# SLG - Lecture 2

# Fiscal Federalism,

## State to Local Government Relations,

And Constitutions

# Fiscal Federalism

### Follow the Money

### She who holds the gold makes the rules…

### A Reminder:

### Money and Power

### In governmental relations, as in many relationships, two intertwined things are key:

### 1) Money – getting it, keeping it and sharing it

### The Distribution of Scarce Resources

### 2) Telling other people what to do!

### The Distribution of Power and Responsibility

### Money and Power are two great ways to track the changes in federal/state relations

### A Little Visual Aid

### Another Way to Think About How Governments Relate to Each Other:

### Cupcake, Layer Cake, Marble Cake

### The Federalist Dessert Tray

### The Cupcake Model (ante-bellum)

### Confederate system with compacts and nullification

### The Layer Cake Model (Civil War to 1937)

### Dual Federalism

### Fixed, separate responsibilities: State jobs; Federal jobs

### The Marble Cake Model (1937 to 1960’s)

### Cooperative Federalism

### Intermingled responsibilities

### Overlap in policy arenas

### Fiscal Federalism

### Fiscal: Having to do with money.

### Federalism: Shared power. The division of governmental powers between the national and state (and lately, local) governments.

### Fiscal Federalism: The relationship between governments viewed through the lens of money.

### The Money Trail Begins

### 1837 – first federal money (not land) grants from surplus funds

### Went to the states with no strings attached! Ahh, the good ‘ole days…

### 1862 – the Morrill Act – land grants for Agricultural colleges

### Required annual reports and accounting of the use of federal funds

### Brother, Can You Spare a Dime?

### The Great Depression (1929-1939)

### A problem TOO BIG for just the states to handle:

### The New Deal (1933-1938)

### The beginning of “Cooperative Federalism”

### Modern Fiscal Federalism

### Follow the money!

### How many types of fiscal federalism are there?

### Here’s our modern starting point:

### From 1952 to 1961 the federal aid budget tripled to $7.3 billion

### How far do you think it will go?

### How many types of fiscal federalism are there?

### Creative Federalism (1965-1969)

### LBJ – Great Society

### Categorical Grants – specific purpose; required behavior

### Aid doubled again, to $20.2 billion

### “New Federalism” (1970-1975)

### Nixon – return power to the states. Cut red tape, cut big government

### Aid grew from $24 billion to $50 billion

### General Revenue Sharing (Oh, the good ‘ole days.)

### Block Grants – broader purpose, more general use, less paper-work

### How many types of fiscal federalism are there?

### Coercive Federalism (mid 70’s to early 80’s)

### David Walker calls it Congressional federalism or even dysfunctional federalism

### Grants become more and more intricate and full of requirements

### Congress is at the center of intergovernmental relationships

### How many types of fiscal federalism are there?

### New New Federalism (1980’s)

### Reagan’s Devolution

### Devolve: to send responsibility and sometimes resources to a lower (more responsive?) level of government

### Cut $6.5 billion of federal aid in the first year

### Consolidated/dropped categorical grants into block grants

### 1982 was the first actual decline in 25 years

### Congressional oppositions meant most proposals failed

### How many types of fiscal federalism are there?

### Black Tie Federalism (1990’s)

### Clinton came in as “Governor’s President”

### Newt Gingrich (Republican Speaker of the House) brought back concept of devolution for the “Devolution Revolution”, but no significant changes except for

### Mandates reform

### Mandate: Laws, court decisions or executive orders that demand an action from a lower level of government. Unfunded mandates are the least popular

### Welfare Reform

### How many types of fiscal federalism are there?

### Selective Federalism (Bush Era)

### Sometimes we devolve, sometimes we expand

### Examples –Homeland Security, No Child Left Behind, ADA (All are also example of mandates!)

### What do you think comes next?

### When will the pendulum swing?

### But who is really losing power?

# Ladies and Gentlemen: The Dynamic Circles

## The Distribution of Constitutional Authority

## Draw them here:

## Who’s losing space?

## We, the people!

## BUT: Think about the process…

# Woodrow Wilson, Political Scientist

## The relations of the states and federal government cannot be settled …“by one generation, because it is a question of growth, and every new successive stage of our political and economic development, gives it a new aspect, and makes it a new question.”

# State to Local Relations

## Federal to State model: 10th amendment – certain constitutional powers are reserved to the states: “The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.”

