A 10-Year Perspective of the Merger of Louisville and Jefferson County, KY: Louisville Metro Vaults From 65th to 18th Largest City in the Nation

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Over the past 50 years, the idea of merging a city with its neighboring or surrounding county has been contemplated in many American cities, voted upon in a few, and enacted in even fewer. The most prominent American mergers have been Jacksonville, FL; Indianapolis, IN; Nashville, TN; and Lexington, KY. Other cities—including Pittsburgh, PA and Memphis, TN—have attempted mergers, but failed at various stages in the process. City/county consolidation has been a controversial topic, with advocates and opponents pointing to different metrics that support their expectations for the consequences of a merger. Louisville, KY, which merged with Jefferson County on January 1st, 2003, is the most recent example of a city/county consolidation executed by a major American city. This report examines how Louisville Metro has performed over the past decade since the merger took effect by analyzing the city’s economy, population, government spending and efficiency, and public opinion about the merger.

In the late 1990s, business and political leaders came together in an attempt to address some of the issues facing the Louisville region, including a long declining population and tax-base, escalating government spending, and multiple economic development organizations fighting to recruit the same businesses (often to the detriment of the greater Louisville region at-large). These leaders determined that a merger of the Louisville and Jefferson County governments was in the best interests of the region, despite the contentious nature of merger debates. Proponents, after jumping through legal hoops in the state capital, managed to get a referendum scheduled for November 2000. A heated debate ensued, with opponents’ arguments that included fears of rising taxes, an unwieldy bureaucracy, and a loss of political strength for African-Americans. In the end, the proponents’ arguments that a merger would increase government efficiency, help spur economic development, and create psychological benefits based on being a larger city (particularly when reminded that the merged Lexington-Fayette Urban County, KY, had surpassed Louisville in the 2000 census as the largest city in the state), persuaded voters to support merging the city and county by more than 24,000 votes, 54 percent in favor and 46 percent opposed.

In the decade since the merger took effect, Louisville Metro has seen mixed results. The population has increased beyond the combined populations of the two former jurisdictions, though the bulk of the growth has occurred outside the old city limits. Employment is down slightly, though most of the jobs lost have been in manufacturing while the jobs that replaced them have been in professional and information sectors. The cost of government has not increased and fewer employees have been able to maintain services, and the bureaucracy is easier to navigate. And most importantly, a new sense of possibility has developed in the city, as residents and business leaders look toward a brighter future.

Background on Louisville and Jefferson County

Prior to the merger, Louisville, with 256,231 residents and located in the northern portion of Jefferson County, KY, was the 65th largest city in the United States. The city had been the largest in the state until the 2000 census, when a consolidated Lexington-Fayette Urban County surpassed it by more than 4,000 residents. Since the merger, the city, now officially named Louisville-Jefferson County Metro Government (“Louisville Metro”), has regained the position as the largest city in Kentucky, the 18th largest city in the country, and the principal city of the 43rd largest metropolitan statistical area (MSA).1 The Louisville MSA encompasses 13 counties

1 National ranking uses the population of Jefferson County as the true population of Louisville Metro; U.S. Census Bureau; Census 2010; using American FactFinder; [http://factfinder2.census.gov](http://factfinder2.census.gov).
in Kentucky and Indiana. It is home to three Fortune 500 companies (Humana, Yum! Brands, and Kindred Healthcare) and the operations headquarters of UPS Airlines.

Louisville’s location along the Ohio River, on the Kentucky/Indiana border, in the center of the eastern portion of the United States, contributed heavily to its role as a major manufacturing base throughout much of the 20th century. It has been a classic case of a city that grew and peaked along with the nation’s 20th century industrial power. Population growth was substantial in the 1930s through the 1950s, peaking in 1960 at 390,639. However, the city’s population steadily declined from the 1960s to the 2000s, as residents moved to the suburbs or left the metro area entirely. The city’s tax base shrunk as the population declined by more than a third over this period, challenging the city budgets to continue providing the services residents expected.

During this same time, a racial divide between Louisville and Jefferson County also grew more pronounced. By the 1960s, the white population began a steady decline. White flight peaked during the 1970s with more than 60,000 white residents moving out of Louisville. Over the same period, the total African-American population of the city remained relatively stable. These demographic changes resulted in a starkly different racial composition of the city, with the African-American population comprising 33 percent of Louisville by 2000, up from 18 percent in 1960, altering the socio-economic and political makeup of the city.

Before the merger, Jefferson County included 93 incorporated cities, including Louisville, each with its own local government, but within the jurisdiction of the county government. After the merger and additional consolidations, 83 cities remain within Louisville Metro, each relying on Louisville Metro for certain services previously provided by the county and voting in Louisville Metro elections for city council and mayor. Before the merger, the county was run by an elected judge-executive and a three-member legislative body known as the Fiscal Court. Louisville was run by a mayor and a 12-member Board of Aldermen. Residents in Louisville voted and paid taxes in both Louisville and Jefferson County, and each provided different services to residents. The overlapping governmental jurisdictions, and the duplicative services that existed, proved to be a significant argument touted in favor of a merger.

**Joint Agencies Prior to the Merger**

Prior to the merger, the city and county maintained multiple joint agencies. Most significant among them was the Jefferson County School District, which still runs the public school system for Louisville Metro. In 1975, the Jefferson County and Louisville school districts were merged by court order. The impetus for this decision was a lawsuit filed in 1971 regarding continued segregation in the schools. At that time the Louisville district’s school population was heavily African-American, while the Jefferson County district’s was primarily white. In order to address integration in the schools, a busing program was established. The introduction of busing in 1975 led to violent clashes and protests by whites, including a boycott by more than 50 percent of white students at the start of the 1975 school year and a walk-out of 38 percent of Ford Motor Company workers, temporarily closing the factory. As a result of busing, white

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2 U.S. Census Bureau; Census 2010; using American FactFinder; [http://factfinder2.census.gov](http://factfinder2.census.gov).
enrollment in the school district declined by more than 20 percent at the end of the 1970s. The county continued busing until 1992 and the court order was officially revoked in 2000.\footnote{6}

By the late 1990s, residents of the city and county had grown accustomed to the merged school district and the fact that it was already a single entity was likely a crucial element in the successful merger vote in 2000. The potential merger of county and city school districts has been a major point of contention for other potential city/county consolidation cases. However, because the continuity of the Jefferson County school district was not in question, education was not a focus for either advocates or opponents of the merger.

