



Regional Insight: Too many towns spoil the economy

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By Harold D. Miller

If you like government, the Pittsburgh region is the place to be. We have more than 1,000 separate governmental entities in the 10-county region: 10 counties, 286 cities and boroughs, 262 townships, 126 school districts, and 389 "special districts," i.e., water and sewer authorities, airport authorities, etc.

More than 900 of these governmental units are in the seven-county metropolitan statistical area (MSA). That's the fifth-largest number of governments among the 40 biggest metropolitan areas in the country. On a per capita basis, we're No. 1, with more governments per person than any other major region.

If you just look at general purpose municipal governments -- cities, boroughs and townships -- we have 457 of them in the MSA. That's 19 municipal governments for every 100,000 people, four times more than average among the top 40 regions, and 30 percent more than the next highest region (Kansas City).

As you might imagine, most of these municipalities are small. Of the 457 municipalities, 72 percent (331) have fewer than 5,000 residents, 43 percent (198) have fewer than 2,000 residents, and 26 percent (119) have fewer than 1,000 residents.

What is even more striking is that nearly half (47 percent) of southwestern Pennsylvanians live in a municipality with fewer than 10,000 residents; that's the highest percentage by far among the top 40 regions. In fact, in most of the top 40 regions, fewer than 6 percent of the people live in municipalities that small, and 50 percent live in municipalities with more than 50,000 residents.

Should we celebrate the fact that we're the Small Town Capital of America? No, and here's why:

■ It's hard for small municipalities to deliver a full range of quality services to their residents and businesses. It's even harder if many of their residents are poor, since municipalities depend primarily on earned income and property taxes to pay for services. Some of our small municipalities have discovered they can no longer afford to provide essentials such as a police force.

■ Many of these small municipalities aren't in rural areas, but in the heart of the urbanized area, and what they do or don't do can affect a lot of other people. When Kilbuck, the 10th smallest municipality in Allegheny County (with only 723 residents), made decisions about how to develop land along Ohio River Boulevard, it resulted in a landslide that affected thousands of residents and businesses throughout the region.

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■ When a business is considering locating in our region, it faces a crazy quilt of taxes and regulations. Having more than 400 municipalities means more than 400 tax rates, 400 sets of zoning ordinances, building permit requirements and other regulations, etc. And none of the municipalities may be large enough to make the kinds of investments in industrial sites and infrastructure that large firms need. The result can be fewer jobs for everybody in the region.

In the private sector, a company that's too small to be competitive either goes out of business or merges with another company. But in Pennsylvania, state law won't allow a municipality to go out of business -- even if it wants to. (In a number of other states, many people live in unincorporated areas where municipal services are provided by counties or neighboring municipalities.)

And Pennsylvania law doesn't give enough flexibility to municipalities that want to consolidate. Our region is so fragmented that we could eliminate 100 municipalities with fewer than 5,000 residents and still have more small towns that size than 37 of the other 39 top regions.

With one of the slowest job growth rates in the country, we can't afford to be this fragmented. The state laws for consolidation and dissolution need to change, and citizens and municipal officials need to support those changes.

How much does all this small government cost us? And how much could we save if we had fewer municipalities? Read next month's column for the (surprising) answers.

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