# THE IMPACT OF CITY-COUNTY CONSOLIDATION

# ON LOCAL GOVERNMENT FINANCES

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**The Impact of City-County Consolidation on Local Government Finances**

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### <u>Introduction</u>

In the United States, the work of providing citizens with essential public services such as police and fire protection, 911 emergency dispatch services, water and sewer services, road maintenance, and refuse pickup, is most often carried out by local governments. According to the ***2002 U.S. Census of Governments,*** there were 87,849 local governments in the United States as of June 30, 2002. This figure includes 3,034 county governments and 19,431 city governments. In many cases, overlapping boundaries exist among these jurisdictions and there is often duplication of the services provided by city and county governments.

All levels of government are currently feeling the stress of the nation's weak economy. As the fiscal problems have mounted, federal and state governments have passed problems down to lower levels by making local governments responsible for providing more services while simultaneously reducing local aid to these jurisdictions. Additionally, local revenue has been reduced due to lower consumer spending and higher unemployment, resulting in even greater fiscal stress for local governments. In their book, ***The Price of Government,*** David Osborne and Peter Hutchins state, "When money is tight or crisis erupts…elected officials feel a powerful need to do something" (Osborne and Hutchins 114). In many cases, that "something" is city-county consolidation: merging separate governments into a single government with the hope of eliminating the duplication of services, improving efficiency, and reducing costs.

Chris Pineda of the Government Innovators Network says, "When local officials consider how best to maximize efficiency in local government, one often-discussed proposal is the consolidation of city and county services" (Pineda 1). The National

League of Cities defines city-county consolidation as, “A formal joining of a city (or cities) with a county (or counties) government... The resulting unified body assumes the responsibilities of the city and the county” (www.nlc.org). There are 33 city-county consolidated governments in the United States.

On the surface, consolidation appears to be an ideal solution for many of the problems currently being faced by local governments. But does it deliver on its promises? Proponents of consolidation, sometimes called Regionalists or neo-progressives, say yes, and tout consolidation as a way of improving efficiency and reducing costs by capitalizing on economies of scale. However, opponents of consolidation, sometimes called Public Choice Theorists or Polycentrists, say no, and argue that, “Unless there is an important reason to do otherwise, responsibility for addressing problems should lie with the lowest level of government possible” (Osborne and Gaebler 277). They cite a wealth of research to support their contention that consolidation does not improve efficiency, increase citizen satisfaction, or reduce costs. The report, ***Local Government Consolidation: Lessons for West Virginia,*** concludes that research on governmental reorganization or consolidation is, “conflicting and incomplete,” (Kent and Sowards 11) and other reports indicate that although consolidation remains an attractive option to many citizens and legislators, in practice, it often falls short of its goals of improving efficiency and reducing costs. There is a need to determine what financial impacts can realistically be expected when city and county governments consolidate.

This issue is especially important now in the State of Ohio, where legislators are considering consolidating local governments as a way of stretching the increasingly limited state dollars that help support the state's local governments. In 2008, the Ohio legislature established the Ohio Commission on Local Government Reform and Collaboration as part of the Capital/Budget Corrections Bill (HB 562) to examine ways in which local governments might consolidate, or at least collaborate, to improve operations and services and reduce costs. Although the language included in the original bill was changed to reflect a focus on collaboration rather than consolidation, the idea of consolidation remains very attractive to some legislators and has the potential to be included in the recommendations developed by this Commission.

This paper examines several city-county government consolidation efforts that have been successfully implemented in the United States since 1990 and analyzes the impacts these efforts have had on local government finances.

Questions considered in this examination include:

1. What has each consolidation's impact been on overall general government expenditures? Did overall expenditures decrease, increase, or remain the same after consolidation?

2. What has each consolidation's impact been on expenditures by category?
    a. in which categories did expenditures decrease after consolidation?
    b. in which categories did expenditures increase after consolidation?
    c. in which categories did expenditures remain the same after consolidation?

The methodology used to develop this paper includes a search of the professional literature to identify examples of successful city-county government consolidation efforts and to obtain empirical and anecdotal evidence regarding the financial impacts of these efforts. Financial reports and statistical data from four consolidated city-county governments are analyzed to determine what impact, if any, the consolidation has had on the government's finances.

# The Impact of City-County Consolidation on Local Government Finances

## Literature Review

Although many researchers have examined the issue of city-county consolidation, few have examined the financial impacts these consolidations have had on local governments. Proponents of consolidation argue that consolidating governments improves efficiency and reduces costs while opponents argue that consolidation actually increases the cost of government. The literature reveals little in the way of empirical evidence to support either claim.

### History, Structure, and Process

Some researchers have examined the history of city-county consolidation in the United States, a history that has been marked more by failure than success. According to the National League of Cities, of the approximately 100 referenda for city-county consolidations that have appeared on ballots around the U.S. in the past 40 years, approximately three-fourths have failed. Research by Pat Hardy (2005) and the Pennsylvania Economy League (2007) chronicles the history of U.S. city-county consolidations, beginning with the consolidation of New Orleans and New Orleans Parish in 1805. The Pennsylvania study also reviews some of the structural models that have been used for modern city-county consolidations and identifies some of their common challenges and characteristics.

Several researchers have analyzed the process of consolidation. Jered Carr and Richard Feiock (2004) believe that perhaps too much emphasis has been placed on the process of consolidation and suggest that this focus on process may be responsible for the lack of evidence documenting the effects of consolidation. However, other researchers, such as Suzanne Leland and Kurt Thurmaier, believe that an understanding of the process of consolidation is important in order to discern the reasons for the high rate of failure of city-county consolidation attempts in the United States. In ***Case Studies of City-County Consolidation: Reshaping the Local Government Landscape,*** Leland and Thurmaier undertake a comparative study of thirteen case studies to determine the causes of success or failure among city-county consolidation referenda. In their analysis, Leland and Thurmaier offer insights into why consolidation campaigns fail and identify critical elements they believe must be present in order for a consolidation campaign to be successful. In ***Local Government Consolidation: Lessons for West Virginia,*** Calvin Kent and Kent Sowards provide West Virginia officials with a primer on the process and structure of local government consolidations to guide them in their deliberations on consolidation. The National League of Cities issued a report on local government collaboration, ***Guide to Successful Local Government Collaboration in America's Regions,*** which provides basic information on the various structures that have been used for local government consolidations.

## The Political Debate

Much of the literature on city-county consolidation centers on the political debate regarding the desirability of consolidation. This debate dates back to the progressive reform movement of the late 19$^{th}$ and early 20$^{th}$ centuries. "The Progressives advocated city consolidation as a means to reduce costs and promote efficiency in services by achieving economies of scale" (Feiock, Park, Kang 2006). Those on the other side of the debate argue that consolidation erases competition among jurisdictions and as a result, actually increases the costs of public services. Much of this debate relies on opinion and/or anecdotal evidence to support the arguments being made for or against city-county consolidation, a fact lamented throughout the literature by authors including Carr and Feiock (2004); Campbell and Durning (2000); and others.

Leland and Thurmaier examine the consolidation of Wyandotte County and Kansas City, Kansas in “Metropolitan Consolidation Success: Returning to the Roots of Local Government Reform.” They frame their analysis of this consolidation against the backdrop of the theoretical debate and determine that, in this case, rather than efficiency or cost-savings, “the fundamental issue of accountability was the crucial and deciding factor in favoring city/county consolidation” (203). Leland also explores this issue with Gary Johnson in “Consolidation as a Local Government Reform” in ***City-County Consolidation and Its Alternatives.*** Here again, the authors point to accountability rather than promised cost-savings as the deciding factor in consolidations in Wyandotte-Kansas City as well as in Jacksonville-Duval County, Florida.

Richard Campbell and Dan Durning of the University of Georgia review the arguments made on both sides of the debate in their article, “Is City-County Consolidation Good Policy?” In addition, they examine the history of consolidation and review some of the research that has been conducted on this issue. They conclude that, “A major reason the extant research on city-county consolidation is inconclusive is that there are so few merged governments to study” (134). According to the National League of Cities, the U.S. has just 33 city-county consolidated governments, representing just about 1% of the county governments in the country.

