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CHAPTER IX

PLANNING AND PROCEDURE

Control, for whatever purpose, involves foresight and planning. If the purpose of a program for the control of public works is occasional acceleration, or a temporary increase in the volume of construction, this control can be best achieved by having available adequate financial reserves, the appropriate engineering plans and specifications, and the administrative facilities essential to an expanded and accelerated program of construction. It is clear that such requirements are not peculiar to a program of control designed to regularize employment and business. On the contrary, the creation and maintenance of proper financial reserves, the forward planning of permanent improvements, and the existence of the necessary administrative machinery are the requisite elements of any sound system of public administration. To the extent, then, that local, state and federal governments of this country show increasing preoccupation with the problems of planning and financing public works, with the end in view of achieving sound and economical administration, the way is paved for the control of public construction in the interest of stabilizing employment as well.

The effective use of these instruments of control, however, depends on the state of mind of thousands of administrative officers throughout the country, and on the traditional procedure employed in undertaking permanent improvements. In the near future such control as is contemplated must be accomplished within the existing framework of public administration. The army of public officials, whose daily activities naturally affect the planning of public construction, is on the whole less concerned with what it regards as distant eventualities, like widespread unemployment, than with the routine task in hand. The structure and function of American local, state and federal governments are the result of a long and slow process of development, which has been the product more of chance and tradition than of planning. Under the

most favorable circumstances, then, a public works program is bound to encounter obstacles and limiting factors inherent in the prevailing systems of public administration.

Public officials, while they show concern over the problems of general business and employment stabilization, are naturally more involved with the details of procedure and administration encountered in specific projects. A national canvass of the opinions of some 5,000 public and quasi-public officials, undertaken in the last six months of 1929 by the Division of Building and Housing of the United States Department of Commerce, shows only an occasional attempt to control the volume of public construction in the interests of either cyclical or seasonal regularization of employment. More than 2,000 officers—city, county and state engineers and school superintendents, city comptrollers, city and regional planning commissions, secretaries of builders' exchanges and of local building trades councils, local chapters of the Associated General Contractors and university and college presidents—replied to the questionnaires of the Department of Commerce. In the vast majority of cases, the public official displays only slight interest in control, and has obviously had little experience in its use. The retardation and acceleration of public construction, when they are practiced, are due to considerations other than the desire for stable employment. Replies like the following are typical of those received from all parts of the country:

“. . . Most of our improvements are started by public demand, which looks with impatience on any delay in the prosecution of the work, once the initiatory steps have been taken and the funds provided. For this reason any cyclical control of this construction is impracticable.”

“New construction depends on bond issues which are usually voted during boom periods. Work is done after bond issue. Repair and maintenance work must be done during summer vacations. If it can be done in slack season, that time is chosen.”

“We build and repair as needed. We think any other reason unbusinesslike. We do not believe it would be more than a drop in the bucket in solving unemployment conditions.”

“We repair and construct buildings only when such work is necessary, and without consideration of business depression.”

“There is a natural reaction favorable to acceleration during prosperous times.”

"There is a tendency on the part of the public to refuse approval of building projects in time of depression and to approve them in time of prosperity. On all building projects requiring bond issues, it has been necessary to have a favorable vote of the electors. As a consequence of this, the best time for construction of public buildings, that is, during depression when men need work, is the time when an issue of the sort would be defeated."

"I find a tendency to postpone new construction and repairs because of hard times. I think this is a mistaken policy for work that must be done. The reluctance is due to an unwillingness to raise the tax rate."

"Frankly, depression or boom has not entered into our building plans."

In a substantial number of cases, various public works officials indicate an interest in the problem of regularization and profess to exercise a measure of control over their own construction programs. It is clear, however, from the context of their statements and from the evidences of control which they adduce, that actual practice falls considerably short of a planned program of public construction. Seasonal control appears, in nearly all instances, to consist in delaying projects until weather conditions are favorable and, thus, concentrating construction in sharp seasonal peaks. Only in rare instances, where local governments have passed through a period of reorganization due either to a political upheaval or the education of the electorate to more efficient methods of public administration, have effective steps been taken in the direction of planned programs of public works.

Of much greater significance than the attitudes of public officials, are the obstacles in the way of a rational, far-sighted program arising out of the nature of many American local governments. As economic and social units, most American cities have outgrown their political boundaries. Actual extension of the geographical area of the city, through the pressure of population, has resulted in imposing on the area a variety of political jurisdictions, with diverse powers of government, whose unification for purposes of administration may be regarded as a slow and painful process. Probably the most striking illustration of this condition is the City of Chicago.⁸¹

⁸¹ Report of the J. L. Jacobs Company for the Advisory Board of Estimate and Apportionment, Chicago, January, 1929.

