county governments, municipalities make the delivery of traditional services their highest priority but not nearly to the degree that counties do; the proportion of municipal spending for traditional services have hovered between 43 (1962) and 40 (2012) percent. The provision of municipal-type services is a close second in their priority rankings, with the proportion of municipal expenditures devoted to them ranging from 34 (1962) to 30 percent (2012). The slight decrease in the percentage of municipal government resources allocated to both traditional and municipal-type services over the 1962–2012 period means that these governments were able to devote a somewhat larger proportion of their money to provide regional services. In other words, municipalities were spending 30 percent of their resources on urban-type services by 2012 compared to 23 percent in 1962.

The highest municipal government priorities among traditional services in 2012 include police (14 percent) and highways and roads (8 percent), while the top municipal-type service priorities are utilities (21 percent) and fire protection (7 percent). Between 1962 and 2012, municipalities were assigning a slightly higher priority to two regional services—transit (up from 0 to 5 percent) and sewage (up from 6 to 8 percent).

Townships

The priority given by townships to each of our three service areas is consistent with their purpose and role assigned to them when they were established by the various states. Simply put, special districts, being subdivisions of counties, were created primarily for the purpose of assisting county governments in the performance of their duties—both mandated and non-mandated. As the data in Figure 13.6 suggests, townships assign the greatest priority to traditional services, even though the proportion of funds they allot to these kinds of services dropped from 69 percent in 1962 to 55 percent in 2012. As a consequence, townships began to place a somewhat higher priority on the provision of both municipal-type and regional services (note the proportion increases from 16 to 22 percent and 16 to 23 percent, respectively) between 1962 and 2012. This was most likely the result of the greater spending for services in these two areas for townships that were located in highly urbanized areas or on the fringe of a major MSA.

Like county governments, townships place a high priority on the provision of traditional services such as highways and roads and police that made up 22 and 16 percent, respectively, of their expenditures in 2012. Township spending priorities also signify the importance that they attach to two municipal-type services—utilities and fire protection (each being allotted 9 percent of their budgets in 2012). Moreover, given the increasing urban character of some townships, it is logical that they were allocating a somewhat larger proportion of their resources in 2012 versus 1962 to three regional services—sewage (up from 7 to 9 percent) and solid waste management and parks and recreation (each up from 4 to 6 percent).

Special districts

Owing to the fact that special districts are commonly established for a variety of purposes and have flexibility in service boundaries, it is reasonable to find that they still assign the greatest importance to the provision of regional services. In 2012, special districts devoted the largest proportion of their expenditures (44 percent) to deliver these kind of services; however, this is considerably less what they allocated in 1962 (51 percent). Special districts make the delivery
of municipal-type services their second highest priority, with a little less than one-third of all of their expenditures allotted for these kinds of services over the last 50 years. While the provision of traditional services is the lowest priority for special districts, there was a noticeable jump in the proportion of these governments’ resources dedicated to them in recent years (26 percent in 2012 compared to 17 percent in 1962). This can be interpreted as special districts increasingly being called upon to help provide services normally delivered by counties or municipalities.

Among regional services, special districts in 2012 devoted the largest proportion of expenditures to transit (16 percent), housing and urban redevelopment (12 percent), and sewage (6 percent), while utilities (25 percent) was the biggest spending item among municipal-type services. The increase in the proportion of special district spending for traditional services from 1962 to 2012 was driven largely by the doubling of the resources (from 10 to 20 percent allotted to hospitals.

Conclusions

The familiar and important role played by U.S. local governments in the provision of various services at a local level will probably continue unabated. Nevertheless, the service and spending patterns and trends highlighted in this chapter are always subject to change in both the near and distant future. In point of fact, several ongoing situations/events and others gaining force over the horizon could be the harbingers of change and thus pose a significant challenge to local governments’ ability to sustain current service levels. These challenges can be both externally- and internally-driven.

One external challenge appears to be the lingering aftermath of the most recent Great Recession (see Gordon 2012). Local governments, but especially counties, municipalities, and townships, continue to grapple with the loss of revenue from their most plentiful and reliable source (property tax), as real estate assessed values that plummeted during the Great Recession have yet to rebound back to pre-recession levels in many areas. Compounding the problem was the massive number of home foreclosures and people abandoning their homes due to their mortgages “being underwater.” Current reports indicate that property tax revenues for local governments are still lagging behind what they were prior to the onset of the Great Recession (see Fisher and Wassmer 2016; Dadayan 2012). In fact, some scholars and practitioners have raised the question as to whether it would be prudent for local officials to rethink current reliance on the property tax (Alm, Buschman, and Sjoquist 2012).