In his article, “Consolidation is No Way to Streamline Government,” Sam Staley refutes the claims made by the Indiana Commission on Local Government Reform in a report titled, “Streamlining Local Government,” which supports the idea that consolidation lowers the cost of local government. Staley responds that making such a claim, "shows a remarkable lack of familiarity with the real world of local government consolidation" (2008). Several reports refute the idea that "economies of scale" and accompanying cost-savings can be achieved through consolidation. Byron Katsumaya (2003), Eva Galambos (1999), and Sam Staley (1992) contend that economies of scale may be achieved in smaller communities with populations of less than 15,000 but are not likely to be achieved in communities that have been made larger through consolidation. Staley and Galambos both draw upon the U shaped curve from economics theory to help illustrate their point. They contend that the costs associated with providing public services are high in areas with populations of less than 15,000, then decrease as population increases to a certain point, and then begin to rise again. Galambos cites research from the Carl Vinson Institute of Government, which suggests that costs begin to rise when population exceeds 250,000.

On the pro-consolidation side of the debate, in ***City County Consolidation – An Idea Whose Time Has Come,*** Scott Kenefake of the Kansas Assocation of Counties promotes city-county consolidation as a way of providing, "significant cost saving and efficiency in the delivery of local public services to communities" (6). In 2008, The Citizens Advisory Committee on the Efficiency and Effectiveness of City-County Government issued a report in support of consolidating the City of Pittsburgh and Allegheny County, Pennsylvania. The Committee touts consolidation as a means of promoting economic development in the region. Neal Peirce (2004) also promotes city-county consolidation from an economic development perspective in his article, "A Metro Wave: Could It Be?" In a departure from what most of the literature says, the study by the Pennsylvania Economy League (2007) asserts that, "Cost savings has not been a primary motivator of city-county consolidations" (38). The study presents no data to indicate whether or not cost savings were achieved in any of the consolidations it discusses.

## Empirical Evidence

Although the issues of efficiency and cost-savings are often cited by both proponents and opponents of consolidation, scant empirical evidence has been presented in support of either viewpoint. In 2005, a team of researchers from the Indiana Policy Review Foundation conducted a review of the academic literature on city-county consolidation for the Marion County Consolidation Study Commission. In this report, ***The Effects of City County Consolidation: A Review of the Recent Academic Literature,*** the authors lament the lack of empirical evidence and quote Dolan (1990): "…arguments traditionally are based on political ideologies and impressionistic views rather than on empirical analysis" (qtd. in Staley 2005). Researchers who have attempted to document the financial impacts of city-county consolidation on local government have done so with mixed results.

In their examination of the Wyandotte-Kansas City consolidation, Leland and Thurmaier found that cost-savings were not realized but point out that such savings had not been expected. An in-depth analysis of the budgets of both local governments prior to consolidation had shown very little potential for cost-savings. Chris Pineda of Harvard's Government Innovators Network summarizes recent literature on the causes of diseconomies of scale in city-county consolidations in attempt to answer the question, "Why do city-county consolidations not always produce cost savings and, in some cases, actually lead to higher costs?" He cites research by Gustely, and Benton and Gamble, which found that expenditures actually increased after consolidations in Dade County and Jacksonville, Florida. Pineda quotes researcher George A Boyne (1992), "A review of 25 research studies conducted over the past two decades on 'fragmentation' versus centralization in U.S. local governments suggests local government systems which are fragmented and de-centralized are generally associated with lower spending and greater efficiency" (qtd. in Pineda 2005).

After analyzing seven city-county consolidations, Sammis White (2002) reports finding no clear evidence that consolidated government produces cost savings anywhere in the United States. White concludes that, "savings do not materialize – or if they do, it is only for a short time" (13). White also reports that the costs associated with consolidating local governments can be very high. Officials in Athens-Clarke County, Georgia estimate the cost of that consolidation to be $5 million. That figure includes costs for new logos and stationery, applying new emblems to vehicles, building new offices, writing new regulations, and legal fees. White also concludes that, in spite of expectations to the contrary, expenditures actually increased after consolidations in Jacksonville-Duval County, Florida and Miami-Dade County, Florida. White cites research by Savitch and Vogel, which compared the growth rates of expenditures in five merged cities and un-consolidated Louisville, Kentucky during the period 1980-1992. Their research found that the 8% rate of increase in Louisville was significantly lower than the average growth rate of 33% experienced by the consolidated governments. White also cites a study by the National Research Council (1999) which concluded, "There is general agreement that consolidation has not reduced costs (as predicted by some reform advocates) and in, fact, may have even increased total local expenditures" (qtd. in White 2002).

In ***City County Consolidation Efforts: Selective Incentives and Institutional Choice,*** Richard Feiock, Hyung Jun Park, and In-Sung Kang review existing research and conclude that, "Evidence to support predictions that consolidation will reduce costs and enhance efficiency is particularly lacking. Arguments for cost savings through economies of scale, reduced duplication of effort, and greater technical capacity in service provision have been largely discredited by empirical research in the last fifteen years" (6). Their research leads the authors to conclude that governments pursue consolidation for political rather than economic reasons. This idea is echoed by Linda S. Johnson and Jered B. Carr in "Making the Case For (And Against) Consolidation," included in ***City-County Consolidation and Its Alternatives: Reshaping the Local Government Landscape***. Their research examines the arguments key leaders made for and against consolidation proposals in 33 communities. Based on this research the authors conclude, "City-county consolidation is a war of words. It is a struggle among community members over power in the community" (274).

In Chapter 3 of his book, ***City-County Consolidation and Its Alternatives: Reshaping the Local Government Landscape,*** Richard Feoick cites research by Erie, et al, 1972; Benton and Gamble, 1984; Condrey, 1994, and Durning, 1995, which reports that consolidation of local governments leads to increased taxes and expenditures, higher personnel costs, and high rates of dissatisfaction among local government employees. Feiock says, 'The general conclusion of extant research is that consolidation has not delivered the goods" (43). In this same book, Allen B. Brierly constructs a number of models to illustrate that consolidation increases, rather than decreases, transaction costs for public services in "The Issues of Scale and Transaction Costs in City-County Consolidation."

Researchers suggest several reasons why consolidation does not result in cost savings for local governments. White (2002), Katsuyama (2003), Boyd (2008), and Galambos (1999) argue that the bulk of services provided by local governments are labor intensive and that the costs for such services increase rather than decrease when the services must be provided to a larger number of residents. They also point to the "leveling up" of service levels, standards of equipment and facilities, and salaries, as factors that contribute to increased costs in consolidated governments. Jered Carr (2004) suggests that while full consolidation has not always yielded its promised benefits, some of these benefits, including cost savings, may be realized through alternatives to consolidation. Carr's suggested alternatives include municipal annexation, contracting for services from other local governments, and creating special service district governments.

Katsuyama (2003) and White (2002) agree and add contracting with the private sector and consolidating along functional lines as ways for local governments to reduce costs. Galambos (1999) and others suggest that capital intensive services such as water, sewer, and trash collection are good candidates for consolidation and may result in cost savings for the communities involved. In this same vein, Sam Staley (1992) argues that "The provision of public services is best left to private markets that are free to provide services over market areas determined by consumer preferences rather than within politically determined geographic boundaries" (25).

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Sally Selden and Richard Campbell suggest that city-county consolidation can result in cost savings in their study of the Athens-Clarke County, Georgia consolidation. Selden and Campbell examined operating expenditures for Athens-Clarke County for the period, 1990-1997, adjusting the figures for inflation using the state and local price index from the U.S. Bureau of Economic Analysis, with the base year of 1989. The authors explain that, since they were unable to obtain reliable financial data for more than two years prior to the consolidation, their analysis is limited to "examining trends in real operating expenditures in the unified government" (Selden and Campbell 2000). Selden and Campbell also compared changes in real general fund operating expenditures occurring in Athens-Clarke County to the changes occurring in three unconsolidated Georgia cities and counties during the same period. They found that expenditures in Athens-Clarke County increased at a much slower rate than in the three unconsolidated counties. Selden and Campbell also determined that after consolidation, personnel-related expenditures by Athens-Clarke County increased by $2 million per year. However, general government expenditures decreased by almost 10%. They also found that finance costs in Athens-Clarke County decreased by more than 16% in the short term and by almost 25% in the long term.

