

RMJ

Rural Minnesota Journal

Institutional Change: Possibilities for the Future

Fall 2007



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Any opinions voiced in the Journal are those solely of the authors and not necessarily of the Center.

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Editor's note

Marnie Werner

"Everybody talks about the weather, but nobody does anything about it."

Just like this old axiom, it seems like when we talk about the public institutions in our lives, we treat them the same way: we love to complain about government, our school systems, health care, etc. But the truth is, although quite a bit is said about them, there's also quite a bit done about them — and to them — too.

We're very good at trying new methods, initiating new programs. Hospitals try new ways of tracking patient care and financial reimbursements. A government, state or local, puts in place a new program to process paperwork or tax statements or health care benefits that will hopefully save money. Every school year brings a new curriculum or a new testing method. These are areas we often talk about and tinker with endlessly, in the hope that if we can just find the right combination of action and money, we'll reach a steady state where all the basic issues and problems are solved.

But in this issue of the *Rural Minnesota Journal*, we wanted to look beyond new programs that simply rearrange resources. Instead, we asked a handful of bright people, experts in their fields, to look at fundamentally new ways of doing things. The question we asked them was: "Do we need to substantially change our institutions and/or change the way we do things to succeed in the 21st century?" This is not just change, but institutional change, which is more than just coming up with a new way to do something. Institutional change refers to large-scale change, big sweeping ideas that require big, sweeping changes, and vitally different ways of *thinking* about things.

The articles in this issue cover four different areas: local government and whether it needs a new direction, rethinking how our schools are teaching our children, keeping rural hospitals financially viable, and which direction to head in the ongoing

development of a broadband infrastructure. Do these areas need comprehensive, fundamental change? And if they do, how much? How far do we go?

We all naturally resist change. It's hard work, tiring, kind of scary, and in terms of the type of reforms discussed in this issue, can potentially require a massive reassignment of financial and human capital, especially in the public sector, where systems are built over decades and it's difficult to diverge from a particular way of looking at and assessing things.

Is institutional change necessary? We'll leave that up to you, the reader. We hope that you will find many things to think about as you read this issue and consider change in our systems, whether you are one who makes policy, one who tries to influence it, or one who simply lives within it. But one thing is certain: change is just another word for opportunity. We may never reach that stable state, that political and programmatic nirvana where everything clicks and works from here on in, but that's no reason to stop asking, "What if?"

Chairman's note

**Daniel C. Reardon
Board of Directors
Center for Rural Policy & Development**

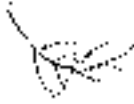
Four public institutions seem to stand out as significantly important, if not critical to our way of life. As Greater Minnesota communities think and plan about local issues, future opportunities, and the quality of their lives, it becomes absolutely necessary to scrutinize how we govern and are governed, receive medical care, educate our children, and communicate electronically.

There are innumerable procedures and policies that steer these four institutions. Our access to health care, its quality and cost is a prime example of how the market place, political policy and local practice impact our lives. Often we do not pay attention to the underlying policies and practices that affect us directly. As communities we want a better education for our children. We typically ask for better-prepared teachers or more money for innovative programs. How often do we probe how the institutions that are central to our lives are run? How often do we focus on who is making the decisions, what processes they are using, and why it is being done that way? We tend to concentrate on the concrete reality before us rather than look under the surface.

My son has a book titled, *How Things Work*. As the Center's editorial committee and board of directors considered this issue of the *Minnesota Rural Journal*, we wanted to challenge you to think about how things work. Empowered with the knowledge of what drives systems, we believe you will be better able to identify new approaches and realign or change the institutions that are there to serve you. We hope we have succeeded.

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Institutional Change in Local Governance

Anthony J. Filipovitch

“If we want things to stay as they are, they will have to change.”

— *The Leopard*, Giuseppe di Lampedusa

There is no subtle or gentle or non-confrontational way to put the question to me, so usually people just blurt it out: “Don’t we have too many local governments? Couldn’t we get rid of half of them or more and not miss a thing?” It’s an interesting question. After all, a primary strategy for business growth today is acquisition and merger. And business “turn-around artists” earn their reputations by coming into struggling operations and pruning out overlapping, redundant, and outdated activities and functions. Wouldn’t it just be “good business” for the state to do the same?

It’s not that simple, of course. A business is an organization that is disciplined to produce a single (or narrow range of) product(s) — one of Lawrence Peters’ principles for excellence is “stick to your knitting.” Government, on the other hand, is knitting several things simultaneously. Second, the question is ill formed; it really is smuggling two separate questions: Is there too much government? And, whether or not they are too many, can we afford everything we currently have?

