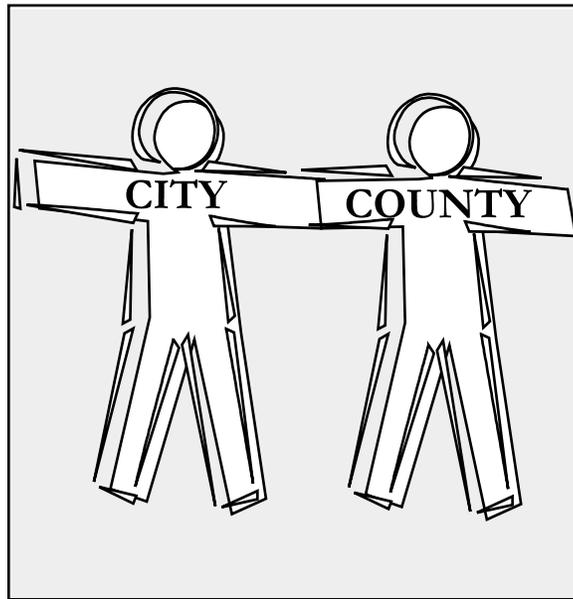


THE FUTURE OF GOVERNMENT CONSOLIDATION IN MILWAUKEE COUNTY

SUSAN S. HEIN

Fast-forward to Milwaukee's spring elections, 2004. Milwaukee County Executive Scott Walker is running against Antonio Riley. They are not competing for the office of the Mayor of Milwaukee or the Milwaukee County Executive. Instead, both candidates want to be elected Mayor of Metro-Milwaukee — a new municipality that would extend to the current borders of Milwaukee County and possibly beyond.



No more local governments with their mayors and common councils. The 19 local governments in Milwaukee County would no longer exist. No more West Allis Fire Department. No Wauwatosa Police Department. No Brown Deer School District. All municipalities within the county, and their departments, would fall under a consolidated Metro-Milwaukee government with its own fire, police, and school district. It sounds fanciful. In fact, however, similar consolidations have come into being in other communities in the past 30 years.

Background

During the past year, discussions of consolidation in Milwaukee County have surfaced

often in the news, touted as a possible solution to the budgetary issues facing most municipalities in the area. The scandals and accountability issues that have tarnished Milwaukee-area local governments also have fueled interest in consolidation. Shaking up the status quo looks attractive in these circumstances.

In addition, former Governor Scott

McCallum got everyone's attention when he proposed early in 2002 that the state should eliminate revenue sharing. After the initial uproar, municipalities started to look at forms of consolidation, or at least the sharing of services, as an approach to saving money and improving efficiency. While the sense of urgency tied to revenue sharing has passed for now, municipalities are still looking for ways to save money and inclined therefore to keep consolidation and service-sharing on the list of possibilities.

It is not a new concept. When a public television show advocated a Milwaukee-area metropolitan government in 1991, local officials dismissed the consolidation suggestion. At the

Susan S. Hein is a Resident Fellow of the Wisconsin Policy Research Institute.

same time, some officials (including Waukesha County Executive Dan Finley and former Milwaukee County Executive Tom Ament¹) supported the sharing of services,² and that idea has continued to draw support. The Kettl Commission³ and the Joint Legislative Council's Special Committee on Shared Governmental Services,⁴ formed to study inter-governmental cooperation, both recommended cooperation among municipalities to reduce redundancy in service delivery. The Legislature and Governor also have been involved. The Legislature enacted State Statute 66.0317 in 2001, requiring municipalities to begin cooperating with other municipalities in providing services. And former Governor McCallum created a task force in 2002, charging it to examine consolidation as one of many ways in which the State and local governments might improve efficiency. In addition the Legislature passed a \$40 million incentive package in the budget this year for bonuses to communities that actually achieve efficiencies through cooperation.⁵