Their examination of the available financial data leads Selden and Campbell to conclude, "City-county consolidation can lead to economies of scale and resulting decreases in real costs, in certain areas at least, when the consolidation occurs in a small county located outside a large metropolitan area" (2000). Selden and Campbell also suggest, "The extent to which efficiency gains are realized or cost savings achieved will depend largely on the design of the new government and the policy and management decisions of its elected and appointed officials" (2000).

This last point is echoed by Dan Durning and Patricia Nobbie in "Post-Transition Employee Perspectives of City-County Unification: The Case of Athens-Clarke County." They suggest that clauses in the consolidated government's charter made it impossible for the government to realize the cost savings it had anticipated. Durning and Nobbie surveyed employees of the Athens-Clarke County government to obtain information about the impacts of the consolidation. Their survey showed that a very large number of employees were very dissatisfied with the consolidation. It also indicated that employees perceived that the consolidated government was performing worse than the two separate governments had performed prior to consolidation. Since citizens, the press, and business and community leaders did not appear to be dissatisfied with the new government; Durning and Nobbie attribute the attitudes of the employees to a difficult transition, owing primarily to disparities in salaries and benefits.

In "Guide to Successful Local Government Collaboration in America's Regions," John Parr of the National League of Cities says, "Independent analysis of both Louisville-Jefferson County, KY and Athens-Clarke County, GA document savings and improvements" **(**41**).** A "Merger Summary" released by the government of Louisville, KY reports that the consolidation of Louisville and Jefferson County resulted in savings of $700,000 per year in Executive Branch salaries, $2 million per year from moving departments out of leased space into government-owned buildings, $700,000 per year through outsourcing specific functions, $100,000 per year by reforming fleet operations, and $100,000 per year in courier service. However, Frank Gamrat and Jake Haulk of the

Allegheny Institute for Public Policy (2005) report that evidence from Louisville's Comprehensive Annual Financial Report contradicts reports of substantial cost savings stemming from the consolidation. Data reported in the CAFR shows that before the consolidation, the City of Louisville and Jefferson County spent a combined $552.4 million. Two years after the consolidation the Louisville Metro government spent $549.8 million, a decrease of less than one-half of one percent. Gamrat and Haulk report that cost savings was not a goal of the Louisville-Jefferson County consolidation. Savitch and Vogel support this in their review of the Louisville-Jefferson County merger in Leland and Thurmaier's ***Case Studies of City-County Consolidation: Reshaping the Local Government Landscape.*** Savitch and Vogel say, "Merger leaders (in Louisville and Jefferson County) refused to undertake a serious cost benefit analysis, believing it would hurt its chances of approval" (281).

## The Need for Additional Research

The literature on city-county consolidation indicates that interest in the topic remains strong in spite of the high rate of failure for city-county consolidation referenda in the U.S. Many researchers have explored the subject of city-county consolidation from a variety of angles. The table on the next page summarizes much of the existing research and demonstrates that additional research is needed to provide empirical evidence to either support or negate the claim that consolidating local governments reduces costs.

**Table 1** **Summary of Existing Research**

| Date | Authors | Consolidation Location | Findings | Similarities/Differences |
|---|---|---|---|---|
| 2004 | Allen B. Brierly | None – Brierly constructs a theoretical model. | City-county consolidation does not result in cost-savings but Brierly sees potential for alternate methods such as interlocal contracting. | Findings regarding economies of scale are similar to those of Pineda and Staley. Findings regarding the cost-savings potential of alternatives to consolidation are similar to those of Carr. |
| 2004 | Jered Carr | None – reviews existing research. | City-county consolidation does not result in cost-savings. However, savings may be achieved using alternate options such as contracting and functional consolidation. | Findings are similar to those of Brierly. |
| 2000 | Dan Durning and Patricia Nobbie | Athens-Clarke County, GA | Construction of the government charter made cost-savings impossible. Employees had a negative view of the consolidation due to a difficult transition. | Findings regarding the impact structure and policy have on the potential for cost-savings are similar to those reported by Selden and Campbell. However, Durning and Nobbie found that cost savings were impossible while Selden and Campbell found some evidence of cost-savings in Athens – Clarke Co. |
| 2005 | Frank Gamrat and Jake Haulk | Louisville-Jefferson County, KY | Findings refute claims of substantial cost savings resulting from this consolidation. Their analysis of CAFR data showed that expenditures decreased by less than .5% | Findings disagree with Parr, who reported cost-savings in Louisville-Jefferson Co. |
| 2000 | Suzanne Leland and Kurt Thurmaier | Wyandotte County/ Kansas City, KS | Accountability, rather than cost savings, is the crucial and deciding factor in successful consolidation referenda. Cost-savings were neither expected nor achieved in this consolidation. | Findings are consistent with Carr, Staley, White, and others whose work negates the idea of cost-savings resulting from city-county consolidation. |
| 2006 | John Parr | Athens-Clarke County, GA and Louisville-Jefferson Co, KY | Reported cost-savings in these consolidations. | Agrees with findings of Selden and Campbell that show evidence of cost-savings in Athens-Clarke Co. However, Durning and Nobbie, as well White, reported no cost-savings in Athens-Clarke Co. Disagrees with Gamrat and Haulk who found no evidence of cost-savings in Louisville-Jefferson Co. |
| 2005 | Chris Pineda | None – reviews existing literature. | The causes of diseconomies of scale in city-county consolidations include labor-intensive services, bureaucracy growth, and increased costs due to “leveling up” in the areas of personnel and service quality | Findings regarding economies of scale are similar to those of Brierly and Staley. |
| 2000 | Sally Selden and Richard Campbell | Athens-Clarke County, GA | Depending on decisions about structure and policy, consolidation may lead to cost savings in small counties located outside of metropolitan areas. | Findings regarding the impact structure and policy have on cost-savings are similar to those reported by Durning and Nobbie. However, Durning and Nobbie found that cost savings were impossible, while Selden and Campbell found some evidence of cost-savings in this consolidation. |
| 1992 & 2008 | Sam Staley | Indianapolis-Marion County, IN | Economies of scale may be achieved in small communities but are unlikely to be achieved in communities that have been made larger through consolidation | Findings regarding economies of scale are similar to those of Brierly and Pineda. Findings regarding the potential for cost savings in small areas are similar to the findings of Selden and Campbell. |
| 2002 | Sammis White | Louisville-Jefferson County, KY and others | There is no evidence that consolidated government produces cost-savings. Reasons why cost-savings are not produced include the provision of labor-intensive services and “leveling up” in the areas of personnel. | Findings regarding the reasons why cost-savings are not achieved are similar to the findings reported by Pineda and Staley. |

## Data Analysis

Financial data from Comprehensive Annual Reports and U.S. Census Bureau reports for four consolidated city-county governments were examined to determine what impact, if any, the consolidation had on the government's finances. Questions considered in this examination included:

1. What impact did consolidation have on overall general government expenditures? Did overall expenditures decrease, increase, or remain the same after consolidation?

2. What impact did consolidation have on expenditures by category?

### Louisville-Jefferson County, KY Metro Government

The Louisville-Jefferson County Metro Government began operating in January 2003 after the City of Louisville merged with Jefferson County, Kentucky. The Metro Government operates under a Mayor-Council form of government and provides a broad array of services to 709,264 citizens. Services include public health and safety, streets and roads, sanitation, social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

Analysis of the financial data provided in the Comprehensive Annual Reports (2003-2008) for Louisville-Jefferson County Metro Government shows that in the six years prior to consolidation, per capita spending in the City of Louisville increased an average of 3.7% per year in the area of total primary government activities. Costs rose from $969 per capita in 1997 to $1,123 per capita in 2002, when figures are adjusted for inflation using a base year of 1997. Overall, per capita spending for total primary government activities increased by 15.9% during the period 1997-2002.

