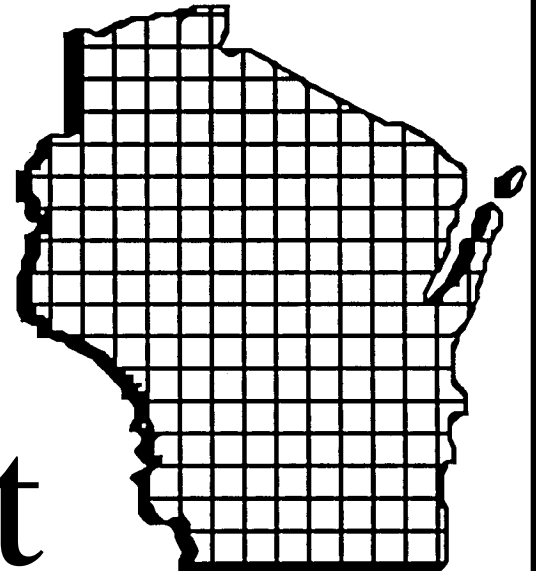


Wisconsin

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Report



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**Cooperation
Not
Consolidation**

*The Answer for
Milwaukee Governance*

REPORT FROM THE PRESIDENT:

For decades we have heard various opinion-makers, good-government reformers, and politicians talk about merging government services in metropolitan Milwaukee. The debates surrounding merger and consolidation have been long on rhetoric and short on facts and analysis. In search of a better analysis, we hired Sammis White to examine the issues involved. White is a professor in the Department of Urban Planning at the University of Wisconsin-Milwaukee. He has been studying these issues for thirty years. His report provides a stunning compilation and analysis of what is actually happening in terms of consolidating government services around the country.

After analyzing results from seven cities and metro areas, White finds no clear indications that consolidated government works well anywhere in America. The best example is Indianapolis, where there was a consolidation of city and county governments in 1969. The media have often used this example as a poster child for consolidated government, yet White's analysis shows that consolidation has had little impact on the Indianapolis region.

True, consolidated government sounds good, but the reality is that cooperation among local government agencies is far more important than any type of mandated mergers. More importantly, the author points to the real problem in metropolitan Milwaukee — the total lack of leadership. In governance over the last several years, we have simply lost our bearings. Our political leadership is in absolute shambles. Our leading elected officials at the local and state level have been discredited by scandal and felony indictments. A Milwaukee religious leader prominent for the last generation has left his post in disgrace. Our business leadership is unfocused. No one can be pointed to as a leader and shaper of regional Milwaukee's future.

In this context, serious debates about reform seem nearly pointless. We must first correct the leadership vacuum. We need leaders to step up, propose cutting-edge ideas, and demonstrate the courage needed to make changes powerful enough to transform Milwaukee into a more dynamic region for the twenty-first century. There is no doubt that governments' delivery of local services could be improved, in quality and efficiency, and Professor White's recommendations on this point identify important priorities for action. But without leadership at the top, that action will not be taken, and time is of the essence.



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COOPERATION NOT CONSOLIDATION

The Answer for Milwaukee Governance

SAMMIS WHITE, PH.D.

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EXECUTIVE SUMMARY

Milwaukee has experienced a decimation of its leadership in the last year. Most of the departed leaders have left political posts, but a few civic leaders have also been lost. The number and forms of the loss of the political leaders, though, have called into question how Milwaukee governs itself. It has become a time for reflection on whether there might be better ways to organize the delivery of public services. Several organizations and individuals have publicly expressed their views as to what it is Milwaukee should now be doing. This report is another attempt to analyze the options and make a recommendation on how Milwaukee governments should be organized to better serve their constituents.

The status quo has worked for decades, but it is now time to alter how Milwaukee is governed. The question is how differently should we be governed.

One form of government has received a good deal of attention. That form is known as “consolidated government.” In most cases the consolidation in question refers to the merging of the city and county governments of an area. In some cases it also involves the absorption of smaller municipalities as well. The example cited most often is that of Indianapolis and Marion County, Indiana. The community is midwestern and just a little smaller in population than Milwaukee City and County. Its economy has grown dramatically in the last twenty years; its downtown has greatly revitalized; it has major-league football and basketball; and it receives very good national press. Often that press coverage points to the consolidation of the two governments in 1969 as the catalyst to the community’s economic revitalization.

Enticing as that story sounds, consolidation may not have been the key. In fact, the governments did not consolidate many services. The new form of government did solve some problems, but it ignored others. A detailed examination revealed that not only was Indianapolis not an example of full consolidation, several other so-called “consolidations” in other communities have not really occurred either. Furthermore, the evidence was mixed that they had solved many of the problems that they had been credited with solving.

This report examines the research on the half-dozen “consolidations” of larger cities and counties that have occurred in the post-World War II era to learn whether consolidation is a path that Milwaukee should follow to address many of the challenges facing the community today. The evidence from the existing consolidations suggests that a strong case cannot be made for full consolidation as the answer to Milwaukee’s ills.

- First, there is no clear model of what consolidation should include in terms of governments and services. The examples reviewed cover a range of alternatives.
- Second, efficiencies have only occasionally been achieved. Taxes have often risen, not gone down in consolidated systems.
- Third, the quality of service delivery has usually increased, but that is not always the case.
- Fourth, almost universally, minority voting power has been eroded, an unacceptable end in Milwaukee.
- Fifth, equity in paying for services has not often been achieved. Central city residents in Indianapolis, for example, pay for their own services as well as for services that serve only non-city residents. This is just the opposite of what is meant by equity.
- Sixth, credibility of government may increase with a merger if it leads to the election of an outstanding leader. But there is little to suggest that consolidation would ensure that outcome.
- Seventh, a full consolidation would increase the size of the city’s population, but since both the City and Milwaukee County suburbs have been losing population, the net effect would still be one of population loss.
- Eighth, there is neither a political leader nor strong citizen organization in Milwaukee that is leading the fight for consolidation. Without very strong leadership and support, consolidation will not occur.

There is no “silver bullet” solution to help Milwaukee provide more efficient, more effective, more equitable, and more credible government. Consolidation is not the answer to what ails Milwaukee at this juncture. What is required instead is hard work to overcome a variety of barriers to cooperation and to doing things differently.

Solutions for Milwaukee's ills need to be developed from the ground up. The preferred approach is small steps, a building of success that will lead to more expansive efforts in the future. Milwaukee City and County, along with Milwaukee Public Schools (MPS) and individual municipalities in the area, should do the following:

- Seriously explore consolidating several services, such as police and sheriff, personnel (Employee Relations and Human Resources), purchasing and procurement, city attorney and corporation counsel, public works, treasurer, clerk, intergovernmental relations, health, economic development, and property management; some, if not many, should then be merged.
- Increase efforts to develop more internal efficiencies for the delivery of all services.
- Increase individual citizen responsibility for outcomes, ranging from residents taking garbage carts to the curb and returning them to taking better care of themselves to reduce health care needs and costs.
- Regionally cooperate on selected functions, starting with economic development.

Local governments have been looking for ways to deliver services more efficiently on their own. Such efforts must continue and must be made more aggressive. But that is not the only way to gain efficiencies.

The City, the County, MPS, and municipalities should look for possible service mergers with other governments, as there is evidence from places such as Charlotte and Louisville that substantial gains are possible collectively, if not on individual service functions. Full consolidation is not the answer, but many partial answers are likely to lie in individual service agreements. These must be examined and exploited where rewards are discovered.

Citizens must be enlisted to reassume responsibilities that over time have been left increasingly to governmental entities. Examples include parental responsibility in helping children learn, individual responsibility for increasing the level of one's health, household responsibility for taking and returning the garbage cart, or citizen volunteers to plant and maintain flowers in public spaces. Citizens need to be strongly encouraged to accept greater responsibility for actions and conditions. This will not be easy, but it is another critical step if Milwaukee is to become a more thriving and more governable community.

Regional cooperation will occur someday. In fact, it is occurring on several low-visibility issues today. But to get to the point that some of the major issues, such as transportation, housing, and cultural facilities, are addressed will require the methodical building of trust. We need to start with less incendiary topics such as economic development. This is a topic that demands attention, regional attention, today. For that reason, it is a perfect place to start.

Milwaukee is at a crossroads. If it is to move forward and realize its potential, it must take some steps that it has resisted. Leaders and citizens must get very serious about change, about governing ourselves differently. Citizens have begun to step up; now the leaders must do so as well. We must develop the political will to rearrange service delivery and responsibilities. We must enlist the actions of many actors, the help of many partners, including citizens. We need to take numerous small, thoughtful, individual actions. And we should forget the notion of full consolidation.

The author would like to thank Susan Schend Hein for her able assistance in the preparation of this report.

INTRODUCTION

Milwaukee has been experiencing a crisis of confidence in local government during the past year. The mayor of the City of Milwaukee has announced he will not be running for another term, after news of his affair with a staff member became very public. The County Executive resigned from office, after it was learned that he had approved a pension plan that would have made him a multi-millionaire had he remained in office as long as he had intended. To date, seven County Board members have lost recall elections, largely as a result of their approval of the pension plan. And a City alderwoman has been under investigation for her role in directing federal funds to her daughter's community organization.

These governmental crises have been occurring locally; at the same time, investigations at the state level have yielded felony indictments alleging extortion and misuse of office. Furthermore, the State, in a move to cut expenditures, has begun the process of reducing shared revenue to municipalities and counties. Local governments must learn to get by with less money from the state, beginning immediately. Concurrently, both the City and County are seeking alternative revenue sources. One they both desire is more regional revenue to help compensate for their hosting and paying for numerous non-profit facilities that largely serve a regional audience. Examples of these facilities include the Marcus Center (PAC), the Bradley Center, museums, hospitals, and the like (in the city) and the zoo and large parks (in the county). Given this course of events, there should be no surprise that alternative ways of governing ourselves have been the topic of conversation and analysis.

This report is one of many undertaken to explore alternative ways of governing at the local level. It starts with an examination of the most visible alternative, consolidation of city and county governments. Consolidation of whole governments has often been discussed, but in the United States, we have but 24 examples of consolidation since World War II. Only a few of these involve larger communities, with only one larger consolidation occurring in the last 20 years. Of the seven most recent consolidations, only one has occurred north of the Mason-Dixon line. Despite the seeming reluctance to consolidate, the option should be explored for the lessons it does provide.

Changing the nature of government is difficult. Changing it so completely as to alter the very nature of whom one serves is even more difficult. Examining what these other jurisdictions have accomplished is, therefore, very helpful in determining whether such extremes as these mergers are justifiable. If consolidation is not the answer, then what is? That is where we head, after our review of the experience of others.

Setting

Milwaukee is faced with an opportunity to govern itself in new ways. There is citizen support for different elected officials. There is citizen support for looking to see if the old ways can be replaced. There is strong citizen support for attempting to govern in a less expensive fashion. There is additional pressure from the State for both the City and County to operate more efficiently and to think of ways in which they may be able to cooperate better. There is a desire in the City of Milwaukee to have individuals who do not live in the city but use facilities in the city to contribute more financial support to the operation of these facilities.

Change in local governments has been occurring in recent months. New officials have been elected. New political agendas have been put forth. New names are being mentioned as possible mayoral material in the City. But nothing fundamental has changed. The County Board still has 25 members. County Board members still are paid as full-time workers. Only the County Executive has taken a pay cut. Basically the city and county and all of the 18 other municipalities remain much as they were a year ago. The one issue most of them face, however, is a decline in shared revenues from Madison. To some communities, that matters little. But to Milwaukee, South Milwaukee, West Allis, Cudahy, and several others, it could matter a good deal.

