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Reviews and Essays

Service Challenges and Governance Issues Confronting American Counties in the 21st Century: An Overview

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The American county—long considered to be the bedrock of local government in the United States—has grown in importance since the middle of the 20th century. Between 1962 and 2002, the county government share of county and municipal revenues grew from 39.3 to 47.3 percent, and expenditures grew from 33.7 to 46.5 percent. As a consequence of this substantial growth in county financial activity, there has been a concomitant and stunning increase in the types and level of county government services. Relatedly, the county workforce has increased dramatically, more than tripling in size from around 700,000 full-time equivalent employees in 1962 to 2.3 million in 2002. In 2002, county employees accounted for 48.6 percent of the county and municipal workforce compared with 35.7 percent in 1962. Today, counties employ almost as many people as do municipalities.

Coincident with this growth, American counties face a number of challenges as service-delivery agents and instruments of governance in the early 21st century. Viewed from a global perspective, perhaps the most daunting challenge is whether or not counties can meet the myriad and far-flung expectations that accompany the service roles counties are expected to play. A growing number of county governments must simultaneously function as traditional, local, and regional governments (see Benton 2002a). As traditional governments, counties serve as administrative or political arms of their state governments and thus perform a number of state functions (many of them mandated) and services to all county residents.[1] When counties function as local governments, they provide municipal-type services to residents of unincorporated areas.[2] In addition, densely populated counties often serve as regional governments when they provide urban-type services to residents of both unincorporated and incorporated areas.[3]

This enlargement of the service role and prominence of counties and the wholly new approach to daily operations that is required means that county governments must deal with several governance issues. Indeed, these issues are part and parcel of the very essence of counties as they strive to provide traditional as well as municipal- and urban-type services and meet the heightened expectations of democratic governance. As functioning full-service governments, three questions in particular are salient. First, what is the most suitable form of county government in terms of responsiveness to escalating service expectations and ability to negotiate with other governments (i.e., federal, state, and local, including other counties) while providing fair and accountable representation? Second, how diverse must county revenues be to finance the provision of newer and costly municipal- and urban-type services? Third, to what extent do counties (regardless of size and population growth rates) pay close attention to the ethical environment within which the public's business is conducted?

Clearly, the creativity, ingenuity, cooperative spirit, and even political savvy of county public servants as well as frequent input from county residents will be required to tackle these service challenges and governance issues and to fashion successful solutions and remedies. In this essay, we examine six of the most pressing county service challenges including homeland security, health care for the poor, economic development, land use, affordable housing, and stormwater management. Next, we explore the three critical issues in county governance that involve government structure, revenue diversification, and ethics and integrity in county government.

The insights offered here are based on observations and recommendations made over the course of several years of interaction with county elected officials and practitioners and state and regional associations of counties. Beginning in June 2003, we met at the Carl Vinson Institute at the University of Georgia to discuss how and why the roles and functions of county governments had changed over time, what the nature of scholarly and practitioner research on counties had been since 1992, and what direction future research should take.[4] In the months after the conference, we augmented out understanding of the challenges and issues confronting counties by conversing with numerous county officials in their respective states and communities; convening a roundtable discussion group of practitioners and scholars at the American Society for Public Administration meeting in Washington, D.C., in March 2007; and forming a panel of eight well-known and highly respected county practitioners that included three former presidents of the International City/County Management Association and one former president of the National Association of Counties (NACo). Collectively, we have over 100 years' experience conducting applied research projects for state and local governments (including a number of county governments), federal agencies, and organizations such as NACo, the International City/County Management Association, the League of Cities, and the former U.S. Advisory Commission on Intergovernmental Relations (ACIR).

Service Challenges

Homeland Security

The relative newness and perceived critical nature of homeland security place it at or near the top of local government service challenges. Unquestionably, the events of September 11, 2001, have had a significant impact upon the finances and functions of county governments as well as on other levels of government. Local governments are the nation's first line of defense against terrorism and other hazards. They provide the critical local law enforcement, fire protection, and emergency medical and emergency management services to communities. The addition of these new responsibilities has strained finite county financial and personnel resources, and county officials must now balance their new homeland security duties with their traditional disaster, law enforcement, and medical services responsibilities. As a result, there is now more pressure to provide adequate funding for other basic county services.

