

Tiny Towns May Be an Endangered Species

Several states facing budget shortfalls are offering incentives for townships to share services or even merge

By [Mark Niquette](#)

There are no road signs in this area of western Pennsylvania betraying the presence of Green Hills, a square-mile borough with a population of 29. Green Hills was incorporated in 1978 for the sole purpose of securing a state liquor license for the Lone Pine Country Club—because the golf club was located in a "dry" township. Mayor Terry D. George draws no salary and presides over an annual budget of about \$10,000. When asked what compelled him to seek office, the 63-year-old golf pro answers: "Someone has to do it."

Politicians in several states say the existence of hamlets such as Green Hills can no longer be justified with budget shortfalls nationwide that could total \$112 billion in the coming fiscal year. Pennsylvania, Ohio, New Jersey, and Michigan, among others, are pushing school districts and local governments to share more services and to consolidate for the sake of efficiency and cost. "People are saying, 'Come on, we know why you would want to keep it this way, but we just can't continue to afford it,'" says Scott D. Pattison, executive director of the National Association of State Budget Officers in Washington.

In Pennsylvania, Democratic State Representative Thomas R. Caltagirone introduced a bill last year that would require consolidation among the commonwealth's 2,652 boroughs. Approximately one-third of these self-governing townships have 1,000 or fewer residents, according to the Pennsylvania Community and Economic Development Dept. The legislation wasn't adopted, Caltagirone says, because getting residents and elected officials to surrender control isn't easy. "A lot of them know in their hearts it's the right thing to do, but politically they're afraid to touch it," says Caltagirone of his fellow lawmakers.

To overcome resistance, Ohio Governor John R. Kasich, a Republican, has floated the idea of a bipartisan panel, similar to the federal Base Closure and Realignment Commission, to analyze consolidations and document the benefits. "If you can't show that there's something to be gained, you're not going to get it done," says Kasich. The Buckeye State has nearly 3,700 local government entities—including villages of as few as 27 people, according to the U.S. Census Bureau. That's a legacy of the 19th century, when the boundaries of counties and townships were established so someone could make a round-trip to the county seat by horse and buggy in one day.

Indiana Governor Mitch Daniels, also a Republican, has proposed eliminating the state's 1,008 township governments, calling them "venerable but obsolete" in his Jan. 11 State of the State address. Cutting their three-member elected boards alone would save about \$2 million a year in salaries and other costs, according to the Indiana Office of Management and Budget. The state legislature has so far declined to go along.

Some small towns already share many functions, such as fire protection and water treatment, so the notion that consolidation will deliver significant savings is a myth, says Matthew DeTemple, director of the Ohio Township Assn. "Counting up the number of local governments is a canard, a red herring that doesn't tell you anything." Gene Krebs, a former Ohio representative and county commissioner who is now senior director of government affairs and policy for Greater Ohio Policy Center, a Columbus-based nonprofit, counters that the state is "wildly overgoverned." Says Krebs: "Whenever people say, 'Well, we share services,' I go, 'Yeah, you share services the way my diet works: It works really good until I see chocolate cake.'"

In New Jersey, Governor Chris Christie is using financial pressure to nudge governments together. He has said he hopes his 2 percent cap on annual property-tax increases will force some of the state's 566 municipalities to consider mergers by restricting their ability to boost revenues. A citizen commission is studying a consolidation of Princeton Borough, which had 13,381 residents, with surrounding Princeton Township, population 17,404. Voters rejected three previous efforts. The Princetons had combined budgets of \$60.7 million last year and might save \$3.3 million by joining forces, according to a report by the Center for Governmental Research, a Rochester (N.Y.) nonprofit that is a consultant on the project. That includes \$2.1 million from combining their police departments.

Pennsylvania Governor Tom Corbett and New Jersey's Christie say they don't want to force mergers, preferring to leave the decision to local officials and residents. Jodie Main, a 30-year-old mother of two who with her husband moved to Green Hills in 2003 because she has relatives in the area, is not troubled by the idea that her town might one day cease to exist. "As far as fighting to keep a borough, that's not a large factor to me," she says.

The bottom line: Several states facing budget shortfalls are offering incentives for townships to merge. Some residents are resistant.

With Stacie Servetah and Terrence Dopp. [Niquette](#) is a reporter for Bloomberg News.



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