## State to Local models:

### Dillon’s Rule

### Home Rule

## Local Governments are created by the states, either legislatively or constitutionally

## Remember: I brought you into the world and I can take you out of it!

# Dillon’s Rule

## Judge John Dillon, Chief Justice of the Iowa Supreme Court - 1868

## Municipalities may exercise only those powers expressly granted to them

## “Breathed into them the breath of life…”

## 80% of states have rejected Dillon’s rule

## (Arkansas only partially – counties have home rule)

# Home Rule

## Free to enact own laws or codes as long as not in conflict with state law

## Two-thirds of cities with more than 2500 population have home rule

## Not necessarily a big improvement

### NYC has multiple volumes of “prohibitions”

# Why Federalism?

## Why did we spend all this time in STATE and LOCAL government on the Federal system?

### The smaller governments exist in the framework and in the shadow of the federal government

### Federal money and mandates have greatly shaped state and local behavior

### It gives us a point of reference from which to draw similarities and differences – like today!

## Constitutions: The Framework for Democracy

# But first a word from Yakhov…

## “When writing a letter to someone in Russia, you must put the name of the country first, then the name of the state, then the name of the street, then the name of the person comes in last. It’s great living in a country now where the people come first.”

# State Constitutions

## A state constitution is a FRAMEWORK

### The framework of the house, not the drywall or the molding, certainly not the curtains or the brick-a-brack on the mantle

### Should be basic, but clear about who does what

#### Setting the governor’s salary should not be a constitutional issue

#### Arkansas’s did so because it was REFLECTIVE of the times in which it was written (1874)

### Should provide a process for orderly change

#### Think of it as the blueprint. When you want to renovate, you need the original blueprint or ZAP!!!

## A state constitution is inherently conservative

#### The point of a constitution is to proscribe, dictate and otherwise LIMIT the exercise of political power

#### Only 18 of 50 are 20th century documents

## A state constitution is reflective

### It reflects the archetype – the US constitution

#### All 50 have a preamble

#### All 50 have a bill of rights

#### However, most tend to be more amended, and therefore more complex than the US constitution

#### (The US constitution is reflective of original colonial constitutions, something Massachusetts is quite proud of…)

### It reflects the time-frame in which it was written

#### Most are pre-20th century, pre-progressive documents with a distrust of centralized power

#### The reform constitutions of the 1960’s reflect a neo-progressive desire for “good government”

## A state constitution is a living document

### Constitutions are changed by

#### Judicial decisions

### Constitutions are amended by

#### Legislatures and citizens

#### Citizens without the legislature

### Arkansas adopted a term limits initiative in 1993, but the Supreme Court struck down the portion that provided limits on Federal offices

# Four Paths to Change

## Legislative Proposal

### The legislature votes to place amendments on the ballot for a referendum vote (except Delaware)

## Constitutional Citizen’s Initiative

### 18 states allow citizens to collect signatures in order to place amendments on the ballot for a referendum vote

# Four Paths to Change

## Constitutional Commission

### A study group to look at the need for change and to suggest changes (only in Florida can they put anything directly on the ballot)

## Constitutional Convention

### Oldest method

### Must be called by the legislature

### Still requires a referendum ballot

# Arkansas’ Constitution

## Can be changed by:

### Legislative Proposal

#### Three per biennial session

#### Requires a majority of both Houses to place on the ballot

### Constitutional Citizens’ Initiative

#### Amendment 7 make us one of the lucky 18!

#### Requires signatures of 10% of those who voted in last Governor’s race

#### We tend to be conservative about these proposals

##### Your text says 183 (slightly more from the legislature than from petitions) proposed; only 88 passed

##### South Dakota has a 40% pass rate

#### This is the “western” part of our political heritage

### We do not have a specific process for an overall re-write

# What about Dr. Howard’s Picture?

## He served on the ill-fated Constitutional Convention of 1978-80. The composite picture of the group hangs in the Capitol Building.

## They worked for two years just so that the electorate could roundly defeat their proposal. (Remember – we are conservative…)

## He said it was like being a new father, and you take your baby out for a stroll and someone says: “We don’t like your baby; we think your baby’s ugly”.

# Let’s look at Page 28

## Oldest: Massachusetts, 1780

## Newest: Georgia, 1982

## Shortest: New Hampshire @ 9,200 words

## Longest: Sweet Home Alabama: 40,136 words (It is a drinking problem…)

## Most prolific: Louisiana, eleven versions

## Most Amended: Alabama, 766 adopted

## Crankiest electorate: California, 863 submitted; 513 approved

Next up:

* We have a test next Tuesday!

## Readings covered by Test 1:

**First day reading: Saffell - Chpt. 1, pp. 25-39 and Chpt. 2, pp. 43-54.**

January 20: State constitutions-- Or, why is Dr. Tom Howard's picture in the Arkansas state capitol?

**Prior to class read: Saffell - Chpt. 2, pp. 67-72 and all of Chpt. 1 of GIA**