“One of the fundamental reasons for the confused administrative and recurring serious fiscal problems of the local government in Chicago and in Cook County, is the extreme decentralization of local government. No community in this country presents a greater complexity and multiplicity of political units.

“Within the City of Chicago there are some thirty-one distinct and independent local governments. In addition there are at least six semi-independent tax levying agencies, the tax levies of which are spread by some of these local governing bodies.

“In Cook County outside of the City of Chicago, there are approximately 380 additional local independent and semi-governmental agencies.

“In addition to the city government embracing the entire area of the City of Chicago, there are a number of independent and semi-independent tax levies and governing bodies embracing the Chicago area in whole or in part. These independent and semi-independent local governments with tax levying powers include the county government, the sanitary districts of Chicago, the Chicago Board of Education, the Chicago Library Board, the Municipal Tuberculosis Sanitarium, the Fourth Reserve District, twenty independent park districts, two Mosquito Abatement districts, and two operating and six non-operating townships. While the independent park districts do not overlap each other, between them all they embrace almost the entire area of the City.

“. . . The administration of the functions of local government in Chicago and Cook County is thus divided among the 415 or more of the independent or semi-independent governments, each having a tax levy and borrowing powers. With the increases in the number and growth of some of these independent local governments, there have necessarily ensued considerable duplication and overlapping in certain activities and lack of coordination in others.

“The planning, design, and construction and maintenance of extensive public works and of surface and underground improvements are similarly diffused. Annual expenditures now totaling over a million dollars for these purposes are made with little or no coordinated planning. Separate engineering, designing and construction and repair forces are maintained by the independent agencies.

“An example of the duplication that exists is the comparatively recent venture of the Sanitary District into the Public Health work in the same territory served by the Health Department of the

City of Chicago and the health services of other municipalities within the country.

"Multiplicity of local governing bodies has also brought with it lack of coordination in the issues of bonds and spreading of special assessments in the same or adjacent governing units.

"The undertaking of public improvements with little reference to the extent or time of payment and retirement of bonds and the sources of revenue available and expected ultimately to finance such retirement, has not only brought on financial crises among some of the local governments, but many necessary improvements have been set back because of unwillingness on the part of the taxpayers to burden themselves further without some assurance that the expenditure of public monies for such improvements will be along sound and economical lines."

Divided responsibility on the scale in which it has existed in Chicago is, naturally, an open invitation to waste and inefficiency, and where such a condition persists it is futile to count on a planned public economy and on the availability of financial resources when they are most needed. In a less extreme form, situations not unlike that of Chicago are to be found in many of the local governments of the country, particularly where there is overlapping of function and conflict of jurisdiction. The simple case of county control over assessed valuation of property and its effect on the revenue of the city has already been cited.⁸² In the City of Cincinnati, Ohio, the relation between city and county governments acted to retard public improvements until the condition was remedied by the adoption of a new city charter in 1924. Before the present charter, the city was under the financial domination of the county, with the result that the electorate of Cincinnati refused to approve bond issues and essential permanent improvements were not undertaken.

Under the new charter, the city enjoys financial home rule. It is allowed to tax itself, without the approval of the county or the voters, up to \$6.65 a thousand for current expenses. City officials may also, on their own initiative, submit to a vote, bond issues that would raise the tax rate to any amount desired. This independence of the municipal government has curbed the expenditures of the county since, with the rise in the city tax rate, the maintenance of the former tax rates of the county and school board

⁸² Chapter VIII, p. 154.

would produce a combined rate far above the level the voters would accept. The city, county and school board have consequently come to an agreement which is tantamount to a financial program. By this arrangement a joint financial committee of the school board, the county and the city plans an annual and five-year program based on the budgetary estimate of the various bureau heads. It is the purpose of the committee to make capital outlays at a steady rate and, if possible, to prevent more than one major enterprise from being undertaken at the same time. For the combined tax rate of these three units of government the committee has fixed an arbitrary maximum of \$2.25 per hundred. The whole plan thus constitutes an ordered program of public expenditure for both current purposes and permanent improvements that are not suspended, as was the situation before 1925, by the lack of the necessary funds.

The initiation and completion of permanent improvements is, in all American governments, subject to the limitations of the prevailing legislative and administrative procedure. Between the proposal of the new project and the actual beginning of construction considerable time is usually required because of the checks and balances characteristic of American government and because any substantial construction project involves many indispensable steps of preparation and planning. The procedure practiced in New York City and New York State, while it differs in detail from the practices in other municipal and state governments, is substantially typical of the procedure throughout the country and is indicative of the length of time that elapses between consideration of a project and the beginning of work on it.