Framing the Issue

"Consolidation" means to join or unite. It sounds harmless enough, but as a slogan for an approach to governance it stirs up strong responses among hard-core opponents and proponents. Proponents favor regional forms of government, believing that decisions about public services — in planning, transportation, water, and sewers, for example — can be made more easily and effectively across local boundary lines. Proponents also believe that regional consolidation can promote fairness in the redistribution of tax revenue across municipal boundaries. School funding is often cited as an example of this. Poorer school systems in a consolidated district could presumably gain by drawing revenue from funds to which more affluent systems in the district also contributed. Outlying and suburban school districts, according to this view, do not currently pay their fair share of taxes, yet they enjoy the benefits of being located in or close to a metropolitan region. In addition, proponents of metropolitan government claim that consolidation would bring about a reduction in layers of gov-

ernment, enabling us, for example, to eliminate overlapping jurisdictions and attain a simpler, more transparent governance structure.

Opponents of metropolitan or regional government favor the more distributed forms of government, partly because they believe that large, metropolitan governments are likely to be less responsive to their citizens. When a small municipality is consolidated into a larger metro government, a local resident whose council member once represented hundreds or thousands of citizens finds himself represented instead by a council member who is accountable to tens of thousands of citizens. This resident becomes the proverbial small fish in a large pond — one whose opinions and interests may not register as clearly as they did in his unconsolidated municipality. This problem, opponents say, goes hand in hand with issues of accountability. Because local officials in a distributed government are closer and more accessible to their constituents, they also will be more accountable. And opponents doubt the claims that metropolitan government will foster efficiency; in fact, they claim just the opposite. Large, metropolitan governments will become highly bureaucratic. Ensnarled in their own red tape, they will not be models of efficiency.

Finally, opponents of consolidation do not believe that metropolitan governments represent or serve diverse constituencies well. During the post-World War II boom, many city residents fled to the suburban fringes for what they saw as a better lifestyle. They "voted with their feet," searching out communities that provide specific services at levels (and costs in taxes) that they prefer. Those who stayed or subsequently moved into the cities have different interests and needs. Offering a menu of services at acceptable levels for all residents in a metropolitan government is impossible.⁶

Which Way for Milwaukee?

What is the answer for Milwaukee? In weighing the options, Wisconsinites could benefit by considering the track record of consolidation. The means for doing so have been provided by Dr. Sammis White. In a study

titled *Cooperation Not Consolidation* (Wisconsin Policy Research Institute, 2002), White looked at consolidation as it has been implemented, since the late 1950s, in seven communities. He focused on the initial impetus for consolidation in each case, the services included in each plan, the effect on minority voting strength, the effect on taxes, and levels of citizen support. In five of the instances (Nashville-Davidson, TN; Jacksonville-Duval, FL; Indianapolis-Marion, IN; Lexington-Fayette, KY; and Louisville-Jefferson, KY), the government structures in question are consolidations; in one (Miami-Dade, FL), the structure is a federation; and in one (Charlotte-Mecklenburg, NC) it is a city and county with highly linked services. The main findings are summarized below.

The Path to Consolidation⁷

Each city took its own path to consolidation. Each is unique in the way it moved toward consolidation, its reasons for doing so, and the consolidated forms it created. In some cases the county and city are consolidated into one metropolitan government. Other initiatives leave local municipalities intact. Financial worries, annexation fears, scandals, politics, and inadequate service delivery are among the concerns that have led to these outcomes.

Nashville and Jacksonville faced financial difficulties. Nashville's tax base had declined, and its initial solution was to annex surrounding land to gain a larger tax base. Its second consolidation referendum passed because outlying suburban residents preferred joining a consolidation to being unilaterally annexed. Jacksonville's financial difficulties were combined with widespread public scandal and corruption — catalysts for a citizen recall movement. Consolidation then looked attractive for several reasons: to lower taxes, to unify the

community, to foster economic development, and to improve government effectiveness.

