

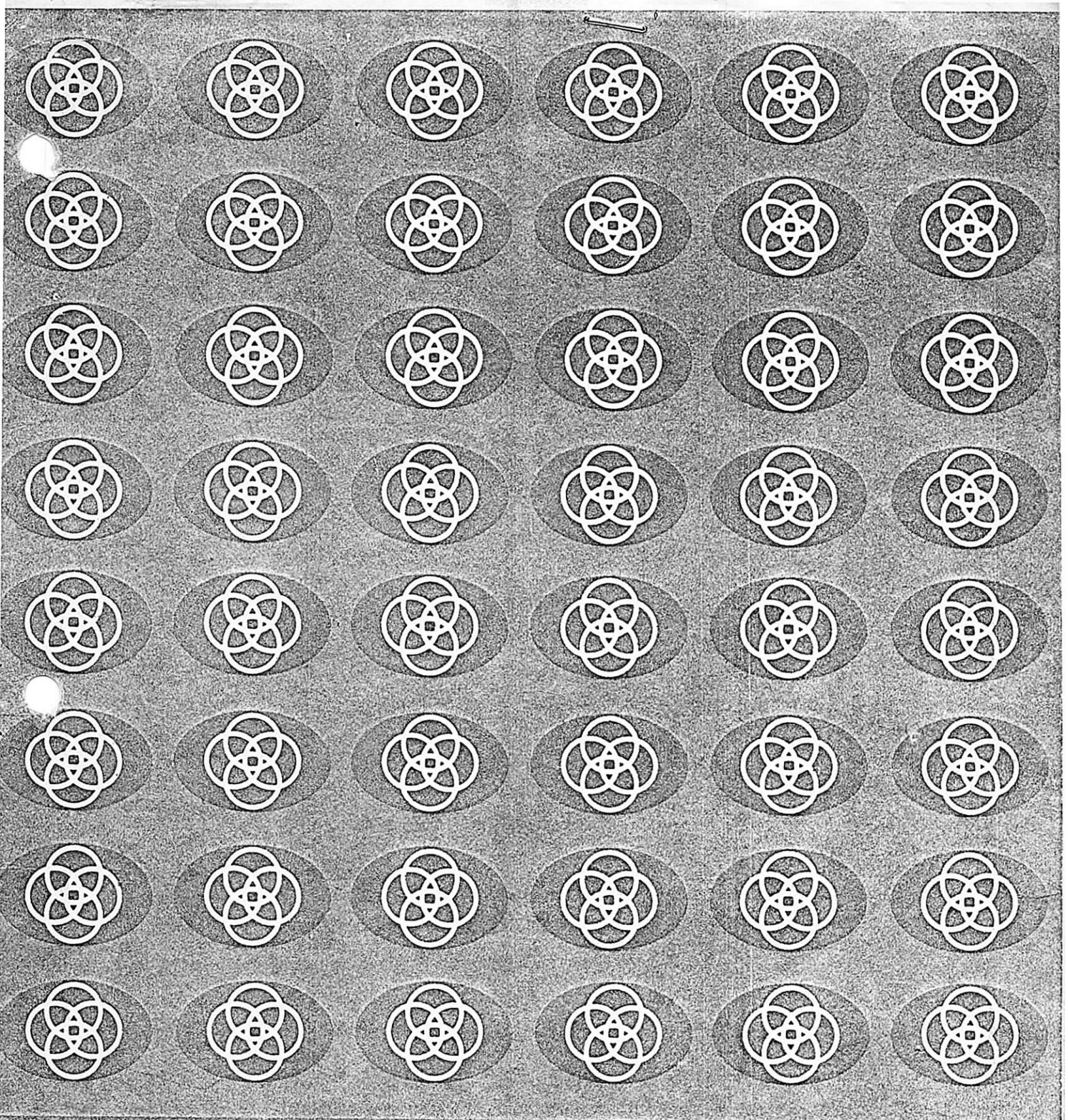
# Section 16

## **California Council on Intergovernmental Relations Allocation of Public Service Responsibilities (June 1970)**

- (a) Framework for Analysis - Principles and Criteria**
- (b) Recommended Shifts - State/Local Subvention Programs**
- (c) Analysis of Selected Public Services**
- (d) The Special District "Problem"**
- (e) Allocation of Area-wide Responsibilities**

### **Appendices**

- A: Criteria for Policy Choice, Providing Funds, and  
Administration of Public Services**
- B: Planning Districts as Adopted by the CCIR**
- C: Intergovernmental Program Structure**



# Allocation of **P**ublic **S**ervice **R**esponsibilities

California Council on Intergovernmental Relations

ALLOCATION OF  
PUBLIC SERVICE RESPONSIBILITIES  
IN CALIFORNIA

**PART I**

**A Report of the  
California Council on Intergovernmental Relations**

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**June 1970**

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June 15, 1970

Honorable Ronald Reagan, Governor  
Honorable Ed Reinecke, Lt. Governor  
Honorable Robert T. Monagan, Speaker  
of the Assembly, and  
Members of the Legislature

The Council on Intergovernmental Relations, in accordance with Section 34210 of the Government Code, transmits this report on its project to recommend shifts in the allocation of public service responsibilities.

