

City-County Consolidation: Implications for Nebraska

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Introduction

It is increasingly important for governments to do more with less. One method that has been suggested to accomplish this is by consolidating local governments. Some have suggested that this possible reform may enhance efficiency, effectiveness and service provisions at the local level. There are different types of local government consolidation. This paper focused on city-county consolidation. As defined by Leland and Thurmaier (2010, p. 2), city-county consolidation refers to “when a county and one or more of the cities within a county merge to form a single government entity.”

Nebraska ranks 14th in the number of local governments in the nation and third behind North Dakota and South Dakota in the number of local governments per capita. Compared to the United States average, Nebraska has about five times as many counties per capita and over four times as many municipalities (see Table 1).

**Table 1: Local Government Units Per 100,000 Population by Type:
United States and Nebraska (2007)**

Area	US	Nebraska
Total	29.70	150.27
County	1.01	5.26
Municipal	6.47	29.95
Town or township	5.48	25.66
Special districts	12.41	73.13
School districts	4.33	16.28

In the history of city-county consolidation, there are many more failures than successes in winning voter approval. Despite 180 proposals, only 40 cases of city-county consolidation have been successfully implemented in United States history (National Association of Counties, n.d.). In Nebraska, this issue has not been on the ballot in any county. In the Midwest, there were two recent successful city-county consolidations: Kansas City Kansas/Wyandotte County (1997) and Tribune/Greeley County, Kansas (2007). The unsuccessful proposals in the region include Evansville/Vanderburgh County, Indiana (1974), Des Moines/Polk County, Iowa (1994 and 2004), Topeka/Shawnee County, Kansas (2005), and Tullahoma/Coffee County, Indiana (2001). There have been several unsuccessful attempts to consolidate St. Louis and St. Louis County, Missouri (National Association of Counties, n.d.).

Three sections follow this introduction. The second section examines the political factors that explain the passage or failure of city-county consolidation proposals. It presents a

conceptual framework that has been applied to different case studies and identifies the key factors affecting referenda on city-county consolidation proposals. The third section summarizes the economic effect of city-county consolidations, specifically whether consolidations have increased local government efficiency, stimulated economic development, or made other improvements as promised by consolidation proponents. The last section applies these findings to Nebraska.

Political Factors Leading to the Adoption of Consolidation Proposals

What factors lead to consideration and adoption of city-county consolidation? Leland and Thurmaier (2004) have studied several successful and unsuccessful consolidation efforts. They focus on two major factors: agenda setting and the consolidation referendum campaign. Agenda setting is the process of raising concerns about an issue that builds active agenda status for consideration. They found that the critical factors explaining the outcome were in the referendum campaign, specifically: (1) appropriate proposed charter provisions, and (2) strong consolidation campaigns that emphasize economic development arguments.

To draft appropriate charter provisions, charter issues concerning taxes and structure and the size of the unified council tend to be the most important in influencing the result of the referendum. "Charters that minimize dramatic changes in tax burdens under consolidation are more likely to succeed than other plans" (Leland & Thurmaier, 2004, p. 18). Additionally, a smaller council with representatives from various districts, including minority districts, tends to acquire more support than other alternative governing structures.

For referendum campaigns, various arguments are made in support of consolidation, such as enhancing local government efficiency, improving economic development, avoiding annexation from neighboring cities and extending local service provisions. In the referendum campaign stage, the proposed consolidation charter provisions are deemed one of the essential conditions for the success of merger vote. The proposed charters should not contain any "poison pills," such as the reduction of sheriffs' duties without their consent, change of an elected sheriff to appointed sheriff, and the alteration of minority representation in a new government (Leland & Thurmaier, 2004, p. 307, p. 313).¹ Furthermore, the charters in successful merger cases show that it is important to create separate tax and service districts (e.g., urban vs. rural) that protect new combined jurisdictions from assuming existing debt burdens of pre-consolidated governments. Additionally, the proposed charters should specify how public employees would be treated in a new unified government. Will there be layoffs or reduction of work authority? While it is common for the new governing body to be smaller, the proposed council structure and size did not seem to affect merger success (Leland & Thurmaier, 2004, p. 310). Instead, strong consolidation campaigns are those that concentrate on economic development arguments.

¹ Besides sheriffs, city police officers are another key group of employees affecting the success of consolidation and the transition in new consolidated governments (Leland & Thurmaier, 2004, p. 308).

There are several factors thought to be important in explaining the result of consolidation proposals that turned out to have little or no influence:

- The legal and institutional framework including factors such as the presence of legislation to authorize a referendum, home rule, issues relating to Voting Rights Act, and the number of governmental units. Although these factors had no significant effect on consolidation efforts, most of the successful consolidation cases demonstrate that it is necessary to have at least a vote of the local legislative delegation or state enabling legislation to create or pass special legislation supporting consolidation (Leland & Thurmaier, 2004, pp. 294-295, p. 320).
- The socioeconomic context including factors such as community characteristics and economic performance. Community characteristics had no major influence on the success of merger attempts. Minority representation and community homogeneity also did not affect the success of consolidation. Smaller municipalities in the county and other special districts (e.g., utilities or school districts) are often excluded from consolidation proposals, but they still have their rights to vote on referenda and could independently make decisions to join the consolidated governments. For example, in the case of Des Moines/Polk County, Iowa, the proposed consolidation which included all cities in the County was defeated in the referendum.
- Crisis climate including civic problems or issues such as a change in population, change in racial or ethnic composition, and change in the quality or quantity of service delivery, which require solutions or responses from government. There was some evidence that these events were important in affecting the results of consolidation including a community emergency in Branch/North Branch, MN, and scandals in Jacksonville/Duval, FL and Augusta/Richmond, GA. However, in other cases these factors were not present.
- Loss of confidence in the legitimacy of local governments, a factor which was not a reliable predictor of consolidation success.
- “Accelerator events” such as a scandal or loss of an influential leader who stimulates or raises support for consolidation. While in general there was little evidence on the importance of this factor, the sudden loss of influential leaders in Jacksonville/Duval County, FL and Wyandotte County/Kansas City, KS helped convince voters to adopt consolidations.