The Functions of Local Government

One of the purposes of local government is to **provide direct service** to people and organizations within its (geographic) boundaries. Even though most people learn in school “How a Bill becomes Law” (using a federal or a state model for this process), it is the local government (which does not write bills, but statutes and ordinances) which most directly touches their lives. When the roads get plowed, or the water tap is turned on, or a fire is put out, it is the local government doing it. Second, the “stakeholders” in these services include people and organizations. Some of the people

are residents, some are visitors. Some of the visitors are commuting workers, some are “tourists.” Some of the residents are property owners, some are renters (some are even homeless). Some of the “workers” are business owners (sometimes small business owners, sometimes owners of quite large businesses with operations outside the local community). In addition to human stakeholders, there are many “corporate” stakeholders. Some are business corporations, but some are non-profit or religious organizations. Some are not even formally incorporated, such as recreational sports teams. Third, local governments are inextricably tied to place. Unlike the people and the organizations located there, a local government does not have the choice of seeking greener pastures elsewhere if things turn sour.

A second purpose of local government is to **provide service** to its residents (now broadly understood) **as mandated** on behalf of the state and the federal government. Since the late 19th century, it has been a principle of law that local governments are creatures of the state and may do only what the state permits them to do. Beginning with the New Federalism of the Nixon Administration, local governments have received increasing demands to provide services mandated by the superior levels of government. Usually, the mandates come initially with some funding. Often those funds are subsequently reduced as the state and federal governments discover other issues for which revenues are needed (often, new mandates for local governments).

A third purpose of local government is to **foster democracy** — as Lincoln put it, “government of the people, by the people, and for the people.” This is also often referred to as “political power.” While it is perhaps an act of faith that one’s vote is important among the 120 million cast for President or 2.5 million cast for governor, the connection in local elections is much clearer. Further, most candidates for state and national office first learned their skills in local races and local service. And while few of us will have the opportunity to address the Congress or even the Legislature, the local city council or county commission or school board are much more approachable. Local governments are also central elements for building the capacity for democratic deliberation and action (Hale, 1984, pp. 219-223). As Dennis Gale (2006) points out,

“The appeal of numerous, small government units is that their leaders are more accessible to voters and their official proceedings are more difficult to camouflage from public scrutiny. Citizens find public meetings smaller and less intimidating

and public officials easier to approach. In short, many people find small governments to be more responsive. And, it takes a smaller number of voters to influence official decisions” (p. 68).

In fairness, he also points out that “balkanization has also permitted local governments to shield more of their local revenues, preventing state governments from redistributing resources in order to serve statewide social and environmental purposes more equitably” (p. 69).

A fourth purpose of local government is to recognize and reinforce the social networks that we share — to **foster community**. As Norton Long (1958) put it years ago, a city is an “ecology of games.” This is perhaps the least rational, but often most compelling, foundation on which local government rests. In the 1960s, when the idea of the Metropolitan Council was being developed, some (fool)hardy souls floated the idea of consolidating Minneapolis and St. Paul into a single city. Every 20 years or so a similar proposal surfaces for Mankato/North Mankato. These ideas founder because they ignore local identities. It would be less expensive and much more efficient if we all dressed the same (think school uniforms or military uniforms), but we prefer to “express our individuality.” A feeling of identity and social connection is not a trivial issue. If local government is at the center of democratic capacity, social connection is the foundation on which it is built. The research on civic engagement points to tolerance — the ability to grant the other a different position than one’s own — as central to a successful civil society (Bierman, 1973; Carter, 1998).

How Much Is Enough?

So, to return to the original question, how much is enough? Is there any empirical evidence for a “best size” for local government?

There will not be a single answer, since the four purposes pull in different directions. Political participation is fostered by the smallest feasible size, social cohesion by groups that are small enough for familiarity but large enough to embody diversity, local service delivery by a grouping that is large enough to achieve economies of scale (but not so large as to spawn excess management and logistical costs), while mandated service delivery is most efficient at very large sizes (because reporting and auditing costs for the superior unit increase with the number of units reporting).

Since the “precipitating crisis” is usually fiscal (“We can’t afford all this!”), it would seem logical to argue for larger size. But that

solution can be counterproductive in the long run. While economic efficiency is often the slogan, the battle is in the end political (a democratic government tends to do whatever the people decide they want to do). As long as there is money to do *something*, then the decision about *what* to do becomes political. The political will to provide the various services of government, in turn, depends on the political skill of the electorate and the civility of its people. At least, that is the theory. What is the evidence?

One approach would compare Minnesota to the other states. Minnesota has 87 counties, 845 municipalities, 345 school districts, and almost 2,000 townships. How does that **compare to other states** when it comes to cities, counties, townships, and special districts?