**Table 2 City of Louisville – Expenditures for Total Primary Government Activities 1997-2002**

| **City of Louisville - Prior to Merger** | | **1997** | | **1998** | | **1999** | | **2000** | | **2001** | | **2002** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| total primary government expenditures | $ | 252,607,949 | $ | 268,158,721 | $ | 329,082,183 | $ | 288,039,413 | $ | 318,258,139 | $ | 322,718,951 |
| population | | 260,689 | | 260,689 | | 255,045 | | 253,128 | | 256,231 | | 256,231 |
| expenditures per capita | $ | 969 | $ | 1,029 | $ | 1,290 | $ | 1,138 | $ | 1,242 | $ | 1,259 |
| adjusted for inflation (1997 base year) | $ | 969 | $ | 1,013 | $ | 1,243 | $ | 1,061 | $ | 1,126 | $ | 1,123 |

Data is taken from CAFR FY 2003

Prior to the merger with the City of Louisville in 2003, the Jefferson County Fiscal Court provided services to residents of Jefferson County, Kentucky. In 2002, the population of the county was 695,416. Data obtained from Comprehensive Annual Financial Reports indicates that the county's per capita expenditures for total primary government activities, when adjusted for inflation using 1997 as the base year, rose an average of 2.7% per year, increasing from $262 per capita in 1997 to $294 per capita in 2002. The overall increase in per capita spending for total primary government activities during this period was 12.2%.

**Table 3 Jefferson County – Expenditures for Total Primary Government Activities 1997-2002**

| **Jefferson County Fiscal Court - Prior to Merger** | | **1997** | | **1998** | | **1999** | | **2000** | | **2001** | | **2002** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| total primary government expenditures | $ | 179,415,256 | $ | 192,256,272 | $ | 223,252,855 | $ | 205,089,910 | $ | 218,519,273 | $ | 229,680,801 |
| population | | 684,478 | | 687,289 | | 690,111 | | 693,604 | | 692,910 | | 695,416 |
| expenditures per capita | $ | 262 | $ | 280 | $ | 324 | $ | 296 | $ | 315 | $ | 330 |
| adjusted for inflation (1997 base year) | $ | 262 | $ | 276 | $ | 312 | $ | 276 | $ | 285 | $ | 294 |

CAFR FY 2003

The City of Louisville and Jefferson County combined, experienced an overall increase of 12.2% in per capita spending for total primary government activities between 1997 and 2002. Adjusted per capita expenditures for total primary government activities increased from $631 in 1997 to $708 in 2002, an average of 2.8% per year.

**Table 4 Combined Expenditures for Total Primary Government Activities 1997-2002**

| **Louisville & Jefferson - Prior to Merger** | | **1997** | | **1998** | | **1999** | | **2000** | | **2001** | | **2002** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| total primary government activities | $ | 432,023,205 | $ | 460,414,993 | $ | 552,335,038 | $ | 493,129,323 | $ | 536,777,412 | $ | 552,399,752 |
| county population | | 684,478 | | 687,289 | | 690,111 | | 693,604 | | 692,910 | | 695,416 |
| expenditures per capita | $ | 631 | $ | 670 | $ | 800 | $ | 711 | $ | 775 | $ | 794 |
| adjusted for inflation (1997 base year) | $ | 631 | $ | 660 | $ | 771 | $ | 663 | $ | 702 | $ | 708 |

CAFR FY 2003

In 2003, the first year after the merger, per capita expenditures increased by 18.2% but dropped by 15.9% in the second year, returning per capita spending for total primary government activities to just $4 above the 2002 (pre-merger) level. Between 2004 and 2008, per capita expenditures, when adjusted for inflation using a base year of 1997, increased by an average of 1.3% per year. Per capita spending has decreased slightly each year since 2006. In 2008, the Louisville-Jefferson County Metro Government reported spending $734 per capita (adjusted for inflation) on total primary government activities, an increase of 3.7% over the $708 per capita spent in 2002, the year before the merger.

**Table 5 Metro Government – Expenditures for Total Primary Government Activities 2003-2008**

| **Louisville-Jefferson County Metro - After Merger** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** |
|---|---|---|---|---|---|---|
| total primary government expenditures | $ 668,208,948 | $ 577,965,635 | $ 652,544,363 | $ 671,056,573 | $ 681,530,647 | $ 700,922,875 |
| population | 695,843 | 698,059 | 698,903 | 699,827 | 701,500 | 709,264 |
| expenditures per capita | $ 960 | $ 828 | $ 934 | $ 959 | $ 972 | $ 988 |
| adjusted for inflation (1997 base year) | $ 837 | $ 704 | $ 768 | $ 763 | $ 758 | $ 734 |

Data taken from CAFR FY 2008

The largest increase in expenditures was in the category of Police and Public Protection. In 2002, the year before the consolidation, the City of Louisville and Jefferson County spent a combined $197,335,690 or $284 per capita for this service. In its first year of operation, the Metro Government spent $230,083,318 or $331 per capita for Police and Public Protection services. By 2008, spending in this category had climbed to $308,563,950 or $363 per capita, an increase of 28% over the pre-merger level. Public Works spending increased by 18% between 2002 and 2008. The city and county spent a combined $69,782,964 or $100 per capita on Public Works in the year before the merger and in 2008, the Metro Government spent $63,056,167 or $89 per capita for Public Works.

Spending for Housing and Family Services and Finance and Administration increased sharply in the first year after the merger. Expenditures for Housing and Family Services jumped from $9,836,973 in 2002 to $38,588,804 in 2003, an increase of almost 300%. Expenditures in this area fluctuated for the next few years but by 2008, had decreased to $28,844,976, a number that is still significantly higher than the 2002 level of spending. Expenditures for Finance and Administration increased from $13,268,998 in 2002 to $52,453,722 in 2003. In 2008, expenditures for Finance and Administration were $24,813,303, representing an increase of 87% over the 2002 spending level.

Expenditures for General Government Services and Parks and Recreation decreased slightly after the merger. The year before the merger, the City of Louisville and Jefferson County spent a combined $24,176,541 or $35 per capita on General Government Services. The Metro Government spent $27,463,380 or $33 per capita for these services in 2008, a decrease of 7.2% from 2002. Expenditures for Parks and Recreation were $30,790,097 or $44 per capita in 2002. 2008 expenditures for Parks and Recreation were $25,131,824 or $30 per capita, a decrease of 32%.

**Table 6** **Louisville – Jefferson County– Expenditures by Function**

| | 2002 | 2008* |
|---|---|---|
| **General Government** | $35 | $33 |
| **Police & Public Protection** | $284 | $363 |
| **Public Works** | $100 | $154 |
| **Parks & Recreation** | $44 | $30 |

*Adjusted for inflation using 2002 as the base year; Data is from Louisville-Jefferson CAFR 2008 and 2002 Census of Governments.

Based on this analysis, it appears that the rate of increase in per capita spending for total primary government activities slowed slightly after the merger of the City of Louisville and Jefferson County, Kentucky. Per capita expenditures for total primary government activities have increased by just 3.7% since the merger occurred. Per capita expenditures for total primary government activities increased from $708 in 2002 to $734 (adjusted for inflation) in 2008. The rate of annual increase for per capita expenditures has slowed to just 1.3% after these expenditures see-sawed during the first two years after consolidation. It appears however, that per capita costs for providing specific services such as Police and Public Protection, Public Works, Housing and Family Services, and Finance and Administration, increased after the merger. Per capita expenditures in other areas, such as General Government and Parks and Recreation decreased slightly after the merger.