Milwaukee County and the City of Milwaukee face some similar issues, such as how to handle a decline in shared revenues and how to regain credibility for local government. Equity in terms of having greater economic support from higher-income households in outlying areas is a big issue for the City, but the County is also looking for ways to tap the wealth in surrounding counties to help support cultural and parks facilities. Efficiency gains are a huge issue for both, since the City is looking to reduce its tax rate and the County must cut at least \$51 million from its budget. As one step, the County Executive has proposed 70% pay cuts for the supervisors.

Change is underway. The status quo will not be sufficient. The State is going to increase pressure on the County, the City, and all municipalities to reduce their need for state revenue sharing. Currently, the City of Milwaukee receives almost one-third of its revenues from the state. Large cuts are under discussion. The State has initiated a modest fiscal incentive program to promote more intergovernmental cooperation among local governments as an efficiency measure. How long the incentives will last remains to be seen. The State has sponsored another commission to examine how to better fund local governments. And the writing is on the wall — there will be a different way of operating soon, if a community is to qualify for revenue sharing from the state. The big questions are, what will change and how dramatic will the change be? Do conditions demand that a reformulation of local government occur, such that the City and County are merged? That will soon be decided.

One of the questions this report examines is whether City-County consolidation is a good response to the forces of change and to the challenges facing the City and County. If consolidation is a good idea, how extensive should it be? Another is, if consolidation is not a good idea or not possible, what alternatives deserve more attention?

Consolidation has received the most attention, probably because it is such an extreme solution: Wipe out existing governments and substitute a new one that encompasses the two that are being replaced. The idea has appeal. It is dramatic. Yet consolidation seldom happens, and only one instance has occurred in the last 20 years in a community larger than 200,000 persons. This most recent approval (Louisville, KY) came in a community that previously defeated consolidation repeatedly, just as some 80% of such referenda have been defeated in the last three decades.¹

So, what is meant by consolidation? What does consolidation offer communities? What are its stumbling blocks? These questions need to be explored before we can decide whether it is the answer or whether we need to employ an alternative.

CONSOLIDATION: WHAT HAS IT MEANT?

City-County consolidation has been at the top of the list of options discussed as possible answers for the many challenges facing Milwaukee. Many observers have pointed to Indianapolis, noting how well it has been doing economically and demographically since Indianapolis merged with Marion County (1969). Its form of government, referred to as “UniGov,” has been touted as the answer to many ills. After all, Indianapolis has gained population and jobs. Its downtown has become very vital. Its property tax rates are very low when compared to Milwaukee’s. The city has received a large influx of federal dollars. It has major-league football and basketball. The image is one of a winner. Yet the question must be asked: has “UniGov” really delivered all that? The answer is that it likely has not.

Several other communities have consolidated as well. But when one looks closely, consolidation is the exception, not the rule, despite hundreds of local votes on the subject. Only 32 examples of consolidation exist in the entire United States since the country was founded. Eight governments consolidated between 1805 and 1947. Most of the recent consolidations involve southern cities and counties, and the majority of consolidations involve smaller communities. The upcoming merger of Louisville and Jefferson County will involve close to 700,000 persons. That is the first large consolidation since Indianapolis in 1969.

The dearth of consolidations would suggest that consolidation is not an answer to the many questions facing communities in recent times. Louisville believes that it is. But this recent example is a true exception. And since the merger has yet to occur, we cannot yet determine the degree to which it can help to solve the problems facing the Louisville area. These problems include a significant population and resource decline in the city of Louisville, a deteriorating economy in Louisville, slow growth in the region, and so forth. Time will tell. The one thing we do know is that the consolidation will make Louisville once again larger than Lexington and raise Louisville’s stature on the list of larger American cities. That may bring some benefits. But the community has yet to determine what beyond the name will be consolidated.

Of greater interest at this juncture is the experience of the other larger consolidations that have occurred. What may be surprising to readers is that none of the communities that have “consolidated” have done so in a single uniform manner. Each developed its own unique approach. Consolidation, for example, can range from a complete merger of city and county government and an assumption of all local governments to a merger of some functions of city and county government with all municipalities remaining independent. That track record of diverse approaches suggests that there is not a clear model for Milwaukee to follow.

The most compelling examples of “consolidation” involve the following six communities:

<u>City/County</u>	<u>Year</u>	<u>Population (2000) City/County</u>
Miami-Dade, Florida	1957	362,470 / 2,253,362
Nashville-Davidson, Tennessee	1962	545,524 / 569,891
Jacksonville-Duval, Florida	1967	735,617 / 778,879
Indianapolis-Marion, Indiana	1969	781,870 / 860,454
Lexington-Fayette, Kentucky	1972	260,512 / 260,512
Louisville-Jefferson, Kentucky	2003	256,231 / 693,604

These six are the largest. One lesson these consolidations hold is that two (Miami-Dade and Indianapolis-Marion County) are not true consolidations; in fact, Miami-Dade is a federation. Four of these communities (Nashville-Davidson, Jacksonville-Duval, Lexington-Fayette, Louisville-Jefferson) are consolidations, but to varying degrees. We also discuss a seventh community that has highly integrated city-county services (Charlotte-Mecklenburg) even though it is not formally consolidated. These alternatives are differentiated to show that each community has proceeded with the consolidation question in its own unique way. The factors that are compared are population growth; the forces behind the consolidation movement; the public input into the process; government structure; the services offered to taxpayers; tax impact; impact on minority voting power; the results of the consolidation; and citizen assessment of the benefits.

Demographics

Five of the seven communities chosen for comparison have experienced steady, positive population growth rates in every decade since World War II. The largest exception is Louisville, which experienced a loss of 14% from 1980 to 2000, including a loss of 5% from 1990 to 2000. Indianapolis lost population before its merger and has grown slowly since. All seven cities are in the list of the top 100 cities in population (2000) in the United States. The cities differ in their racial composition. In Miami-Dade County, Florida, the Hispanic population is the majority (57%); white and black populations are 21% and 19%, respectively. The majority race in the other cities in 2000 was white, ranging from 61% in Charlotte-Mecklenburg, North Carolina, to 79% in Lexington-Fayette, Kentucky. The next-largest race was black, ranging from 13% in Lexington-Fayette to 28% in Charlotte-Mecklenburg. While a quickly growing population, the Hispanic population was third-largest, ranging from 2% in Louisville-Jefferson, Kentucky, to 7% in Charlotte-Mecklenburg.

The section that follows attempts to answer six central questions about each consolidation, allowing the reader to compare and contrast the experiences. The condensed analyses are followed by a general discussion of the similarities and differences across communities and their implications for Milwaukee. The six questions were created to highlight some of the more important differences among these communities and their “consolidation” experiences.

Nashville-Davidson County, Tennessee²

Why Consolidation?

Nashville consolidated in 1962. It faced financial problems prior to consolidation. Infrastructure deficiencies highlighted by the influx of commuters into the city, a declining tax base, large numbers of tax-exempt businesses, and a small per capita share of state and county taxes contributed to financial problems for the city. These problems led the city to annex large areas of residential and industrial lands. The land grabs scared the yet-to-be-annexed suburban residents who had witnessed prior annexations occurring without a corresponding increase in services. The second referendum on consolidation passed in both the city and the county due to the suburban preference for consolidation over forced annexation. (Milwaukee cannot annex, so this is not a driving force here.)

Government Structure

Nashville’s consolidation resulted in a new countywide government with an elected mayor and 40-member council that is elected every four years. Two separate taxing districts were created: a general services district (GSD) and an urban services district (USD). All residents of Davidson County received the services in the GSD while the USD encompassed the Nashville city boundary of 1962. Future expansion of the USD to outlying areas can occur by pas-

sage of an ordinance by the council. Although the consolidation was inclusive, residents in six, pre-existing incorporated communities voted not to consolidate their governments with Nashville's Metropolitan Government. Thus, municipal and metropolitan governments co-exist. It is close to a true consolidation of local governments in terms of proportion of the county population served (96%).

Service Inclusion

All services were consolidated, including the public school systems, police, fire, water and sewer services, planning and zoning, and public works. The services provided to the GSD included but were not limited to police and fire protection, library, airport, schools, streets and road maintenance, housing codes, zoning, planning, courts, and parks and recreation. The USD receives the same services as the GSD but also receives more extensive police and fire protection, water and sewers, garbage removal, and street lighting.

Minority Voting Strength After Consolidation

The minority vote was diluted at a time when it was gaining strength in Nashville. When Davidson County was added to Nashville, the white population doubled while the minority population increased slightly. According to the 1960 U.S. Census, minorities constituted 37.9% of Nashville's population and 19% of Davidson County. By 2000, however, the minority population of all of Davidson County, including Nashville, had increased to 35% of the total.

Tax Effects

A study of the results of consolidation was completed after 10 years, and the results showed the situation in Nashville had improved.³ It was better off financially due to the diversified revenues received from such sources as a larger tax base, a local sales tax, and an automobile regulatory fee. In the early years after consolidation, property tax rates went up, then down, then up again (in current dollars). In terms of inflation-adjusted dollars, tax rates in 2001 were well below what they had been in 1962. This can partially be attributed to the growth of the property tax base, but it also must be attributed to a large gain in revenue from the state and a big jump in sales tax revenue. It is very difficult to determine the degree to which new efficiencies from consolidation played any role.

Citizen Support for Consolidation and Impacts

In the final referendum election, 57% of voters favored the consolidated government. This support seemed to increase over time: 72% of citizens surveyed in 1970 responded that the consolidated government was as good as or better than the previous government structure.

Education under the metropolitan form of government was perceived as a success because it equalized teachers' salaries, equalized educational opportunities across the county, and eliminated competition between city and county systems. The merged police department and sheriff's department saw much improvement in economic savings, service levels, and equipment.⁴ There were additional improvements in the uniformity of procedures, records, and communications. Service levels were increased by the fire department, and water and sewerage services were combined and expanded. Finally, planning, zoning and all related building codes were applied countywide. Whether these were all efficiency gains remains to be seen, but the greater uniformity and higher quality of services were a benefit to the community.

Jacksonville-Duval County, Florida⁵

Why Consolidation?

In the post-World War II economic and housing boom, Jacksonville's city officials increased spending and budgets to pay for new buildings and improvement programs, while problems with education, sanitary sewerage, and traffic continued to plague the city. In 1958, annexation of surrounding areas was recommended to Jacksonville as a solution. But the county voters rejected annexation consistently in referendums. During the mid-1960s, corruption and scandals plagued Jacksonville, angering the voters who then organized a recall movement. A grand jury was convened to investigate the scandals. Many city officials were indicted, and other officials resigned. At that same time, yet another study recommended the consolidation of Jacksonville and Duval County as a solution to the issues troubling the area. Proponents of consolidation emphasized grand goals: lower taxes and wiser public spending; unification of the community; increased economic development; and administrative effectiveness through a central authority.

Government Structure

Jacksonville-Duval has a Mayor-Council form of government. The mayor is the chief executive and administrative officer with veto power over resolutions and ordinances made by the council. The mayor can also hire and fire

the heads of the various governmental departments. The council has nineteen members, fourteen of whom are elected from districts, and five who are elected at-large

Four communities voted not to consolidate with Jacksonville-Duval and remain separate municipalities. These communities contain but 6% of the total area population. Several authorities and boards, such as the Electric Authority, Port Authority, Hospital Authority, Beaches Public Hospital Board, School Board, Area Planning Board and Civil Service Board remain independent. Again, this is an example of less than full merger of governments and powers. A review (1972) of local expenditures revealed that two-thirds of the spending in the former City of Jacksonville was controlled by independent agencies (the School Board, the Electric Authority, the Port Authority, and so forth) rather than the consolidated government.⁶

Service Inclusion

All public services were consolidated under the single government of Jacksonville-Duval, including police and fire protection, health and welfare, recreation, public works, and housing and urban development. Schools are countywide but remain governed by an independent school board. All parts of the consolidated area receive the same services. The four separate municipalities supply their own services, although they do have the right to contract with Jacksonville for certain services.

