Magruder’s American Government

CHAPTER 25
Local Government and Finance
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Local Government and Finance

SECTION 1  Counties, Towns, and Townships

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Counties, Towns, and Townships

• What are some differences among counties?
• How are county governments structured?
• What are the functions of counties?
• Which aspects of county government need reform?
• How can we describe the governments of towns, townships, and special districts?
Counties

• A county is a major unit of local government in most States.
• The function of counties varies from State to State.
• They may share the functions of local government or be the major units of government for rural areas.
• Counties vary widely in area and population.
County Government Structure

Typical County Government Structure

- Voters
- County Board (governing body)
- County Board appoints:
  - Planning Commission
  - Budget Committee
  - County Agent
- County Board elects:
  - Other County Officials:
    - Sheriff
    - District attorney
    - Clerk
    - School superintendent
    - Assessor
    - Treasurer
    - Auditor
    - Coroner
- County Board constitutes:
  - Boards and Officials:
    - Board of Health, Welfare Commission, Library Board, and others
The most common functions of counties are:

• to keep the peace and maintain jails and other correctional facilities

• to assess property for taxes

• to collect taxes and spend county funds

• to build and repair roads, bridges, drains, and other such public works

• to maintain schools
The Need for Reform

• Too many elected officials so that it is difficult for citizens to form an informed vote and to find the officials responsible for a given concern.

• Too many counties in some States make State government difficult to manage.
Towns, Townships, and Special Districts

• In New England and elsewhere, the town or township is a major unit of local government and delivers most services.

• The main feature is the town or township meeting, which is open to all of the town’s eligible voters. It meets regularly to levy taxes, make spending and other policy decisions, and elect officers.

• Between town meetings, a small governing body manages the town’s business.

• Special Districts also exist across the country. Most of them are school districts.

• Special districts provide a service in a wider or smaller area than is covered by a county or city.
Section 1 Review

1. Which of the following is **not** true about counties?
   (a) They are determined by population.
   (b) They assess property values.
   (c) They repair roads.
   (d) They maintain schools.

2. What is the main type of special district?
   (a) District of Columbia
   (b) District court
   (c) School district
   (d) Township

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Cities and Metropolitan Areas

- What are the reasons for America’s shift from a rural to an urban society?
- How are cities incorporated, and what is the function of city charters?
- What are the major forms of city government?
- Why is city planning necessary?
- What challenges face the suburbs and metropolitan areas?
America’s Rural-Urban Shift

• In 1790, 5.1 percent of the population lived in cities.
• The Industrial Revolution caused many people to move to urban centers.
• Farms became mechanized and fewer people grew more food.
• By 1900, two-fifths of the nation’s people lived in urban areas.
• By 1920, more than half of the population were city dwellers.
• Today, over 75 percent live in cities and suburbs.
• Consequently, the strain on local governments to provide services to their populations has grown.
Incorporation and Charters

Incorporation is the process by which a State establishes a city as a legal body.

A charter is the city’s basic law, its constitution.
Mayor-Council Form of City Government

Mayor - Council Form of Government

**Strong Mayor Model**
- Voters elect Mayor
- Mayor appoints Council
- Council appoints Department Heads
- Department Heads administer agencies such as public safety, public works, finance, education

**Weak Mayor Model**
- Voters elect Mayor
- Mayor is the Chief Executive
- Council is the Legislative body
- Department Heads are appointed by the Mayor
Commission Form of City Government

Commission Form of Government

Voters

Board of Commissioners forms the city council

Mayor
Public Works
Finance
Public Safety
Education

Commissioners individually serve as department heads or as mayor.
Council-Manager Form of City Government

Voters elect Council, a Policymaking body. 
Council appoints City Manager, the Chief Administrator, who hires and fires city employees, prepares the budget, and controls spending. 
City Manager appoints Department Heads, administrators of agencies such as public safety, public works, finance, and education.
Planning Growth

• Most cities have a planning agency that consists of a planning commission supported by a professional staff.

• Most federal grant and loan programs require a master plan for future growth.

City Zoning

• Zoning is the practice of dividing a city into districts and regulating property uses.

• The three uses are generally residential, commercial, and industrial.

• Each zone is then subdivided. Residential zones may be subdivided into single-family, two family, and multifamily units.