The next section provides a summary of whether consolidations have resulted in an increase in local government efficiency, their effectiveness in stimulating economic development and solutions to other issues promised by consolidation proponents in referendum campaigns.

Economic Impact of Consolidation

There are two major economic arguments for city-county consolidation: (1) efficiency improvement of local governments, and (2) economic development enhancement. Most

successful mergers were accepted with the promise of improved economic development (Leland & Thurmaier, 2010, p. 3).

Did city-county consolidations increase local government efficiency? Leland and Thurmaier conclude that consolidations have a limited but positive effect in improving the efficiency of local government operations. Efficiency is an increase in productivity achieved by actions such as the unification of administrative functions or achieving economies of scale in expenses as in employee benefit plans (Leland & Thurmaier, 2010, p. 6). Large efficiency gains could occur when “there are completely separate city and county services before the merger and all the services are merged post-consolidation” (Leland & Thurmaier, 2010, p. 273). In contrast, small efficiency gains occur when some merged functions already exist prior to the consolidations, or there was no merger of any functions after the consolidations (Leland & Thurmaier, 2010, pp. 273-274).

Research by Faulk and Grassmueck (2012) found that, controlling for various factors, consolidation had no influence on per capita government spending. Like Leland and Thurmaier, they speculate that many of the possible savings may have already been achieved by functional mergers and interlocal agreements. Faulk and Hicks (2011) also find that consolidation has no effect on government employment, payrolls or expenditures.

The enhancement of economic development is a primary factor affecting the adoption of city-county consolidations. Leland and Thurmaier concluded that consolidated governments have performed better in enhancing economic development. This conclusion was based on changes in population, growth in retail sales and manufacturing sectors, employment and unemployment rates, changes in personal income, taxable value and housing growth. The improved economic performance of consolidated governments was a result of better effectiveness due to structural consolidation, such as merging two elected governments of the city and county. This brings about a unified economic development vision and voice from the new consolidated governments (Leland & Thurmaier, 2010, p. 3, p. 5). The merger of Wyandotte County/Kansas City, Kansas is such an example. See the accompanying box for a discussion of that case.

The Consolidation of Kansas City, Kansas and Wyandotte County

In the early 1990's Wyandotte County and its major city, Kansas City in Kansas, were in a long-term economic slide characterized by unfavorable trends in population, poverty, unemployment, urban blight, housing units and property taxes. When presented with an opportunity to acquire a NASCAR track, “the city was said to have too much debt ... and the county was said to not have enough leadership or accountability to successfully reach a deal” (Leland & Wood, 2010 p. 251).

Consolidation was seen, in part, as a way to help attract the development. The referendum passed in 1997. At that time, the only functionally consolidated service was law enforcement. Afterwards, all services were fully consolidated. Seven years after consolidation, population stabilized, retail sales increased, the decline in housing units was slowed, and citizen attitudes of government improved markedly. Also the unified government, under pressure to clean up scandals, created an ethics commission and employee ethics training programs (Leland & Wood, 2010 pp. 246-270). This case is exceptional, but it does demonstrate the potential of consolidation to improve economic development, especially when there is little service consolidation beforehand.

Consolidations also achieve other promises. Examples of these consolidation promises include the avoidance of annexation by a neighboring city or county, the improvement of government responsiveness, greater professionalism in administration, reduction in property taxes, reduced political corruption and the improvement of local government services. The improvement of economic development does seem to be a successful outcome of consolidation, as promised by consolidation proponents. On the other hand, the increase of local government efficiency is relatively small, and likely to be a weak argument in favor of consolidation.

The main lessons from this research:

1. While consideration of city-county consolidation is not uncommon, successful consolidations are relatively rare and none have been considered in Nebraska.
2. The key political factors for successful consolidations are appropriate charter provisions and strong campaigns that emphasize economic development arguments.
3. Several factors thought to be important in influencing the outcomes of referenda had limited or no effects, such as the legal and institutional framework, community characteristics, crises and scandals and concerns about the legitimacy of leadership.
4. The most important outcome in some cases is the better coordination of economic development policy. Efficiency improvements due to city-county consolidations are positive but relatively small.

Implications for Nebraska

One of the relevant factors is the size of the city relative to the county. If a city encompasses a large percentage of the county population, then the number of people in smaller municipalities or unincorporated areas affected by the merger are few. In Nebraska, the counties where 75% or more of the population are in the major city include Lancaster (Lincoln), Hall (Grand Island), Adams (Hastings), Douglas (Omaha) and Box Butte (Alliance) (U.S. Census Bureau, 2012). Some of these city-county combinations do share services between the city and county. This can be a first step toward consolidation or may be a way to realize the potential benefits from economies of scale and higher professionalism without the political merger of two entities.

The most important outcome identified in this research is the potential for better coordination in economic development policy. This needs to be a salient issue in the community and voters need to see consolidation as a possible means to economic growth. Charter provisions need to be clear and anticipate the concerns likely to be raised by employees, elected officials, businesses, minority groups and residents outside the city.

References

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