Minority Voting Strength After Consolidation

The black vote was diluted after consolidation. Before consolidation, the black vote in the city of Jacksonville was becoming more influential, given that black voters constituted 41% of the central-city population. Minorities constituted 23% of the Duval County population in 1960. Since the consolidation, the white vote has dominated the politics of the consolidated area. In 2000, the combined area minorities constituted 34% of the population.

Tax Implications

A study comparing tax expenditures and revenues of consolidated Jacksonville-Duval to unconsolidated Tampa reported that property tax revenues, total expenditures, and public safety expenditures increased from 1955 to 1981 in Jacksonville.⁷ In addition, the ratio of per capita tax to per capita spending increased in Jacksonville but decreased concurrently in Tampa. The implication is that expenditures rose more rapidly in the consolidated community, implying less efficiency. However, property taxes are hard to compare over time. A few years after the merger, the state discredited the schools in Duval County and forced the County to reassess all property. After the reassessment, adjustments were made to the property tax rate. Such adjustments help to obscure just what impact consolidation had on property taxes. All that can be safely said is that large savings are not apparent, especially since the quality of many services — including the schools — has been raised, and the service delivery areas had been expanded.

Citizen Support for Consolidation

The final consolidation referendum was accepted by 63.9% of the voters. Ten years after Jacksonville-Duval consolidated, citizens were polled for their opinions of the consolidated government. Citizens who had lived in the city more than 10 years approved of the consolidation (68%) while those who had moved recently to the city approved by 83%. Seventy-seven percent of respondents saw improvement in city services, with 22% of those feeling strongly that services had improved.⁸ On the political side, voter turnout declined compared to other counties in Florida, and there was an increase in turnover in city leadership following the vote to consolidate — a positive sign, given the history of corruption.

Indianapolis-Marion County, Indiana⁹

Why Consolidation?

Numerous reasons are given for the effort to consolidate Indianapolis-Marion County, but the main impetus was a political power grab by the Republican Party to control the politics of both the city and county.¹⁰ In addition to the political power grab, government officials and the community in Indianapolis were frustrated at the confusing jumble of overlapping and duplicated units of government, which resulted in an individual taxpayer possibly being taxed by 10 to 16 taxing units.¹¹ There was also a move to make government more efficient and to align authority with responsibility. These goals were in addition to the desire to improve the city's image and redevelop the downtown area.

Government Structure

The “consolidated” government, UniGov, is not a true consolidation of city and county and is relatively complicated compared to some other consolidations. Its structure can be viewed more as multiple tiers or layers. The consolidated government is a mayor-council structure with a mayor as executive and a 29-member City-County Council, 25 of whom are elected from single districts and four at-large, to serve four-year terms.

Marion County government still exists, however, with elected officers: sheriff, assessor, auditor, clerk, coroner, prosecutor, recorder, surveyor, and treasurer. Within Marion County are thirteen separate municipalities, numerous special governments and 63 defined taxing units.¹² In addition, there are six “special-purpose municipal corporations” that exist outside of UniGov: Capital Improvements Board, City-County Building Authority, Health and Hospital Corporation of Marion County, Indianapolis Airport Authority, Indianapolis Transportation Corporation, and the Indianapolis-Marion County Public Library. The county court system also exists outside of UniGov. The nine townships inside Marion County still exist with their own elected officials, and each provides poor relief. Excluding Center Township, which is the center of Indianapolis, all remaining townships have their own fire departments (volunteer) and their own school districts.

The four municipalities (cities) that chose not to consolidate into UniGov retain their own governments to provide services to their residents. However, these residents also pay a county tax, so they receive county services and vote for the UniGov mayor and the four at-large council members. The other municipalities that chose to consolidate with UniGov have the option to provide services and retain their own governments, but most do not.

Service Inclusion

Contrary to expectations of a consolidated government, UniGov does not exclusively provide services to all its residents. Countywide services delivered before the consolidation are still delivered on a countywide basis, but services such as police and fire protection, local public assistance, and schools are handled by the many governments within Marion County. UniGov provides the local parks and recreation, street maintenance, public transportation, public housing, solid-waste collection and disposal, planning, zoning, and sanitary sewers. The special-purpose municipal corporations provide for services such as public airport service, public health and hospital services, and emergency communications.

Minority Voting Strength After Consolidation

As in Jacksonville-Duval and Nashville-Davidson, the growing minority vote was diluted after the consolidation. While not as numerically influential in Indianapolis, the minority population was 20.7% of the city population in 1960 and 14.4% of Marion County’s population. The minority population in Indianapolis-Marion today (2000) is 24% of the total.

Results of Consolidation

Indianapolis received increased federal funds after consolidation. Also economic development activity and employment growth increased. The increase in federal funds came from the increase in population and the new Republican mayors’ efforts at attracting and seeking more federal monies. (The mayors were the darlings of the Nixon/Ford administrations, as there were few other big-city Republican mayors at that time.) With the expanded tax base after consolidation, UniGov was able to secure more debt for redevelopment, which is viewed as a key benefit from the consolidation. UniGov and its downtown development efforts were responsible for building the Market Square Arena in downtown Indianapolis. From the mid 1970s to the late 1990s, more than 50 major development projects were initiated in the downtown. These included a new Government Center, velodrome, tennis stadium, and the Hoosier Dome.

Tax Implications

One benefit predicted for UniGov was the redistribution of tax money from the larger county tax base. But this has not occurred. Inner-city tax rates are higher than any other area of the county, since the old city residents pay for both countywide services and all UniGov services. In addition, the tax base that covers UniGov’s public safety, education, and public assistance comes only from the inner city and not the suburban tax base. There has not been a simplification of the tax code. Since consolidation, there has been a proliferation of taxing units and increases in taxes. (The taxes are still far below Milwaukee’s, although the difference is decreased when the costs of all of the various service districts are added together for citizens of Indianapolis-Marion.)

Citizen Support for Consolidation

Initially, there was limited support for UniGov, and the supporters steered clear of a voter referendum. Unlike every other consolidation in this country, the UniGov consolidation proposal was approved only by the Indiana legislature. In 1993, a survey of Marion County residents rated the services provided by their governments. The results revealed that residents were more satisfied with their services in the excluded cities than were the UniGov residents. (Bigger government may not always be better.)

Lexington-Fayette County, Kentucky¹³

Why Consolidation?

Consolidation in Lexington was brought about due to specific issues: annexation, city classification, and boundary lines. Suburban residents feared annexation that would bring an increase in taxes without corresponding services. In addition, the status quo could not be maintained in Lexington. The population of Lexington had reached 100,000, which forced it to be categorized as a first-class city, meaning it must change governance regardless of the consolidation question. And the physical boundary between city and county was a hodgepodge of jurisdictional lines, making police and fire protection hard to supply. Consolidation was thought by the majority of voters to be the answer to all three issues.

Service Inclusion

The consolidation of the City of Lexington and Fayette County resulted in a true consolidation of all governments and their services. All services for taxpayers are provided across the county. These services include police and fire, schools, street maintenance, parks and recreation, and centralized administration.

Government Structure

The Lexington-Fayette Urban County Government (LFUCG) is composed of a fifteen-member County Council, consisting of twelve district members and three countywide members. LFUCG is headed by a mayor; however, an appointed chief administrative officer (CAO) reports to the mayor. The CAO is appointed by the council and can be fired only by the council. District council members are elected every two years, and the countywide members are elected every four years. All are elected on a nonpartisan ballot. After consolidation, a number of changes occurred in Lexington-Fayette. The government was able to reduce the number of government employees from one employee for every 85 citizens to one employee per 100 citizens in 1997.¹⁴

Minority Voting Strength After Consolidation

The disparity in minority population in Lexington and Fayette County was and remains relatively small, so the worry about dilution of minority voting strength was not as large an issue as it had been in some other consolidations. Just prior to consolidation, the minority population in 1970 was 17% in Lexington and 13% in Fayette. Today (2000) minorities are 21% of Lexington-Fayette's population.

Tax Effects

A review of property tax rates for the LFUCG for every year since the merger shows a decrease in property tax rates since 1974. This does not explain the entire effects of consolidation, however. While the property tax rates decreased, there was an expansion to the entire county after the merger of the citywide payroll tax of 2% to fund services such as police, fire, and parks. The property tax only funds street cleaning, street lights and refuse collection. User fees were also implemented in the years after consolidation. Revenues for sewers were moved from the property tax to a sewer user fee, and a landfill user fee was implemented in addition to the refuse collection portion of the property tax. Furthermore, in 1995, the countywide payroll tax rate was increased from 2 to 2.5%. Additional user fees and increases in payroll taxes have created the illusion of consolidation being responsible for lowering property taxes. But it appears that the cost of government has increased over the last three decades.¹⁵

Citizen Support for Consolidation

Support for consolidation ran high in Lexington and Fayette County. In fact, most attempts at consolidation are defeated numerous times before finally being passed by the voters. Lexington's initiative passed on the first referendum election. The vote in 1972 passed more than two to one, with 35,372 for and 15,308 against. Support came from across the county and city, from white and black voters alike.

Louisville-Jefferson County, Kentucky¹⁶

Why Consolidation?

Louisville had the same post-World War II economic boom as other large cities, and it also experienced the manufacturing decline and economic distress of the 1970s and 1980s. In 1986, the city and county agreed to a compact of tax sharing, combined services, and related public-private partnerships, which helped Louisville start to recover from its manufacturing decline. This form of governing that has contracts between city and county for services is similar to the functional consolidation in Charlotte and Mecklenburg County, North Carolina, described below. Functional consolidation is the establishment of intergovernmental service agreements on the delivery of specific services. The agreements are flexible, can include any number of services, and require no new governments to be created. However, government consolidation in Louisville was continually proposed as an alternative to just functional consolidation. Consolidation finally passed in 2001, spurred in part by the realization that consolidated Lexington had become the largest city in the state. What also helped was a very concerted campaign to get voters to approve a consolidation agreement that left most details to be decided by the council that would be elected in November 2002.

Government Structure

The consolidated government, to be in place in January 2003, will be a mayor-council form of government with the 26-member council elected from separate districts. The council is replacing the Louisville Board of Aldermen and the Jefferson County Fiscal Court. The duties of the county court clerk, county attorney, commonwealth's attorney, sheriff, property valuation administrator and coroner, however, will remain the same. Municipalities outside of Louisville will remain incorporated and separate. Twenty-two percent of the county residents reside in 85 small cities, which are located mostly in the eastern suburbs of the county. Ten of these cities are true municipalities, while 75 are similar to neighborhood governments with subdivision-like boundaries.

Service Inclusion

Current tax rates and services, such as fire and police, will remain in effect unless revised by the voters' soon-to-be-elected representatives and the mayor. Louisville and Jefferson County residents will continue to receive services paid for by their tax dollars. All current city and county employees will work for the Greater Louisville government, but a reduction in the number of support staff for council members will result in some savings to taxpayers. If the new government decides to merge specific services, then further downsizing is possible.

The 10 true municipalities outside of Louisville offer a comprehensive mix of services, including police departments. But the other 75 neighborhood governments do not offer much beyond garbage collection. Sometimes the neighborhood governments have small police departments or, more often, they contract with the county police service.

For the most part, special districts, not Jefferson County, provide public services to the unincorporated areas of the county. These districts include the Jefferson County public school system, plus another small independent school district, a countywide sewer district, a countywide transit district, and 22 volunteer fire districts.

Minority Voting Strength After Consolidation

Given that the majority of blacks live in the city of Louisville, it is clear that their political power will be diminished. According to the 2000 Census, minorities constituted 37% of the city's population and 19% of the county's. One step toward minimizing the political impact of the decline in voting power was to make the new government consist of district representatives.

Tax Impacts

These will be determined by the decisions of the soon-to-be elected council. Many citizens hope that consolidation will result in the merger of several departments and some economies of scale. But time will tell. Precedents do not show conclusively that savings will emerge.