County officials are increasingly concerned about the lack of a common model for homeland security functions and their capabilities for engaging in joint planning and operations for homeland security (Bea 2004). Some county homeland security agencies are centered on law enforcement and have established a special office to develop security plans and to coordinate efforts with other local and state law enforcement agencies and with state and federal homeland security offices. Other counties focus on national security, with former military personnel serving as advisors to county officials. Still other counties have a broad focus on homeland security and emergency management; efforts typically are led by a fire department or emergency management official. Consequently, there is a wide variety among counties with respect to the functional responsibilities associated with this service. Counties may have homeland security directors, homeland security or "weapons of mass destruction" coordinators within county agencies, or special homeland security advisors to county officials. Some county homeland security personnel are highly paid and have professional support staff; others are unpaid volunteers who have little or no support staff. Fragmented approaches cause concerns about duplication and coordination of efforts, program effectiveness and efficiency, and an appropriate return on the investment of public monies.

Other challenges loom for counties. The deployment of tens of thousands of National Guard and reserve troops to Afghanistan and Iraq has had a significant impact upon staffing for county agencies. These deployments have caused manpower shortages in county law enforcement agencies, fire departments, emergency medical services, hospital staffs, and other agencies and have limited the capacities of some county governments to develop and staff local homeland security and other programs. Moreover, national homeland security efforts have created unfunded and underfunded mandates for county offices. The measures taken to address security alerts in the immediate aftermath of the 9/11 attacks necessitated additional personnel, overtime pay, and increased training, causing serious fiscal strain on county and city governments. Compounding matters, federal funding (much of which is funneled through state offices) is all too infrequently allocated to county and city agencies based on risk or is slow in arriving at county offices. Changing program priorities and limited or restricted funding for homeland security also complicate efficient and effective provision of this service (Logan 2004).

Two challenges are especially momentous for county homeland security and emergency management agencies. Not only must critical infrastructure be identified but also plans must be developed to secure that infrastructure. Moreover, there is a need to work with health care officials to devise contingency plans to defend against bioterrorism threats. Most counties have yet to address these challenges with any degree of specificity

Health Care for the Poor

Providing health care services in a cost-effective way is another major challenge facing county governments, especially as the cost of health care continues to rise. Although county health care services are available to the general population, counties tend to spend the most on the provision of health services for the poor. County governments historically have provided for the poor through their investments in public hospitals and public health departments. Their contribution to these institutions helps to maintain a complex web of services (the so-called safety net) for those unable to pay for medical care. These indigent patients frequently include the elderly, low-income children, and those with chronic diseases (e.g., HIV, AIDS), mental illness, diabetes, and asthma. In recent years, public hospitals have been in a deteriorating financial condition (Singer et al. 2004). While Medicare and Medicaid supply most of the net revenues of public hospitals, these payments often fall short of the cost of services. State and local subsidies usually must make up the shortfall.

At the same time that public (usually county) hospitals were experiencing financial problems, counties were forced to adapt to a major change in how they were to provide services to the poor. Federal devolution permitted state Medicaid programs to adopt managed care. As of 2003, 59 percent of the 40 million Medicaid beneficiaries were enrolled in some type of managed care program (Centers for Medicare and Medicaid Services 2003). These revolutionary changes brought about outsourcing on a grand scale (Johnston and Romzek 1999).

Counties must remain active in efforts to make Medicaid managed care work. As of 2001, more than one-third of the states had contracted with at least one commercial plan (Landon et al. 2004). The future of this approach to providing Medicaid services is uncertain. Questions about the quality of care and services need to be investigated further. Many states implemented their managed care programs very quickly (Weissert and Goggin 2002) but whether they have been able to manage Medicaid service contracts effectively has yet to be determined.

Since many county residents obtain health care services from private organizations, public hospitals have shifted emphasis to different types of services to maintain their patient base. Some have become teaching hospitals while others have developed or enhanced specializations in the areas of burns and trauma (Kassirer 1995). Although a focus on niche services not provided by private hospitals appears prudent, public hospitals will nevertheless continue to experience financial difficulties because they typically draw patients with inadequate insurance.