Figure 1: *Counties and states in continental United States.*

Simply counting the number of local government units will not work — Wyoming (the state with the fewest people) and Rhode Island (the state with the smallest area) should have many fewer compared, say, to Texas (the largest state in the lower 48) or California (the most populous state). There is a wide range across the United States in the size of counties, for example (Figure 1). The larger counties tend to be west of the Mississippi, especially west of the Plains. Minnesota appears to fit somewhere in the middle.

Standardizing for population and area, Minnesota does in fact fall toward the middle of the pack of U.S. states (Table 1). Minnesota is 31st in population density (people per square mile), 30th in average

Table 1: Comparison of sub-state government units.

	Population Density (Population/mile)	Average County Size (Population/county)	Average County Area (miles/county)	Average City Size (Population/city)	Average City Area (miles/city)	Average Township Size (Population/township)	Average Township Area (miles/township)	Average School District Size (Population/school district)	Average School District Area (miles/school district)
US	80	93,010	1,251	14,524	195	17,098	230	20,894	281
Alabama	88	66,453	782	9,872	116	NA	NA	34,784	410
Alaska	1	52,292	55,272	4,211	4,451	NA	NA	NA	NA
Arizona	45	344,400	7,600	59,379	1,310	NA	NA	22,364	493
Arkansas	51	35,713	709	5,368	107	NA	NA	8,640	172
California	217	596,540	2,872	71,585	345	NA	NA	32,476	156
Colorado	42	69,789	1,679	16,026	386	NA	NA	23,774	572
Connecticut	703	NA	NA	113,742	185	22,901	37	200,721	326
Delaware	401	262,147	830	13,797	44	NA	NA	41,392	131
Florida	296	243,165	996	39,725	163	NA	NA	168,936	692
Georgia	141	52,757	381	15,499	112	NA	NA	45,723	330
Hawaii	189	404,042	3,644	1,212,125	10,931	NA	NA	NA	NA
Idaho	16	29,538	1,899	6,498	418	NA	NA	11,204	720
Illinois	223	121,958	568	9,636	45	8,693	40	13,319	62

Indiana	170	66,945	400	10,744	64	6,044	36	20,721	124
Iowa	52	29,580	568	3,089	59	NA	NA	7,587	146
Kansas	33	25,891	791	4,295	131	2,073	63	8,311	254
Kentucky	102	34,025	340	9,550	95	NA	NA	23,006	230
Louisiana	103	74,492	864	14,800	172	NA	NA	67,720	785
Maine	41	79,837	2,212	58,064	1,608	2,735	76	12,903	357
Maryland	542	230,937	539	33,831	79	NA	NA	NA	NA
Massachusetts	810	1,272,426	2,111	141,381	235	20,791	34	77,587	129
Michigan	175	119,953	1,165	18,679	181	8,016	78	17,166	167
Minnesota	62	56,710	999	5,777	102	2,752	48	14,301	252
Mississippi	61	34,741	591	9,624	164	NA	NA	17,370	295
Missouri	81	49,178	611	5,926	74	17,969	223	10,459	130
Montana	6	16,732	2,723	7,004	1,140	NA	NA	2,567	418
Nebraska	22	18,422	832	3,226	146	3,841	173	2,980	135
Nevada	18	126,138	6,910	106,222	5,819	NA	NA	118,718	6,504
New Hampshire	138	124,055	935	95,427	719	5,613	42	7,428	56
New Jersey	1134	401,605	415	26,030	27	34,850	36	15,362	16
New Mexico	15	55,198	3,685	18,035	1,204	NA	NA	18,974	1,267
New York	402	333,314	957	30,842	89	20,451	59	27,817	80

N. Carolina	165	80,784	538	14,932	99	NA	NA	NA	NA
N. Dakota	9	12,097	1,334	1,781	196	481	53	2,837	313
Ohio	277	129,134	509	12,063	48	8,688	34	17,037	67
Oklahoma	50	44,861	908	5,855	118	NA	NA	6,050	122
Oregon	36	95,308	2,733	14,296	410	NA	NA	14,538	417
Penn.	274	186,156	698	12,069	45	7,947	30	23,811	89
Rhode Island	1003	NA	NA	131,343	193	33,895	50	262,686	386
S. Carolina	133	87,469	696	14,957	119	NA	NA	47,336	377
S. Dakota	10	11,451	1,168	2,454	250	804	82	4,294	438
Tennessee	138	61,990	458	16,341	121	NA	NA	407,361	3,010
Texas	80	82,478	1,057	17,516	225	NA	NA	19,237	247
Utah	27	77,350	2,928	9,505	360	NA	NA	56,078	2,122
Vermont	66	43,567	687	12,977	205	2,574	41	2,155	34
Virginia	179	74,780	450	31,022	187	NA	NA	7,104,078	42,774
Washington	89	151,570	1,828	21,187	256	NA	NA	19,970	241
W. Virginia	75	32,863	441	7,724	104	NA	NA	32,863	441
Wisconsin	99	74,645	910	9,187	112	4,249	52	12,159	148
Wyoming	5	21,484	4,253	5,042	998	NA	NA	8,984	1,778

Source: US Census, 2000

population per county (two states have none), 34th in the number of school districts by population, and 16th among the 20 states that report townships. If anything, the state is over-represented in cities, placing 42nd in population per city. Similarly, Minnesota is 30th in the average size of its counties and school districts, 11th of 20 in the size of its townships and 47th in the size of its cities (so our townships are a little larger and our cities are a little smaller than our other rankings would predict).