Goals and Predictions for Consolidation

Consolidation was supported for many reasons and promises: better government representation, more effective and efficient services, enhanced economic development, and continuation of Louisville as Kentucky's largest city. One financial review of the proposed changes found that there would be no savings from the combination of services (like emergency medical services, housing and community development, public works, or permits and inspections). There would be approximately \$500,000 savings in the financial administration area resulting from decreased dupli-

cation of managers. The technology areas of the city and county are already working together, but there may be savings in the negotiation of contracts. It is also not expected that the police and fire departments will consolidate immediately. Improvements in governmental effectiveness are expected through simplification of functions and processes, and there may be an opportunity to restructure areas that were off limits prior to consolidation.¹⁷

On the other hand, another study of the proposed Louisville-Jefferson County merger found no savings and recommended Louisville and Jefferson not consolidate.

Metropolitan consolidation does not seem warranted, based on a reform agenda. It is also of questionable value as a New Regionalist strategy in Louisville. . . . In the case of Louisville, consolidation is a radical solution to a more mild illness — especially considering other consequences of metropolitan consolidation, such as minority dilution and loss of local autonomy. Here, the cure may be more harmful than the disease. . . . A merger would have little or no impact on the community's current economic development strategy or administration.¹⁸

But the majority endorsed the view that benefits would flow from the consolidation.

Citizen Support for Consolidation

The merger was approved by the voters, 54% to 46%, after other consolidation proposals had failed in 1956, 1982, and 1983.

Miami-Dade County, Florida¹⁹

Why Consolidation?

The City of Miami and Dade County never really consolidated. Although they were pushed by such conditions as poor suburban service delivery and a central city challenged to pay its bills, full consolidation was not in the cards. The communities formed a two-tier system of government that was to help solve several problems. Many services have been transferred to “Metro,” which provides the services to the entire county, both the incorporated areas that want them and the unincorporated areas that have no other source.

Government Structure

Despite its inclusion on the list, the structure of government in Miami-Dade is not formally considered a consolidation. Rather, the merger of the City of Miami and Dade County resulted in a federation. While not governed by just one government like Lexington-Fayette, the two large municipalities are closely linked. Miami-Dade has a two-tier system of government that encompasses unincorporated areas and 30 incorporated areas. All municipalities function independently, with Metro-Dade as an additional tier of government.

The City of Miami is run under a commission-manager structure. The city mayor and commissioners are elected every four years, with a city manager appointed by the commission to oversee government services. Elected from separate districts, the Metropolitan government is headed by an elected, 13-member Miami-Dade County Board of Commissioners and an elected mayor. Miami-Dade also has an appointed manager to help operate the government. Unlike other consolidated governments, the Miami-Dade County government taxes at the county level, with the local municipalities having their own separate taxes and services.

Service Inclusion

Each municipality provides many typical local services, such as police and fire protection, and Metro Dade carries out metropolitan-wide operations, such as transportation, airport, sewer and water, courts, and the redistribution of tax revenues among the jurisdictions. The City of Miami over time has transferred many services to Metro. Among them have been traffic engineering, the seaport, crime lab, a park, arterial bridges, harbor patrol, neighborhood rehabilitation division, and the bus system. Miami provides its own fire department, but 15 of the other municipalities have transferred fire protection to the county.²⁰

Minority Voting Strength After Consolidation

There was no change here, as each municipality has maintained its own government. The County also remains as it was. Miami and Dade County are both minority-majority communities, and their government representatives reflect this fact.

Tax Impacts

A study completed 20 years after the Miami-Dade merger concluded that taxes increased and that redistribution of expenditures occurred across the county. It was initially thought any increase in public expenditures would be offset by the savings from the economies of scale realized from the elimination of personnel duplication, but total net expenditures increased. The claim that tax revenues could be redistributed across the county was found to be true. Unlike the Indianapolis-Marion consolidation, the results indicated that the City of Miami was the largest net gain-er; the unincorporated areas were the largest net losers.²¹

Citizen Support for Consolidation

There have been some bitter battles among municipalities over topics like sewer extension policy. But there is not much fighting over the general concept. The disagreements cover some of the many details. Overall, the consolidation is popular with citizens.

Charlotte-Mecklenburg County, North Carolina²²

Charlotte is a city that has grown enormously, geographically and demographically, in recent decades. The population grew from about 400,000 in 1980 to almost 700,000 in 2000, while the incorporated area almost tripled. Given the land grab, several citizens thought that consolidation made sense as a means of governing.

Why Consolidation?

Consolidation has been proposed again and again, even though it was defeated by referendum in 1971 and twice in the 1990s. Charlotte was not in a crisis like Jacksonville or Nashville, with no apparent need for a change in government structure. Although Charlotte and Mecklenburg County have not consolidated to form a single government, they are highly linked in service function. Instead of consolidating city and county governments, the municipalities decided functional consolidation (the merger of services, single function by single function) would be better. The communities accomplished almost a complete merger of services — some twenty-two different services. Nevertheless, some citizens still express a desire for Charlotte to consolidate fully with Mecklenburg County.

Government Structure

Charlotte has a Council-Manager form of government. The Mayor and 11 Council Members are elected every two years. Seven council members are elected from districts, and four council members are elected at-large. A city manager oversees the daily operations. Mecklenburg County has a partisan, nine-member, elected Board of County Commissioners. Six members are elected from districts, and three are elected at-large. The countywide school district, consolidated in the early 1960s, is the only special district in the county. Six other independent municipalities exist within the county. These communities get to pick and choose among the services they would like to purchase from the city or the county, but otherwise the communities remain self-serving.

Service Delivery

Functional consolidation was achieved through contracts that outlined whether the city or the county would provide the service, the length of time for which the service would be provided, and how the contract would be maintained and terminated. Functional consolidation was accomplished for most major public services by the early 1990s. One viewer concludes that Charlotte and Mecklenburg County are “a reasonably successful experiment in other ways to achieve regional cooperation and to accomplish the ends of metropolitan governance.”²³

Very few services are offered by both the City of Charlotte and Mecklenburg County. The duplicate services include only storm water, computer services and licensing, communications, and the city-county government center. Mecklenburg County is solely responsible for parks and recreation, building inspection, elections, and tax administration. Charlotte provides the remaining services: planning and zoning, police, solid waste disposal, public transit, water and sewer, animal control, community relations, historic landmarks and districts, cable television regulations, and purchasing.²⁴

Impacts of Functional Consolidation

There are no formal reviews of the efficiency of the consolidated functions in Charlotte-Mecklenburg, but the proliferation of intergovernmental service agreements suggest that these two communities are convinced that they both benefit from the consolidated functions. In many cases it is perfectly logical to conclude that economies of scale and efficiencies have emerged. Services such as water, sewer, public transit, solid waste disposal, animal control,

cable television regulation, purchasing, and the like can be provided more efficiently, as has been shown elsewhere. The community benefits from these joint efforts. It may even be able to find a few other services on which it can agree.

Citizen Support for Functional Consolidation

Citizens have supported functional consolidation of services. That is why these agreements continued to expand in number during the 1970s, the 1980s, and the 1990s.

ANALYSIS OF CONSOLIDATION

One difficulty in drawing conclusions for Milwaukee from these seven examples is that most of these communities had a very different distribution of service responsibilities among city, county, and other municipalities before consolidation. None of these communities' governments looked like Wisconsin. Furthermore, many of the study areas had very few municipalities outside the central city before merger. That is different from Milwaukee County, which has 18. Despite these differences, there are lessons to be gained from the experiences of the consolidated communities.

To better appreciate what seems to have been learned from other consolidations, we quickly review the evidence on each of the points that Milwaukee might hope to address. These objectives include: increased efficiencies (and lower taxes); greater government credibility; greater equity in paying for services; no loss of minority power; political acceptability; and more economic development. It is increased efficiency that is perhaps most prized. That topic is reviewed first.

Efficiency

A major issue facing Milwaukee is the need for village, city and county governments to become more efficient. Unfortunately, there is not much clear evidence from the consolidations that greater efficiency has been achieved. In most instances noted, service delivery costs have risen, not decreased.

The evidence on efficiencies in these large consolidations is fairly convincing, savings do not materialize — or, if they do, it is for only a short time. One reason is that consolidation of services is initially expensive. One small community (Athens, GA) estimated that consolidation cost nearly \$5 million because of the need to create new logos and stationary, put new emblems on vehicles, convert equipment, construct new offices, create new regulations, incur legal fees, etc.²⁵ A study of Toronto estimated its consolidation of only limited functions cost \$150 million.²⁶ These costs, even amortized, suggest that consolidation does not come cheaply.

An examination of Jacksonville-Duval found that consolidation led to a short-term decrease in per capita expenditures, but the long-term impact was an increase in per capita expenditures.²⁷ These researchers found that the ratio of per capita property taxes to expenditures increased 47% in merged Jacksonville over 14 years. In Indianapolis, little has occurred in terms of a redistributive effect on tax rates. Property tax rates are higher in the inner city than elsewhere in the county, because the central city pays for all of the countywide services plus all of the municipal services for which the tax base was not extended beyond the old city boundaries.²⁸ A study of Metro Miami found that “contrary to expectations, expenditures actually rose after consolidation.”²⁹ Yet another study used a sample of county governments with populations of more than 300,000 and concluded that consolidation was positively correlated with increased costs of public services.³⁰ Savitch and Vogel examined expenditure growth rates in five merged cities, comparing them to un-merged Louisville for 1980-1992. The researchers found that the 8% rate of increase in Louisville was much below the average 33% (range 22% to 47%) rate of increase (in 1998 dollars) found in the five consolidated communities.³¹

A recent study (1998) by Becker and Dluhy of the experience in Miami-Dade County examined the evidence on the supposed economies of scale that some expect from larger governments. They concluded: The findings for Miami-Dade County do not support the position of the advocates of consolidation when total expenditures are considered for all municipal-level services (i.e., aggregate spending for all services). They go on to say:

Given this overall finding, the remaining question is whether there are any economies of scale for specific services. . . . [T]here are probable economies of scale for fire and rescue services, library services, and planning services, which require specialized expertise and advanced computer applications such as geographical information systems (GIS). The finding is consistent with those of other researchers who have discerned economies of scale for those services with high fixed costs (see Hirsch 1984; Segal 1977). However, for other municipal-level services in this study (i.e., police, public works, waste management, and recreation) there are negligible or marginal economies (or diseconomies) of scale.³²

Milwaukee has already merged its library services, and Milwaukee County does no planning, GIS, or fire and rescue. Therefore, consolidation on Miami's terms will do little for cost savings. This study does suggest that communities (aside from the North Shore and West Milwaukee, which contracts for fire services from the City of Milwaukee) could well benefit from some consolidations of fire services. Recent experience in central Wisconsin in the consolidation of several small police departments to form the Everest Police department also suggests that there are fiscal savings from some police consolidation.³³

A study by Benton and Gamble (1984) of merged Jacksonville and un-merged Tampa concluded:

Those findings demonstrate that city/county consolidation has produced no measurable impact on taxing and spending policies of the consolidated government, which was the focus of this study — Jacksonville, Florida. In fact, both taxes and expenditures increase as a result of consolidation.³⁴

The National Research Council commissioned a study (1999) of whether consolidation of city and county governments led to reductions in expenditures and tax rates. The Council concluded that "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. . . ."³⁵

The study went on to challenge the common assumption that consolidated governments increase efficiency and effectiveness. The authors state:

The preponderance of the evidence indicates that small local governments (and thus metropolitan areas characterized by fragmentation) are more efficient for labor-intensive services, whereas larger units are more efficient for capital-intensive services (because of economies of scale) and for certain overhead functions. . . . **There is general agreement that consolidation has not reduced costs (as predicted by some reform advocates) and, in fact, may have even increased total expenditures** (emphasis added).³⁶

What makes efficiency gains even harder to achieve is that in several cases capital-intensive services such as fire protection have been explicitly removed from the table of consolidated services. This is most recently the case in the consolidation of Louisville and Jefferson County, and it was earlier the case in Miami-Dade. But even with such services included, there is no convincing evidence that consolidation has resulted in greater efficiencies and lower taxes. Milwaukee should not expect this result either.

