
Are Substate RD Units Serving Towns?

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Local governments must deal with many complex issues, ranging from pollution to economic stimulation, health care, recreation, land use planning, water, sewerage, and transportation. Often such issues transcend city, county, and even regional boundaries. One reaction has been the creation of substate planning and development organizations such as Councils of Governments (COGs), metropolitan councils, regional planning organizations, and economic development districts. Such substate organizations leave local units of government intact but impose a new structure through which local governments can interact. One purpose is to provide services and expertise to small units of government, particularly small towns and rural areas, that lack the financial and technical capacity to deal with these problems independently.

Development of Substate Organizations

The 1929 regional plan for New York City and its surrounding area set the stage for many of the substate organizational efforts that followed. However, the major impetus to the formation of substate organizations resulted from

enactment of the Housing and Urban Development Act of 1965. This Act provided for grants to organizations of public officials for the purpose of preparing comprehensive area or regional plans. To be eligible for such grants, a council of governments had to be formed, consisting of elected representatives of municipalities and counties.

Development of substate planning organizations was further encouraged by the more than 30 Federal planning grant programs and by the passage of the Intergovernmental Cooperation Act of 1968 and the National Environmental Policy Act of 1969. These two acts and Section 204 of the Demonstration Cities and Metropolitan Development Act of 1966 were further implemented in 1971 by Circular A-95 of the U.S. Office of Management and Budget. Since that time, any application for Federal assistance under a program covered by Circular A-95 is required to be reviewed by State and substate planning units.

Substate organizations now exist in 45 of the 50 States. Because of their limited size, Rhode Island and Delaware have State agencies that perform the functions of regional organizations. As recent as 1976, Alaska, Nevada, and Wyoming had no substate structure.

Substate organizations are not a threat to existing local governments nor are they a super-governmental structure. Rather, they are associations of local governments that provide a forum for discussion of common problems leading to area-wide planning and to more effective means of pursuing and obtaining outside assistance, such

as Federal loans and grants. A problem common to substate organizations, however, is that not all cities can be directly involved in their operations. Typically, larger cities are represented on their boards of directors but many of the more numerous small towns are not. There has been little information as to whether the underrepresentation of smaller governments has limited the benefits they derive from their substate organizations. To help answer this question, a study of substate organizations in Kentucky was conducted.

Kentucky's substate organizations perform the functions of area planning agencies, Councils of Governments, A-95 clearinghouses, and economic development districts. A 1976 report by the Department of Housing and Urban Development observed:

"Kentucky's network of Area Development Districts (ADDs), formalized by law in 1972, is perhaps the most uniform regional system among the States. Each ADD is an umbrella organization with responsibilities in many areas. Through functional program advisory committees, ADDs maintain a process for State and Federal program coordination, with responsibilities in many areas. Through functional program advisory committees, ADDs maintain a process for State and Federal program coordination, with the ADD boards providing overall review to eliminate duplication and gaps in activities and services."

In Kentucky, ADDs are mandated: (1) to provide basic administration, research, and planning services to local governments upon request; (2) to receive and administer grants, loans, and other funds; (3) to enter into interlocal agreements or interstate compacts; and (4) to advise, organize and promote special districts and other authorities, thereby acting as a

clearinghouse for Federal programs.

Information on the impact of ADDs in Kentucky was obtained in 1975 through personal interviews with local officials from 325 of the 403 incorporated places (81 percent response rate). ADD officials were interviewed in 1978 to obtain their views regarding the effectiveness of their organization.¹

Extent of Services Provided

More than 60 percent of Kentucky city officials reported receiving some services from the ADDs. But the extent of these services varied considerably by size of city (table 1). Officials from smaller cities reported receiving fewer benefits. Nearly all cities with a population of 10,000 or more received some services compared with fewer than half of the towns under 1,000. Help in obtaining grants was the most common type of assistance reported. Other major services provided were research, technical planning, and development.