Based on a simple standardized comparison with other states in the Union, the number and size of local governments in Minnesota appears to be in rough parity to the size of the state itself.

But perhaps comparison to other states is beside the point — excellence, after all, means “best in class,” not “in the middle of the pack.” Are there some **absolute standards** that could be used to determine the sufficiency of local government supply?

One of the common functions of counties is public health. The California Primary Care Association recommends that the “rational service area” for health care should not be greater than a 30-minute travel time (CPCA, 2005). Assuming travel by way of County State-Aid Highways, a 20-mile radius would meet this assumption, resulting in a maximum county size of approximately 1,250 square miles. This also happens to be close to the average size for counties in the United States (1,251 square miles). Minnesota’s average is 999 square miles; 69 counties are less than 90% of the theoretical target, while 16 exceed it by more than 10% (Table 2). Theoretically, the state could be reorganized into 70 counties, consolidating some and splitting others. While such a reformulation could result in improved geographic accessibility, it will not have a similar impact on population: The correlation between county area and county population size is practically zero (the smallest county, Ramsey, is one of the more populous in the state, but so is the largest, St. Louis).

There are performance outcomes other than geographic accessibility that might also be used to measure local government performance. Economic strength might be measured by average earnings (or, perhaps better, by change in average earnings). Social strength could be measured by average unemployment rate, poverty rate, infant mortality rate, graduation rates, crime rates, environmental pollution, or traffic safety (depending on what facet of social networks or social service delivery one is emphasizing). Fiscal efficiency could be measured by per-capita public debt and political involvement could be measured by percent voting. These are just a small sampling of the myriad measures that have been used in the past, but they are all measures readily available from the

Table 2: Minnesota counties ranked by area.

	Pop.	Area (sq. mi.)		Pop.	Area (sq. mi.)
St. Louis	200,528	6,860	Freeborn	32,584	723
Cook	5,168	3,340	Nobles	20,832	722
Koochiching	14,355	3,154	Faribault	16,181	722
Beltrami	39,650	3,056	Lyon	25,425	721
Lake	11,058	2,991	Douglas	32,821	720
Itasca	43,992	2,928	Murray	9,165	720
Cass	27,150	2,414	Jackson	11,268	719
Otter Tail	57,159	2,225	Pope	11,236	717
Polk	31,369	1,998	Wright	89,986	714
Aitkin	15,301	1,995	Mower	38,603	712
Marshall	10,155	1,813	Mille Lacs	22,330	682
Lake of the Woods	4,522	1,775	Olmsted	124,277	655
Roseau	16,338	1,678	Cottonwood	12,167	649
Becker	30,000	1,445	Meeker	22,644	645
Pine	26,530	1,435	Winona	49,985	642
Stearns	133,166	1,390	Brown	26,911	619
Crow Wing	55,099	1,157	Pennington	13,584	618
Morrison	31,712	1,153	Hennepin	1,116,200	606
Kittson	5,285	1,104	Sibley	15,356	600
Clay	51,229	1,053	Chippewa	13,088	588
Clearwater	8,423	1,030	Dakota	355,904	586
Hubbard	18,376	999	Traverse	4,134	586
Renville	17,154	987	Mahnomen	5,190	583
Todd	24,426	979	Stevens	10,053	575
Redwood	16,815	881	Grant	6,289	575
Norman	7,442	877	Houston	19,718	569
Carlton	31,671	875	Wabasha	21,610	550
Fillmore	21,122	862	Lincoln	6,429	548
Kandiyohi	41,203	862	Wadena	13,713	543
Goodhue	44,127	780	Kanabec	14,996	533
Lac qui Parle	8,067	778	Big Stone	5,820	528
Blue Earth	55,941	766	Rice	56,665	516
Yellow Medicine	11,080	763	McLeod	34,898	506
Swift	11,956	752	Rock	9,721	483
Wilkin	7,138	752	Le Sueur	25,426	474
Martin	21,802	730	Nicollet	29,771	467
			Pipestone	9,895	466

Isanti	31,287	452
Sherburne	64,417	451
Anoka	298,084	446
Chisago	41,101	442
Watonwan	11,876	440
Dodge	17,731	440
Waseca	19,526	433
Red Lake	4,299	433
Steele	33,680	432
Washington	201,130	423
Benton	34,226	413
Carver	70,205	376
Scott	89,498	369
Ramsey	511,035	170
Correlation	-0.02	

Source: U.S. Census, 2000

U.S. Census Bureau.