To make matters worse, local governments in states like California, Florida, Michigan, Wisconsin, and Massachusetts, among others, have also had to deal with the backlash of citizens who demand tax relief because local governments have had to raise property tax rates on fewer homeowners and business owners to make up for the loss of property tax revenue due to declining property values. Such citizens have been aided in their cause by politically sensitive state legislatures that have mandated local governments rollback property tax rates (for example, the Florida legislature required local governments in 2007 to reset tax rates to 2006 levels). In other instances, state legislatures have been in partnership with constituents to facilitate voter referenda that have added exemptions that further reduce property tax yields.

A second external challenge posed to local governments comes more recently and is in the form of federal budget cuts proposed by the Trump administration for Fiscal Year 2018. This could potentially result in the loss of billions of dollars of federal funding that local as well as state governments have depended on for several decades (see Parrott, Reich, and Shapiro 2017; Harkness 2017). Major areas projected for cuts include: health care (primarily Medicaid but also protection against infectious diseases) and welfare (covers such
Local government service roles in the USA

things as child care assistance to low- and moderate-income families, job training, and SNAP—formerly known as food stamps). As is shown above, health and welfare are two of the costliest traditional services usually provided by counties. Federal aid cuts are also proposed for Community Development Block Grants that fund urban renewal and community redevelopment (including massive infrastructure) projects and public housing for low- to moderate-income families. Congress is also considering the elimination of federal income tax exemptions for taxes paid to state and local governments, as well as taxing interest earnings from state and local government bonds.

Related to the proposed reductions in federal aid and congressional actions that could reduce state revenues is the possibility that local governments could also be the victim of cuts in state aid and revenue sharing. In the past when states’ revenues have been squeezed, there has been a clear pattern of them cutting back on aid and shared revenues to their local governments (see Benton 2018). A number of observers of state and local finances have used the metaphor “fend-for-yourself” federalism to explain this phenomenon (e.g., see Shannon 1987; Wright 1988).

Another external challenge is long-standing: local government officials, but particularly those at the county and municipal levels, often complain that they are not given enough latitude in fiscal decision making and therefore lobby for greater home rule authority. Their position is that their constituents and not the legislature is enough of a safeguard over the public purse. While over 40 states have given their counties and municipalities greater home rule authority in recent years, these governments’ ability to maintain service levels during downturns in the economy and cuts in federal fiscal assistance is sometimes pushed to the limit and fiscal stress and distress is commonplace (see Benton 2010, 2012, 2018).

A final challenge is the burgeoning, omnipresent threat of severe fiscal instability—even insolvency—due to burdensome pension obligations. Entities that regularly monitor localities’ underfunded pension plans (for example, Center for State and Local Government Excellence, Rockefeller Institute of Government, and the Pew Institute) argue this cannot continue for much longer without their being serious repercussions for local governments. The result could be that local governments will have to shift funds away from vital programs and services to meet current and future pension obligations unless these governments are able to address this.

All of these conditions, situations, and factors will present significant tests to the ability of local governments in their efforts to continue to deliver a large menu of services that the public views as essential while revenue sources, at a minimum, are threatened or, at the worst, declining. Several scenarios are possible. One could entail a reordering of the service priorities of various local governments (but most likely for counties and municipalities) so as to provide an optimum level of services with less expenditure. A second scenario could involve the eventual transfer or change in functional assignment of some services from one local government to another or from a local government to the state government. A third possibility is for local governments to contract out certain services where cost efficiencies can be realized. Then, there is the option of co-producing services in those situations where economies of scale can be achieved. These are possible options if local governments are forced to change their expenditure behavior in light of the realities of their changing environment.

Notes

1 Dillon’s Rule was first written in the case of City of Clinton v. Cedar Rapids and Missouri Railroad Company (1868).

2 School districts are not included in this analysis because they provide only one service—education, while the other types of local governments deliver a large numbers and variety of services, but this is especially the case for counties and municipalities.
J. Edwin Benton

3 Counties exist in 48 states, with Rhode Island and Connecticut abolishing them in 1842 and 1958, respectively; Massachusetts has abolished 11 of its original 16 counties since 1997.

4 Currently, 20 of Florida’s 67 counties have achieved charter status, which means that they have more home rule authority than other counties. However, more latitude has been granted them in the area of structure of government than in fiscal flexibility.

References