There are a host of reasons why consolidation appears not to reduce service delivery costs, especially when several communities are involved. For one, the new level of service is likely to match the highest level of service extant in the merged communities. This upgrade costs more. The same can be said of salaries and benefits. It is much easier to bring everyone up to the existing standard at the top than to gain wage and benefit reductions from cooperating communities. That too adds to the costs.

The word is not final on this subject. But research to date strongly suggests that large savings from gains in efficiency through consolidation are not very likely. Thus, the proposed consolidation of Milwaukee City and County receives little support on the grounds that the merger will produce widespread efficiencies. In fact, when we examine the possible overlap of services between the two governments, we find some but not widespread overlap. There are some similar functions (such as aldermen and supervisors, human resources and employee relations, police and sheriff, purchasing and procurement, and departments of public works) that are larger in scale and at first blush hold some promise of gains in efficiency if they were to be combined.

But there is modest direct overlap among the police and sheriff or between the Departments of Public Works (DPWs). The Sheriff's Department, for example, has not competed at all with Milwaukee Police functions until very recently. The two departments have split responsibilities for geographic areas and activities. The new sheriff has grander plans to assist municipalities in Milwaukee County, but it will come at a price. He initially requested a 25% budget increase for his department. That does not imply cost savings. (He has since scaled back his request.) There is some potential for savings from a merger, as is explained below, but the dollars involved are limited: officers will not be replaced on a one-for-one basis. Similar circumstances hold for the DPWs. The DPWs have different functions and already do some contracting to cover similar duties.

Purchasing functions and human resource duties do hold more promise for potential savings, especially if there is redundancy among functions. On this subject MPS should also be included, since Milwaukee, Milwaukee County and MPS each have \$1 billion budgets, much of which is for personnel. But personnel employees who are well informed on the details of each government's rules, regulations, and benefits would be needed. That implies some but not huge savings as modest redundancy could be eliminated. Health departments have few overlapping functions, but there may be an advantage to merger since both departments often deal with the same population. Without doubt some areas, particularly back-office functions, could gain some efficiency from consolidation. That can only be learned from further study.

There are other seeming overlaps between duties at the County and City. These duties include economic development, housing, intergovernmental relations, treasurers, clerks, and city attorneys and corporation counsels. Several, but certainly not all, of these offices are relatively small in one or both governments and not very costly. Collectively, the dollars saved may add up to a significant number. But one of the difficulties besides small scale is that some of these offices have functions that would not change much under merger. Modest savings could occur, but consolidation would not completely negate the need for the other comparable office.

There undoubtedly are many gains from consolidation of specific functions among municipalities within Milwaukee County or even across county borders. But if the focus is on wholesale consolidation of the City of Milwaukee and Milwaukee County, in part for assumed cost savings, the probability is that the savings will be small relative to the entire budget. There are opportunities within the City and County for savings, but these savings are likely to be achieved individually, not in a wholesale merger fashion. Furthermore, if these individual functions are examined, it is more likely that other governmental institutions, such as schools, could be brought into the mix. This topic is explored further below under the topic of functional consolidation.

Given the lack of local political support for wholesale consolidation, the option has little chance of being adopted. Furthermore, the argument that it will save big tax dollars has little empirical support from elsewhere and few expectations here because of the absence of widespread duplication of services between the two governments. There is a potential for efficiencies, but they can be achieved at lower cost through other than wholesale consolidation.

Service Quality

Another question is whether consolidation actually improves the quality of service delivery. We have seen that increased quality is certainly the result locally with fire and rescue in the case of the formation of the North Shore Fire Department. This consolidation involved seven smaller communities that clearly gained from some economies of scale, benefits of greater professionalism, a reduction in redundancy in equipment and administration, and the like. A study of the consolidation of police functions in Indianapolis showed that there was a "consistent pattern of higher levels of police performance in the independent communities when compared to the Indianapolis neighborhoods."³⁷ In Jacksonville and Nashville, service quality also increased, in some cases rather dramatically. That also raised costs, but the quality was higher.

There is not one answer. At some smaller scale, consolidation seems to bring advantages that outweigh the costs. But at larger scales, such as a city-county merger, that is not necessarily the case. Given Milwaukee's modest overlap of services between City and County, there is little opportunity to experience substantial gains in service quality as a direct result of wholesale consolidation. There is potential, however, as a result of independent function consolidation or rethinking how services can be delivered differently.

Government Credibility

Consolidation does seem to have enhanced local government credibility. Most of the citizen surveys in consolidated communities are supportive. Louisville's experience will have to be determined; there was certainly disagreement before the vote to approve consolidation. What we need to note is that citizens in the other communities are basically happy with what they have. We have no evidence that they would approve more dramatic changes than they already have. But the governments that serve these communities are credible, and those in places like Jacksonville (which had experienced widespread corruption) are far ahead of where they were before consolidation.

On the other hand, Charlotte's and Mecklenburg's governments are well regarded, and they have not been fully consolidated. Consolidation can add to credibility, but it is not the only solution to gaining credibility.

Sharing of Revenue

Combining City and County services will do little to increase revenue for county functions. Since the county functions are paid for by the same set of constituents that would be merged, it would not address that problem at all. If consolidation is undertaken to increase City of Milwaukee revenues by expanding the tax base to all 19 municipalities, that will certainly help residents of the former city and be painful for many suburban taxpayers. Consolidation on a regional (four county) basis would help even more in this regard, just as it would to address issues such as transportation, economic development, and housing. The larger whole (four counties) has more resources than just one county. But the payoff for consolidated Milwaukee would depend on the details. In Miami, the outlying areas did contribute more to Miami, while in Indianapolis the outlying areas continued to pay only for their own services.

Minority Political Power

Another concern is that consolidation would reduce the power of the minority vote. In Milwaukee, minorities currently hold 7 of 16 aldermanic seats, including the President of the Common Council, and 7 of 25 County Board seats, including the current Chair of the County Board. Consolidations elsewhere had to confront the issue of loss of minority political power. The result is that minority representation has diminished in virtually every example of consolidation. In almost every suburban jurisdiction, whites were the majority. The ratios changed over time, but the majority of representatives on the governing boards are white. (What several consolidated governments did is to switch from at-large to district officers to ensure greater minority representation.) Continued investment in inner-city neighborhoods would be threatened by the diminished role of minorities on the governing board.

Were the City and County governments to be merged in Milwaukee, the pattern of representation would likely look very much like the current County Board. The proportion of minority-held seats would drop from 7 of 16, as found in the City, to 7 of 25, as on the County Board.

Economic Development

There is also mixed evidence on whether consolidation enhances economic development. In fact, a recent study found that there is no support for the assertion that the form of government has any impact on economic development.³⁸ It may be that the forms of consolidation have been too weak to influence economic development. But the consolidations that have occurred reflect what is politically possible, so little more can be expected.

There may be exceptions to this conclusion of "no support." Indianapolis did gain access to a broader tax base that it could use to borrow larger sums to invest in its downtown redevelopment. It appears that that public investment did make a difference, but no incontrovertible proof exists that that is the case.

All of the consolidated communities have done better economically than they were doing before their consolidation. But there are so many confounding factors that affect that result that it is dangerous to point to government form as the factor that made the difference.

Political Acceptability

Politically, full consolidation is a tough sell in Milwaukee. We have a long history of individual communities governing themselves. Citizens identify with their community and will defend that community's ability to set its own policies. "Probably none of these governments has a significant interest in reducing its own authority," one author opined, as he looked at the subject of consolidation.³⁹ Similarly, there is little visible political support for a merger of City and County that includes other municipalities in Milwaukee County. It was hard enough to get seven of these communities to agree on a consolidated fire department on the north shore (four years of discussions). It was equal-

ly hard to get 19 communities in Milwaukee County to agree to a consolidated animal control service. Communities do not give up control easily. At this juncture there is no expressed political support for consolidation. Without strong leadership and strong citizen support, consolidation of the municipalities in Milwaukee County will not occur. And given the weakness of many arguments about the benefits of consolidation, there is little wonder.

The Bottom Line

The evidence from the existing consolidations suggests that a strong case cannot be made for full consolidation as the answer to Milwaukee's ills. First, there is no clear model of what consolidation should include in terms of governments and services. The examples reviewed cover a range of alternatives. Second, efficiencies have only occasionally been achieved. Taxes have often risen, not gone down. Third, the quality of service delivery has usually increased, but that is not always the case. Fourth, almost universally, minority voting power has been eroded, an unacceptable end in Milwaukee. Fifth, equity in paying for services has not often been achieved. Central city residents in Indianapolis, for example, pay for their own services as well as for services that serve only non-city residents. This is just the opposite of what is meant by equity. Sixth, unlike Jacksonville or Nashville, Milwaukee does not have criminals running the government that need to be replaced. Credibility may increase with a merger and the election of an outstanding leader. But that would not necessarily happen after consolidation. Perhaps Louisville's experience will indicate that this occurs, but the evidence from elsewhere suggests no dramatic shift in leadership quality. Seventh, a full consolidation would increase the size of the city's population, but since both the City and Milwaukee County suburbs have been losing population, the net effect would still be one of population loss.

Consolidation is not the answer to what ails Milwaukee at this juncture. What is the alternative? It is to that question we turn next.

THE ALTERNATIVES

If consolidation is not the answer, then what might make sense? What can the City and County do to become more efficient, more credible, more equitably financed, more responsive, more reflective of citizen interests? Options do exist, but choosing one is made difficult by the changing landscape.

Traditional forms of taxation will be increasingly limited in the future, challenging the ability of local governments to fund basic services.⁴⁰ Outcries of pain will limit property tax increases. More on-line Internet sales will limit sales taxes. General discontent and business concerns will limit personal income tax increases. These limitations are a critical issue that haunts the City, the County, and many local municipalities.

Milwaukee and Wisconsin are known as high-tax areas. Citizens repeatedly put tax reduction at the top of their list of desires. Meeting that desire is especially difficult when the State and subsequently the County and City face reductions in revenue. Governor McCallum approached fixing this year's state deficit by asserting that there would be no new taxes. Mayor Norquist was successful in reducing the tax rate in Milwaukee for each of 12 successive years. That made him popular and helped to stimulate investment in the city. Yet few citizens are willing to give up or reduce the level of service they currently receive. The citizens want the services for themselves, maybe not for others, without paying any more for them. The challenge is to create a system of government that delivers the desired level and mix of services at less cost to the taxpayers. That is an incredibly difficult assignment.

That assignment is more challenging when the local leaders are in disarray. Milwaukee County has a new county executive and seven new supervisors. They are just beginning the formidable task of constructing a budget that the County can afford. They must also wrestle with the issue of how many supervisors the County should have and how much they should be paid. The City has a mayor who will not run again. Who will take his place is not clear. Just how quickly respect for local government will return is also cloudy. That will be determined by the new leaders and what they do in their leadership roles.

Local governments must also contend with less money coming from the state government. The projected state deficit for next year is larger than this year's. The pressure for reduced state spending will be long-term, not just for another year. The City, the County, and the Schools will be under greater pressure to perform their duties with less expenditure. That is a challenge all must meet.

In 2000, the City of Milwaukee had a combined minority population that was larger than the white population. For the first time ever, more than 50% (50.1%) of the population was minority. That population has gained increasing political power. The minority community does not want to lose that power. Any effective alternatives must recognize this and build upon it. Efforts to marginalize the minority population will not be well received.