Indianapolis's (Unigov) consolidation with Marion County occurred as part of a "Republican power grab" to control the politics of the region.⁸ Prior to consolidation, officials had found that the political climate worked against getting anything done. There were overlapping governmental units, and the city's image needed improvement. In response, the state legislature voted Unigov into existence. It is the only instance on record in which consolidation occurred without a citizen referendum.

Service delivery issues were catalysts in

Lexington, Miami, and Charlotte. Of these municipalities, only Lexington chose to consolidate. Confusing city-county boundaries hampered service delivery to citizens; also, Lexington faced an unwelcome city reclassification, per state constitutional requirements. Citizens thought consolidation would help resolve these two issues and ease annexation fears.

Miami and Dade

County's federation restructured services by transferring responsibility to the level of government best suited to deliver them. Voters in Charlotte rejected consolidation several times, but favored merging Charlotte's service functions with Mecklenburg County, in order to reduce overlap and redundancy.

Which Services Are Provided?

Consolidations can offer unique services and service levels. Service districts can be created within one metropolitan government in order to offer different service levels with corresponding tax rates to district residents. Or service levels can be standardized across a

Service districts can be created within one metropolitan government in order to offer different service levels with corresponding tax rates to district residents.

municipality, offering expanded services to new residents.

In Nashville, Jacksonville, and Lexington all government services were consolidated between city and county. Nashville created two service districts: one for all residents and one for urban residents. These districts have different tax rates. Those in the urban district receive supplemental services such as additional police protection.

Local municipalities within the metropolitan governments of Unigov and Miami-Dade provide certain services, including schools and police and fire protection, while Unigov and Miami-Dade provide for street maintenance, public housing and transportation, airport service, and sewers.

Charlotte achieved functional consolidation by clearly defining responsibility for services through specific contracts between the city and county. For example, Charlotte handles solid waste disposal, while Mecklenburg County is responsible for building inspection. The contracts specify expiration dates and termination criteria.

What Happened to Minority Voting Strength?

Except in Lexington and Miami, consolidation diminished the political power of minority residents. In Lexington, in percentage terms, the difference between minority populations in the city and the county was small, and Miami's minority population outnumbers the white population. But in other cities, central-city minority populations were greater than minority populations in the outlying communities, which were predominantly white. With the creation of metropolitan governments in these cases, the city population is combined with the population of suburban or rural areas, decreasing the minority percentage in the total population.

While all of these metropolitan governments elect council or board members through districts, most also elect some "at-large" members, and the mayors or managers are elected by the entire metropolitan population.

Representation for minority residents is therefore altered; in at-large or metro-wide elections, the strength of the minority vote, lined up in support of candidates from close to home, is weakened.

What Happens to Taxes?

Tax effects in metropolitan government are hard to quantify. The property tax base increases when outlying areas are brought under the umbrella of a metropolitan government. At the same time, however, consolidation often increases the total service burden, since services in a consolidated unit are often extended into outlying areas where no such services were provided before.

Tax rates in Jacksonville and Tampa offer a case in point.⁹ After the Jacksonville-Duval consolidation, property tax revenues, total expenditures, and public safety expenditures increased from 1955 to 1981. But consolidation was not the only factor driving the increases. During the same time period the state had dis-accredited the public schools, forcing Jacksonville to reassess all property and adjust the property tax rate.

In Nashville tax rates varied over time after consolidation — showing a net decrease, as compared to rates prior to consolidation, when adjusted for inflation.¹⁰ An increase in state revenue and an increase in the sales tax obscured the effect of consolidation on the tax rate.

Lexington-Fayette Urban County Government (LFUCG)'s property tax rates have decreased since 1974 when Lexington and Fayette County consolidated. However, after consolidation a citywide payroll tax of 2 percent was expanded county-wide, and it was increased to 2.5 percent in 1995. User fees were also instituted, adding revenue in lieu of raising property tax rates. In this case, too, it is hard to say how consolidation affected property taxes.¹¹

Increases in tax rates were found in Miami-Dade and Unigov following consolidation, but those increases were used differently. Miami-Dade redistributed the tax revenue

across the entire county for an increase in total expenditures; Unigov increased taxes but did not redistribute the revenue, and it increased the number of taxing units.