Other health care–related challenges confront county governments in the 21st century. County health departments need to reclaim their initial mandate to protect the health of the broader public. The National Association of Counties argues that public health departments are understaffed and underfunded at a time when the nation is vulnerable to attack (Gonzales 2002). Additional resources may be made available to public health agencies to help guard against the threat of a bioterrorist attack, for example, but there may be concomitant cuts in state funds for other public health functions (Elliott 2002). In addition, county health departments could do more to ensure the effectiveness of health services by adopting tools such as performance measurement, outcomes assessment, and strategic management. Finally, given the complexity and interdependency involved in the provision of heath care services, it is imperative that county governments strongly encourage networking among health care professionals, a practice that has been identified as a critically important management skill for administering the public's business (Meier and O'Toole 2003; Agranoff and McGuire 2004; Bowman et al. 2004).

Economic Development

County governments of all sizes are increasingly faced with the challenge and expectation that they play an important role in economic development. As of 2001, 80 percent of metropolitan counties, 75 percent of counties adjacent to a metropolitan county, and 67 percent of rural counties had economic development programs (Kraybill and Loboa 2001). Moreover, 61 percent of metropolitan counties, 39 percent of adjacent counties, and 31 percent of rural counties employed one or more professional staff members to handle such activities (Kraybill and Loboa 2001).

Among counties, property tax abatement and infrastructure improvements appear to be the easiest types of incentives to attract and retain businesses (Hy and Waugh 1995). County governments generally have greater flexibility with regard to property tax abatements and more control over highway and other infrastructure funds than do their municipal counterparts (Reese 1991). Counties also can more easily offer tax increment financing for industrial sites.

The two greatest challenges for county officials are (1) to regionalize economic development efforts to avoid counterproductive competition among their municipalities and with neighboring counties and (2) to coordinate their efforts with other federal, state, and local programs to encourage workforce, infrastructure, and community development. Regionalization reduces the potential for businesses to play jurisdictions off against each other and reduces the likelihood of "job poaching." Regional efforts also create economies of scale for the promotion of economic development, as counties and their municipalities can pool their resources to attract new businesses and encourage the expansion of older businesses.

Counties also need a coordinated approach because of the immense scale of effective economic development efforts. A good example of a successful, coordinated effort was the siting of a Dell computer assembly plant in North Carolina that involved major commitments from Dell itself as well as from the state government, a private foundation (the Millennium Fund), Forsyth County, the City of Winston-Salem, Wake Forest University, and Forsyth Technical College (Cherrie 2005).

As this example illustrates, the success of county economic development depends on building bridges among the networks of key decision makers. These types of partnerships require high levels of trust and cooperation. Mintzberg, Simons, and Basu (2002), for example, argue that we live in a "scheming" society based on the single-minded pursuit of economic benefit. County officials cannot assume that there is a common desire for cooperative behavior. Olberdin (2002) suggests that traditions of cooperation that are related to successful regional partnerships exist in some regions and that the lack of these norms can be a hindrance.

In its advocacy role, NACo has crafted a series of plans (The American County Platform) that address a number of issues affecting county government operations (NACo 2004). NACo recommends comprehensive economic development plans to guide infrastructure development and support the effective use of innovative financial strategies. It also advocates effective land use, business development, and commemorative projects and calls for federal action to clean up and redevelop brownfields. NACo also supports sustained funding for the Superfund program and investments in emerging markets and minority businesses, improvements in public works infrastructure, and greater federal sensitivity to the local impacts of military base closures. Furthermore, state governments are encouraged to "involve counties and other local governments as full partners in planning and implementing statewide economic development strategies" (NACo 2004, 11).

Land Use

As county populations increase, land-use regulation becomes more imperative. County officials frequently are faced with the unpopular task of telling individual citizens and business owners what they can or cannot do with their property. This situation occurs whenever county governments choose to exercise their land-use authority in the form of comprehensive planning, zoning, growth management, and open-space and subdivision control. In the exercise of these powers, counties generally have four objectives: control, prevention, protection and conservation, and revenue generation. Effectively and fairly balancing the competing interests involved in land-use decisions presents a significant challenge to county governments.

Recognizing the challenges involved in land-use regulation, a number organizations have worked to develop various forms of assistance for county officials. NACo, for example, created the Task Force for Sustainable Development in 1994 with a focus on how private property rights can be reconciled with the objectives of sustainable development. NACo also entered into a partnership with the Sonoran Institute (based in Tucson, Arizona, and Bozeman, Montana), the Western Community Stewardship Forum, to educate and train county officials in land stewardship. This forum assists county officials with the challenges of explosive growth and changing economic conditions in the rural West. In addition, NACo initiated the Gateway Communities Program to help enhance the capacity of county officials in areas adjacent to national forests, monuments, and wildlife refuges to "tackle rapid growth, plan for appropriate land use, develop sustaining tourism, and balance the economic needs of residents and tourists alike" (NACo 2001a, 4).