Another issue of great interest to the City is its continuing population loss. Even more important is the relative decline in income among Milwaukee's citizens over time. Fortunately, the poverty population in the City did decline by 11,919 persons between 1990 and 2000. But the percentage of persons in poverty only dropped from 22.2% in 1990 to 21.3% in 2000. Given the reversal in the economy since 2000, it is likely that poverty has again increased. Regardless, the level of poverty in Milwaukee creates a high demand for services and a concomitant inability to pay for those services.

The preferred alternative for Milwaukee should address the problems facing the City and County. The preferred alternative must make government more efficient. City and County taxes must at least stabilize and at best decline substantially. The preferred alternative must not dilute minority voting-power. The hard-won offices should not be endangered by inclusion of more white voters. The preferred alternative should draw financial resources from a wider population than is currently the case. The City should be able to draw on resources from outside its boundaries. Ideally, the County will as well. The preferred alternative should increase the credibility of local government. New leaders will take steps that re-establish respect for their governments. The preferred alternative must be politically acceptable. The preferred alternative must be supported by a majority of the citizens in the involved communities. If possible, the preferred alternative would increase the economic base of the community.

In a more refined analysis, these criteria would be spelled out far more specifically. But for purposes of this report, their more general nature allows us to cull the alternatives and suggest which among them deserve a more sophisticated evaluation.

TABLE 1 ALTERNATIVES TO CONSOLIDATION FOR MILWAUKEE

- | | |
|----|---|
| 1. | Status Quo |
| 2. | Increased Citizen Responsibility for Themselves and Others |
| 3. | Functional Consolidation Among Governments |
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Table 1 suggests there are many alternatives to full consolidation. These alternatives include simply keeping government operations as they are today, making greater efforts to bring efficiencies to existing governments, seeking various forms of functional consolidation (intergovernmental cooperation), seeking limited regional government, or creating total regional government. Not on the same continuum is the option of the state government stepping in to redefine roles of local and state governments. Some of these options have little support or little chance of paying off. But they should each be examined briefly to learn a bit about their strengths and weaknesses.

No Change

The most basic alternative to consolidation is to keep everything as it is. We can keep the status quo. What will change are the actors. Aside from that, it would be business as usual. Milwaukee has a long history of being slow to change. Responses in the current period can follow suit: govern the way we always have. The downside of this approach is that it has led to the problems at hand, and the landscape is changing. The state will offer the city and county less state aid and taxpayers will tire of more tax rate increases, thus forcing the city and county to operate in a somewhat different fashion. It is fiscal concerns, individual failings, and institutional failings that are driving change. The status quo has worked for decades, but now it is time to alter how Milwaukee is governed. The question is: How differently should we be governed?

Greater Citizen Responsibility

One option that seldom appears in the contemporary academic literature is that of citizens assuming greater responsibility for themselves and others in their community. If citizens do more for themselves, their neighbors, their neighborhood, and their community, there will be less need for various forms of governmental services. From the trite “It takes a village to raise a child” to calls for greater efforts with regard to neighborhood watch programs to pleas that parents become much more involved in and supportive of education, the greater the citizen involvement, the less the need for expensive governmental services. Many of these services, whatever they cost, cannot match citizen actions for effectiveness or efficiency.

A blatant example is one of drug abuse: If individuals are better able to control their desires and not indulge and become addicted, costs of criminalization and rehabilitation can be avoided. If citizens can eat better, exercise more, smoke less, and consume less, health costs will be lower for all. If parents read more often to their young children, monitor their children’s homework completion, and stress the importance of doing well in school, there would be higher levels of student achievement, fewer dropouts, higher levels of graduation and college attendance, and less involvement in crime. At a very different level, citizens could volunteer to complete some of the tasks once assumed by government such as planting and maintaining flowers in the boulevard medians and in the parks. The list can go on. Citizens re-assuming responsibility for a number of actions and outcomes could lead to a far smaller government.

How do we do a better job of enlisting citizens to assume these responsibilities? How do we change parents’ attitudes and behaviors toward education? How do we persuade individuals to eat and smoke less? How do we persuade neighbors to watch out for their neighbors? How do we get agreements from unions to allow volunteers to do some of the jobs union workers used to do but no longer do or will no longer do due to budget cuts? There are examples of success in these endeavors here and elsewhere. It is not easy, nor has it been done often. But with a concerted effort, these endeavors could succeed. The result would be a lessened need for and demand for government services.

Neighborhoods would be safer; more children would be better educated; less money would be needed for police, courts, and corrections; fewer social services would be needed. Health levels would be higher and health insurance costs lower.

To increase citizen assumption of greater responsibility will require public leaders who are willing and able to take on this assignment. It will also take some money to push the agenda. But the payoffs, if successful, would be cost savings and, more importantly, increases in the quality of life in Milwaukee. Neighborhoods would be safer; more children would be better educated; less money would be needed for police, courts, and corrections; fewer social services would be needed. Health levels would be higher and health insurance costs lower.

This may seem to be pie-in-the-sky. But it need not be, with proper leadership and resource allocation. It requires the need to explore ways of persuading citizens to assume greater responsibility for outcomes. Some of the argument may be financial — they will save money. Some will be personal — the quality of their lives (and the lives of others) will improve. Some will be civic — help yourself and your community by participating.

An example of citizen initiative in yet another realm is that of starting new businesses. The regional economy needs more new businesses. Citizens can sit back and wait for others to take the initiative. They can sit back and criticize others who take a chance and fail. Or they can take steps themselves and, if appropriate, start a new business. Or, they can be supportive of others who are trying to succeed and encourage those who have failed to start again. This is what is needed for the greater good. We have had 70 years of the government assuming greater and greater responsibility for problems that have occurred in our society. An alternative is to reverse that trend. Individuals can be helped to take greater responsibility for themselves and others, with the result being a lessened need for government. That end would, in turn, require fewer resources, lower taxes, and less significant roles for government.

The message that needs to be conveyed, if this is to succeed, is that people’s actions matter. Voters are disenchanted with politicians. If that is the case, then let’s diminish the role of the politicians by reducing the need for the services that they provide. If we look at the largest areas of expenditure for the county, we see health care and human services. Both can be addressed by greater individual commitment. Health care costs have been rising dramatically. Some critics point to the providers. But others point to a series of lifestyle decisions that create greater needs for for-

mal health care and the utilization of increasingly pricey health care interventions. The health care industry repeatedly points to the least expensive means of addressing the rising health care costs: getting individuals to take better care of themselves.

The message can be delivered by governments. But it can also be delivered by employers, by religious institutions, by any number of other organizations with which individuals have contact. Over time, as a society, we have allowed more and more responsibility for individual actions to accrue to institutions. If that trend is reversed, the result can be less expensive interventions and healthier individuals and communities.

It will require actions by leaders. It may be that no one will step up. If they do not, increasing demand for government services will result. That will, in turn, place greater burdens on governments to deliver. The governments, in turn, will place greater financial burdens on the citizens to pay for what could be done less expensively, if individuals would assume greater responsibility for themselves and others.

Admittedly, this approach to the problems of Milwaukee governance is a bit removed from many others that are currently under discussion. But it does address most of the criteria that an alternative must. It is less expensive in the long run. It could be more efficient and make governments more efficient, if implemented successfully. It does not threaten minority power; in fact, it may enhance it if fewer problems are associated with the minority community and more minority students become well educated. And if the governments are successful in helping generate this greater personal responsibility, the government will gain substantially in credibility. The big question is whether the local governments, in combination with the citizens and their many other institutions, can actually make this work. That is a big unknown. The potential payoffs suggest it may well be worth the effort.

Functional Consolidations

Functional consolidations are the merger of governmental services across municipal boundaries on a case-by-case basis. They could involve the City, the County, the Milwaukee Public Schools (MPS), and individual municipalities. Examples in Milwaukee might be merging the City police and County sheriff's departments, the merger of the City and County health, purchasing, intergovernmental relations, treasurer, clerk, city attorney and corporation counsel, property management, and economic development functions (Table 2). Functional consolidation could involve merging the human resource functions of the City, County, and MPS. At the local level an example is the consolidation of fire departments among South Shore or other municipalities.

TABLE 2 EXAMPLES OF FUNCTIONS OPEN TO CONSOLIDATION

1.	Police and Sheriff's Departments
2.	Personnel (Employee Relations and Human Resources)
3.	Purchasing (Procurement)
4.	City Attorney and Corporation Counsel
5.	Public Works
6.	Intergovernmental Relations
7.	Treasurer
8.	Clerk
9.	Health
10.	Property Management
11.	Economic Development

The City and County governments basically serve quite different functions. There are few instances in which full duplication of services can be identified. But where there may be some modest duplication, as in the functions just listed, monetary savings and efficiency gains could be obtained from the reduction of overlap. One detailed example involves the city police and county sheriff. Over the years these two law enforcement forces have separated their duties to the degree that they usually serve quite different functions. But combining the two departments may yield benefits that may not be immediately evident.

A Civil Grand Jury in San Francisco was recently charged with exploring the advantages and disadvantages of merging the sheriff and police functions in San

Francisco.⁴¹ As in Milwaukee, the sheriffs have jurisdiction over the courts and corrections, and the police largely have jurisdiction over the streets. The Grand Jury recommended the creation of an advisory committee to undertake an in-depth study of the costs and benefits of a merger because of the evidence presented.

The Grand Jury examined the experience in several communities of varying sizes. The evidence that was persuasive came from several different jurisdictions. Las Vegas, for example, merged four municipal police departments and one county sheriff's department in 1973. The initial merger was somewhat costly in that short-term commitments could not be cancelled (for example, cars had been ordered), new uniforms were needed, weapons had to be standardized, salary adjustments had to be made, and benefit packages had to be modified. Over time the communities think the merger has saved substantial sums by increasing overall efficiency, reducing administrative duplication, eliminating duplication of fixed resources, increasing purchasing power, and increasing teamwork. Statistics assembled several years ago proved that the merger was cost-effective, so the merger continues.⁴²

The San Francisco Grand Jury also read a study by an analyst reviewing possible consolidation of eight rural Pennsylvania communities. The researcher identified several advantages to the consolidation of police departments. Those that did not duplicate the advantages from Las Vegas include better trained personnel, lower personnel turnover rates because of more opportunities within the larger department, lower hiring costs because of the consolidated function; and greater opportunity for innovation. The author (Kimmel) further argued in person that one of the main benefits of sheriff-police consolidation is the experience all officers would receive in the county jail. The future officers-in-training would spend time working in the jail. That experience familiarizes future officers with the type of work and populations with which they will be dealing in the field. This resulted in a much shorter on-the-job learning curve by new officers and reduced total hiring and training costs by ensuring that personnel who undergo training at the Academy do not subsequently leave the force when presented with the actualities of the job. The lower dropout rate of officers additionally reduced the need for expensive overtime. The merger may also reduce some of the costs of jail operation, since trainees could be used in some of the jail positions now handled by full-time deputies.⁴³

One of the immediate barriers to sharing on a larger scale is concurrent need for a service. Public works tasks are often performed at precisely the same time.

A second example of a possible area of consolidation is that of personnel, otherwise known as human resources or employee relations. Such a merger should include the possibility of adding the Milwaukee Public Schools. The City, County, and MPS each have about a \$1 billion annual budget. Each handles a number of personnel functions. Some of these functions may be somewhat unique, such as the annual recruitment of teachers. A function like that may be excluded or dealt with separately. But many of the other MPS hires are similar to city and county hires and seemingly could be handled by one organization. At the least, all three departments currently have a good deal of back-office operations that could be done by one group of workers, a group of workers and administrators that would be smaller than the current combination. Such an option should be explored fully for its potential benefits.