There are indications that any apparent cost-savings may have been achieved not as a result of the consolidation, but rather as a result of management decisions and reorganization. A “Merger Summary” released by the Metro Government reports that $700,000 per year was saved in Executive salaries by reorganizing and eliminating some positions, $2 million per year was saved by moving departments out of leased space into government-owned buildings, another $700,000 per year was saved by outsourcing specific functions, and a savings of $200,000 resulted from reorganizing fleet and courier service operations. Based on this analysis, it appears that the consolidation of the City of Louisville and Jefferson County, Kentucky did not result in cost savings.

## The Unified Government of Wyandotte County/Kansas City, Kansas

The Unified Government of Wyandotte County/Kansas City, Kansas began operating in January 1998 after voters approved consolidating the operations of Kansas City and Wyandotte County on April 1, 1997. This consolidation was the first to occur by way of voter referendum in the Midwest region of the United States and was only the fourth successful consolidation to take place in the 1990s, although more than thirty consolidation referenda were held during that period of time (Leland 2004). The governing body of the Unified Government is made up of a ten-member Commission and a Mayor/CEO. The Unified Government provides a broad array of services to 155,315 citizens.

The Comprehensive Annual Financial Reports for the Unified Government of Wyandotte County/Kansas City, Kansas do not provide data for years prior to 1997 and Financial Reports for the years prior to consolidation were not available for either Kansas City or Wyandotte County. Data regarding population and expenditures for total government activities for 1992 and 1996 was obtained from reports issued by the United States Census Bureau. This data allows for limited analysis of expenditures and financial trends for the years prior to consolidation.

Data shows that the population of Kansas City declined by 4.8% between 1992 and 1997. In 1997, the population of Kansas City was 142,630, representing just over 90% of the population of Wyandotte County. Examination of the data, adjusting for inflation using 1992 as the base year, reveals that per capita spending for total government activities decreased by 6.8% during the period. Expenditures per capita decreased from $1,442 in 1992 to $1,344 in 1997.

**Table 7 Kansas City– Expenditures for Total Primary Government Activities 1992-1997**

| **Kansas City - prior to merger** | 1992 | 1996 | 1997 |
|---|---|---|---|
| total governmental activities expend. | $ 215,920,000 | $ 209,023,000 | $ 219,293,000 |
| population | 149,767 | 142,654 | 142,630 |
| expenditures per capita | $ 1,442 | $ 1,465 | $ 1,537 |
| adjusted for inflation (1992 base year) | $ 1,442 | $ 1,310 | $ 1,344 |

U.S. Census Bureau

The population of Wyandotte County also decreased in the years prior to consolidation, dropping from 161,993 in 1992 to 157,858 by 1997. However, per capita spending for total government activities increased by 77.7% during this period, jumping from $358 per capita in 1992 to $636 in 1997, using figures that have been adjusted for inflation. The per capita expenditures of Kansas City and Wyandotte County combined, increased by 9.4% between 1992 and 1997. Per capita spending for total government activities increased from $1,691 in 1992 to $1,851 in 1997, adjusted for inflation.

**Table 8 Wyandotte County – Expenditures for Total Primary Government Activities 1992 – 1997**

| **Wyandotte County- prior to merger** | 1992 | 1996 | 1997 |
|---|---|---|---|
| total governmental activities expend. | $ 57,948,000 | $ 64,269,000 | $ 114,957,483 |
| population | 161,993 | 153,427 | 157,858 |
| expenditures per capita | $ 358 | $ 419 | $ 728 |
| adjusted for inflation (1992 base year) | $ 358 | $ 375 | $ 636 |

U.S. Census Bureau

**Table 9 Combined Expenditures for Total Primary Government Activities 1992 – 1997**

| **Kansas City & Wyandotte - prior to merger** | 1992 | 1996 | 1997 |
|---|---|---|---|
| total governmental activities expend. | $ 273,868,000 | $ 273,292,000 | $ 334,250,483 |
| population | 161,993 | 153,427 | 157,858 |
| expenditures per capita | $ 1,691 | $ 1,781 | $ 2,117 |
| adjusted for inflation (1992 base year) | $ 1,691 | $ 1,593 | $ 1,851 |

U.S. Census Bureau

An examination of the financial data provided by Comprehensive Annual Reports for the Unified Government of Wyandotte County/Kansas City shows that when figures are adjusted for inflation using the base year of 1992, per capita expenditures for total government activities decreased by 47.6% in the first year after consolidation. Per capita expenditures then increased in each of the next two years, 1999 and 2000, by 10.5% and 22.8% respectively, before dropping by 18.6% in 2001. The notes included in the CAFR for 2001 indicate that decreases for that year were due to cost containment initiatives and workforce reductions.

**Table 10 Unified Government – Expenditures for Total Primary Government Activities 1998-2007**

| Wyandotte County/Kansas City Unified - After Merger | 1998 | 1999 | 2000 | 2001 | 2002 |
|---|---|---|---|---|---|
| total governmental activities expend. | $ 178,825,232 | $ 201,119,732 | $ 254,983,417 | $ 213,030,952 | $ 236,667,514 |
| population | 158,728 | 157,980 | 157,882 | 157,474 | 157,694 |
| expenditures per capita | $ 1,127 | $ 1,273 | $ 1,615 | $ 1,353 | $ 1,501 |
| adjusted for inflation (1992) base year) | $ 970 | $ 1,072 | $ 1,316 | $ 1,071 | $ 1,171 |
| | **2003** | **2004** | **2005** | **2006** | **2007** |
| total governmental activities expend. | $ 230,940,299 | $ 240,967,295 | $ 265,044,042 | $ 291,433,232 | $ 313,168,617 |
| population | 156,822 | 155,787 | 155,704 | 155,509 | 155,315 |
| expenditures per capita | $ 1,473 | $ 1,547 | $ 1,702 | $ 1,874 | $ 2,016 |
| adjusted for inflation (1992) base year) | $ 1,123 | $ 1,149 | $ 1,223 | $ 1,304 | $ 1,364 |

CAFR FY 2002, CAFR FY 2007

In the years following the consolidation of Kansas City and Wyandotte County, per capita expenditures for total government activities, when adjusted for inflation, decreased by an average of .8% per year, declining from $1,851 in 1997 to $1,364 in 2007. The overall decrease in per capita expenditures for total government activities during this period was 26.3%.

Although per capita expenditures for total government activities decreased during this period, per capita spending in individual functional areas saw significant increases, ranging from 56.5% to nearly 300%. For example, in 1997, the year before consolidation occurred, per capita expenditures for General Government Services were $43. That figure more than doubled to $105 (adjusted for inflation) in the year after consolidation. By 2007, per capita expenditures, adjusted for inflation, for General Government Services were $135, an increase of nearly 300%. The table below shows that there were also significant increases in per capita spending for Public Works, Public Safety, Health and Welfare, and Parks and Recreation. Large increases in expenditures took place immediately after the merger. It seems unlikely that the increases were due to one-time transition costs since, with the exception of Parks and Recreation, per capita expenditures in each category continued to climb through 2007.

