Combining Forces: An Abell inquiry into three local government consolidations and their results

by Jeff Wachter, Beth Harber and Sarah Manekin

Introduction

In 2012, the Abell Foundation launched a research project aimed at studying metropolitan consolidations. Distinct from an annexation where a city adds to its land area, consolidation combines some or all of the government functions of two or more jurisdictions. Our broad purpose was to inform a conversation that has occurred sporadically in the Baltimore region over the past 70 years.

What could a consolidated Baltimore regional government look like? What could it achieve and at what cost? Who would benefit and in what ways? Whose interests could be hurt? What might the potential advantages/benefits and disadvantages/drawbacks be?

These are all highly speculative questions, of course. In 1999, a Maryland House Bill proposing a constitutional amendment to dissolve Baltimore City’s borders and merge with Baltimore County never made it to the first hearing and was later withdrawn.¹ The last serious conversation about expanding Baltimore City’s boundaries occurred during World War I, when anxious city leaders annexed portions of surrounding Baltimore and Anne Arundel counties to fight off perceived rural power grabs in Annapolis.

Owing to a successful statewide referendum 30 years later, in 1948, Baltimore City was prevented from annexing any part of its surrounding counties without the approval of affected citizens. To this day, the borders around Baltimore City have remained fixed as a result of that statewide vote of 57 percent in favor to 43 percent opposed.² Despite dramatic ups-and-downs in the population size and economic health within the region—and aside from numerous cooperative efforts focused around economic development, port and transit infrastructure, and water and wastewater—little has changed the way governments operate along and across those borders.

But in other places, civic leaders have chosen a different path. Since the 1805 merger between the city of New Orleans and Orleans Parish, local officials in various parts of the country have attempted to consolidate their governing bodies, revenues, and services. The vast majority of these proposals did not meet with success. Yet, there are some dramatic examples of large cities and counties that not only accomplished mergers, but also now have decades of experience as consolidated governments.

Our goal for this project was to better understand these metropolitan consolidations: what advocates hoped to
achieve, what opponents feared would result, the process by which these mergers were accomplished, and what happened as a consequence—both positive and negative. We commissioned independent researcher Jeff Wachter to conduct case studies of three of the most prominent examples of metro consolidations that have occurred between 15 and 55 years ago: Louisville, Kentucky; Indianapolis, Indiana; and Nashville, Tennessee. The first two case studies, originally published by the Abell Foundation in 2013 and 2014, respectively, examined the more recent consolidations of Louisville and Indianapolis. We are re-issuing the first two case studies and publishing the third and final case study of Nashville, now, to be considered as “a boxed set.” The full reports are available here.

Goals: What were the mergers intended to achieve?

For each case, we sought to identify the particular goals of metropolitan consolidation: growing the local economy, capturing suburban population growth, stabilizing the tax base, reducing redundant government services, saving taxpayer dollars, and expanding services to ex-urban residents.

Process: How did the consolidations happen?

Nashville, Indianapolis, and Louisville proceeded down distinct pathways on the road to consolidation. All three had twin status as independent municipalities while at the same time being nested in, and to a certain extent governed by, a larger county. The Nashville and Louisville city-county mergers were approved through majority vote by affected residents, therefore meeting the requirements set by respective state-enabling legislation allowing consolidation. By contrast, the Indianapolis merger was achieved through a new state law without soliciting voter preferences through referendum.

Here are the details as to how our three case studies achieved their consolidated status:

**Nashville: Davidson County’s Pragmatic Response to Undesirable Alternatives**

In the aftermath of World War II, the city of Nashville faced a shrinking population and declining tax base while surrounding fast-growing suburbs lacked adequate infrastructure and services. City taxpayers had a disproportionate burden when it came to public works, water, and roads used by urban and suburban residents alike, while suburban residents lacked public sewer and full police protection. Annexation was not the simple solution, as the law did not allow for differential tax structures, and disaffected parties were prone to bring lawsuits. The recognition of these problems led to the creation of multiple task forces and study commissions, including a 1951 Tennessee Taxpayers’ Association study that recommended “one completely consolidated unit of local government.”