In addition to the school district, multiple other departments functioned as joint agencies, working across the city/county boundary. These included parks and recreation, the library system, business services and purchasing, and Louisville/Jefferson County Redevelopment Authority. Each of these agencies, operated by the City of Louisville, was partially funded by Jefferson County. Planning and zoning functions were also a joint operation housed under the Jefferson County government since 1943.\footnote{7} Other smaller programs vital to both the city and county operated jointly as well. These joint agencies and the merged school district created a precedent for a positive working relationship.

**Previous Merger Attempts**

In the 1980s, business and political leaders hoped to find a way to shore up the city’s population and tax base. They also sought a means to slow the insidious intra-region competition “for economic development and business attraction.”\footnote{8} Both the city and county offered potential employers economic packages aimed at bringing them to their jurisdictions, and not to the other. To address these issues and others, leaders revived the idea of city-county consolidation, which had come to a vote and failed in 1956.\footnote{9} Voters were given the opportunity to vote on a referendum for a merger in 1982, only two years after suburban Jefferson County’s population surpassed that of Louisville’s. After a contentious campaign, this vote ultimately failed by only 1,450 votes. A second attempt, in 1983, also failed at the ballot box.\footnote{10}

**City/County Compact**

Judging additional efforts for a merger to be futile, leaders of Louisville and Jefferson County sought an alternative solution to the economic development and government revenue problems they faced. This search resulted in an agreement that came to be known simply as “the compact.” The compact, established in 1985, aimed to decrease the damaging competition for new business, and the jobs that came with them, by establishing an occupational tax-sharing formula. The plan created a 1.25 percent occupational tax paid by workers employed within Jefferson County. The money was then disbursed to the jurisdiction where the workers lived.

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\footnote{7}{David L. Armstrong, County Judge/Executive, Jefferson County (KY) Government Executive Budget 1991 Fiscal Year (Louisville, KY, 1991), 156.}

\footnote{8}{H.V. Savitch and Ronald K. Vogel, “Accuracy in Merger: AIM, Confusing the Issues: A Response to ‘Unity,’” October 19, 2000, Box 1, Folder 9, Citizens Organized in Search of the Truth campaign records, University of Louisville Archives and Records Center.}

\footnote{9}{Frank Gamrat and Jake Haulk, Merging Governments: Lessons from Louisville, Indianapolis, and Philadelphia (Pittsburgh: Allegheny Institute for Public Policy, June 2005), 3.}

\footnote{10}{“Banging the drum – but not too slowly,” Business First, October 27, 1997; Edward Bennett and Carolyn Gatz, A Restoring Prosperity Case Study: Louisville Kentucky (Washington, DC: Metropolitan Policy Program at Brookings).}
either Louisville or Jefferson County. This arrangement allowed both jurisdictions to benefit from economic development regardless of whether the new business was physically located within the city or county boundaries. The compact also established the Greater Louisville Economic Development Partnership, which became one of the major, though not the only, economic development organizations in the region. At the time of the merger, the compact ceased to exist; however, the 1.25 percent occupational tax remained on the books. In addition to revenue sharing, the compact also put a freeze on annexation of previously unincorporated territory in the county by Louisville or other cities, and a moratorium on the incorporation of new cities. Prior to the compact, Louisville addressed its declining revenue concerns by annexing unincorporated territory in Jefferson County, heightening the contentious relationship with the county. While the compact served to decrease some of the bickering related to economic development and created joint agencies, it failed to create a fully harmonious relationship between the city and county, leaving the rivalry between the two intact. Although the compact was renewed in 1998 for an additional 10 years, voices within the business community and political class had already begun calling for a merger to streamline government and create a unified approach to development and governance.

Build-up of Interest in a Merger

By the late 1990s, city and county business leaders recognized the success of the compact, yet still hoped to achieve a more concrete partnership. This hope first manifested itself in the merger of Greater Louisville Economic Development Partnership and the Louisville Area Chamber of Commerce, to form Greater Louisville Inc.: The Metro Chamber of Commerce (GLI), in 1997. GLI quickly was awarded the contract to lead business attraction and expansion projects for the city government. This new organization garnered “enough credibility and political support to serve, with government backing, as a full-service, regionally minded economic development entity.” Daryl Snyder, a veteran of the Louisville economic development community, suggested that this merger “set the tone that we weren’t going to do things the way we’ve always done them.” Once the competition among the economic development organizations had been transformed into a partnership, GLI and the city’s political leadership believed even greater potential gains could be achieved by reviving the campaign for city/county consolidation.

Mayor Jerry Abramson, a Democrat who had been mayor from 1985 through 1998, and County Judge-Executive Rebecca Jackson, a Republican from a suburban community in Jefferson County, served as the faces of the pro-merger campaign. They both believed that city/county consolidation was in the best interests of the region and would result in a “streamlined government capable of producing a clear leader, a coherent agenda, and timely improvements.” By representing both the Democrats and Republicans, they were able to avoid

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15 Daryl Snyder, interview by author, February 19, 2013.
much of the partisanship that can damage far-reaching initiatives such as a merger. In addition to Mayor Abramson and Judge-Executive Jackson, proponents claimed the support of “every Jefferson County judge-executive and Louisville mayor elected” since 1980, including Senator Mitch McConnell, who penned a bipartisan op-ed with Mayor Jerry Abramson in the weeks leading up to the merger vote in 2000. The local press also leaned in favor of a merger, with supportive columns in the Courier-Journal, LEO magazine, Louisville Magazine, The Voice Tribune, and the Louisville Defender. Greater Louisville Inc. also played a pivotal role in the campaign, both by funding the primary pro-merger organization and by leading many of the efforts to garner public support. The “Vote Yes for Unity Campaign” spent more than $1.7 million on the merger initiative, predominately funded by Greater Louisville Inc.’s “Top Investors.” “Vote Yes” bombarded local media and the community with television commercials and promotional material, and hired sophisticated pollsters and consultants to direct their message to Jefferson County voters most likely to be swayed.