**Table 11**

**Unified Government of Wyandotte County/Kansas City - Expenditures by Category**

| | 1997 | 1998 | 1999 | 2007 |
|---|---|---|---|---|
| population | 157,858 | 158,858 | 157,980 | 155,315 |
| General Government | $ 6,769,327 | $ 17,048,841 | $ 19,275,042 | $ 27,050,974 |
| per capita | $ 43 | $ 107 | $ 122 | $ 174 |
| adjusted for inflation (1997 base year) | $ 43 | $ 105 | $ 118 | $ 135 |
| Public Works | $ 16,572,518 | $ 25,831,110 | $ 25,035,409 | $ 33,439,156 |
| per capita | $ 105 | $ 163 | $ 158 | $ 215 |
| adjusted for inflation (1997 base year) | $ 105 | $ 160 | $ 152 | $ 166 |
| Public Safety | $ 52,231,732 | $ 65,282,222 | $ 66,541,789 | $ 103,932,912 |
| per capita | $ 331 | $ 411 | $ 421 | $ 669 |
| adjusted for inflation (1997 base year) | $ 331 | $ 405 | $ 406 | $ 518 |
| Health and Welfare | $ 3,841,268 | $ 8,966,885 | $ 9,820,816 | $ 14,447,927 |
| per capita | $ 24 | $ 56 | $ 62 | $ 93 |
| adjusted for inflation (1997 base year) | $ 24 | $ 55 | $ 60 | $ 72 |
| Parks and Recreation | $ 3,278,258 | $ 6,573,571 | $ 5,495,880 | $ 8,125,882 |
| per capita | $ 21 | $ 41 | $ 35 | $ 52 |
| adjusted for inflation (1997 base year) | $ 21 | $ 52 | $ 34 | $ 40 |

In 2002, the Unified Government of Wyandotte/Kansas City spent $1,499 per capita for total government activities. By comparison, data from the ***2002 Census of Governments*** shows that in 2002, the Kansas statewide average for spending in this area was $744 per capita, 50% less than the Wyandotte/Kansas City per capita spending level. With a population (2000) of 169,871, only Shawnee County, Kansas is comparable to Wyandotte/Kansas City in terms of population size. In 2002, per capita spending in Shawnee County for total government activities was $601, 60% less than per capita spending in Wyandotte/Kansas City. The chart below compares per capita spending (in real dollars) for selected functions in Wyandotte/Kansas City with the statewide average for Kansas and with Shawnee County.

**Table 12** **Comparison of Per Capita Expenditures by Function for 2002***

| Function | Wyandotte-Kansas City | Shawnee County | Kansas Statewide Average |
|---|---|---|---|
| **Public Safety** | $573 | $130 | $98 |
| **Public Works** | $174 | $13 | $104 |
| **Parks & Recreation** | $37 | $29 | $13 |

*expressed in real dollars

Based on this analysis, it appears that per capita spending for total government activities decreased by 26.3% after the consolidation of Kansas City and Wyandotte County. However, there are indications that the decreases in spending may have resulted from management decisions and workforce reductions rather than the consolidation itself. For example, the CAFR for 2001 notes that decreases in expenditures occurring in that year were due to cost containment initiatives and workforce reductions. And although overall per capita expenditures appear to have decreased, costs for providing specific services increased by as much as 300% after the merger. Additionally, per capita spending in consolidated Wyandotte/Kansas City is significantly higher than statewide averages for Kansas and for unconsolidated Shawnee County, Kansas. Although some per capita costs did decrease after the consolidation, in general it appears that the consolidation did not result in cost-savings for the government.

## The Unified Government of Athens-Clarke County, GA

The Unified Government of Athens-Clarke County, GA began operations on July 1, 1991. The residents of the City of Athens and Clarke County had voted to consolidate the governments on August 7, 1990. It was the first of two successful consolidations to take place in the State of Georgia during the 1990s. In 2007, the Unified Government of Athens-Clarke County, GA provided public services to 114,063 residents of northeast Georgia. In their study of the Athens-Clarke County consolidation, Sally Selden and Richard Campbell noted that they were unable to obtain reliable financial data for more than two years prior to the consolidation of Athens-Clarke County (Selden and Campbell 2000). Lack of financial data for the years prior to the consolidation was also a problem in this study and analysis is limited to an examination of the data for the period after the consolidation, 1993 – 2007.

The Comprehensive Annual Reports for Athens-Clarke County for 2002 through 2007 include data from 1993 forward. Examination of the data reveals that, when adjusted for inflation using 1993 as the base year, per capita expenditures for total primary government activities decreased by 3.3% during the first five years after the consolidation. Per capita expenditures for total primary government activities then increased by 18.4% between 1998 and 2002. The rate of increase slowed to 4.9% between 2003 and 2007 when per capita expenditures for total primary government activities climbed from $829 in 2003 to $870 in 2007. In the 14 years after the consolidation, per capita expenditures for total primary government activities increased by 29.3%.

**Table 13**

**Athens-Clarke County – Expenditures for Total Primary Government Activities 1993-2007**

| Athens-Clarke - After Merger | | | | | |
|---|---|---|---|---|---|
| | **1993** | **1994** | **1995** | **1996** | **1997** |
| total primary government expenditures | $ 58,926,619 | $ 63,564,646 | $ 74,672,739 | $ 80,145,445 | $ 70,946,076 |
| population | 87,594 | 87,594 | 87,594 | 96,552 | 98,104 |
| expenditures per capita | $ 673 | $ 726 | $ 852 | $ 830 | $ 723 |
| adjusted for inflation (1993 base year) | $ 673 | $ 708 | $ 808 | $ 764 | $ 651 |
| | **1998** | **1999** | **2000** | **2001** | **2002** |
| total primary government expenditures | $ 78,675,148 | $ 86,766,802 | $ 96,129,777 | $ 101,467,207 | $ 106,174,350 |
| population | 98,939 | 100,173 | 101,705 | 102,226 | 102,211 |
| expenditures per capita | $ 795 | $ 866 | $ 945 | $ 993 | $ 1,039 |
| adjusted for inflation (1993 base year) | $ 705 | $ 751 | $ 793 | $ 810 | $ 835 |
| total primary government expenditures | **2003** | **2004** | **2005** | **2006** | **2007** |
| population | $ 108,813,551 | $ 111,174,435 | $ 121,269,343 | $ 138,426,551 | $ 142,472,301 |
| expenditures per capita | 103,143 | 103,951 | 104,439 | 112,787 | 114,063 |
| adjusted for inflation (1993 base year) | $ 1,055 | $ 1,069 | $ 1,161 | $ 1,227 | $ 1,249 |
| | $ 829 | $ 818 | $ 859 | $ 879 | $ 870 |

**Athens-Clarke Co. CAFRs, 2002-2007**

In 2002, per capita expenditures in consolidated Clarke County amounted to $1,039 in real dollars. The ***2002 Census of Governments*** provides the following data for four unconsolidated Georgia counties of similar size.

**Table 14**

| **2002 - Georgia County Comparison** | **Population** | **Expenditures** | **Per Capita*** |
|---|---|---|---|
| Hall County | 139,341 | $ 144,911,000 | $ 1,040 |
| Henry County | 119,341 | $ 102,397,000 | $ 858 |
| Houston County | 110,765 | $ 74,483,000 | $ 672 |
| Lowndes County | 92,115 | $ 66,577,000 | $ 723 |

*expressed in real dollars

Examination of this data shows that per capita expenditures in Clarke County were nearly identical to those of Hall County, but significantly higher than those of Henry, Houston, and Lowndes counties. Per capita expenditures in Clarke County were 25% higher than the statewide average of $830 during the same period.

**Table 15** **Athens-Clarke County – Per Capita Expenditures by Function***

| Function | 1993 | 1997 | 2002 | 2007 |
|---|---|---|---|---|
| **General Government** | $125 | $84 | $94 | $100 |
| **Public Safety** | $176 | $168 | $187 | $204 |
| **Public Works** | $96 | $97 | $92 | $83 |
| **Culture/Recreation** | $38 | $41 | $44 | $45 |

*figures are adjusted for inflation using 1993 as the base year

The table above shows that per capita expenditures for General Government activities decreased by nearly 33% between 1993 and 1997 but began a gradual incline over the next 10 years. By 2007, per capita spending for General Government activities was $100, a decrease of 20% over the 1997 level. Per capita expenditures for Public Safety also declined sharply between 1993 and 1997, before increasing again over the next ten years. Per capita expenditures for Public Safety in 2007 were 16% higher than in 1993. Per capita spending for Public Works remained relatively steady between 1993 and 2002 and then decreased between 2002 and 2007. By 2007, per capita spending for Public Works was 13.5% lower than in 1993. Per capita expenditures for Culture/Recreation gradually increased in the years following the consolidation to a high of $45 per capita in 2007.