Fair and effective resolution of land-use issues requires skills and knowledge not prevalent among elected county officials, particularly in rural jurisdictions. Increasingly, county officials will be required to make difficult choices based on limited information about the consequences of their actions for future generations. Illustrative of this type of land-use dilemma is the conflict between urban growth pressures in Maricopa County, Arizona, and the operational maintenance of Luke Air Force Base. As County Supervisor Don Stapley observed, "Frankly, there has been an argument that if Luke were closed, it would be better for our economy because of the value of the land" (El Nasser 2005, 3A). Farmers own 6,000 unincorporated acres around the air base, but the federal government will not permit them to develop this property because it is situated in a restricted landing zone. The farmers would like to swap some of their properties for unused federal land in the area that they can then develop. Maricopa County assumed a prominent role in seeking to reconcile these competing interests (El Nasser 2005).

Depending on regional location and the extent of support from state government, counties that are in a position similar to that of Maricopa County may confront the need to balance development pressures and the allocation of scarce land and water resources with providing sufficient area to accommodate military air maneuvers, ensuring the safety of residents, meeting the needs of ranchers, and conserving public lands. Some counties also have an interest in continuing to receive congressional funding of payments in lieu of taxes, protecting local control over planning and zoning authority from state efforts to circumscribe that authority, and retaining the authority to employ eminent domain for public purposes.

Affordable Housing

Another challenge for county governments concerns efforts to expand the local supply of affordable housing. Historically, county governments have played a role in providing housing assistance for lower income families, the elderly, and persons with disabilities. In addition, counties are increasingly concerned with helping to ensure a supply of affordable housing for middle-class homebuyers and county employees. In many urban counties, the high cost of housing has made it nearly impossible for county employees (including teachers, firefighters, and sheriff's deputies) to purchase homes near where they work. The supply of affordable housing is typically more constrained in the more affluent counties. Sarasota County, Florida, for example, has an above average per capita income, but county officials there have estimated that more than 12,000 units of additional housing units are needed by 2020 to meet the demand among moderate-income households (White 2005). Shortages of affordable housing have been the norm for many years in counties in northern Virginia and Maryland that are located near the Washington, D.C., beltway.

To help expand the supply of affordable housing, counties historically have relied most heavily on two U.S. Department of Housing and Urban Development programs: Community Development Block Grants and the HOME Program. However, the need for affordable housing far outpaces the availability of the funds provided by these programs. The possibility of cuts in these programs is a source of enduring concern among county officials. Consequently, county governments must devise creative and innovative alternatives and forge partnerships with the private sector to meet the rapidly escalating need for affordable housing. The bargaining skills of county officials are critical for striking the proper balance among building density and inclusion of affordable housing units in development projects. Montgomery County, Maryland, for example, has a record of success in permitting developers to build more units on parcels in exchange for more units for residents with moderate incomes (Montgomery County, Maryland 2005). Increasingly, counties will need to recognize and act upon opportunities to acquire environmentally sensitive properties slated for commercial or industrial development, lots abandoned by their owners, or sites once occupied by factories to package land that could be used to build more affordable housing.

Stormwater Management

Perhaps the most vexing, elusive, and least understood service challenge facing county governments is stormwater management. It is a major concern for counties, regardless of geographical location, population size and growth rate, degree of urbanization, climate, or even culture and politics.

Escalating concern and a sense of urgency about stormwater management can be traced back to congressional enactment of the Clean Water Act in 1972. This legislation gave rise to the Total Maximum Daily Load (TMDL) program, which has emerged as a foundation for efforts to meet state water quality standards. TMDL refers to the maximum amount of a pollutant that a body of water can receive while still adhering to certain water quality standards. "TMDL process" refers to the plan to develop and implement the TMDL program (Committee to Assess the Scientific Basis of the Total Maximum Daily Load Approach to Water Pollution Reduction 2001, vii). To address the widespread problem of noncompliance with even minimum water quality standards, the U.S. Environmental Protection Agency proposed an ambitious timetable for states to develop plans to expedite achievement of targeted water quality standards. Given the reduction in pollutant loading from point sources like sewage treatment plants over the last 30 years, the successful implementation of most TMDL programs requires controlling nonpoint source pollution such as stormwater runoff (i.e., rainwater that picks up contaminants and debris as it washes over streets and parking lots during storms or heavy rains) and the use of fertilizers and insecticides.