Half of the city officials reported they had received help from ADD personnel on one or more Federal projects, but, again, officials from larger cities reported receiving the most help. Nine-tenths of the cities with a population of 10,000 or more reported receiving aid on Federal projects,

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Table 1—Services received from ADDs in Kentucky, by city size, 1975

Services	Population					
	20,000 or more	10,000-19,999	5,000-9,999	2,500-4,999	1,000-2,499	Less than 1,000
	<i>Percent</i>					
None	0	10	19	30	26	56
Grants	100	70	71	55	53	22
Research Assistance	22	30	19	24	17	9
Technical Planning and Development	11	10	14	15	21	10
Revenue Sharing	0	0	5	6	7	7
Special Services ¹	0	10	5	6	9	6

¹ Includes sewerage, water, housing, recreation and transportation.

Table 2—Frequency of Contact with ADD staff, by city size, 1975

Office visits during year	Population					
	20,000 or more	10,000-19,999	5,000-9,999	3,500-4,999	2,000-3,499	Less than 1,000
	<i>Percent</i>					
None	0	11	8	25	21	51
1-2	11	22	17	6	16	17
3-11	11	0	17	13	16	13
12 or more	78	67	58	56	47	19

compared with only a third of those with fewer than 1,000 people.

Attitudes of Local Officials

Officials of smaller towns were somewhat critical of the ADDs. Some reported that ADD personnel expect small town officials to function at the same level as those of large cities. Because of time, information, and staff limitations, however, these small towns are unable to provide the background information needed by the ADD. In short, some officials of small towns felt that because of their small size and limited resources they could not get much assistance through their ADD.

Officials from larger cities sometimes noted that they chose not to

use services available from their ADD that could be adequately provided by their own staff. Although some officials felt their cities sometimes had to compete with ADDs for grants, most officials of larger cities were complimentary of ADD services.

Association with Substate Organization

Limited contact among officials of smaller towns and cities with ADD personnel is clearly associated with the amount of ADD assistance received. Officials from half of the Kentucky towns of

fewer than 1,000 population reported no visits from ADD personnel during the previous year (table 2). By contrast, more than two-thirds of those from cities of 10,000 or more indicated at least a dozen visits by ADD staff.

To what extent is the amount of assistance received related to a community's representation on the ADD's board of directors? Of those towns and cities represented on their ADD board, four of every five received Federal funding on one or more projects in 1978 compared with two of five communities not represented on ADD boards.

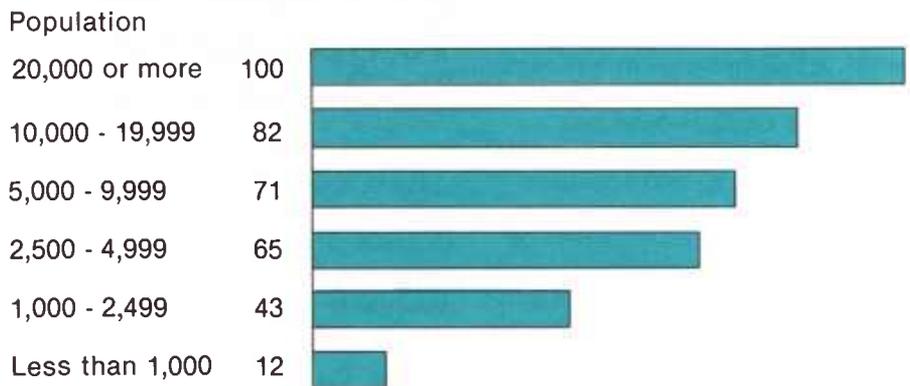
Representation on the local ADD board was most prevalent among the larger cities and towns. Of those with a population of 10,000 or more, nine-tenths were represented, far above the 12 percent among towns of fewer than 1,000 (table 3).

The majority of ADD staff members acknowledged that towns and cities represented on their board of directors had an advantage over those without representation. The major reason was that board members were better informed of services ADD could provide and, in turn, of other avenues of assistance available. Most staff members were of the opinion that the present ADD structure allows for adequate representation of towns and cities of various sizes, particularly because city officials not serving on the board can still attend ADD meetings and serve on committees. Apparently, most do not exercise this privilege.

