Chapter 2
The U.S. Local Governments and Reforms

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ABSTRACT
The United States (the U.S.) is a federal constitutional republic governed by presidential system based on a pluralist democracy, and has a strong democratic tradition. Its government system is shaped by forms with a three-tiered structure: Federal, states, and local governments. As the lower-level administrative subdivision of the states, local governments which are named as counties, municipalities, townships, school districts, and special districts comprised by a very wide range as the numbers, characteristics and structures. While counties, municipalities and townships are general-purpose local government, school districts, and special districts are special-purpose local governments. This chapter aims to generally address the U.S. local governments’ place in administrative system within the relationship among federal and federated states. Accordingly, first, their structures and forms are examined. Second, their budgets in terms of common revenues and spending are discussed. Third and final, all administrative and fiscal reforms of local governments are put forward.

INTRODUCTION: THE FEDERAL, STATE, AND LOCAL RELATIONS, AND THEIR INTERACTIONS
The United States (the U.S.) is a federal constitutional republic governed by presidential system based on a pluralist democracy, and has a strong democratic tradition. Its government system is shaped by forms with a three-tiered structure: Federal, states, and local governments. As the lower-level administrative subdivision of the states, local governments which are named as counties, municipalities, townships, school districts, and special districts comprised by a very wide range as the numbers, characteristics and structures. While counties, municipalities and townships are general-purpose local government, school districts, and special districts are special-purpose local governments.

As a general rule each state constitution provides the establishment of its local governmental entities, therefore each constitution might differ from state to state. Each state itself constitutes these entities,
and carries out services in this way. Obviously, local governments are not subject to any constitutional amendment on procedures and principles at the federal level. Ratified in 1788, the U.S. Constitution did not include provisions relating to local governmental entities, it left all of its authorizations to federated states. (Gül, 2013, p. 25-26) The only limitation here is that they have to remain within the boundaries of the federal constitution when the states make a provisional arrangement. As a result of this situation, local governments are not federal government organizations, but the states. Therefore, having regulatory, administrative, or taxing authority (Arnold, 2004, p. 25), they only use the powers given to them by state constitutions or laws, and carry out their tasks. (Türker, 12.28.2014) However, the states may always regulate finances, personnel, structure, processes, functions, and service standards of local governments (Bowman and Kearney, 2011, p. 326). Briefly, local governments must not conflict with neither the federal law nor own state laws and regulations, and must use their authorization which are given to them by the state laws.

On the other hand, it is possible to explain this issue with “municipal home rule”, also known as “home rule”. Home rule is the power of municipality to its own system of self-government in many state, derived from constitutional amendments (Howland, 1940, p. 915). This rule does not generally allow the state interference in municipalities’ local concerns, and provides for entitle necessary authorization and resources to them in order to fulfill their police duties, together with their public and social services. In the U.S. it has gained acceptance in many states such as California, Washington, D.C. and Minnesota, after the enactment of the 1875 Constitution of Missouri. (Ayhan, 2008, p. 105) Today there are forty-three states territories constitutionally or statutorily allow for these rule provisions in the nation (Community Environmental Legal Defense Fund, 05.28.2015). As a result of having home rule, municipalities may put new taxes or issue municipal bonds. This means except the limitation of the state laws and their own home-rule charter these cities have the right and authority to do all the activities. So, it provides substantially an administrative and financial autonomy to local governments in the U.S. Moreover, it is not only established control of local community over their issues, but also limits intervention of the state. At the same time, local laws cannot be in opposition to determining and binding federal and state laws and regulations. Their legality of regulations and actions are under the control of the courts in the legal and regulatory framework. (Gül, 2013, p. 27)

The right to make a constitution for local level is given only to specific local governments, or not recognized at all. Texas and Alabama are clear examples; while only their municipalities have the right to make their own constitution, their counties do not have this right and only benefit from limited local autonomy. Non-home rule states apply the principle called as “Dillon’s Rule”. It explains their absolute domination and control over local governments within boundaries were drawn in the federal and state constitutions. Accordingly, local governments have the responsibility and competence in issues was determined and prohibited by the states. (Gül, 2013, p. 27) Briefly, this principle is another side of state-local relations in the U.S. Under Dillon’s Rule, local governments can fulfill functions and powers only when they are permitted by the state; while under Home Rule, the local jurisdiction can undertake functions and powers unless prohibited by the state. But, despite both of the principles, local governments can be limited through revenue powers and the use of expenditure mandates by several states (Schoeder, 2006, pp. 321-322). Overall, 39 states still employ Dillon’s Rule for all their local governments, while 8 states have only an alternative known as Home Rule (Bunch, 2014, p. 2; Richardson et al., 2003, p. 17).

The main reason of this situation is to make dominant the understanding of the “decentralization” which constitute the decisive feature of the federal structure of this government in terms of administrative order, over all the administrative mechanisms. As a necessity of this, even though the tasks, financial resources