Comparing states on these performance measures (Table 3), Minnesota (which is in the middle of the pack in size and area of local government units) is highest in voting, third highest in high school graduation and third lowest in unemployment, fourth lowest in poverty, eighth lowest in infant mortality, 11th lowest in violent crime, 12th highest in change in earnings, and 17th lowest in toxic chemical releases. The only measure in which it does not outperform the majority of states is public local debt, where it is fourth highest. Granted, a more

detailed (county-by-county) analysis might reveal relationships that were obscured by using state averages. And a case can certainly be made for using other, or more sophisticated, performance measures (toxic chemical spills, for example, might be standardized by the level of manufacturing to present a more fair comparison). But at least initially, it appears that Minnesota’s relatively smaller, less populous local governments are performing quite well.

In fact, these data raise the question whether there is any relationship between size (whether in population or area) and performance. Table 4 summarizes the correlations between local government size (population and area, by state) and state performance on key outcomes. The results are not particularly impressive. Out of 80 possible relationships, 17 (less than 20%) showed a correlation of .30 or higher (the strength of a correlation is measured by the square of its value, so a correlation of .30 would explain slightly less than 10% of the variance in performance). School district size had no significant relationship to any of the performance outcomes, and the only relationship for cities was that states with smaller cities tended to have lower unemployment rates. States with townships of fewer people generally performed better (less crime, higher voting rates, higher graduation rates, lower unemployment), although they also had more highway deaths. States with spatially larger townships tended to have fewer highway deaths. On the

Table 3: Performance outcomes of local government.

	Infant Mortality, 1998	Violent Crime Rate, 1999	Toxic Chemical Release, 1999	Percent Voting, 1998	Motor Vehicle Deaths per vehicle mile	Per capita debt, local govt.	High School Grad or more	Poverty Rate	Unemployment Rate	Change in average earnings
US	7.2	524.7	2,488,406,889	33.2	1.6	2,619	83.4	11.8	4.2	4.3
Alabama	10.2	490.2	89,519,922	37.4	2	1,751	81.1	15.1	4.8	3.8
Alaska	5.9	631.5	1,948,559	54.1	1.6	6,375	92.8	7.6	6.4	0.6
Arizona	7.5	551.2	54,346,031	29.9	2.2	3,577	83.1	12	4.4	4.1
Arkansas	8.9	425.2	50,743,995	28.3	2.2	1,263	78.9	14.7	4.5	3.9
California	5.8	627.2	43,688,750	33.7	1.1	2,972	80.4	13.8	5.2	6.3
Colorado	6.7	340.5	5,473,006	43.1	1.4	4,178	90.4	8.3	2.9	6
Connecticut	7	345.6	7,604,324	39.1	1.1	1,216	83.7	7.1	3.2	4.3
Delaware	9.6	734	5,503,568	32.5	1.4	1,628	84.5	10.4	3.5	3.3
Florida	7.2	854	78,499,582	10.8	2	3,461	82.7	12.4	3.9	2.6
Georgia	8.5	534	64,867,232	29.2	1.7	2,385	80.7	12.9	4	4.8
Hawaii	6.9	235	435,831	46.5	1.5	1,687	88	10.9	5.6	2.5
Idaho	7.2	244.9	22,750,923	43	2	722	84.8	13.9	5.2	4.7
Illinois	8.4	732.5	116,483,095	37.1	1.4	2,277	85.4	9.9	4.3	4.5
Indiana	7.6	374.6	120,941,009	36	1.4	1,368	82.9	6.7	3	3.2
Iowa	6.6	280	40,100,994	42.8	1.6	1,851	89.7	7.5	2.5	3.5
Kansas	7	382.8	29,137,835	38.9	1.8	2,644	87.6	12.2	3	4.4