The following two tables show per capita expenditures for selected functions for 2002, comparing Athens-Clarke County to the Georgia statewide average and to Georgia counties with similar populations. This data, taken from the ***2002 Census of Governments,*** shows that per capita expenditures for Athens-Clarke County were higher across all functions when compared to the statewide average and were higher across most functions when compared to similar counties.

**Table 16** **Comparison of Per Capita Expenditures by Function for 2002***

| Function | Athens-Clarke County | Georgia Statewide Average (U.S. Census Bureau data) |
|---|---|---|
| **Public Safety** | $233 | $198 |
| **Public Works** | $114 | $83 |
| **Culture/Recreation** | $55 | $32 |

*Data expressed in real dollars

**Table 17** **2002 Per Capita Expenditures for Similar Georgia Counties***

| County | Public Safety | Public Works | Parks & Rec. |
|---|---|---|---|
| **Athens-Clarke** | $233 | $114 | $55 |
| **Hall** | $161 | $93 | **$60** |
| **Henry** | $155 | $113 | $42 |
| **Houston** | $230 | $37 | $0.65 |
| **Lowndes** | $139 | **$168** | $31 |

*****Data expressed in real dollars

Based on this analysis of Athens-Clarke County, it appears that consolidating the two governments did not result in cost savings, in terms of either per capita expenditures for total primary government activities or per capita expenditures for specific functions. While per capita expenditures, when adjusted for inflation, decreased slightly for some functions, they increased in other areas in the years after consolidation. Additionally, per capita expenditures for total primary activities in Athens Clarke County were 25% higher than the statewide average in 2002 and per capita expenditures for total primary government activities as well as for most functional areas were higher in Athens-Clarke County than in unconsolidated Georgia counties with similar populations.

## The City and County of Broomfield, CO

On November 15, 2001, the City and County of Broomfield, CO was created when all areas within the City of Broomfield were detached from the counties of Adams, Boulder, Jefferson, and Weld. The statewide vote approving the consolidation took place on November 3, 1998 and the three years from 1999-2001 were used as a transition period to prepare for the new consolidated government. The creation of the City and County of Broomfield, CO was the first city-county consolidation to take place in Colorado since 1902 when the City and County of Denver was formed. The City and County of Broomfield has a Mayor-Council form of government and provides public services to 53,807 residents.

Analysis of the financial data provided in the Comprehensive Annual Reports (2004-2007) for the City and County of Broomfield, CO shows that in the five years prior to consolidation, the area's population increased by 16.6%. The data also shows that, when adjusted for inflation using 1997 as the base year, per capita spending for total general government activities increased from $792 per capita in 1997 to $2,683 per capita in 2001, the year before the consolidation occurred. Once the consolidated government was operating, per capita expenditures increased to $4,073 in the first year of operation. At least part of this large increase can be attributed to large expenditures in the area of Capital Outlay, some of which may have been due to costs associated with the transition to the consolidated government. The CAFR for FY 2007 notes that the government paid $1.8 million for development agreements. Per capita expenditures for total general government activities began to decline in 2003, the second year after consolidation and by 2007, the City and County of Broomfield, CO was spending $1,608 (adjusted for inflation) per capita for total general government activities.

**Table 18 Expenditures for Total Primary Government Activities 1997-2001**

| Broomfield, CO - before consolidation | 1997 | 1998 | 1999 | 2000 | 2001 |
|---|---|---|---|---|---|
| population | 34,657 | 36,946 | 37,521 | 38,272 | 40,320 |
| total general government expenditures | $ 27,435,000 | $ 29,302,000 | $ 54,029,000 | $ 96,251,000 | $ 119,373,000 |
| expenditures per capita | $ 792 | $ 793 | $ 1,440 | $ 2,515 | $ 2,961 |
| adjusted for inflation (1997 base year) | $ 792 | $ 781 | $ 1,387 | $ 2,344 | $ 2,683 |

CAFR FY 2004

**Table 19 Expenditures for Total Primary Government Activities 2002-2007**

| City & County of Broomfield, CO | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 |
|---|---|---|---|---|---|---|
| population | 45,357 | 47,137 | 47,508 | 49,900 | 52,660 | 53,807 |
| total general government expenditures | $ 207,056,000 | $ 132,203,000 | $ 97,948,000 | $ 101,774,000 | $ 105,900,000 | $ 111,783,000 |
| expenditures per capita | $ 4,565 | $ 2,805 | $ 2,062 | $ 2,040 | $ 2,011 | $ 2,077 |
| adjusted for inflation (1997 base year) | $ 4,073 | $ 2,447 | $ 1,752 | $ 1,676 | $ 1,601 | $ 1,608 |

CAFR FY 2007

Between 1997 and 2007, per capita expenditures increased in all expenditure categories, with increases ranging from 50% for Library Services to 204% for Public Works. General government expenditures climbed from $82 per capita in 1997 to $214 per capita in 2007, an increase of 161%.

Spending for Public Safety increased from $137 per capita in 1997 to $266 per capita in 2007, an increase of 94%. The CAFR for FY 2007 notes that there was an increase of $1 million for increased personnel costs for Public Safety due to increased staffing and overtime. Parks and Recreation expenditures increased by 110.8% between 1997 and 2007, rising from $83 per capita in 1997 to $175 per capita in 2007.

**Table 20 The City & County of Broomfield – Per Capita Expenditures by Function**

| | 1997 | 2007* |
|---|---|---|
| General Government | $82 | $214 |
| Public Safety | $137 | $266 |
| Public Works | $93 | $283 |
| Library Services | $18 | $27 |
| Parks & Recreation | $83 | $175 |
| Capital Outlay | $306 | $471 |

*adjusted for inflation using 1997 as the base year

Based on this analysis, it appears that the consolidation of the City and County of Broomfield, CO resulted in increased spending for the government. Per capita expenditures increased significantly across all functional areas and total general government expenditures increased by more than 100% between 1997 and 2007.

## Conclusions

Although many researchers have examined the issue of city-county consolidation, few have examined the financial impacts these consolidations have had on local governments. A review of the professional literature shows that researchers who have attempted to document the financial impacts of city-county consolidation have done so with mixed results. While some researchers have found that consolidation does not result in cost-savings for local governments, others have found evidence that consolidation does produce cost savings.

This paper is intended to add to the body of existing research by examining financial data for four city-county consolidations to determine whether cost-savings were realized as a result of consolidation. The consolidations studied include Louisville-Jefferson County, Kentucky; Wyandotte County/Kansas City, Kansas; Athens-Clarke County, Georgia; and the City and County of Broomfield, Colorado.

### The Louisville-Jefferson County Metro Government

With 709,264 residents, the Louisville-Jefferson County Metro Government is the largest of the four consolidated governments examined in this paper. This consolidation has been studied by several researchers with differing results. In “Guide to Successful Local Government Collaboration in America’s Regions,” John Parr of the National

League of Cities says that analysis of the Louisville-Jefferson County consolidation documents cost-savings, and a “Merger Summary” released by the Metro Government reports that savings of $3.6 million per year were achieved by reducing the number of Executive Branch staff, terminating contracts for leased space, outsourcing some functions, and reorganizing courier service. However, Frank Gamrat and Jake Haulk report that evidence from Louisville’s Comprehensive Annual Reports contradicts reports of substantial cost-savings stemming from consolidation. Gamrat and Haulk, as well as Savitch and Vogel, report that cost-savings was never a goal of this consolidation.

The data analysis conducted as part of this paper supports the findings of Gamrat and Haulk: the consolidation of Louisville and Jefferson County did not result in significant cost-savings for the government. Although per capita expenditures for total primary government activities have increased by just 3.7% since the consolidation occurred, per capita spending for specific services such as Police and Public Protection, Public Works, Housing and Family Services, and Finance and Administration, increased significantly after the consolidation. One of the largest increases in expenditures occurred in the area of Police and Public Protection, where per capita expenditures increased by 28% after the consolidation. Evidence suggests that any apparent cost-savings may have been achieved not as a result of the consolidation, but rather as a result of management decisions and reorganization, which possibly could have been implemented without consolidating the governments.