There were two primary arguments in favor of a merger: economic development and government efficiency. Proponents claimed that a merger would “better position [Louisville] to attract and retain jobs” and a merged Louisville “[would] be a stronger, more vibrant city.” Additionally, advocates maintained that government operations would be more efficient while taxes would not be raised. Politically, supporters argued that a merger would “unite this community and give us one voice and one direction” and would “give us a true representative government.” The thinking went that by increasing the number of elected representatives to 26, each district would be smaller and therefore more responsive to the needs of local communities. One additional argument was that propelling Louisville into the nation’s top 25 cities would increase the city’s reputation. “Vote Yes” suggested that “companies, entrepreneurs, and sports teams pay attention to these ranking and use them in making decisions about where to locate.”

Opposition to a Merger

While a sizeable portion of the business community and many past city and county leaders supported consolidation, there was a substantial and diverse opposition. Opponents organized under the heading “Citizens Organized in Search of the Truth” (COST), led by Louisville Alderman Barbara Gregg and Jefferson County Commissioner Darryl Owens. Additionally, the majority of local elected representatives opposed a merger, including “nine of the 12 aldermen and two of the three county commissioners,” many of whom aligned themselves with COST. These local political leaders were joined in their opposition by the local chapter of the NAACP, gay rights organizations such as the Fairness Campaign and PUSH/Rainbow Coalition, the Kentucky Alliance Against Racist and Political Repression, Taxpayers Action Group, the Fraternal Order of Police, and the Louisville firefighters’ union, among others.

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17 “Vote Yes for Unity!,” Vote Yes for Unity Campaign, Box 1, Folder 13, Citizens Organized in Search of the Truth campaign records, University of Louisville University Archives and Records Center; Jerry E. Abramson and Mitch McConnell, “Should We Merge Governments?,” The Courier-Journal, October 21, 2000.
18 “The first large city in 30 years to merge with its county,” The Courier-Journal, November 8, 2011.
20 “Vote Yes for Unity!,” August 7, 2000, Box 1, Folder 13, Citizens Organized in Search of the Truth campaign records, University of Louisville University Archives and Records Center.
21 Ibid.
Each of these groups had its own reasons for opposing a merger, primarily based on the uncertainty of what would happen in the event of consolidation. Local African-American leaders were concerned that their community would lose substantial representation in local government, as their percentage of the population would decline from 33 percent of Louisville to only 18 percent of the newly merged city. The LGBT community was concerned that “laws passed…to protect homosexuals from workplace discrimination [in Louisville] would be wiped away by the new council.”23 Area police and firefighters were worried that their contracts would be re-written against their interests, particularly the Jefferson County police officers, who made more money, received more benefits, and also covered an area with less crime.24

While being heavily outspent (raising and spending just $107,318), CO$T was effective at getting its message in front of voters, even if it was ultimately unsuccessful at preventing a merger. During the summer months before the merger vote, COST gained traction by arguing that the purported plan for a merger was too vague and voters should not simply write a blank check to elected officials to restructure government. Lack of specifics played a major role in arguments against a merger and led COST to make claims that: taxes would dramatically increase, services would decline, government employee salaries would go up by 250 percent, the interests of Louisville would be subsumed by suburbanites from Jefferson County and police protection would decay.

County Commissioner Daryl Owens hired the team of H.V. Savitch and Ronald Vogel, two political science and urban affairs academics affiliated with the University of Louisville, to produce multiple reports on a merger—both projections for Louisville and assessments of other city/county consolidations—that consistently rejected the notion that a merger produced positive results. While much of their analysis was not inherently wrong, the assumptions they made and tone of their conclusions revealed their ideological opposition to a merger. These reports, along with the promotional material of opposition groups, primarily focused on the fear of the unknown and assumption that a government presiding over a larger geographic area and population would necessarily result in inefficiency and higher taxes.

The Merger—How it Worked

Before the public campaign for city/county consolidation actually commenced, the state legislature needed to lift the ban on referenda to reorganize Louisville and Jefferson County. The first step was the establishment of a taskforce that would examine the issue of a merger, consider plans presented to it on how a merger would proceed if passed, and then make a recommendation to the full legislature whether or not it should approve a referendum to go on the ballot in Jefferson County. The state legislature authorized a committee known as Task Force 2000, a group of 54 elected officials made up of the 29 Jefferson County legislators, the 12 Louisville aldermen and the city’s mayor, the three county commissioners and judge-executive, six representatives of the city, the county clerk, and the sheriff.25 The most promising merger plan was designed by Mayor Armstrong and Judge-Executive Jackson, which the taskforce approved by a 38-12 vote in February of 2000. The plan then went before the state legislature, as HB 647. The bill ultimately offered concessions to two major groups opposed to a merger: labor

23 Ibid.
unions, which were promised that the new government would recognize the same collective bargaining rights they held with the old governments, and African-American leaders, who were guaranteed a majority of African-American voters in at least five of the new council districts. This bill ultimately passed the state legislature and a referendum was scheduled for the November 2000 election.

The enabling legislation allowed a single, one-time-only referendum to go before the Jefferson County voters. If passed, the city and county governments would consolidate into a single government, headed by a mayor and 26-member Metro Council. The members of the new government would be elected in November 2002. Councilmembers would serve four-year terms, with half of the council being elected every two years. Half of those members elected in 2002 would be up for re-election in 2004 to full four-year terms. The former City of Louisville would be established as an “Urban Services District.” Residents and businesses located within the Urban Services District would continue to pay higher property taxes than residents outside the former city limits. These additional taxes would provide residents with services including garbage collection, curbside recycling, street lights, junk pickup, street cleaning, and fire protection. The merger would officially take effect in January 2003. The council district boundaries would be drawn during the period between passage of the referendum in November 2000 and the primaries for the Metro Council. When the votes were counted, merger passed by more than 24,000 votes—54 percent to 46 percent.

Effects of a Merger

Population

From 1960 to 2000, the City of Louisville’s population had declined with every census. Louisville experienced the smallest population loss in the 1990s when the population declined by less than 5 percentage points. However, over this same period, the Louisville metropolitan area grew by 6 to 14 percentage points in every decade except the 1980s, when its population remained static. The population decline left Louisville as the 65th largest city in the nation, and the 2nd largest city in Kentucky, surpassed in population by the prior merger of Lexington and Fayette County into the Lexington-Fayette Urban County. As of the 2010 census, Louisville Metro, the municipality resulting from the merger of Louisville and Jefferson County, is either the 18th or 27th largest city in the country, depending on whether the independent cities within the county limits are counted.