The agency's ambitious timetable and proposal to control nonpoint sources have been the two most controversial issues related to the TMDL program. Intertwined with these basic policy issues are three important questions concerning the adequacy of science in support of TMDLs: Are water quality data accurate with regard to the severity of the problem? Does the technology exist to assure compliance? Are there sufficient data and information available for state and local governments to comply with program requirements and meet water quality standards?

Counties are required to implement best management practices to reduce pollutants in urban stormwater.[5] The role of county governments can be to encourage developers, either through county-accepted guidelines or established zoning ordinances, to implement design techniques on newly developed sites that minimize stormwater runoff (NACo 2001b, 2). In fact, counties can manage stormwater through an assortment of tools and techniques including alternative development strategies, conservation site design, innovative funding programs, education and outreach to local homeowners, and pollution prevention programs (NACo 2001b, 2). To assist counties in their role and obligation, NACo (2001b) has highlighted some best practices and has prepared with the National Association of County Engineers (2000) the *Action Guide for Stormwater Management and Drainage* to assist counties in planning and implementation. Despite this modest kind of assistance, many counties, especially rural counties and counties with populations between 50,000 and 100,000, simply do not have the technical staff or financial resources to handle complex problems such as identifying and addressing the potential causes of contamination through stormwater runoff.

An interesting twist to stormwater management in recent years has been the challenge to manage scarce water resources during times of severe drought. While this matter has always been a critical concern for parts of the Southwest, it has increasingly commanded the attention of counties in the southeastern part of the country, especially in Georgia, Florida, the Carolinas, and parts of Alabama and Tennessee.

Governance Issues

County Government Structure

As the 21st century unfolds, the structure and process by which counties are governed is a vital concern. Any discussion of what is the most desirable or "best" form of county government, however, must begin with the premise that counties were created for the explicit purpose of being administrative arms or political subdivisions of state government and were not envisioned to function as full-service local governments like municipalities. Given the evolution of many counties into full-service local governments, the challenge becomes one of altering or modifying the form of county government so that is has the maximum legal ability and flexibility to perform in this expanded capacity.

One issue of special concern for counties has always been internal fragmentation, a result of plural executive and commission forms of government and political partisanship. These features create obstacles to cohesive leadership and professionalism. Consistent with this view, organizational authority is often ambiguous because commissioners retain management functions even if there is a county manager. In addition, having a large number of elected department heads known as row officers (e.g., sheriffs, county clerks, treasurers, tax collectors, supervisors of elections) hinders effective and efficient management. Moreover, counties typically have a large number of quasi-independent agencies, boards, and commissions that challenge effective management (Svara 1996). These conditions of fragmentation, lack of centralized decision making, and political competition make counties vulnerable to conflict and threaten their ability to function as effective and efficient service providers.

A related issue is the interjurisdictional fragmentation of services engendered by counties as they have begun to provide city-type services in unincorporated areas along with regional services. This duplication has added a layer of complexity to urban service delivery, created confusion over the assignment of responsibilities, and exacerbated competition between jurisdictions. Conversely, some counties have assumed an areawide approach to solving problems (i.e., regional governance) or taken over services from municipalities (by creating a countywide library system, for example), thereby promoting intergovernmental cooperation through their leadership role in coordinating activities and interlocal agreements (Berman and Salant 1996; Benton 2002a). The literature is unclear on how often each approach is used or which more accurately reflects the role of counties in issues pertaining to interjurisdictional fragmentation.

Another challenge to internal management and the establishment of interlocal agreements is consolidation. Does functional consolidation (i.e., bringing all human services into a single department and consolidating services with municipalities and special districts) or complete consolidation of all local governments in a county (e.g., city-county consolidation) make more sense? Does functional or complete consolidation produce a higher level of integration between service areas, thereby ensuring greater opportunities for economies of scale and efficiency? Elected county officials and those interested in "good government" still seek definitive answers to these questions.