## The Unified Government of Wyandotte County/Kansas City

The Unified Government of Wyandotte County/Kansas City, which began operating in January 1998, is the oldest consolidated government examined in this paper. In their examination of this consolidation, Suzanne Leland and Kurt Thurmaier found no evidence of cost-savings but point out that such savings had not been expected. Analysis of financial data from Comprehensive Annual Financial Reports for the Unified Government of Wyandotte County/Kansas City, as well as data from the U.S. Census Bureau, reveals that per capita spending for total government activities decreased by 26% after the consolidation, declining from $1,851 per capita in 1997 to $1,364 per capita in 2007, using figures that have been adjusted for inflation.

However, per capita spending in individual functional areas, including General Government Services, Public Works, Public Safety, Health and Welfare, and Parks and Recreation, saw significant increases, ranging from 56% to nearly 300%, in the years after consolidation. Large increases in per capita expenditures took place immediately after the consolidation and, with the exception of Parks and Recreation, continued to climb through 2007. Additionally, per capita spending for total government activities by the Unified Government of Wyandotte County/Kansas City exceeded the Kansas statewide average for spending in this area by 50% and exceeded per capita spending by unconsolidated Shawnee County, KS by 60%.

Although per capita costs for total government activities decreased after the consolidation, it appears that they may have done so in response to cost containment initiatives and workforce reductions. Here, as in Louisville-Jefferson County, transaction costs for many public services increased after consolidation and per capita spending in

Wyandotte County/Kansas City was significantly higher than the statewide average as well as in an unconsolidated county of similar size. Therefore, it appears that, as Leland and Thurmaier found, consolidation did not produce cost-savings in Wyandotte County/Kansas City.

## The Unified Government of Athens-Clarke County

The Unified Government of Athens-Clarke County, GA began operations in July, 1991 and was the subject of a study by Sally Selden and Richard Campbell, who found evidence of cost-savings as a result of the consolidation, and attributed the savings, at least partially, to the relatively small size of the county. However, this consolidation was also the subject of research by Dan Durning and Patricia Nobbie, who found that clauses in the government's charter made cost-savings impossible. It is important to note that Selden and Campbell analyzed financial data for the years 1990-1997, which includes one year before and just six years after the consolidation. In research examining several city-county consolidations, Sammis White concluded, "Savings do not materialize – or if they do, it is only for a short time (White 13).

The data analysis conducted for this paper found that per capita expenditures for total primary government activities decreased by 3.3% during the first five years after the consolidation. This is consistent with the findings of Selden and Campbell. However, beginning in 1998, per capita expenditures for total primary government activities began to climb and by 2007, had increased by 29.3%. Data also shows that when compared to Georgia's statewide average and three unconsolidated Georgia counties of similar size, per capita spending for total primary government activities in Athens-Clarke County was significantly higher.

After the consolidation, per capita expenditures for General Government Services and Public Works, decreased by 20% and 13.5% respectively, while per capita spending increased by 16% in the area of Public Safety and by 18% in the area of Culture/Recreation. Additionally, per capita expenditures for Athens-Clarke County were higher across all functional areas when compared to Georgia's statewide averages, and were higher across most functions when compared to unconsolidated Georgia counties of similar size.

Based on this analysis of Athens-Clarke County, it appears that consolidation did not result in cost savings, in terms of either per capita expenditures for total primary government activities or per capita expenditures for specific functions. Selden and Campbell were correct in reporting cost-savings in the years soon after consolidation but White was also correct: the cost-savings were short-lived and in the long-run, costs increased.

## The City and County of Broomfield, CO

With 53,807 residents, the City and County of Broomfield, CO is the smallest, as well as the newest, consolidated government examined in this paper. Possibly because it is such a young consolidation, published research examining the impacts of this consolidation was not available for review. It was a bit difficult to separate pre- and post-consolidation financial data for this government because although 2002 was the first year of official operation for the consolidated government, the three years from 1999-2001 were used as a transition period and at least some of the costs associated with migrating to a consolidated form of government were incurred during this period. For example, per capita expenditures for total primary government activities rocketed from $792 in 1997 to

$2,683 in 2001, the year before consolidation occurred. Therefore, data from 1997 is used as the pre-consolidation benchmark in this analysis.

Examination of data from the Comprehensive Annual Financial Reports for the City and County of Broomfield shows that once the consolidated government was operating, per capita expenditures increased to $4,073 in the first year, partially due to large expenditures in the area of Capital Outlay. These costs began to decline in 2003 and by 2007, the City and County of Broomfield was spending $1,608 per capita for total general government activities, more than double the 1997 level. Additionally, between 1997 and 2007, per capita expenditures increased for all functions, with increases ranging from 50% for Library Services to 204% for Public Works. General Government expenditures climbed from $82 per capita in 1997 to $214 per capita in 2007, an increase of 161%.

Based on this analysis, it appears that the consolidation of the City and County of Broomfield, CO resulted in increased, rather than decreased, spending for the government. Per capita expenditures increased significantly across all functional areas and total general government expenditures increased by more than 100% between 1997 and 2007.

## Summary

The review and analysis of financial data for these four city-county consolidations supports earlier research, which concluded that the consolidation of local governments does not lead to cost-savings. This analysis also supports findings regarding the diseconomies of scale that result when labor-intensive services must be provided to populations made larger through consolidation. In each of these four consolidations, expenditures for labor-intensive public services such as Public Safety and Public Works, increased, often significantly, after consolidation. In contrast to the findings of Selden and Campbell, who suggested that consolidation might be beneficial in small counties, the City and County of Broomfield, CO, the smallest consolidated government in this study, experienced the largest increases in costs as a result of consolidation.

Cost-savings were realized only when consolidated governments made decisions to reduce staff, outsource certain functions, and reorganize operations. This occurred to some extent in both Louisville-Jefferson County and Wyandotte County/Kansas City. It can be argued that these governments could have implemented these actions and achieved cost-savings without consolidating. In fact, research by Allen Brierly, Jered Carr, and others, supports this argument. Moreover, in the four consolidations examined in this paper, transaction costs increased, sometimes significantly, for most public services once consolidation took place. Research also indicates that the costs associated with consolidation can be very high and the transition can be difficult, in some cases taking years longer than anticipated. It appears then that city-county consolidation is not a viable option for local governments seeking to reduce costs.

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In United States local government, a consolidated city-county is formed when one or more cities and their surrounding county (parish in Louisiana, borough in Alaska) merge into one unified jurisdiction. As such it has the governmental powers of both a municipal corporation and an administrative division of a state. A consolidated city-county is different from an independent city, although the latter may result from consolidation of a city and a county and may also have the same powers as a

#1) In a city-county consolidation, two adjoining jurisdictions are absorbed into a single government. In essence, the structure and function of local government are provided by a solitary jurisdiction. While there are 32 areas that have decided to consolidate their government here in the U. S, there are just as many who have ruled against it. For this reason, it becomes apparent that both pros and cons exist when deciding to undergo a city-county consolidation.Â  To help settle these disputes, city-county consolidations treat these stiff-necked policies as regional issues. No longer do the two cities squabble over who is accountable for what problem. Another advantage to city-county consolidation is that they produce economies of scale. The State of Local Government and Financial Management Report comprehensively discusses the financial health of all 257 of the countryâ€™s municipalities. The conclusion of the assessment is that municipalities in financial distress are characterised by poor cash flow management and an increase in outstanding debtors and creditors based on the assessment of the following financial health indicators: â€¢ 64 municipalities had negative cash balances at 30 June 2017.Â  The future growth in national transfers is now being reduced as part of the national programme of fiscal consolidation. International benchmarks of local government finance in south africa. and in the developing world. The impact of local government organization on development. and disparities. Ã¶.Â  economic development policies on local and national economies. In this paper I do.Â  versus central grants in local government finance. Fiscal decentralization depends. also on the absolute size of local expenditures; that is, local government systems that. control only a miniscule fraction of total public expenditure cannot be regarded as. decentralized, even if most of their revenues are self-generated.