Kentucky	7.5	300.6	41,033,286	37.2	1.9	3,181	78.2	12.1	4.5	3.9
Louisiana	9.1	732.7	175,603,883	10	2	2,032	78.3	19.2	5.1	1.2
Maine	6.3	112.2	9,636,269	44.2	1.4	1,273	88.9	10.6	4.1	3.9
Maryland	8.6	743.4	13,251,453	38.4	1.3	2,382	84.7	7.3	3.5	3.5
Mass.	5.1	551	7,278,796	37.9	0.8	1,730	85.1	11.7	3.2	6.8
Michigan	8.2	574.9	83,648,982	41.3	1.5	1,818	85.5	9.7	3.8	3.4
Minnesota	5.9	274	19,870,654	59.2	1.3	3,732	91.1	7.2	2.8	4.4
Mississippi	10.1	349.3	60,520,702	27.9	2.9	1,373	78	16.1	5.1	2.4
Missouri	7.7	500.2	57,045,614	39.6	1.8	1,223	85	11.6	3.4	3.6
Montana	7.4	206.5	51,377,382	50.7	2.5	831	88.8	15.6	5.2	2.7
Nebraska	7.3	430.2	16,186,981	44.1	1.8	2,871	89.3	10.9	2.9	4.3
Nevada	7	570	4,204,845	31.6	2.2	3,545	86.4	11.3	4.4	3.3
New Hamp.	4.4	96.5	2,970,927	36.4	1.1	1,019	86.5	7.7	2.7	3.9
New Jersey	6.4	411.9	19,959,412	30	1.2	1,939	87.4	7.8	4.6	(NA)
New Mex.	7.2	834.5	24,827,806	39.7	1.9	1,841	80.9	20.7	5.6	2.2
New York	6.3	588.8	35,489,850	31.8	1.1	4,061	81.9	14.1	5.2	3.6
N. Carolina	9.3	542.1	76,800,683	34.4	1.9	2,427	79.8	13.5	3.2	4.5
N. Dakota	8.6	66.9	2,449,976	46.3	1.3	1,514	84.9	13	3.4	3.3
Ohio	8	316.4	153,558,752	40.8	1.3	1,442	86.1	12	4.3	3.3
Oklahoma	8.5	508.2	24,397,829	35.4	1.8	1,561	83.5	12.7	3.4	2.5

Oregon	5.4	374.9	33,180,800	44.1	1.6	1,889	86.2	12.6	5.7	4.5
Penn.	7.1	420.5	145,737,350	32.4	1.5	3,199	86.1	9.4	4.4	3.5
Rhode I.	7	286.6	1,751,380	40.4	1	801	80.9	9.9	4.1	3.4
S. Carolina	9.6	847.1	59,695,616	34.6	2.4	1,932	78.6	11.7	4.5	3.7
S. Dakota	9.1	167.4	3,251,231	48.9	2	970	88.7	7.7	2.9	4.5
Tennessee	8.2	694.9	94,907,549	22.4	2	3,487	79.1	11.9	4	3.7
Texas	6.4	560.3	262,681,842	24.6	1.7	2,979	78.2	15	4.6	4.4
Utah	5.6	275.5	106,252,499	33.4	1.7	4,432	91	5.7	3.7	3.8
Vermont	7	113.8	417,357	48.5	1.6	897	89.3	9.7	3	3.7
Virginia	7.7	314.7	56,848,332	23.1	1.3	2,024	87.3	7.9	2.8	5.2
Washington	5.7	377.3	32,108,843	44.5	1.3	4,526	91.2	9.5	4.7	8
W. Virginia	8	350.6	26,185,485	25.1	1.9	2,146	75.1	15.7	6.6	2.9
Wisconsin	7.2	245.9	43,780,692	44.2	1.3	2,001	86.8	8.6	3	3.7
Wyoming	7.2	232.3	9,437,664	50.4	2	2,259	90.7	11.6	4.9	3.7

Source: US Census Statistical Abstracts, 2000.

Relation	County Size	County Area	City Size	City Area	Township Size	Township Area	School Size	School Area
Infant mortality	-0.34	-0.22	-0.14	-0.18	-0.26	0.22	0.04	0.03
Crime	0.24	0.13	-0.13	-0.07	0.38	0.16	-0.06	-0.05
Taxes	-0.13	-0.18	-0.18	-0.25	-0.13	-0.13	0.02	0.00
Voting*	-0.12	0.28	0.11	0.21	-0.54	0.14	-0.24	-0.23
Vehicle Deaths	-0.47	0.01	-0.14	0.07	-0.55	0.58	-0.13	-0.07
Debt	0.05	0.54	-0.10	0.15	-0.09	-0.01	-0.02	0.03
High School Graduation*	-0.03	0.30	0.09	0.25	-0.57	0.14	0.07	0.10
Poverty	-0.03	-0.15	-0.05	-0.03	0.00	0.26	-0.17	-0.16
Unemployment	0.03	0.37	0.19	0.34	0.50	-0.19	-0.20	-0.17
Average Pay*	0.37	-0.37	-0.10	-0.29	0.13	-0.07	0.16	0.14

* Higher, rather than lower, values preferred; correlation direction reversed.