In the 1970s and 1980s, the suburban counties adjacent to Jefferson County grew by nearly 33 percent, while Jefferson County itself lost 5 percent of its population. While every county in the region experienced a great deal of growth during the 1990s, a substantial majority of the region’s growth occurred outside Jefferson County. The metropolitan area as a whole grew approximately 10 percent, while the surrounding counties grew by nearly 20 percent. The bulk of the Louisville MSA’s population growth was based in the suburban counties outside

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29 This has been a point of contention between the city, which has argued that the entire county’s population should be included, and the US Census Bureau, which maintains that the city limits do not include those cities.
Jefferson County. After the merger, however, Louisville Metro began growing, increasing by 6.85 percent during the 2000s. However, most of this growth occurred outside the old Louisville city limits. The majority of those census tracts within the old city limits saw population continue to decline, with the downtown area being a notable exception (see Appendix 1).

### Decade by Decade Population Growth for Louisville Metropolitan Statistical Area

<table>
<thead>
<tr>
<th>City</th>
<th>1970s</th>
<th>1980s</th>
<th>1990s</th>
<th>2000s</th>
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<tr>
<td>Louisville Metropolitan Statistical Area (All Counties)</td>
<td>6.46%</td>
<td>0.18%</td>
<td>10.04%</td>
<td>10.46%</td>
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<tr>
<td>Louisville Metropolitan Statistical Area (All Counties excluding Jefferson County)</td>
<td>25.10%</td>
<td>5.96%</td>
<td>19.78%</td>
<td>15.82%</td>
</tr>
<tr>
<td>Louisville Metro/Jefferson County</td>
<td>-1.45%</td>
<td>-2.93%</td>
<td>4.31%</td>
<td>6.85%</td>
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Louisville Metro’s population growth over the 2000s at 6.85 percent performed favorably when compared to the nation’s top 50 largest cities, which collectively grew at 5.82 percent. The upward trend in population growth in the 1990s and 2000s reversed the declines of city and county populations during the 1970s and 1980s. The chart below shows that Louisville Metro’s population growth during the 2000s outperformed many comparable cities as well.

### Decade by Decade Comparable City Population Growth

Red indicates cities that have completed a merger.

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<tbody>
<tr>
<td>Raleigh, NC</td>
<td>22.33%</td>
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<td>Charlotte, NC</td>
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<td>National City (Average)</td>
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<td>Top 50 Cities (Avg.)</td>
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<td>-14.83%</td>
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30 The top 50 largest American cities ranked based on the 2010 census: U.S. Census Bureau; Census 2010; using American FactFinder; [http://factfinder2.census.gov](http://factfinder2.census.gov).
It is noteworthy that the three other major cities that implemented city/county consolidation 20 to 30 years prior to Louisville—Nashville, Jacksonville, and Indianapolis—saw continued growth in the 2000s. These three cities have divergent economic strengths and locational advantages, suggesting that the merger itself may be playing a role in their population growth successes.

Louisville Metro’s growth over the 2000s, when contrasted with other comparable cities, suggests that something has righted the ship, at least with regard to population, over the past decade. The merger appears to be a key ingredient to this success, particularly when Louisville Metro’s success is compared with other cities that have undertaken city/county consolidation.

**Economic Development**

One of the most important reasons given by proponents for the merger was the benefit that consolidation would have for economic development in the region. Daryl Snyder, Greater Louisville Inc.’s Vice President of Economic Development, recently noted a few key points on how the merger has made Louisville more competitive: by serving as an indicator of a progressive city looking toward the future, by streamlining government involvement in business recruitment, and by changing the city’s mentality to one of “we don’t have to be what we were.”

Simply completing the merger has been a positive selling point to business executives and site-selection consultants, particularly from cities that have considered, and rejected, city/county consolidation, such as Memphis, Pittsburgh, or Cleveland. By demonstrating the city/county support to make this type of (often difficult and potentially painful) change, Louisville Metro projects a vibrant community looking toward its future.

The consolidation of government is seen as playing a substantial role in recruiting some of the businesses that have come to Louisville, from both the perspective of the relocating business and the regional government. When recruiting Yum! Brands in 1997, representatives from Louisville and Jefferson County found themselves “competing with ourselves behind the scenes” regarding the specific location of the headquarters, even though the region would benefit regardless.

Opponents have argued that the compact already addressed this concern by removing the economic incentive for competition between the city and county; however, as long as the two jurisdictions remained separate, political leaders would have an incentive to direct business to their own jurisdictions.

Although the compact did clear some impediments to economic development, the merger removed additional layers of government, streamlining business recruitment and creating a “one-stop shop” at the Louisville Metro government. For example, when recruiting Genentech in 2005, the city’s leadership was able to bring all of the relevant officials together in one meeting to talk through the project, allowing Louisville to beat Genentech’s recruitment and relocation timeline by six weeks. As Steve Higdon, former president of GLI, explained it, “the process of working with clients is the exact same. The process of working with government is much easier.”

This sentiment was echoed by Warren Wilkinson of Republic Airline, which brought more than 350 jobs to Louisville post-merger. He argued that because of the merger, the city was

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31 Daryl Snyder, interview by author, February 19, 2013.
32 Ibid.
“very flexible, very aggressive, and the fact that they were speaking with one voice boded very well.”  

Since 2003, there have been some successes for the economic development community in Louisville, including significant expansions by Citigroup and UPS, General Electric, Mercer Human Resources Consulting, PharMerica Corp. (a Fortune 1000 company), Signature Healthcare, Café Press, Maverick Tube Corporation, and others. However, the merger was not enough to keep some major employers in town, including Brown and Williamson (450 jobs); factories for Temple Inland and Frito-Lay (426 jobs); call centers for Sears, Bank of America, Providian Financial, and Humana (955 jobs); and Aegon U.S. (300 jobs). Although there have been wins and losses for Louisville, this sampling of major relocations begins to tell a story of an economy in transition, shedding some manufacturing and tobacco-related jobs, and adding health-care and other professional jobs.

The story of economic development in Louisville is larger than the merger; however, the types of new jobs in Louisville, as we will see below, indicate a more modern economy, corroborating the conclusion of the city’s business leaders that the merger has helped point the city toward the future. While the hard evidence regarding the merger’s impact on economic development is mixed, the upward trajectory of Louisville Metro’s economy has been advanced in part by the merger.