ADD officials indicated they commonly work more with smaller cities than larger municipalities because the former often lack the trained staff to deal with the problems they face. They indicated, however, that their efforts in working with smaller communities were often hampered by difficulties in contacting part-time

Figure 1

Representation on ADD Board of Directors, by City Size



ADD = Area Development District. 1978 data.

officials, inadequate recordkeeping, and lack of demographic and other data needed in applying for loan and grant assistance.

Substate Units Facilitate Federal Aid

Substate planning and development organizations are increasingly being used as a mechanism through which the Federal Government is funneling assistance to small cities and towns.

The regional concept was, at least to some extent, originally conceived as a way to increase participation by small units of government. An example of how the rural development strategy of a Federal agency is becoming increasingly dependent upon substate organizations is the following statement by Thomas Marshall of USDA's Farmers Home Administration:

Our State-related strategy includes establishing strong relations between the district office and

town/county governments, area-wide planning and development districts, and other nongovernmental community development organizations, including community action program groups. However, the strategy will place its greatest emphasis on working with and assisting those agencies and institutions designated by the State to assist local development and to integrate local developments on a substate basis. In most cases, this will mean focusing on area-wide planning and development districts.

Where substate organizations are effectively serving the needs of small governments, profound consequences for the success of rural development efforts can be expected. Underrepresentation on the ADD board gives small governments less access to information and, as a result, reduced levels of Federal and State assistance.

The structure of substate organizations is partially mandated by law and laws are not easily altered. Informal structural mechanisms need to be pursued as one means of enhancing effectiveness. To improve the working relation-

ship between towns and cities and their substate organizations, local officials should be encouraged to attend organization meetings and participate in committee assignments. ADD meetings in Kentucky are open to the public and mayors not serving on the board may freely attend and participate. ADD personnel need to make special efforts to informally involve local officials who are not members of the ADD board. In short, increased effort by both the substate organization personnel and local officials is needed to make substate organizations more responsive to the needs of smaller towns and cities. ■

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Keys Identified To Get Industry To Rural Areas

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The trend toward industrial expansion in rural areas continues, especially in the South, despite reduced general rates of growth in manufacturing. Consequently, rural communities, counties, and multicounty areas need to evaluate their potentials for industrial expansion activity and, where real potentials exist, to design effective programs to attract desirable industry to the community or enlarge the plant capacity already in place.

Factors Affecting Industrial Growth

A community's assessment of its potential for industrial development and its design of an industrial development program requires knowledge of a broad range of factors that affect industrial growth. Some of these factors lie beyond the influence of the individual community while others either have been modified by past community actions or could be modified in the future. Therefore, the influence of future community efforts depends both on natural locational advantages such as access to markets, low-cost labor and other resources, and on past leadership decisions that have influ-

enced the present attractiveness of the community as a location for industry.

To help identify key factors that affect the location of new manufacturing industry, 565 incorporated nonmetro communities in Kentucky and Tennessee were studied. Factors influencing the likelihood that a new industry will locate in a rural community were identified. This analysis shows how much a given change in each factor will modify a community's chances of attracting new industry.

Some factors are of general benefit to the community, but add little to its attractiveness to industry. Other factors, such as presence of a college or university, in addition to being generally beneficial, also offer a community a decided advantage in attracting industry. Still other factors make the community more attractive to industry, but less attractive as a place to live. This analysis relates only to the influence of community characteristics on industrial location, not on the general well-being of the community.

Rural communities are not powerless to influence their chances for industrialization. Developing desirable sites, offering industrial bond financing, improving financial support for schools, and providing good fire protection all improve a community's chances of attracting an industrial plant.

The Kentucky study shows that access to a large metro area generally is of little importance in attracting industry to a rural community. Location away from the interstate highway system also ap-