Table 4: Correlations between size, area, and performance.

other hand, states with more people per county tend to have lower infant mortality, fewer highway deaths, and higher average pay, while spatially smaller counties tend to have lower debt, lower unemployment, and also have higher average pay (they also tend to have lower graduation rates). In other words, even the few performance outcomes that are significantly related to size of local government tend to point in different directions.

Researchers have attempted to provide a more detailed, nuanced analysis of the impact of local government size through **case studies** of city/county consolidations. Parks & Oakerson (1993) studied local government fragmentation in St. Louis City/County (MO) and Allegheny County/Pittsburgh area (PA). They found that a large number of local governments does not necessarily translate to ineffective organization and poor performance. Counties can, in fact, serve as an institutional frame within which integrating structures can be built among local units of government. Blomquist & Parks (1995) examined in detail the impacts of the formation of Indianapolis/Marion County Unigov in 1969. They found that consolidation stabilized political leadership by reinforcing single-party leadership, that it shifted public funding toward private

subsidies, and shifted a greater share of its expenditures to state and federal funding. They found little evidence that it reduced the number of service-providing units, or improved central-city residents' satisfaction with local public services, or that it redistributed the financial base for local services. Savitch & Vogel (2004), in their study of recently consolidated Louisville/Jefferson County (KY), found that service disparities actually increased and few managerial efficiencies were obtained, but political power *was* redistributed (to the suburbs, away from the working-class and more ethnically diverse core city).

To sum it up, a review of the research on city/county consolidation commissioned by the National Research Council concluded that "(t)here 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" (Altshuler *et alii*, 1999, p. 106).

Can We Afford Them All?

Our system of local government can trace its roots back more than a millennium, to the medieval system (a "county" was the domain of a Count; cities can be traced to the walled forts, and towns to the village and its surrounding farmland). In Minnesota, this system (except for the formation of the Metropolitan Council and the Regional Development Commissions in the 1970s) has remained basically the same since statehood. But can a system that was designed for the horse-and-buggy still carry its weight in the 21st century?

Mulder (2006) recently questioned in this journal the long-term sustainability of county government as we know it today. "Massive reduction" in state aid, cost shifting from state and federal government to local levels, state-mandated levy limits on local taxation, and growing demands for new services (Homeland Security and disaster preparedness, community wireless initiatives, watershed management and clean water protection, to name a few) are all requiring that counties change the way they do business.

Geller (2007), pointing to small rural towns' loss of main street businesses and local industries and the closure of local schools, considers whether rural towns are "functionally dead." In response he argues that rural communities should be re-imagined as "spatially separated neighborhoods" — not necessarily free-standing, self-sufficient entities but part of a self-sustaining regional entity. In this sense, local cities (and even counties) are not in competition with each other for economic development activities, but all share in

the common wealth that is created. This can be a useful metaphor, although in some crucial respects it may be lacking. For example, neighborhoods in a city share a common tax base so funding for residential neighborhoods can be supplemented with funds collected from other neighborhoods. While voluntary tax-base sharing in the Twin Cities (the “Minnesota Miracle” of the 1970s) worked (at least for a while), it is a very difficult consensus to achieve and maintain.

There are a number of trends that are changing the environment in which local governments have to operate:

- **The Price of Government:** As already noted by Mulder, the way local governments obtain and direct resources is changing. In the recent past, as much as 25% of local government funding came from transfers and grants from state and federal government (Levy, 2000), but that arrangement is unraveling as the superior units of government look for ways to continue to offer their services without raising taxes. In addition, voters appear to be increasingly resistant to property and income taxes, apparently preferring fees and other forms of user charges.

This approach is the logical culmination of the “Reagan revolution,” which asked whether you (individually) were better off today than yesterday, and declared that “government is the problem, not the solution.” In this rise of neo-classical economic theory, one is urged not to seek the common good or common solutions but rather to seek one’s own good in the faith that the common good will follow from those individual decisions. Fees maintain the nexus between funds paid and benefits received, while taxes permit policy makers to break that link and redistribute benefits to citizens who have not paid (or not paid full value) for them.

In addition to shifting *how* local government is funded, there are recurring demands to operate local government more efficiently, “like a business” (this issue has a long history, going back at least to the Progressive Era in the early 20th Century; see Levy, 2000). But while mass production enabled the incredible productivity gains of the Industrial Era, often there are no clear economies of scale in service industry. One often trades responsiveness for price, and as many retailers are discovering, service can trump price. In addition, even where there are some efficiencies due to size, they carry with them span of control issues. Depending

on the size of the forces being combined, combining police services for several cities may not produce much in the way of savings as more lieutenants and mid-level officers have to be hired to provide the supervision formerly provided by the several police chiefs.