For such a consolidation to succeed in reducing total costs, at least two conditions must hold. First, there must be agreement that some individuals would lose their jobs if they were found to be redundant. This was the opposite of what happened in some of the city-county consolidations described above. Second, it would help if the pay scales were not too different, since it is likely that all workers in the consolidated department would be paid according to one pay scale, that of the highest scale of the three. It is possible that the current differences are so great that potential savings from fewer workers would be more than offset by the higher pay needed to accommodate the remaining workers. But if the efficiency gains are large enough, the reduction in workforce should be able to offset that problem.

At the local municipal level a consolidation of DPW functions sounds like a reasonable idea. Communities in the county already share equipment that is not often used or that may be idle in one community at precisely the time it is required in another. That small scale sharing is done today on an informal basis. Generalizing from that basis would leave one to conclude that the scale of cooperation could easily be expanded, especially since a precedent of cooperation has already been set. But hypothesizing this and making it happen are two different things. Such consolidations are fraught with unwieldy details, since each community may have different standards and expectations.

One of the immediate barriers to sharing on a larger scale is concurrent need for a service. Public works tasks are often performed at precisely the same time. Communities need to have their snow plowed, their roads repaired, their garbage collected, their trees trimmed, and so forth at the same time. That means workers and equipment must be in place to provide the services simultaneously. Just because one community may have some idle snow plowing capacity late in the day does not mean that another community will want to wait until late in the day to have its streets

plowed. There may occasionally be a community that is willing to save some money by accepting later snow-plowing or tree trimming at less-than-ideal times or garbage collection in the late afternoon and evening. But few such communities have identified themselves. There are potential savings here, if the capital equipment investment can be lowered across communities and the equipment can be used more intensely. Fiscal pressure may drive some communities to this. However, it would take considerable fiscal pressure to drive communities to welcome garbage trucks clanging and groaning every evening, potholes getting deeper before being repaired, or to accept one-day slower plowing than one's neighbor.

A second difficulty with DPW consolidation is that of agreeing on service levels. If we look again at service levels, it is easy to see challenges. If we have three nearby communities, communities A, B, and C, which want to share snowplowing, we may find quite different expectations. Community A wants all of its streets plowed by 7 AM with little salt used. Community B believes in salt; it plows major arteries and salts most of the rest, hoping to make all streets passable by late in the day. Community C does not use salt: it plows major streets and uses sand on the side streets. Time is not as critical. What service level does one choose for the consolidated service? If the service level of community A is chosen, it will raise the costs to serve communities B and C. If the service level of community B is chosen and the other two communities really object to salt, that will be a problem. If the level of C is chosen, citizens of A and B will be upset because they are losing a higher level of service for which they have been willing to pay.

Furthermore, if community A has been enterprising enough to link its snowplowing workforce to its street-repairing workforce, utilizing the workforce 52 weeks a year, it has little incentive to merge these services with other communities. Or if community A has a set of drivers who know their snow-plowing routes and can do them quickly blindfolded, the community has little to gain (and much to lose) by contracting to get drivers from other communities who do not know the streets and who will be less efficient. Thus, there may well be communities that have developed very efficient operations that will not be aided by consolidation. These may be the City and the County, but it requires close examination to make the case one way or the other. Given the potential benefits, such a study is in order.

Functional consolidation is in line with trust building and carefully examining each potential area to find those that really will yield benefits to all concerned. Overall consolidation may just force mergers that yield benefits to no one. As Savitch and Vogel (2000) note: "Regionalism that builds on the basis of trust and respects the integrity of existing municipalities may yield greater benefits than ill-conceived and unlikely merger proposals that increase distrust and divisions in the county."

As discussed above, Charlotte-Mecklenburg is the largest example of functional consolidation in the country. Since the beginning of the 1970s, the major services of the two principal local governments have been provided across the entire county by either Charlotte or Mecklenburg County. The first services to be offered countywide were sewer and water. These were followed by animal control, building inspection, communications, elections, purchasing, and tax administration in 1982. Solid waste disposal was included in 1984, as were planning and zoning. Several other functions have been included since, ending with computers and licensing in 1998. As we learned above, some 22 services in all are now consolidated. Not all are models for Milwaukee, but the list does reveal the potential, if one is willing to look.

Three large questions remain regarding functional consolidation on the scale that Charlotte has used. First, has this functional consolidation proven to be more efficient in all instances? Second, are the city and the county in Milwaukee the best combination for service provision? Third, will functional consolidation address any truly regional issues like economic development, transportation, and housing? We turn to the first.

There is little research that explores the issue of efficiency for Charlotte. An underlying assumption is that bigger is better. There is probably little dispute that animal control, sewer and water, storm water, communications, public transit, solid waste disposal, and several other functions can be done less expensively per capita on a countywide basis. Most of these involve large capital expenses that can be spread over a larger population. But there are questions about whether bigger is better for all services. The literature from the consolidated communities noted above suggests that efficiency is not always the result of large-scale mergers. That implies that any proposed functional consolidations in Milwaukee should involve a due diligence phase to help ensure that efficiencies will emerge from any merger: It cannot be assumed that efficiencies will occur.

The second issue is raised to suggest that in many instances individual municipalities within Milwaukee County may be better off consolidating services among themselves or within small groups of other communities. The Village

TABLE 3 SERVICES FUNCTIONALLY CONSOLIDATED IN CHARLOTTE-MECKLENBURG

<u>City</u>	<u>County</u>
Planning and Zoning	Parks and Recreation
Police	Storm Water
Solid Waste Disposal	Building Inspection
Storm Water	Elections
Public Transit	Purchasing
Water and Sewer	Tax Administration
Animal Control	Computer Services And Licensing
Community Relations	
Historic Landmarks/Districts	
Cable TV Regulation	
Communications	
Wrecker Zones, Youth Council	

City-County Government Center

Source: Timothy Mead, "Governing Charlotte-Mecklenburg," State And Local Government Review, Fall 2000, p. 195.

of West Milwaukee has gained from its contracting with the City of Milwaukee for fire services. The cost of about \$300,000 per year is less than West Milwaukee would pay on its own, and the monetary increment to Milwaukee is modest but nice to receive. Both communities have gained. The North Shore communities reportedly had the option of receiving fire services from Milwaukee at a cost that was to be somewhat similar to what they are now paying. But the communities balked because they would have less control with the Milwaukee option and, they thought, a lower level of service. Again the issue of tying into the largest community may not always yield the best results.

Furthermore, the issue is not just efficiency; it is also quality of services delivered. The literature around consolidation suggests that it is not clear that larger scale provides better services.⁴⁴ On the North Shore there is no question but that the consolidation provides better fire and rescue services to all seven communities.⁴⁵ But contracting for services with the City of Milwaukee may not have yielded the same results. Some of the literature on consolidation suggests that it is in smaller counties with smaller central cities that true gains from economies of scale can emerge. Pushing behemoths together is not likely to yield the same results. But joining two or a few smaller municipalities is more likely to yield benefits.

The third issue of regional cooperation on major services is not one that consolidation addresses. And, in fact, multi-county functional consolidation probably stands a better chance of moving communities in this regional direction because it can help to build trust and understanding among more diverse communities in the region. It is this sense of trust that seems so central to intergovernmental cooperation. Individuals and governments are much more likely to cooperate on more significant issues if they have found agreement on smaller issues. There is no question but that the "sewer wars" over the pricing of the Metropolitan Milwaukee Sewerage District (MMSD) poisoned the waters for intergovernmental cooperation, especially that involving communities in multiple counties. To rebuild that trust or to build it initially requires some small steps. Local service agreements make the most sense as the means to do this. The state is adding pressure to get municipalities to cooperate with new requirements for such cooperation. If the state were to add additional dollars to consolidations across county boundaries, a larger step could be taken toward regional cooperation. If, for example, Wauwatosa, Brookfield, and Elm Grove agreed to consolidate snow plowing or road construction or fire and rescue dispatch, a step toward regional sharing would be taken. But it will take many such steps to build the trust needed to attack larger regional problems.

Functional consolidation can help both the City and the County and all of the municipalities within Milwaukee County. Some of these communities may actually gain more by consolidating certain services across county borders.

The North Shore Fire Department, for example, may get Mequon and Thiensville to join their organization. That could yield additional benefits in terms of service levels and financial support to all of the communities. There is no constitutional reason to prevent communities in different counties from contracting with one another or functionally consolidating specific services. The barriers are largely perceptual; these can be overcome.

Greater Internal Efficiency

An option that has long been open to both the city and the county is greater internal efficiency. This involves each government examining its own operations and taking steps to make them as efficient as possible. The City under the current mayor was able to reduce the city workforce by about 700 persons and redesign how it delivers many services, thus helping to reduce tax rates twelve times. The County has also been on a diet for many years, and departments like Parks and Culture are operated with hundreds of fewer employees today than they had two decades ago. Service levels do not always remain the same (citizens say the parks have suffered greatly), but fewer workers mean fewer costs to the government.

The specter of fewer shared revenue dollars from the state and increasing health care (and for the county, pension) costs have both the city and the county looking for alternative revenue sources and places to cut expenditures. To cut expenditures, governments most often look for cuts in service delivery, since the translation to fewer employees is very direct. But governments can also look harder to find ways to consolidate functions, ways to use personnel in multiple functions, and ways to do tasks with fewer person-hours. The City's Department of Neighborhood Services, for example, has cut costs by reducing the use of housing inspectors in checking out initial complaints that homes are not up to the housing code. The Department has found that just writing letters to the offenders works in a significant portion of the cases, saving scarce resources for the more difficult situations.

Other examples of efficiency gains come from capital expenditures. Capital expenditures, which rely on annual payments or payments for the bonds used to finance plant and equipment purchase, can also be reduced more than they have. Continuous refunding of bonds to get the cheapest rates is one route. But another is forcing department heads to make capital purchases only when they truly need the equipment or space for an extended period. Today a very large private leasing industry exists. Communities can rent equipment they previously purchased and let sit idle for extended periods. Tree trimming, for example, can be done using trucks rented solely for the trimming period. Heavy equipment, such as bulldozers, can be leased for the specific weeks when they need to be used. The result is substantial cost savings, since the costs of leasing for shorter-term uses are far less than purchase costs. An additional benefit is the reduction in repair costs: often equipment breakdowns can be returned to the vendor for repair or replacement. DPW departments that have become more flexible in their operation have been able to realize savings not considered a decade or more ago.⁴⁶

Continuing efforts to improve internal efficiency is a must. Early in the 1990s the City of Milwaukee was able to significantly downsize, reducing employment by over 700 workers. But then the efforts stopped. More recently Mayor Norquist has negotiated the reduction of more positions by allowing forestry department employees to drive snow plows. It took two years of negotiation with the union to come to consensus. In his most recent budget Norquist has proposed eliminating some 200 more positions. The city is downsizing, albeit a bit more slowly than some would like to see. But it is reducing staff size. Other local governments could also downsize and become more efficient, in addition to merging particular services with neighboring communities. Increasing efficiency is an everyday issue in the business community. It should be one in government as well.

There must be a concerted effort to gain efficiencies and reduce costs in Milwaukee government. In recent years the Common Council in Milwaukee has not been compelled to attack this issue. Even an 8% tax rate hike for 2002 did not force any further consolidation or significant downsizing efforts. If health care costs continue to rise, and if state revenue sharing is curtailed, the city will be very hard pressed to prevent tax rate hikes without cutting positions. Another rate increase is not an acceptable alternative. Surprisingly, citizens to date have not been sufficiently outraged. Perhaps that will come with the real prospect of another large tax increase. For a variety of reasons, downsizing city government should become a major goal for the Common Council. The downside for individual council members of not instituting large cuts in the tax rate could be recall efforts similar to those their brethren at the County have been facing.