This is the first part of a long-term project and includes a statement and an initial testing of the principles and criteria which will be applied to specific public service systems in the next phase.

This project is based on the principle that the allocation of state and local government revenue sources should relate to the allocation of public service responsibilities. Because of the value of this project to considerations for tax reform, there is broad interest in the Council's undertaking. To capture that interest and to reflect it in our specific recommendations, we intend to use this report as a beginning basis for interchange between the Council with its long-range task and those who have the day-to-day responsibility for providing public services.

Respectfully submitted,

A handwritten signature in black ink that reads "Ross Barrett". The signature is written in a cursive style with a large, sweeping initial "R".

ROSS BARRETT, Chairman

To the Reader . . .

“Please understand that what is put forth in this document is not for immediate implementation; it is a guide for the future assignment of public service responsibilities.”

“If we were to take into consideration, for example, what the Legislature would be able to adopt today, we would not even have started the project . . .”

Paul J. Anderson  
Riverside County Supervisor  
Vice-Chairman, CIR

## TABLE OF CONTENTS

	PAGE
Framework for Analysis—Principles and Criteria.....	7
Recommended Shifts —State/Local Subvention Programs .....	9
Analysis of Selected Public Services .....	12
The Special District “Problem” .....	18
Allocation of Areawide Responsibilities .....	22

## APPENDICES

A—Criteria for Policy Choice, Providing Funds, and Administration of Public Services .....	25
B—Map of Adopted Planning Districts, February 1970.....	26
C—Intergovernmental Program Structure .....	27

## ALLOCATION OF PUBLIC SERVICE RESPONSIBILITIES

This Council project was initiated to establish a more rational assignment of public service responsibilities among Federal, State and local governments in California. It follows the recommendation of the Council's 1969 report which states:

"The functions and responsibilities of all levels of government within the State should be reexamined and redefined, concurrently with changes in the tax system. It is possible that services now performed at the local level should be shifted to State government and that certain State services should be transferred to local government. Reallocation of service responsibilities between cities, counties and districts is also possible. The service reallocations should be accompanied by a transfer of the tax base as well."

The project was officially launched on August 20, 1969 when the Council reviewed and approved the project outline and work schedule. The project objectives are:

- (1) To develop recommendations for the reallocation of public service responsibilities.
- (2) To prepare an intergovernmental program framework to aid the coordinated achievement of public objectives.

### Two Phase Study

The project is divided into two phases. The first one is covered by this report and includes:

- (1) the development of a set of principles and criteria as guidelines for allocating public service responsibilities;
- (2) the application of this set of principles, as a test of their usefulness, to a select group of public services. The services selected are the state-local subvention programs contained in the State budget for which the State transfers funds to local jurisdictions to accomplish public service objectives;

- (3) the initial development of recommended policy and financial shifts for broad public service program areas;
- (4) recommendations concerning the provision of public services by special districts;
- (5) a statement about the developing areawide dimension of public service responsibilities; and,
- (6) a program structure intended to be all-inclusive of all public services provided by all levels of government, but which is in an elementary stage of development.

Phase two, to be worked on next, would:

- (1) apply the guidelines more completely to particular public service "systems", such as transportation, public health, or education;
- (2) recommend further program and financial shifts; and
- (3) develop information on economical size units for the delivery of selected public services. The program structure will be further developed for use as a means of coordinating the achievement of the public service objectives of respective units and levels of government.

*Before reading the ideas and recommended directions set forth in this document, there are two points which the reader is asked to bear in mind:*

1. *The recommendations are intended as long-range goals.* It is the unique role of the Council to provide the long-term, overall perspective. The recommendations here are intended to indicate a desired direction for an improved allocation of public service responsibilities, even though they may not appear achievable under current laws and conditions.
2. *This is a starting point for discussion.* To our knowledge, this is one of the first projects of its kind in the Nation. Thus, this report should be viewed as a beginning basis for interchange between the Council with its long-range assignment and those who have the day-to-day responsibility for providing public services.



**Section 16 (a)**  
**Framework for Analysis - Principles and Criteria**

## I. FRAMEWORK FOR ANALYSIS—Principles and Criteria

The first project task was to set forth those basic principles and criteria by which the total range of public services could be analyzed and decisions made on the allocation of a public service to the respective levels of government or to the private sector. Familiarity with these principles and criteria and how they are applied is critical to the understanding of the results, conclusions, and recommendations of this project.

### A. Principles and Criteria

The framework for the analysis of public services is based upon a benefits-received/assumption-of-risk principle.