Employment

The most important marker of economic health, particularly as far as the average citizen of a city or region is concerned, is the level of employment. Throughout the 1990s, growth in average annual employment for both Louisville MSA (20.63 percent) and Jefferson County (16.32 percent) performed favorably compared to the top 50 cities in the country (15.42 percent). The national growth rate for the 1990s was 16.90 percent, slightly exceeding Jefferson County’s rate, but lagging behind the metropolitan area’s rate by a few percentage points. Since the merger, however, the employment numbers tell a different story. From 2003 to 2011, national employment grew by 1.26 percent, while the top 50 cities saw their employment increase by 1.48 percent. Over this same period, Louisville MSA saw employment increase by only 0.86 percent. Louisville Metro saw employment decline by 0.90 percent. If only the pre-recession period is examined, 2003-2007, Louisville Metro employment increased but that growth still lagged the nation, the top 50 cities, and Louisville MSA.

34 Ibid.
37 Bureau of Labor Statistics, Quarterly Census of Employment and Wages. These statistics are reported at the county level.
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<thead>
<tr>
<th></th>
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<tbody>
<tr>
<td>Louisville Metro⁴⁸</td>
<td>16.32%</td>
<td>-0.90%</td>
<td>3.92%</td>
</tr>
<tr>
<td>Louisville MSA</td>
<td>20.63%</td>
<td>0.86%</td>
<td>4.98%</td>
</tr>
<tr>
<td>U.S. Total</td>
<td>16.90%</td>
<td>1.26%</td>
<td>5.92%</td>
</tr>
<tr>
<td>U.S. Top 50 Cities, Total</td>
<td>15.42%</td>
<td>1.48%</td>
<td>6.24%</td>
</tr>
</tbody>
</table>

A similar story is told by examining unemployment.³⁹ Louisville Metro’s unemployment rate was consistently lower than both the national unemployment figure and the average unemployment rate of the top 50 largest cities in the 1990s through 2001. However, Louisville Metro’s unemployment rate caught up to and surpassed the national unemployment rate from 2003 through 2011. When compared to the average unemployment rate for the top 50 largest cities, Louisville Metro continued to perform favorably until 2005, when it began, and has continued, to fall behind in this index as well.

![Unemployment, 1990-2011](image)

While overall employment levels for Louisville Metro have underperformed, it is important to note the types of jobs being gained and lost. Goods-producing industries have been the major areas of job losses, with more than 15,000 jobs lost since the merger. Over the same period, however, service-sector jobs have increased by 3.97 percent, with nearly 12,000 additional jobs. Professional and business services and education and health services, in particular, have been promising growth areas, with an additional 4,919 and 8,626 jobs,

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³⁸ Jefferson County is considered for the period prior to the merger.
respectively. As Brookings’ Metropolitan Policy Program has explained, this signifies “welcome growth…in the most promising areas.”

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Total, all industries</td>
<td>2.87%</td>
<td>-1.02%</td>
</tr>
<tr>
<td>Goods Producing</td>
<td>-9.06%</td>
<td>-22.19%</td>
</tr>
<tr>
<td>Natural resources and mining</td>
<td>-7.67%</td>
<td>-15.04%</td>
</tr>
<tr>
<td>Construction</td>
<td>4.93%</td>
<td>-18.25%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>-14.68%</td>
<td>-23.82%</td>
</tr>
<tr>
<td>Service providing</td>
<td>5.68%</td>
<td>3.97%</td>
</tr>
<tr>
<td>Trade, transportation, and utilities</td>
<td>3.02%</td>
<td>-1.60%</td>
</tr>
<tr>
<td>Information</td>
<td>-9.48%</td>
<td>-20.85%</td>
</tr>
<tr>
<td>Financial activities</td>
<td>12.94%</td>
<td>4.60%</td>
</tr>
<tr>
<td>Professional and business services</td>
<td>7.67%</td>
<td>9.18%</td>
</tr>
<tr>
<td>Education and health services</td>
<td>9.37%</td>
<td>15.69%</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>6.59%</td>
<td>6.02%</td>
</tr>
</tbody>
</table>

Metropolitan Louisville’s employment growth in the “service providing” sectors compares favorably with comparable cities over the same period. The chart below lists changes in employment for service-providing industries in 19 comparable cities’ MSAs from 2003-2011. Over this period, Louisville MSA compares favorably to most, ranking 8th over the period from 2003-2011. Again, the three other major cities that have merged with their counties all performed among the top cities in this group (Indianapolis ranked 6th, Jacksonville 4th, and Nashville 3rd).

<table>
<thead>
<tr>
<th>% Change in Employment for Service-Sector Industries</th>
<th>Comparison Cities</th>
<th>2003-2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raleigh-Cary, NC MSA</td>
<td>24.18%</td>
<td></td>
</tr>
<tr>
<td>Charlotte-Gastonia-Concord, NC-SC MSA</td>
<td>15.76%</td>
<td></td>
</tr>
<tr>
<td>Nashville-Davidson-Murfreesboro, TN MSA</td>
<td>11.20%</td>
<td></td>
</tr>
<tr>
<td>Jacksonville, FL MSA</td>
<td>10.43%</td>
<td></td>
</tr>
<tr>
<td>Richmond, VA MSA</td>
<td>9.79%</td>
<td></td>
</tr>
<tr>
<td>Indianapolis, IN MSA</td>
<td>9.20%</td>
<td></td>
</tr>
<tr>
<td>Washington-Arlington-Alexandria, DC-VA-MD-WV MSA</td>
<td>8.56%</td>
<td></td>
</tr>
<tr>
<td>Louisville, KY-IN MSA</td>
<td>6.75%</td>
<td></td>
</tr>
<tr>
<td>Boston-Cambridge-Quincy, MA-NH MSA</td>
<td>6.62%</td>
<td></td>
</tr>
<tr>
<td>Omaha-Council Bluffs, NE-IA MSA</td>
<td>5.15%</td>
<td></td>
</tr>
<tr>
<td>Columbus, OH MSA</td>
<td>4.60%</td>
<td></td>
</tr>
<tr>
<td>Greensboro-High Point, NC MSA</td>
<td>3.85%</td>
<td></td>
</tr>
<tr>
<td>Baltimore-Towson, MD MSA</td>
<td>3.77%</td>
<td></td>
</tr>
<tr>
<td>Kansas City, MO-KS MSA</td>
<td>2.62%</td>
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</tbody>
</table>


41 Cincinnati’s data has been excluded based on a lack of data from the Bureau of Labor Statistics.
Although there have been positive signs for employment in certain industries and income gains have followed, they have not kept up with national growth rates. After performing favorably against both the national average and the index of the top 50 cities during the 1990s, changes in annual average pay for Louisville Metro have not kept up with the rest of the nation.