Regional Government: Four Counties

Regional government for the four-county Milwaukee area would have several advantages, were it to be implemented. Regional government would bring with it the ability to more easily address the issues of storm water runoff, cooperative economic development and its locations, transportation services to truly serve the region, housing patterns that provide alternatives for all income groups, greater equity in the fiscal support for services in the city of Milwaukee, and economies of scale on particular services and purchasing. The competition among communities could be reduced. Efforts to further integrate the four counties into the Chicago-Milwaukee-Madison economy would be more easily accomplished. The advantages make it sound like an easy winner.

The difficulty is that there is little political support for the concept, especially in light of the continuing heated discussions of transportation alternatives and sewers. Four-county consolidation will not happen any time soon. Big issues are too scary to too many citizens and governments. And, as we have learned from several consolidations elsewhere, the expected advantages do not always materialize. Why fight for an arrangement that has a very mixed record of payoffs? Milwaukee area residents are not persuaded that regional government is the answer. Moreover, the trust needed to cooperate on this scale is not present. Distrust is much more the norm. Regional government is an idea that should be placed in the hopper for future consideration.

Regional Cooperation On Select Functions

Regional cooperation on selected services, however, has appeal. Rather than attempting wholesale change with the addition of another layer of government, an alternative is to attempt to have area counties and municipalities work on issues collectively. This approach makes a great deal of sense. In fact, we already have several examples of this form of sharing. Some examples include the Waukesha/Milwaukee County combined surveyor functions, the Regional Medical Center, the five-county sponsorship of Miller Park, Southeastern Wisconsin Regional Planning Commission, several regional bus routes, and the seven-county Regional Economic Partnership.

If we had to pick one issue today that should be the focus of regional cooperation it would be economic development. It is arguably the most critical issue facing the area, since the economy is the lifeblood of the region.

Employment in the four-county economy grew 15% in the 1990s, but it was slower-growing than the state as a whole (21%) and slower than all but one of seven large metropolitan areas in Wisconsin. Since 1999, the economy has faltered here more than elsewhere in the state. Challenging the Milwaukee area are several forces: the predicted change in age composition (retirees will soon exceed the number of new labor force entrants locally, especially in the suburban counties), the brain drain, the need for more technology, and the likely continued erosion of manufacturing jobs.

Moreover, new state projections indicate employment in the Milwaukee economy is expected to grow by only 0.2% a year for the next several years, after declining a predicted 1.4% in 2002. An economy with virtually no growth for several years should be a wake-up call for the area. Furthermore, even though personal incomes are expected to grow, the rate of growth is expected to be slower than the rate in other areas of the state and considerably slower than Milwaukee's rate from 1996 to 2001.⁴⁷

There is great necessity for a concerted effort to cooperatively address regional economic challenges. The threats to the economy are very real. Independent initiatives are not going to address the many components that require attention.

Currently, economic development officials in the area have an agreement not to compete with one another for specific employers. That is a step in the right direction that has fostered some communal discussions of what the region should be doing. But there are not any strong area initiatives coming out of government. Thoughtful initiatives are going to be essential if the Milwaukee area is to prosper. Regional efforts at economic development must become a high priority. To the degree that local governments play a role in that development, their cooperation and coordination are essential. Issues like interstate transportation and local transportation are central to healthy economies. Speaking with one voice on these issues will be far more influential than speaking individually.

Since the economy is largely private, the cooperation must go beyond getting local governments involved. It must be a collaboration of the public and private sectors, labor and management, education and production, and so forth. The Milwaukee area will truly be challenged. The local economy will be better able to respond if all of the

actors involved work together to help build a stronger and more viable economy. That alone may yield additional benefits in terms of additional insights into further collaborative efforts. These too must be built on trust, trust constructed from successful efforts to strengthen the local economy.

Formal regional government is not the answer, but regional cooperation is a must. Local government leaders have taken the first step in this direction through the formation and operation of SEME, South Eastern Municipal Executives. This is an informal arrangement with each community, regardless of size, having one vote, and all public positions requiring unanimous consent. This is a first step; much more must be done to address the common issues across the region.

An example of the type of cooperation that can be developed exists nearby today. Racine has recently taken groundbreaking steps in this direction. After four years of analysis and debate, Racine and its suburbs have agreed to a series of steps that should help all of the parties. Racine has agreed to expand its sewage treatment plant to serve the growth expected in several suburban communities. But Racine will not pay for the expansion, as required by current state law; instead the suburbs have agreed to pay. In addition the suburbs have agreed to help the City of Racine pay for several regional facilities (such as the library and zoo) that are used by suburban and city dwellers. In return, two of the townships adjacent to Racine will never be annexed by Racine, and they have the city's blessing to incorporate, should they so desire. They also have the opportunity to add to their tax bases.

This cooperation developed out of increased understanding of how interdependent the city and suburbs are. It was clear that suburban residents are large users of facilities supported exclusively by Racine residents. And it was clear that unless the City was healthier, these facilities were going to be challenged. It was also clear that the city held the card for future control of the suburbs: using Racine's facilities was clearly the least expensive way of obtaining sewage treatment or library facilities or a zoo.

The communities stayed at the negotiating table for four years. That in itself is remarkable. Then they reached an agreement that served all parties. It can be done. Interdependencies do exist. But it takes time to understand them. Milwaukee does not hold the same cards that the city of Racine did. Milwaukee has already extended sewage treatment to a metropolitan audience and water service to almost as many. That does not mean other interdependencies do not exist: they do. But it will take even longer for most parties to realize that all communities must be healthy for the area to prosper.

In the meantime, the preferred approach is to deal with an issue at a time. Those discussions will raise other topics. Working on joint economic development efforts will raise transportation issues. Cooperative initiatives will result when the parties see prospects for joint returns. For example, Waukesha County for years refused to have anything to do with Milwaukee County Transit. Today, Waukesha and Milwaukee County have several cooperative routes. That can expand, as Waukesha County comes to realize the importance of moving employees and goods in all directions. A forced merger on this topic is not likely to work: good marriages require time to court, time to realize the greater potential a merger brings. Reconstruction of I-94 and the Marquette Interchange may well speed understanding of the mutual benefits of greater cooperation. Regardless, it is that understanding that is required for successful cooperative ventures. Taking a step at a time is the route to pursue. But those steps must begin immediately.

Increased Role of State Government

One option that has been mentioned is to leave the municipal and county governments pretty much as they are and accept the fact that they choose to have limited shared activity. It is difficult to change roles of government, when they have been set for a century and a half. To get change, the level of government with the most power, the most resources, and the broadest view could be engaged to produce the intended results at the local level, regardless of what local municipalities attempt to do. That is this option. The state government could step in and address transportation, housing, economic development, tax sharing, storm water containment, and similar issues.

The specifics of what this would involve are open. It has not been well developed. But the option is likely to imply state mandates on land development, the creation of smaller residential lots through imposition of more stringent zoning in developing areas, the forced sharing of tax resources across county and municipal borders, the forced consolidation of services across dictated municipal lines, quotas on the sharing of the burden of non-profit facilities, such as halfway houses and other less desirable land uses, and the like.

To move the state to take what many citizens think are drastic actions will require a real crisis. Conditions today are challenging but not a crisis. There is not sufficient pressure to tackle these issues in a direct fashion. The history of local control is so strong that few state-level politicians would be willing to step in and approach current conditions differently. In fact, it is hard to imagine what conditions might have to exist before legislators would assume responsibility for solving the many problems facing Milwaukee.

RECOMMENDATION

There is no “silver bullet” solution for helping Milwaukee to provide more efficient, more effective, more equitable, and more credible government. Pushing governments together with full, formal consolidation agreements will not solve many problems. Substantial costs accompany wholesale consolidation, and savings are likely to be small, if obtainable at all. What is required instead is hard work to overcome a variety of barriers to cooperation and to doing things differently. Solutions for Milwaukee’s ills need to be developed from the ground up. Tackling one issue at a time — be it a cooperative service agreement between governments on operating a personnel department, the merger of the City’s police and County’s sheriff’s departments, combined economic development efforts, increased internal efficiency, or increased citizen assumption of responsibility — are the places to start. The preferred approach is small steps, a building of success that may lead to more expansive efforts in the future.

Since Milwaukee will find that there is no single answer, such as wholesale consolidation, to its many questions, it should take several concurrent steps to address its problems. Milwaukee City and County, along with MPS and the other municipalities in the area, should explicitly attempt to:

- Consolidate several service functions
- Continue to develop greater internal efficiencies
- Increase individual citizen responsibility for outcomes and
- Regionally cooperate on selected functions, starting with economic development

Discussed above are a number of functions that could be consolidated between the City and the County. Undoubtedly there are others as well. Exactly which functions should be combined first requires further study. But there is sufficient evidence to suggest that several consolidations of individual functions should be explored and likely implemented. It is only by consolidating one function and then another that sufficient trust will be built to fully exploit this option.

Success at the city and county level may inspire individual municipalities in the county to further explore functional consolidation. The North Shore Fire Department is an excellent example of communities combining services. The success they are having is building a case for further service consolidation for them and for other communities. Cooperation is built slowly, but it does offer significant benefits to the participants when it is done well.

The second part of the recommendation is for the City and County to both reinvigorate their efforts at increasing their internal efficiency. The County started the process with the request to pare \$51 million dollars from its budget. The City has just announced its plans for the next fiscal year that include eliminating 200 positions. But both must be more aggressive in their quest for efficiencies. Efficiencies come from providing services with lower costs, not just eliminating services. Fiscal pressure is the largest driver, but taxpayer dissatisfaction may play a larger role this year. Government services must be provided differently and more efficiently. The question to be answered is just how that will be done. It can be done well, both internally and through service consolidations, if the political will is developed.

Thirdly, efforts to bring citizens back into the fold on taking responsibility for themselves and their community must be stressed. This route is not likely to yield short-term savings. But to the degree that citizens can create less expensive problems for government to solve, demands for taxes will be reduced. Many examples of this were given above. These included such steps as leading healthier lifestyles that would reduce health care and health insurance costs, greater parental involvement in children’s development and education that would reduce long-term remedial costs and create more self-sufficient adults, and simple things such as being very careful about keeping one’s neighborhood clean year round so as to avoid expensive special garbage collections in the spring. The list can go on. There are many savings possible; they should be sought.

The fourth element, selective regional cooperative efforts, is also a must. Several subject areas — economic development, storm water, transportation, housing, or tax-base sharing — are important. But the least controversial, and perhaps the most important, is likely to be greater regional cooperation on economic development. The region faces a very challenging future economically. The economic base and the demographics of the workforce are changing significantly. The economy is growing slowly at best. Solutions are not municipal-specific; solutions are minimally regional. Cooperation across county boundaries is critical, as is cooperation across state boundaries. The challenge to Milwaukee is not coming from Brookfield or Pewaukee. It is coming from the East and West Coasts of the United States and from abroad. Parochialism is the problem. Cooperation is the start of the solution.

Milwaukee is at a crossroads in its governing, and it is being challenged by many forces. Wholesale consolidation will not address its governance issues, nor will it necessarily address its economic issues. Furthermore, there is no political support or political leadership in favor of full consolidation. Consolidation is not the answer. But Milwaukee must take several steps if it is to move ahead on its many challenges. The City and the County should seriously explore and implement functional consolidation of several services. The City and the County should work harder at generating internal efficiencies. The City and the County should join with other organizations to elicit greater citizen responsibility for their own actions and those of their neighbors. And the City and County should become much more engaged with others in the public and private sectors of the seven-county region in such issues as economic development.

These are not easy assignments. But collectively they will yield greater benefits with fewer costs than any efforts at wholesale consolidation. The world is changing. Milwaukee must change as well. If it does so in a thoughtful manner, government and citizens alike will benefit. What is required is the development of the political will to proceed. Leaders must be willing to take some chances, and citizens must be willing to have services delivered differently, perhaps to forgo some others, and be willing to contribute to the decline in demand for still others. Most essential: Milwaukee must take action today to begin this process.

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