The making and adoption of budgets of public expenditure consumes everywhere considerable time. The Bureau of Municipal Research of Philadelphia has, in this connection, described the procedure and estimated the time required to authorize loans of the City of Philadelphia.⁸³ Procedure consists in consideration of a particular bill by the Councilmanic Committee; advertising the bill before its final passage; final passage of the bill by the Council; and enactment of the bill into an ordinance. Each of these steps in the procedure of loan issue requires time. Two weeks may be regarded as a reasonable period for loan bills to remain in com-

⁸³ Bureau of Municipal Research of Philadelphia, *Procedure and Time Required to Authorize Loans of the City of Philadelphia*, November, 1929.

mittee, although their consideration may take as long as four weeks. "The earliest time for completing the required advertising may be taken to be the fourteenth day after the one on which the bill is reported to the council." Bills that require advertising may reasonably have their final passage one week after the completion of the advertising. Finally, the enactment of the bill into an ordinance, which may be accomplished in three distinct ways, may require as much as from 21 to 28 days. The whole matter of procedure in this regard is by no means simple; and an examination of this report of the Philadelphia Bureau of Municipal Research will reveal how much time can be saved where there is an effective desire to hasten the proceedings. Thus the difference between the minimum and maximum time required to report a bill out of committee is 28 days; and the margin between maximum and minimum time for required advertising is 21 days.⁸⁴

Procedure not only varies from locality to locality but also with the type of permanent improvement and with the method of financing. The procedure and time involved in undertaking public works financed by special assessment are quite different from the conditions prevailing with construction financed out of bond issues or general revenue receipts. In the local governments of Ohio, for instance, public construction financed by assessment requires the following procedure: public works, such as the construction of pavements, water mains, sewers and occasionally, roads, parkways and schools are initiated by popular petition. Plans and specifications are then prepared and presented to the proper legislative body. Concurrently it is necessary to fix the boundaries of the assessment district. The preparation of assessment lists is the next step. In cities with good lot and block maps, a list of property owners can be prepared easily and the notice of proposed assessments made promptly. Otherwise, more time is required. Following the serving of notice of assessment, the property-holders are usually allowed a month to file their protests. Property owners may then appeal from the decisions of administrative officers to the courts, and when that happens delays of two or more years are not uncommon.

Such diversity in practice it is impossible to reduce to statistical summary. The procedure involved in carrying out constitutional

⁸⁴ *Ibid.*, pp. 18, 21. For a description of procedure in the City of Cincinnati, see *Manual of Legislative Procedure and Rules of Council*, Cincinnati, Ohio, 1929.

limitations on loans, described earlier in this report; ⁸⁵ the preparation of plans and specifications; the steps involved in acquiring the property required for the project in hand; the additional procedures related to the various methods of raising funds for public works; the processes of competitive bidding and choice of contractors; and the legislative routine fixed by law or custom are the unavoidable stages that precede the employment of labor on projects of public construction. The time consumed in traversing these steps depends on the efficiency of government; on its capacity to plan for the future and on the willingness and ability of its legislative and executive officers to adhere to a program.

Much has already been accomplished toward the development of a planned public economy in this country. In many municipal and state governments the pressure of rising tax rates and public debt, and the desire for economy in the administration of public funds has led to more systematic preparation of budgets and to attempts to plan permanent improvements some years ahead. Experiments of this type in Buffalo, Schenectady, Detroit and Cincinnati ⁸⁶ have already been mentioned. In the case, also, of vast public works like subways, water supply and sewage disposal facilities, the nature of the enterprise has forced long-range planning and has produced programs of construction extending ten years or more into the future. The future subway and water supply programs of New York City are illustrations of elaborated plans that arise out of urgent and predictable requirements in the future.

The trend toward the widening control of public works is further indicated in the increase in the number of such research and planning organizations, as bureaus of municipal research and city and regional planning commissions, more or less closely associated with many local governments. Although the majority of these agencies have not been vested with executive powers and many are hampered by lack of funds, their elaborate analyses and pro-

⁸⁵ Chapter VII, p. 147-149.

⁸⁶ See Cincinnati Bureau of Governmental Research, Report No. 15, *The Joint Bond Program, County, School District, City of Cincinnati, Annual Financial Analysis*, May, 1929.

grams have already had a substantial effect on public opinion and, consequently, on the plans of various agencies of public administration. It is not unlikely that the future will witness a much closer coöperation between public administrative agencies and city and regional planning commissions than now prevails.⁸⁷

⁸⁷ For a description of city and regional planning commissions, see United States Department of Commerce, *A Standard City Planning Enabling Act*, Government Printing Office, Washington, 1928; and *A City Planning Primer*, *ibid.*, 1928.