<table>
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<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>United States</td>
<td>11.28%</td>
<td>4.50%</td>
<td>4.06%</td>
<td>3.11%</td>
</tr>
<tr>
<td>Top 50 Metro Avg</td>
<td>13.99%</td>
<td>4.07%</td>
<td>3.67%</td>
<td>2.60%</td>
</tr>
<tr>
<td>Louisville Metro</td>
<td>13.08%</td>
<td>6.45%</td>
<td>2.88%</td>
<td>0.78%</td>
</tr>
<tr>
<td>Louisville MSA</td>
<td>11.90%</td>
<td>5.12%</td>
<td>1.40%</td>
<td>0.12%</td>
</tr>
</tbody>
</table>

While Louisville Metro has seen a decline in manufacturing industry jobs, the city has found success in industries with greater potential for future growth and higher wages. The Louisville Metro economy has been going through the often painful process of restructuring toward a 21st century, information-driven economy. Economic experts have argued that to thrive in the modern economy, cities and regions must develop strong information and service sectors, which is exactly what Louisville has been doing. This situation is what business and political leaders had been hoping to accomplish via the merger; but while the merger deserves some credit for engendering a pro-growth mindset in the business community and easing the bureaucratic process for job growth, the economic fundamentals leading to a more service-oriented economy were already in place. To the extent that the merger has enhanced the economy, it has primarily been by changing the view of Louisville as a 20th century industrial power to a modern, information-driven economy.

**Government and Taxes**

Another significant expectation of merger proponents was that operations would run more smoothly throughout the county and that by combining duplicative, overlapping services the merger would not require tax hikes and would actually result in a cost savings to government.

**Government Expenditures**

The first claim to examine is that merging government would result in efficiencies of scale, either bringing down the cost of programs or increasing the breadth of services. Examining the combined costs of Louisville and Jefferson County government pre- and post-merger shows government expenditures increased at a steady rate from fiscal year 1995 through fiscal year 2003. There was a sharp decline in FY2004, the first full year of Louisville Metro. While FY2004 appears to be an aberration, FY2005 spending returned to the FY2000 level of $728 million. The budget remained between $700 million and $750 million from FY2005 through FY2010, after which total expenditures declined again, to just under $700 million. Contrary to merger opponents, the costs of government have not increased due to the merger. In

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42 All dollar figures are in 2010 dollars.
fact, spending has declined from its 2001 and 2002 levels, back to the 1999 and 2000 levels. The merged government has also stabilized expenditures, stopping a trend of steadily increasing government spending during the 1990s.  

![Graph of Total Government Expenditures](image)

* Totals for years prior to the merger include both the City of Louisville and Jefferson County expenditures.

**Government Employees**

Some opponents argued that creating a merged government would create a bloated bureaucracy. However, they lost that argument. The new Metro government has been able to maintain consistent levels of service for both the county and the Urban Services District while decreasing the overall workforce. From FY1996 through FY2002, Louisville and Jefferson County employed, on average, approximately 9,000 people, ranging from 8,594 in FY1996 to 9,341 employees in FY1999. Immediately after the merger, in FY2004, Louisville Metro employed 8,459, fewer than the leanest year pre-merger. That number remained in the 8,300 to 8,500 range through 2008, when major cuts were necessary due to the economic challenges of the late 2000s.

Immediately after the merger, newly elected Metro Mayor Jerry Abramson found savings of $700,000 among department heads and top officials, lowering total costs to $8.9 million from almost a $9.6 million, combined. Much of this savings came from eliminating Jefferson County department heads. However, while the number of people employed by Louisville Metro has declined, total personnel costs have not. Though personnel costs have been substantially lower compared to fiscal years 2001 and 2002, the $400-420 million (inflation adjusted) spent per year by Louisville Metro is similar to or greater than the totals from the late 1990s. This discrepancy between fewer employees without similarly decreased costs is due to the two

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43 All data from Louisville, Jefferson County, and Louisville Metro executive budgets.
44 All data from Louisville, Jefferson County, and Louisville Metro executive budgets.
consolidating governments equalizing pay to the higher of the two levels, resulting in higher per employee costs for former Jefferson County personnel.

Taxes

One of the major selling points routinely touted by merger proponents was that “taxes [would] not increase” for county or city residents. The Louisville Metro government has kept this promise. The Urban Services District, while still paying higher property taxes than the rest of Louisville Metro, actually saw its rates decrease since the merger, from $0.3764 per $100 of assessed property value in 2003 to $0.3666 in 2012. Former county residents likewise saw their property tax rates decrease over time, from $0.128 per $100 in 2003 to $0.1255 in 2012. Tangible personal property taxes in both the county and the Urban Services District remained steady from the merger to today. Overall property tax receipts remained relatively stable from FY1996 through FY2011, with ups and downs closely following the housing market. Revenue from property taxes ranged from $116 million to $137 million (in 2010 dollars).

The occupational tax, as established by the compact of 1986, has remained at 1.25 percent since its inception, although all revenue now goes to a single government, rather than being split between Louisville and Jefferson County. Although property and occupational taxes were not raised since the merger, some of the fees assessed by Louisville Metro have increased. These fees include alcoholic beverage licenses for bars outside the Urban Services District, fees for unaltered cats and dogs, and booking fees for arrested individuals. Overall, the Metro government has met the promises made during the merger campaign to not raise taxes, and in fact, lowered property tax rates for Louisville Metro.