Services can be classified into three kinds—those with mainly individual benefits (example: water or electricity), those with largely group or societal benefits (example: defense), and those which benefit the individual but which have spillover benefits to society (example: primary and secondary education).

When services are discussed in terms of benefits received, it is important to note whether individuals or society are the primary beneficiaries or whether there is a substantial sharing of benefits.

Assumption-of-risk services are those where government assumes the risk for those people who become incapacitated. Examples would be assistance for the poor, diseased, or handicapped. Public assumption of risk is similar to that principle used in insurance. In this case, the public is assuming the responsibility for protecting society as a whole from disorder and disease and for providing basic human needs or rehabilitation for those individuals who become disabled or dependent.

The more widespread the benefit of the service, or the broader the risk which the service assumes, then it should be the larger governmental jurisdiction which makes policy and financial choices regarding that service.

The more limited the benefits from the service, the more the choices should be made by the smaller jurisdictions.

For those services where benefits accrue to identifiable individuals, where redistribution of income is not a major concern, and where collec-

tion of fees is administratively feasible, user charges should be made to cover the full cost of the service.

The level which should administer public programs depends upon the kind of system necessary for their delivery.

Personal services often require a "local delivery system". This local delivery system may be provided by a larger level of government (for example, the federal postal service), or it may be provided by local jurisdictions (for example, social welfare services). However, money payments and services such as research can be accomplished at the larger governmental levels.

Specifically, then, the criteria being applied are summarized as follows (appendix A contains a more complete explanation):

*Policy choice* regarding public programs should be at that level of government which largely encompasses the source and solution of the public problem, that is, where benefits from the service are consumed mostly within the boundaries of the government making the choice.

Furthermore:

The level of government which determines policy is the one which should be able to and should assume major responsibility for adequately and equitably *providing funds*. User charges should be made where it is practical and where equity can be maintained.

And finally:

Government services should be *administered* at that level which is legally and administratively capable of providing services within a price range and at a level of effectiveness acceptable to the public representatives determining policy.

*In this study, the intent is not to determine the level or quality of services nor the level of efficiency in their delivery. Instead, the purpose is to indicate which level of government should be responsible for making choices for the various public services.*

## B. Use of the Principles and Criteria

These principles and criteria improve the capability to clarify choice among priorities of a colossal number of public and private goods and services. Clarification of this choice is a major issue facing government today.

In the marketplace a pricing system facilitates choice among goods and services. Prices fluctuate with supply and demand and choices shift in response to price changes.

For some public services a pricing system also can assist consumer choice of whether to obtain more or less of a particular service. In the case where user fees are appropriate, charging the full cost of the service tends to place it in the marketplace with other goods and services. Transportation or recreation services, for example, can be consumed more or less depending on their price and the demand in contrast with other services in the marketplace. Too often public subsidies, through the use of taxation, have distorted the price of enterprise type services without a continuing review to determine their priority.

Some public services, however, do not lend themselves to a pricing system, since the beneficiaries are often unrelated to those who pay for the services. Instead, these services rely on a complex system of choice by public representatives.

In order to clarify that choice, our set of principles and criteria divides public services into those with limited benefits or limited risks and those with widespread benefits or broad risks.

*Limited benefit/risk services are divided into three categories:* (1) those benefiting individuals within a restricted area and where user charges can be made (county and citrus fairs); (2) those where benefits largely accrue to a local population but where user charges are not practical as the main source of income (neighborhood tot lots); and, (3) those where benefits are primarily to the local population but where the local tax base is inadequate to support a State-defined minimum standard of local services (maintaining juvenile delinquents in juvenile homes).

*The widespread benefit/risk services are classified into four categories:* (1) those of statewide or regional impact where charges can be equitably made to the beneficiaries (small craft harbors); (2) those which do not require interstate equalization, and which are applicable to the State as a whole, yet do not require a local government delivery system (statewide court system); (3) those having the most widespread benefit or risk and which can be administered at the larger governmental levels (income for permanently dependent); and, (4) those which take cooperative intergovernmental arrangements to equitably fund and efficiently deliver. This category contains services oriented toward (a) the disadvantaged (handicapped children's services), and (b) the population as a whole (K-12 education, and public library systems).

In summary, then, the recommendations in this study are based upon a benefit-received principle where policy choice and funding are made by the public representatives of the jurisdiction receiving the benefits or assuming protection against a risk.

- Where individual beneficiaries are identifiable and income redistribution is not a major public purpose, user fees are recommended.
- Where the benefits are localized, responsibility for policy and funding should remain at the local level. The exception would be in those cases where the State assures a minimum level of local services in jurisdictions without an adequate tax base.
- Where the benefit or risk is widespread the larger levels of government should assume the policy and financial responsibility.
- Where the benefits are widespread but a local delivery system for the services is necessary, joint responsibility is recommended, including a coordinated, intergovernmental decision-making system.