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PENNSYLVANIA STATE ASSOCIATION OF TOWNSHIP SUPERVISORS

Op-Ed

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Special Interests Misdiagnose Pa.'s Local Governance System

*By John Haiko, Chairman, Executive Board of the
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A number of special interests, along with elements of the public policy community in Harrisburg, continue to misdiagnose governance in Pennsylvania. Over and over, we hear whining about how Pennsylvania has too many local governments and how, if only we could reduce the number, prosperity not seen since the 19th century would return to the commonwealth.

Reports are published decrying the sad state of fiscal affairs among the state's smallest jurisdictions. Act 47 distress or worse is predicted. Yet, in the 20-year history of the Act 47 program (Financially Distressed Municipalities Act), not even 1 percent of the state's municipalities have been forced to seek that protection. And those that have are mostly concentrated in the western area of the state, which has suffered more economic distress than any major metropolitan area in the nation. None of the distress in the state's smaller jurisdictions, we should add, had anything to do with governance. Even so, only a miniscule minority of the state's small municipalities has fallen into distress.

Meanwhile, the area's model for a large municipality – and the only jurisdiction with more than 100,000 residents – the city of Pittsburgh was forced into Act 47 distress. The proximate cause of this distress was not a lack of funding – its tax collections are well above average. The cause, rather, was spending that was beyond the reasonable control of city officials who could not stand up sufficiently to

the special interests that had worked so hard to encumber the city and its taxpayers with bills they could not pay.

At the same time, the only city in the state larger than Pittsburgh – Philadelphia – also experienced serious enough budgetary difficulties in the early 1990s to bring the city to the brink of bankruptcy. It took resolute action by the mayor – and now governor – Ed Rendell to dig the city out of its hole. Rendell knew that the problem was internal and never suggested passing on the ills of Philadelphia to its lower-spending neighbors through government mergers.

Financial distress has been the rule among Pennsylvania's largest cities. It has been the exception, however, among its smaller cities, boroughs and townships. Yet there are those who would create more Pittsburghs, with their inclination toward financial distress, and destroy the smaller jurisdictions that have been so successful in keeping taxing and spending under control.

The problem is a divergence between theory and reality. On one hand, the "Bigger is Better" advocates hold that merging governments will improve government efficiency and reduce spending, but the reality is far more complex. Differing labor contracts and public service have to be harmonized. History shows that "highest and worst" – the highest costs and the worst productivity – are the inevitable result. The Toronto City Summit Alliance bemoaned this reality of additional costs created by the consolidation of six municipalities into the city of Toronto.

Pennsylvania's smaller municipal governments produce services that are repeatedly rated high by residents in survey after survey. The services of smaller jurisdictions are considerably less costly than those produced by their larger counterparts. It simply cannot be, as the critics claim, that the smaller suburban municipalities keep the larger central cities from being able to raise sufficient revenue. The larger cities collect more revenue per capita than the smaller jurisdictions. Jurisdictions of above 50,000 population collect two-thirds more in local taxes per capita than the state average, and yet they receive more in federal and state revenue than the state's smaller jurisdictions.

Pennsylvania's smaller local government units are a principal reason why the state has a lower per capita tax burden than the average for a large state. The key is strong local democracy, which is made possible by the fact that municipal elected officials and employees are much closer to the people. A

township board of supervisors with 500, 2,500, or even 5,000 residents per member is simply able to deal more effectively with citizen concerns than a city council with up to 75,000 residents per member. At the same time, financing the more expensive political campaigns that must be waged in larger jurisdictions means that special interests receive a disproportionate share of attention and gain.

A sure way to make Pennsylvania less competitive is to create and spread larger, more financially distress-prone governments around the landscape of the state. A better way is to continue to rely on what works: local democracy that is close to the people, providing quality services at reasonable tax rates. In fact, the appeal of Pennsylvania's traditional system of smaller governments closer to the people is why virtually all of Pennsylvania's growth is in such communities and why they are crucial to the future of this commonwealth.

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