Eliminating Duplication and Working Efficiently for Citizens

In at least some instances, the merged government works better and smarter for the people of Louisville Metro than was possible when the area had two overlapping governments. Before the merger, while Louisville and Jefferson County shared a number of agencies, their separate political structures sometimes ran into difficulties because of conflicting priorities. Since the merger “the pace of decisionmaking [sic], conflict resolution and priority setting” has increased and agreements can be more easily reached with regard to pursuing transformative priorities such as “the new downtown arena and the ambitious public-private 21st Century Parks initiative.” Planning and goal-setting improvements stem from having a single government beholden to the residents of the entire county.

Leaders from some of the smaller towns that initially opposed the merger, including Middletown Mayor J. Byron Chapman, have found a more responsive government, with the resources to tackle larger projects. Ron Weston, a member of the Metro Council, echoed Mayor Chapman’s assessment, arguing that smaller council districts (as opposed to the large county Fiscal Court districts) have made the government more responsive to local concerns.

46 “Vote Yes for Unity!,” Box 1, Folder 13, Citizens Organized in Search of the Truth campaign records, University of Louisville University Archives and Records Center.
48 Property tax receipts prior to merger include both Louisville and Jefferson County data.
Snyder, of Greater Louisville Inc., has also argued that the merger has made the city friendlier to business by cutting some of the red tape involved in working with the government. On the other side of the discussion, a common complaint by some county residents regarding government is that urban services have not been extended throughout Louisville Metro. This concern is best exemplified by the issue of garbage collection, which is picked up at no additional cost within the Urban Services District and paid for by their higher property taxes, while the rest of Louisville Metro pays individually for private waste management. Establishing separate taxes for the Urban Services District solved the problem of maintaining tax rates for county residents, but created a new problem of different classes of citizens in a purportedly unified city.

As time goes on, the Louisville Metro government will need to work toward unifying not only government agencies and a vision for the future, but also the services provided to, and expectations of, the citizens. This will prove to be a substantial challenge when weighing the likely need to raise additional tax revenue. In this respect, the specific promises made during the merger campaign will need to be set aside and viewed as secondary to the actual needs of the city.

**Federal Funding**

Since the merger, federal dollars going to the Louisville Metro have gradually increased, with a spike just after the American Recovery and Reinvestment Act of 2009. Overall federal spending in Louisville Metro (including contributions to city operations, as well as federal programs operating in the Urban Services District) has increased at a similar pace after the merger as it did before. There was some concern that Louisville Metro would lose federal anti-poverty funding because the percentages of those impoverished would decline compared to the old City of Louisville. However, Mayor Abramson worked out a deal with the federal government to maintain funding for programs aimed at ameliorating the effects of poverty. Federal spending in Louisville Metro does not appear to have been adversely affected by the merger.

**Police and Fire Protection**

The plan for consolidation was vague about whether or not the police and fire departments would merge. The Jefferson County and Louisville police departments ultimately decided to merge at the same time. This established the Metro Police in January 2003. Personnel levels for the combined police department remained virtually unchanged compared with the combined pre-merger police force of the two jurisdictions. Funding has increased at a similar rate as pre-merger, between 4 percent and 8 percent per year. A 2004 report claimed that merging the police forces had improved the quality of police protection, moving Louisville to the sixth safest city with at least 500,000 people, and from 259th to 157th among cities with 75,000 people or more. However, some have argued that the city is not actually safer, as the improved ranking was only a superficial change because crime was counted based on the entire Louisville Metro, rather than the more crime-prone former city.

Fire services, on the other hand, were explicitly excluded from the merger agreement through action by the city council. The result of this aspect of the merger agreement is that

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52 Daryl Snyder, interview by author, February 19, 2013.
Louisville Metro is served by 20 different independent fire departments, with only the Louisville Fire & Rescue operated by the Metro government (serving the Urban Services District). Many of the suburban communities were concerned about losing their local fire departments after the merger and have stuck to the system previously in place that allowed for individual taxing districts to fund local fire protection. However, as part of Mayor Greg Fischer’s Merger 2.0 Task Force, consultants have recommended that the suburban fire departments be merged into the city’s primary department, with the aim to “improve fire protection and potentially save money.”

**Political Representation and Voting Trends**

Before the merger, county residents were represented by three county commissioners, each of whom served a significant amount of the population, while the city was represented by a 12-member Board of Aldermen. This governing structure resulted in county commissioners representing districts of more than 230,000 people, and an alderman representing, on average, just over 21,000 people. Post-merger, 26 city councilmembers represented 25,000-30,000 residents, which is a substantial change for county residents, and similar per-capita representation for residents of the Urban Services District. All residents of Louisville Metro vote in Metro Council elections, including those from independent cities. Proponents argued that a larger council would allow “for a more representative form of government” because the interests of smaller subsets of the population would be more likely to be heard before the council. Specific neighborhoods and communities have advocates pushing for projects to benefit their own district. The counter-argument to the idea that smaller districts result in a more representative body is that each councilmember would have less power within the Louisville Metro government. Additionally, some assumed that the mayor would end up having more power than ever before because each councilmember’s vote counts less, proportionally.

The Metro Council has been incredibly stable since its inception. Fifteen seats (57.7 percent) have been held only by a single person over the past 10 years and 29 councilmembers have been elected more than once. Two districts have never seen a contested race in the general election while an additional 11 regularly see the winning candidate win with more than 65 percent of the vote. Only two seats have changed parties: districts 25 and 26. The Council has always had a Democratic majority, increasing from 57 percent in 2002 to 65 percent today, although they have chosen Republicans to be Council President in two different years. The Republican-leaning districts are all in the East and Southeast portions of the county.

One major concern raised by merger opponents is that a merger would detrimentally impact African-American representation in local government. Although Louisville had never elected an African-American mayor and had never held an African-American majority on the Board of Aldermen, representatives from the community had become a crucial block of votes on the council. With this in mind, African-American advocacy organizations, including the NAACP, which was central to the efforts to desegregate the schools and experienced in fighting against efforts to minimize black political voices around the country, argued against the merger proposal in 2000. In an attempt to address this concern, William Dakan, the political scientist who drew the 26 council districts, drew five council districts that were majority African-American. Redistricting that went into effect in 2010 “increased the number of districts with a

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57 U.S. Census Bureau; Census 2000; using American FactFinder; [http://factfinder2.census.gov](http://factfinder2.census.gov).
majority African-American population from five to six.” Since the first election for the new Metro government, African-Americans have been elected to the same six seats, accounting for 23 percent of the council, compared to one-third of both Jefferson County Fiscal Court commissioners and Louisville aldermen.