Issues of governance and structure have become important because of the changing functional and service responsibilities of counties. Clearly, many rural counties continue to provide only traditional county services, but increasingly counties have been called upon to meet the demands for a wide array of new services (Benton 2002a; 2003c; Strieb and Waugh 1991). Efforts to modernize county government structure through changes in form of government from the traditional commission form to a commission with appointed administrator or elected executive may be associated with the ability of county governments to respond successfully to the demands for increased and expanded services. Changing the form of county government to an appointed/elected executive–commission type with a home rule charter leads to a statistically significant increase in total spending as well as an increase in spending for traditional and regional services; it also leads to an increase in some key types of county revenues. Although it is unclear whether a reformed or modernized structure facilitates service/revenue expansion or if a change to a reformed structure results in an expanded service role and higher revenues, recent research indicates that structural change is a determinant (Benton 2002b; 2003a; 2003b).

As debate continues about the most appropriate structure for county government, it is important to remember that the effects of change in form of government may manifest themselves differently in counties than in municipalities. For instance, the professional manager form of government normally associated with cooperative patterns of interaction of cities is associated with higher levels of conflict in virtually all respects in counties (Klase and Song 2000). Understanding the nature of conflict in county governance and how county governments can shift from conflictual to cooperative patterns of interaction will continue to be a topic of much concern. The effects of structural reform on county government interactions (as well as on service provision) generally are seen in the context of rapid population growth and change in urban areas. These urbanized counties have begun to deliver municipal- and urban-type services, which typically make up a significant portion of overall county services (Hoene, Baladassare, and Shires 2002). The ability of counties to make changes, reform, or modernize their structure varies across the states depending on whether structural, functional, and fiscal home rule provisions exist that allow them some discretionary authority. Scholars need to examine the unique issues that give rise to these differences.

County Revenue Diversification

Another governance issue facing county governments is revenue diversification. The ability of counties to deal with this challenge depends in large measure on their ability to reform or modernize their structure of government. At the same time, it is imperative for counties to exercise creativity and political skill in order to keep pace with the rapidly increasing demand for services while remaining fiscally solvent.

The need for counties to diversify revenues is ever present. Spending for corrections (e.g., judicial decisions on prison overcrowding), mandated human services (e.g., welfare), and environmental programs and infrastructure (e.g., water/sewer, solid waste, transportation) strains county budgets. Counties often must implement programs over which they have no policy-making or management control. Funding for these typically mandated programs is frequently capped by appropriations, and increases in required services are not always accompanied by increased funding. Moreover, wide variations in state transfers of funds to counties occur as a result of their varying responsibilities across the states.

There are options available to counties to increase county revenue flexibility, however. Counties can change the level or pattern of intergovernmental assistance, alter county tax options, revise property tax laws and their administration, alter user charges or fee use and options, and encourage or mandate a fundamental restructuring of the system of local government that might rearrange which level of government does what and how it does it (Cigler 1993; 1996; 2002). Because the prospects for increased state financial aid to counties are dim, counties may well want to consider these options.

The fiscal situation of counties is strongly influenced by a state's revenue picture and the extent to which a state may experience structural budget deficits. Federal budget cuts have added to state fiscal pressures. When state budgets are tightened, there is little likelihood of increased aid to local governments. In addition, the vagaries of federal intergovernmental spending increase the range of risk associated with local revenue projections (Boyd 2005).

One risk is the possibility that the federal government will enact a major overhaul of the federal tax system. Ideas include a national retail sales tax, a consumption tax, or a value-added tax. Major changes could substantially affect state and local finances. State and local income and property taxes may no longer be deductible, thereby increasing the costs of services at the subnational level. A national sales tax would make it more difficult for state and local governments to use—and raise—such taxes. If municipal bond interest loses its tax-exemption status, the costs of maintaining and improving infrastructure would increase. Sweeping changes in the federal tax system likely would mean drastic changes in the federal income tax that would affect both state and local income tax structure and revenue generation.

Increased local taxing authority probably offers the greatest prospect for achieving county revenue flexibility. The general thrust of tax reform efforts is to expand the base and lower the rates. County option sales taxes have been in place in most states since the late 1980s and are used by more than a third of all counties, including all counties in 10 states. A major source of untapped local tax revenue (where it is constitutionally permissible) is a local option income tax. In particular, a locally administered payroll tax might be levied at a single flat rate. Other alternatives include taxes on alcoholic beverages, tobacco products, businesses and occupations, and hotel occupancy. County flexibility in the use of optional taxes is limited, however, because most states specify which jurisdictions can tax, what the taxes can be used for, and how the levies must occur. Flexibility also is limited since county optional taxes are generally earmarked for specific purposes and require voter approval.