Did Local Citizens Support Consolidation?

Consolidation is usually not an easy sell. Approval by citizens typically requires several referendum attempts. Lexington-Fayette and Jacksonville-Duval were exceptions. Their referendums passed on the first vote. In fall of 2000, Louisville and Jefferson County voted to approve on a referendum to consolidate after having turned the proposal down three times in the 1950s and 1980s. In all of these cities, citizens have continued to view consolidation favorably. On the other hand, citizens in Charlotte and Mecklenburg County have continued to vote down a merger, but its citizens do favor the consolidation of certain services.

Consolidation and Milwaukee's Future

In some respects, Milwaukee's circumstances resemble those of the cities reviewed here. Still, we are not likely to see consolidation of the municipalities into a metropolitan Milwaukee any time soon.

First, successful consolidation initiatives have always depended upon support from a large group of influential local leaders, along with an aggressive marketing campaign to influence and disseminate information to the public. Neither of these forces has materialized to date in Milwaukee.

Second, there is no possibility that consolidation in Milwaukee will be pushed forward by threats of annexation, as it has been in other communities. Milwaukee does not border on unincorporated land. The Milwaukee-area suburbs incorporated decades ago in order to keep Milwaukee from annexing them to the

city. They are therefore not vulnerable to an annexation threat, which might persuade them to support some form of consolidation as a trade-off.

Third, it is not clear that consolidation would solve Milwaukee's financial troubles. The record of experience in other communities shows a mixed pattern of effects on taxes and user fees, along with increases in services to areas that had limited services prior to merging. Increasing service levels and combining service functions did not always save money. In many cases no public-sector jobs were eliminated even though functions were merged, and salary levels were almost never adjusted

downward when job functions were merged. The net effect has often been higher costs rather than lower costs. For Milwaukee, such a prospect would be decidedly unattractive. Milwaukee is experiencing financial troubles, and the electorate is increasingly unwilling to support tax increases. Wisconsin ranks third in the country for state and local taxes; Milwaukee County ranks 61st out of seventy two counties in

Wisconsin;¹² and the city of Milwaukee ranks twelfth in the seven-county metro area.¹³ Lower taxes through more efficient government processes and more efficient delivery of services are needed, especially at the city level.

Fourth, the potential threat to minority voting power would also be highly unattractive in Milwaukee. Given Milwaukee's history of segregation and fragile race relations, the city's minority population would certainly resist any reorganization scheme likely to weaken its political power. Minorities constitute approximately 50 percent of the city of Milwaukee population, but only about 35 percent of the Milwaukee County population.¹⁴

*Increasing service levels
and combining service
functions did not
always save money.*

Finally, there is no groundswell of support for the creation of Metro Milwaukee by its leaders or its citizens. Without strong, conspicuous citizen support, consolidation usually fails.

Moving Forward

Relations among municipalities in the Milwaukee area have often been strained, especially those between Milwaukee and other cities. Regional issues such as sewers, light rail, and other transportation needs including the Marquette Interchange continue to cause friction and ill will. Consolidation is a large issue and likely to be incendiary. Instead of seeking to solve problems in a manner likely to exacerbate existing tensions, leaders in the area should look for ways to start small, attaining success in improving the delivery of many minor services rather than forcing regional issues on unwilling partners. The trust that could be built on small successes is needed in order to produce a regional vision endorsed by all municipalities — one aimed at decreasing competition and increasing cooperation. Contracts for services, such as the ones used between Charlotte and Mecklenburg County, would make a good starting point.

Start small with functional sharing of services where it makes sense: In some areas, Milwaukee and Milwaukee County already do this. The library system is a county-wide system that is convenient for all residents. In summer of 2002, Milwaukee planned to bid for Wauwatosa's street-sweeping contract, which would add 175 miles to Milwaukee's total.¹⁵ Wauwatosa would pay for the service, but it would not have to own the street-sweeping equipment or maintain it.