After the merger, members of the African-American community continued to argue that the change has been a bad deal for their community, at least politically. Metro Councilwoman Cheri Bryant Hamilton pointed out that the African-Americans on the Board of Aldermen only needed to persuade three other members to support their cause to get something passed, but “now we’ve got to get 14 votes,” based on the larger Metro Council’s 26 members. However, the new Metro Council represents a much larger community than the Board of Aldermen (both geographically and by population) and African-American councilmembers’ influence stretches over a wider area.

Louisville Metro has had a consistent 57 percent to 59 percent voter registration edge for the Democratic Party since before the merger. Voting trends for state and federal offices have continued as they were before the merger. The bulk of the county, particularly the Urban Services District, vote for Democratic candidates for the House, Senate, and President, while the edges of Louisville Metro vote more heavily for Republican candidates. Congressional and state legislature redistricting did not take county borders into consideration before the merger, and the new boundaries of Louisville do not appear to have had any impact on the 2010 redistricting.

Public Opinion

In the years following the merger, there have been mixed reviews among Louisville Metro residents. A year after the merger, the Courier-Journal did a retrospective on the merger, gathering a diverse group of voices to ask for their views on how the city has changed. Many of the responses they printed suggested that residents were underwhelmed. Specific benefits were hard to come up with, although finding anything to complain about proved equally difficult. However, a few voices had glowing answers to the questioning, and, generally, the more civic-minded the individual was, the more positive their answers. Marsha Weinstein, president of the League of Women Voters and resident of Republican Kelly Downard’s district, argued that the merger, and specifically smaller districts, has enhanced civic engagement. As part of what has been called “Merger 2.0,” a 2011 initiative by Mayor Greg Fischer’s office to determine where the city stands and how it should move forward, 56 percent of residents were satisfied with how Louisville Metro was serving their needs, a nearly identical figure to those who supported the merger in the first place. One survey commissioned as part of Merger 2.0, found that people were concerned about the same issues as in any number of cities across the nation: crime, emergency response times, and public transportation options. The survey found, however, that “people generally feel safe and are satisfied with the services we provide.”

The psychological boost that the merger has afforded the city has been significant, if difficult to quantify. Two elements combined to create an optimistic feeling among Louisville Metro residents, one being that the larger population, by virtue of counting all of Jefferson County residents as a part of Louisville, moved the city from the 65th to the 18th largest in

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60 Ibid.
America (and, once again, the largest city in Kentucky) and the other being the general sense that because of the merger, the city is capable of greater things.\textsuperscript{64} Two years after the merger, Louisville Mayor Jerry Abramson observed that being ranked with other top cities increased exposure for the city.\textsuperscript{65} A sense of excitement and expectation for further economic growth has developed, at least according to Louisville business leader Steve Greenlaw, chief operating officer of Sun Tan City and Louisville resident since 2000. He argued that the increased national exposure, in addition to the revival of downtown, has made Louisville an increasingly appealing destination for young, creative-class workers.\textsuperscript{66}

**Louisville’s Merger: Summary**

Over the 10 years since the merger, Louisville Metro has fared well in comparison to many other American cities, particularly former industrial centers. Many of the city’s positive developments were advanced due to the merger. After declines in population since the 1960 census, Louisville Metro reversed the trend and finally saw population growth of nearly 7 percent in the 2000s. This population increase cannot be singularly attributed to the merger; however, post-merger Louisville continued a pattern of population growth also seen in other previously merged cities.

One of the most important results of the merger is a more unified approach to economic development and governance. The members of the economic development community insist that the merger has played a pivotal role in attracting new businesses, particularly white-collar positions in health care and logistics. Although the merger did not stop a decline in manufacturing, overall employment increased until the Great Recession. Average annual pay is slightly higher than before the merger, though it has not kept pace with national rates. Additionally, it is worth noting that Louisville’s economic transformation began in the late 1990s, before the merger, and the effects of the merger cannot be separated from previous economic fundamentals or national and regional economic trends.

While population growth and economic changes may be only partially attributed to the merger, improvements in government efficiency and efficacy are primarily the product of the merger. The new government has been able to provide a comparable level of service without increasing costs and with fewer employees, achieving a major goal of merger advocates. Additionally, having a single government setting the agenda and ordering priorities has been beneficial. Through the merger, the Louisville Metro government has gained an ability to address major issues and move forward on substantial projects, both big and small, with increased ease and speed.

Fears of opponents to the merger have not come to fruition. The size of the government workforce and government budgets have not increased, ending a trend of steadily increasing government spending during the 1990s. Property tax rates for both former city and county residents have not only remained steady, but they have actually declined slightly (furthermore, Indianapolis, Nashville, and Lexington also did not see appreciably higher taxes after their mergers). The merged police department has maintained a relatively safe city. The most significant disadvantage has been the decline in political representation for African-Americans.

\textsuperscript{64} Ranking based on the 2010 census and using the census defined consolidated city, as opposed to balance which does not include the semi-independent cities within Jefferson County.


\textsuperscript{66} Steve Greenlaw, interview by author, Louisville, KY, December 17, 2012.
which continues to be discussed a decade after the merger. African-American representation, while diminished, is still a vital block of votes on the Metro Council.

The merger demonstrated the city and county were capable of winning support for change to the governance structure. As a result of the merger, Louisville Metro now occupies the position of 18th largest city in the nation, up from the 65th largest city in the country. Beyond the data-driven assessment of employment numbers and government spending, one goal of pro-merger advocates has been unequivocally achieved: Louisville has been propelled onto the national landscape more prominently, due to its larger population.

About the author: Jeff Wachter is an independent researcher with a Master’s degree in history from George Mason University, specializing in the development of American cities and suburbs. His research interests and experience include metropolitan governance, community and economic development, and housing and transportation issues. Previous work has included studies on the municipal expansion of Richmond, VA, the suburbanization of ethnic communities in Metro Atlanta, and the development of African-American community activism in the aftermath of the 1930s race riots in New York City.
Appendix 1

Population Change, 2000-2010
by 2010 Census Tract

Population Change by Census Tract
(Louisville city limits in dark outline)

-38.73% -- -9.50%
-9.49% - 0.00%
0.01% - 24.23%
224.24% - 67.31%
67.32% - 204.07%