To generate additional county revenues, some states have taken significant steps toward broadening the property tax base. New criteria have been developed for identifying and exempting from taxation property used for charitable and state government purposes. States are helping with county property tax assessments, establishing assessment standards, maintaining data for county assessors, training assessors, and updating and computerizing county assessment systems. Some states allow counties to target property tax relief such as homestead exclusions and to separate appeals from county tax administration. "Circuit-breaker" laws are used to protect the elderly from paying more than a set percentage of their income in property taxes. Some states have taken on the collection of county taxes.

Counties' authority to use a greater variety of user chargers and fees for services also has increased, as has the list of services to which they can be applied. This municipal-type of revenue permits a relatively tight linkage between service provision and the costs of a service—an attribute that is attractive to consumers. Impact fees for financing the public facilities and infrastructure needed to service new growth and development also are being used to support the costs of metropolitan fringe growth.

The greatest likelihood for dramatic change in the county fiscal situation may lie in restructuring the local government landscape. Possibilities include altering relationships among jurisdictions and their revenue bases within a region by creating special districts, tax-base sharing among jurisdictions, and transferal of powers among governments (e.g., city-county consolidation, state assumption of poverty-related responsibilities from counties, interlocal agreements). Counties are slowly emerging as leaders in regional governance—even in rural areas—and county use of functional service consolidations has increased, especially in the public safety and solid waste management areas.

Ethics and Integrity in County Government

To remain viable units of government, counties must build and maintain an ethical culture. American counties are notorious for their lapses in ethics and integrity in carrying out the peoples' business. But times change, and so can counties. While some counties have adopted the tools and practices needed for ethical governance, challenges remain. The first may appear to be a given: recognize that ethics and integrity in county governance are important. It is often presumed, however, that since counties are subject to state ethics laws, there is no need to be especially attuned to ethics and integrity in county governance. State ethics laws typically cover practices such as nepotism, conflicts of interest, and financial disclosure. County ethics often get defined as those practices consistent with state ethics laws. However, this is a "low road" to ethics—a minimalist approach that simply is not adequate in contemporary county government.

A second challenge lies in the recognition that ethics and integrity in county governance are not limited to a single organization or a single category of county employees. With very few exceptions, counties are loosely coupled collections of organizations with many different kinds of employees, administrators, and elected officials. This hydra-headed reality means that a piecemeal approach to ethical governance is not likely to succeed. That is, it is not sufficient to put forward a county code of ethics or training or orientation program that covers only top management, supervisors, and hourly staff. County employees, professional administrators, and appointed and elected officials must be included in a comprehensive approach to ethics management.

Third, there must be a commitment of county resources to building and sustaining ethics and integrity in county governance. Typically, counties are not in the business of producing ethical governance. Rather, they are producers of vital and valuable public services ranging from those mandated by the state (e.g., taxation, property assessment, roads, vital statistics) to those services demanded by citizens (e.g., parks and recreation, marinas, golf courses, solid waste collection and disposal, air and water quality). These public goods and services consume the vast majority of county revenues. Moreover, these service needs and demands are in competition with one another for vital county resources, and typically there are insufficient funds in the county budget to meet all that are needed or desired. In other words, county officials often find it discomforting to spend scarce county tax dollars on ethics and integrity when service needs are in such demand.

Avoiding a narrow "rules-and-regulations" approach to building and sustaining ethics and integrity in county governance is a fourth challenge. Laws, ordinances, codes, and new or stricter personnel policies too often are viewed as quick fixes or solutions to ethical problems that occur in public organizations. Counties that continue along this path and do nothing more are candidates for a "feel-good" ethics. A comprehensive ethics management strategy that fosters ethical governance demands more than a new county ordinance or revised personnel manual.

A final challenge is for counties to be willing to learn from the experience of ethical failures. County governance is a people-driven enterprise. Although tools such as technology are needed to carry out the work of county governance, human beings are the ones who make the day-in, day-out decisions that affect the lives of county residents, and they are fallible. Ethical failures are part and parcel of modern organizational life. Counties that are truly committed to building and sustaining ethical governance must be able to learn from past ethical failures, including scandal. Viewing and responding to scandal as a one-time happening may result in short-term fixes, but such action will not be sufficient to build and sustain ethics and integrity in county governance.