• Zoning may also determine height and area limits for buildings.

• Zoning ordinances must be reasonable.
<table>
<thead>
<tr>
<th>Public utilities</th>
<th>Parks and recreation</th>
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<td>Public housing</td>
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<td>Public health facilities</td>
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The Suburb Boom

- About half of all Americans live in suburbs.
- Suburbs grew rapidly after World War II.
- Americans wanted more room, cheaper land, privacy, and less pollution and congestion.
- Businesses moved to the suburbs for cheaper land, lower taxes, and a stable labor supply.
- The move to the suburbs made many urban areas less financially stable and socially inclusive.

Metropolitan Areas

- Some suburbs have difficulty meeting the service needs of their residents.
- Metropolitan areas have been created that annex outlying areas.
- Special districts are created that cross the boundaries of county and city lines.
Section 2 Review

1. What percentage of Americans live in cities and suburbs today?
   (a) under 20 percent
   (b) 50 percent
   (c) 60 percent
   (d) over 75 percent

2. Which is not one of the functions of municipalities?
   (a) wastewater treatment
   (b) creating state parks
   (c) regulating traffic
   (d) managing public housing

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SECTION 3

Providing Important Functions

• Why do State governments have a major role in providing important services?

• What types of services do State and local governments provide?

• Why do the amount and types of services available to citizens vary greatly from State to State?
State Government’s Role

• The U.S. Constitution reserves to the States all the powers not expressly delegated to Congress and not specifically denied to the States.

• State responsibilities are to “establish Justice, ensure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty.”
State and Local Services

State and Local Spending*

- Education
- Public Welfare
- Highways
- Public Safety
- Sanitation and Sewage
- Housing and Community Development
- Parks and Recreation
- Natural Resources

Spending (in billions of dollars)

SOURCE: Statistical Abstract of the United States

Chapter 25 Section 3
Variations in Services

- State and local governments vary in the amount and types of services they offer according to the degree of urbanization.

- They also vary according to physical geography (energy supplies, agricultural resources, and proximity to transportation networks and major markets).
Section 3 Review

1. What is the major category of State and local spending?
   (a) public safety
   (b) highways
   (c) natural resources
   (d) education

2. State budgets vary according to
   (a) the U.S. Congress.
   (b) shield law.
   (c) urbanization and physical geography.
   (d) common law.

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Financing State and Local Government

• What are the major Federal and State limits on raising revenue?

• What are the four principles of sound taxation?

• What are the major tax and nontax sources of State and local revenue?

• How can we describe the State budget process?
Limits on Raising Revenue

Federal Limitations

States cannot raise revenue from:
• interstate and foreign commerce
• the Federal Government and its agencies
• any unfairly imposed or administered tax
• taxes that require confiscated property
• taxes imposed for other than public purposes

State Limitations

State constitutions limit the State and local taxing powers.
• Most constitutions create tax-exempt groups.
• State codes often set maximum rates for levies.
• Some taxes are prohibited.
The Principles of Sound Taxation

• Subjects contribute in proportion to their abilities.

• Taxes are certain and not arbitrary.

• Taxes are levied at a time and in a manner convenient to the contributor.

• Taxes should not take much more money from the people than government needs.
Sources of Revenue

State and Local Revenue*

- Sales Tax
- Federal Government
- Insurance Trust Revenue†
- Property Tax
- Individual Income Tax
- Corporate Income Tax

Revenue (in billions of dollars)

†Money for such benefits as employee retirement and unemployment compensation that is held in interest-paying trust funds

SOURCE: Statistical Abstract of the United States
The Budget Process

• Each agency prepares estimates of its needs for the upcoming year.

• Estimates are reviewed by an executive budget agency.

• The revised estimates and supporting information are presented as the governor’s budget.

• The budget is considered part by part, funds are appropriated, and revenue measures passed by the legislature.

• The governor supervises the execution of the budget approved by the legislature.

• The execution of the budget is checked independently by auditors.
Section 4 Review

1. The Federal Government does not allow States to tax
   (a) interstate commerce.
   (b) the sale of food.
   (c) property.
   (d) income.

2. What is the major source of state and local revenue?
   (a) individual income tax
   (b) property tax
   (c) corporate income tax
   (d) sales tax

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