Not all service mergers would have to involve the city of Milwaukee. The seven communities on the North Shore have merged their fire protection services rather than contract with the city of Milwaukee, which gave them less control over services than they desired. This merger of services among the seven communities has led to a higher quality of service than each community was able to provide separately to its own residents.¹⁶ Other possible areas of cooperation include

purchasing, some police services and training, dispatch systems, hazardous waste collection, planning projects, and a county-wide geographic information system.¹⁷

Other examples can be found beyond the borders of Milwaukee County. Also during the summer of 2002, Milwaukee County Executive Scott Walker and Waukesha County Executive Dan Finley started negotiating a deal to have the Milwaukee County Transit System run the Waukesha County commuter buses while Waukesha County continues to retain ownership.¹⁸ Sewer and water services are shared across communities into other counties. Relationships damaged by the MMSD sewer wars have yet to be fully repaired, but communities outside Milwaukee County are continuing to work with MMSD to expand service. This is more efficient than each community providing sewer and water services to its residents.

Cutting services or reducing service quality is one way for municipalities to save money. While cutting fat, however, municipalities need to look at prospects for cooperation among local governments. The sharing of services is vital at this time in efforts to improve efficiency, save money, and lower taxes. The state is in fiscal crisis and may not be able to provide much revenue, if any, to local municipalities in the next budget cycle. Communities must not drag their feet or let turf wars prevent them from finding ways to cooperate. The taxpayer cannot afford to continue to suffer paying high and ever-increasing taxes.

Notes

1. Kenneth Lamke, and Karen Herzog, "Metro government idea a tough sell. TV host doesn't get backing," *Milwaukee Sentinel*, December 10, 1991.
2. Kenneth Lamke, and Karen Herzog, "Metro government idea a tough sell. TV host doesn't get backing," *Milwaukee Sentinel*, December 10, 1991.
3. To order a copy of the report, visit the web site, <http://www.lafollette.wisc.edu/reform/Default.htm>.
4. A copy is available for reference in the Legislative Reference Bureau in Madison, Wisconsin.
5. Scott Williams, "Push to share government services loses momentum," *Milwaukee Journal Sentinel*, October 3, 2002.

6. Interview with Sammis White, December 13, 2002.
7. Sammis White, *Cooperation Not Consolidation*, Wisconsin Policy Research Institute, Vol. 15, No. 8, November 2002.
8. James A. Segedy, and Thomas S. Lyons, "Planning the Indianapolis Region: Urban Resurgence, de facto Regionalism and Unigov," *Planning Practice & Research*, Vol. 16, No. 3/4, p. 294, 2001.
9. J. Edwin Benton, and Darwin Gamble, "City/County Consolidation and Economies of Scale: Evidence from a Time-Series Analysis in Jacksonville, Florida," *Social Science Quarterly*, 65 (1983), 196-7.
10. James C. Coomer, and Charlie B. Tyer, "Nashville Metropolitan Government: The First Decade," Bureau of Public Administration, University of Tennessee, Knoxville, 1974.
11. Budgeting Office of the Lexington-Fayette Urban County Government.
12. Wisconsin Taxpayers Alliance, *State and Local Tax Rankings: 1998-1999, and County Property Tax Levies and Rankings: 2001-02*.
13. "Property tax rates in metro area," *Milwaukee Journal Sentinel*, April 15, 2002
14. U.S. Census Bureau, *Census 2000*.
15. Annysa Johnson, "Milwaukee seeks Tosa contract," *Milwaukee Journal Sentinel*, July 11, 2002.
16. White, *Cooperation not Consolidation*, p. 23
17. Sammis White, "Intergovernmental Cooperation: Has Its Time Come for Metropolitan Milwaukee?" Center for Urban Initiatives and Research, Vol.15, No. 1, Spring 2002.
18. Larry Sandler, "Waukesha, Milwaukee may blend bus systems," *Milwaukee Journal Sentinel*, July 13, 2002.