To meet the challenge of ethical governance, county leaders must above all commit themselves to a comprehensive strategy, and they must stay the course. Additionally, a code of ethics or a statement of principles should be adopted that applies to all employees—both elected and appointed—including at the county level all agencies as well as constitutional officers. The development of a code or statement of principles should strike a balance between ethical aspirations and the practical reality of day-to-day work.

Management also should emphasize training and employee development programs. Employees in all types of organizations are vulnerable to ethical lapses. A continuous, ongoing training program amplifies the message that ethics matters. Managers must provide organizational members with clear guidelines for proper behavior, explaining what the bottom line is if an ethical lapse occurs and how to make ethics behavior an ordinary work habit (Brumback 1998). An ethics audit would be equally valuable—perhaps invaluable—as a benchmark for tracking changes in the organizational culture. An audit, whether based on a survey of employees or an assessment of occupational vulnerability, should be conducted periodically.

Finally, county government leaders must advocate and embrace transparency in the work of county offices and agencies. Sunshine laws and whistle-blowing ordinances can contribute to transparency but often are insufficient. Top officials must encourage subordinates to carry out their work with full disclosure, citizen access, and a tolerance for competing claims.

Conclusion

County government officials increasingly wear many different hats. All counties provide traditional services, and a growing number offer a wide-ranging menu of municipal- and urban-type services. Counties may face their greatest challenge with respect to the provision of services associated with homeland security, health care, economic development, land use, affordable housing, and stormwater management. Certainly other service-provision challenges will command the attention of county officials and warrant the allocation of additional county resources in the years ahead. Based on our discussions with county officials and representatives of national, state, and regional associations of counties, we have determined that these six service areas are the challenges *de jour*.

The challenges posed by the expansion of service responsibilities in these and other areas has meant that county officials must deal with many governance issues that are vital for the effective functioning of county governments. Undoubtedly, the ability of officials to meet these expectations and challenges is contingent upon the decision-making latitude granted by state constitutions and statutes to restructure and modernize their governments and to expand revenue-raising capacity. Likewise, it is incumbent on county officials to seize the moment when opportunities arise to alter their structure of government, tap new or expanded revenue sources, forge meaningful service partnerships and arrangements, and engage citizens in the spirit of government involvement and service. In addition, the need to cultivate and maintain a climate that accentuates ethical behavior and integrity is critical. Other governance issues (e.g., public-private interaction and decision making, intergovernmental relations, employment of new technology) loom on the horizon and will demand the attention of county officials.

All in all, it is fair to say that American counties have come a long way in the last 50 years. Respect for and confidence in counties has risen among county residents and federal, state, and even municipal officeholders. Increasingly, counties serve as pivotal regional coordinators, arbiters among competing local governments, and significant service innovators. Consequently, it is not far-fetched to suggest that county governments could become the local governments of choice—if not necessity—in the 21st century. For that to happen, American counties and their officials and citizens must continue to be diligent, persistent, forward-thinking, and creative in addressing the service challenges and governance issues highlighted here. County officials of the 21st century will be remembered for having been equal to the task and for having successfully addressed the service and governance challenges they encountered only if they exercise the utmost in creativity, persistence, ingenuity, insight, political astuteness, and savvy and demonstrate a cooperative spirit and—above all—a willingness to take risks. Do county officials have the "stuff" to make it happen? Rest assured, history will let us know.

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Notes

1. The most common services in this area are roads, highways and bridges, health and hospitals, public welfare, police protection, jails, judicial/legal services, financial administration (property appraisal and tax collection), supervision of elections, and provision and maintenance of public buildings.
2. Fire protection services and provision of utilities (e.g., water, sewer, natural gas, and electric power), libraries, and a variety of safety and health inspections fall into this category.
3. Functions linked to this service role include sewage and solid waste disposal, natural resource conservation, parks and recreation, housing and urban development, construction and operation of airports, mass transit, water transportation and terminals, and parking.
4. We thank several individuals at the Vinson Institute who contributed to the success of this conference, including former director Jim Ledbetter for hosting the meeting and associate director Tom Pavlak for organizing it. We also thank Harry Hayes, senior research associate, for facilitating discussions. Two former graduate students, David Pitts and Sergio Fernandez, provided valuable research assistance.
5. To be in compliance, counties must engage in practices determined by the U.S. Environmental Protection Agency to be the most effective and practical means of controlling point and nonpoint pollutant levels compatible with environmental quality goals. Technological, economic, and institutional implications also are considered.

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