- **Environmental degradation:** While environmental issues tend to involve entire airsheds or watersheds, the solutions are often found at a local level. Especially at the county level, local governments are finding themselves playing new roles in environmental regulation and monitoring.
- **Transportation:** Transportation is becoming a subset of environmental planning as a number of environmental problems (like air quality, but also land use) are being tied to the way we choose to move ourselves and goods. It is difficult to lower one's carbon footprint if one has only one choice for transportation. In rural areas, the solution to the transportation puzzle is more difficult because so few of the solutions are purely local.
- **Affordable Health Care/Mental Health Care:** The cost of and access to provision for health care continues to confound some of the best minds in business and industry and the government sector. While health care is a significant problem and has a significant impact on rural areas, the solution will probably be developed at the state or federal level.
- **Crime (Gangs & Drug Abuse):** In recent years, there have been a number of stories about rural methamphetamine production and use and the spread of urban gangs into outlying rural cities. While these are perceived as real issues, local communities already collaborate extensively on these issues.
- **Elderly:** The demographics are clear. Rural Minnesota is growing older (Gillaspy, 2006). The elderly bring with them demands for different types and levels of services than heretofore, and they will relocate to communities that can provide those services, further exacerbating the dislocation in rural areas.

- **Employment:** Globalization is changing the face of employment, although its impact on rural Minnesota is not yet clear. Some rural areas around the country have taken advantage of the Internet to become virtual backshops for businesses that have their headquarters in metropolitan areas. On the other hand, corporate buyouts and mergers can have a much greater impact in rural communities, as the few locally developed businesses are merged into larger corporations and the local community is stripped of its few upper-management jobs.

So ... What?

As Sancho Panza says in *Don Quixote*, "Whether the pitcher hits the stone or the stone hits the pitcher, it's going to be hard on the pitcher." Even if we are not oversupplied with local governments, how are they to respond to the challenges globalization is ushering in?

Bollens & Schmandt (1975) point out that there are significant barriers to intergovernmental coordination and reform (whatever form it takes). Most Americans share an underlying cultural aversion to "big government." And our constitutional tradition and legal system give a certain priority to the Jeffersonian tradition of grassroot involvement and the Jacksonian tradition of local self-rule. Further, our political system gives significant weight to the status quo through the advantages of incumbency and its access to the mass electorate.

On the other hand, change does happen. Generally, they found that the push for change tends to be initiated by civic and business organizations, the press, or local officials. The arguments for it are usually based on issues of efficiency, economy, and improved economic base, and are aimed at resolving overlapping jurisdictions, government fragmentation, confusion of responsibility, outmoded administrative structure, and uncoordinated growth (Bollens & Schmandt, 1975, p. 322). The opposition is usually based on arguments of higher taxes and loss of grass-roots government. In most cases, the reformers are at a disadvantage. Generally, 80% of the citizenry at any time are satisfied with current services, and neither the problems nor the possible remedies are easily articulated in simple and readily understandable terms. At the outset, voters tend to be ignorant about the issues and apathetic in their response. On the other hand, ignorance is manipulable and can go either way (if voters are apathetic because they do not understand the significance of an issue, an education campaign can readily turn them around).

If voters are dissatisfied with the level or type of service they are receiving, it significantly increases the odds of a successful campaign for change. Successful reform campaigns, they find, need an “accelerator,” a dramatic event of some sort that can highlight the problem and focus voters’ discontent. It may well be that any one (or some combination of several) of the trends listed above will yet serve as an accelerator for reforming local government in rural Minnesota.

There is, however, more than one way that reform might be pursued. Bollens and Schmandt (1975) list three strategies by which communities can respond to changes in the environment:

- **Consolidation:** Create one from many, through annexation or consolidation or merger. This is what is done when cities deal with the problem of sprawl by annexing the surrounding townships. It is the proposal that reappears from time to time for merging neighboring counties into larger units.
- **Federated Approach:** In this approach, some independence is retained for the prior units, while some functions are consolidated into a larger body. This is the model used for the Metropolitan Council and for the Comprehensive County Planning Statute. It is the model that created Miami/Dade County and Toronto Megacity.
- **Cooperation:** The least restrictive, this is also the most commonly used response. Almost every local government has at least some cooperative agreements with other local units (for police and fire protection, sometimes for shared use of equipment, etc.) This is the model behind the Councils of Government and Joint Powers agreements. In a sense, this model could also include privatization (Deller, 1998), where the partner is not another unit of government but is instead a private (nonprofit or proprietary) organization.

Note, then, that for Bollens & Schmandt it is not a question of whether or not consolidation is required; the question is which of a number of possible strategies is best suited to respond to the specific changes that a community is facing. The question is not “Do we have too many units of government?” Rather, the real question is, “How are we using the units of government that we have? Are there better ways for those units to achieve our goals?”

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