In order for consolidation to be a viable option in Nashville and Davidson County, the state constitution needed amending, which happened in 1953 by a statewide referendum. Following that, in 1957, the state legislature established the necessary legal mechanism: It passed a law stating that any city with over 200,000 people could establish a “metropolitan government” in coordination with its home county by first establishing a charter commission and then winning a vote in both the city and county. A charter commission was established, and the legislature made its plan public in March 1958.

In June 1958, the first effort at consolidation failed when voters in Davidson County defeated the measure’s largely Nashville-based supporters. Significantly, there was little campaigning or organizing on either side of the issue.
After the first consolidation effort failed, Nashville’s mayor continued his efforts to grow the city’s tax base. Twice he directed Nashville to annex neighboring areas in Davidson County (without residents’ consent) and, by doing so, increased the city’s area and its population. Nashville also implemented a commuter tax on anyone who drove in the city for 30 days a year or more. None of those moves was popular with county residents and, in the eyes of many in the city and county, all created more governance problems than they solved.

However, the annexations and the commuter tax paved the way for consolidation because they compelled voters living in the suburbs immediately outside the city limits to switch their positions. Specifically, these inner-ring county voters feared they would be next in line for annexation and supported consolidation as a pragmatic step to assert some control over their political fate. This switch created a very different political landscape when a new charter proposal was introduced in 1962.

The campaign to support consolidation also saw a broad and more active coalition of grassroots supporters, including some of Nashville’s African-American leaders who pragmatically supported the measure when it became clear that it was the best way to guarantee political representation as the city’s population expanded. The 1962 campaign saw 40 percent more votes cast than in 1958, and the measure passed in both the city and county.

Nashville, Davidson County Consolidation Timeline

1951  ●  Tennessee Taxpayers’ Association study recommends “one completely consolidated local government.”

1953  ●  State constitution is amended by referendum, allowing for consolidation.

1957  ●  State law is passed, allowing consolidation of a metropolitan government by any city with more than 200,000 people.

June 1958  ●  Referendum on consolidation fails to pass.

July 1958  ●  Nashville annexes 7 square miles with 4,500 residents.

1960  ●  Nashville annexes 42.46 square miles with 82,512 residents.

June 1962  ●  Referendum on consolidation of Nashville and Davidson County is passed.

April 1963  ●  The Metropolitan Government of Nashville and Davidson County is established.
Indianapolis: Legislative Action led by Ascendant Republicans

Unlike the lengthy—and highly contentious—campaign for consolidation in Nashville and Davidson County, the move toward consolidation in Indianapolis less than a decade later was swift and decisive.

Indianapolis and Marion County were traditional Democratic strongholds, but the party was divided in 1966, and Republican Richard Lugar won the mayoral election. During his campaign, Lugar solicited contributions from surrounding Marion County and, after his victory, worked for Republicans across the state. When Republicans swept all state and local offices in 1968, Lugar was well-positioned to leverage statewide support for consolidation with its promise of greater government efficiency, economic development potential, and expansion of government debt capacity to create new catalyst projects.

Quickly, Lugar established the Mayor’s Task Force on Improved Governmental Structure for Indianapolis and Marion County and filled it with a cross section of community leaders. The Task Force became the primary backers of consolidation at the state level. The opposition that developed had less to do with consolidation than the particulars of the proposal, so Lugar and the Task Force focused behind the scenes to win over key allies. Through state-level political wrangling and a nominal public relations effort targeting the citizens of Indianapolis and Marion County, the Indiana legislature approved the Unigov bill in 1969, setting up the consolidation of Indianapolis and Marion County in January 1970. No statewide—or even local—referendum was held on the issue; all of the political decisions occurred at the state legislative level. This city-county consolidation stands out as the only major post-war consolidation accomplished without a voter referendum.

Indianapolis, Marion County Consolidation Timeline

- 1965: State legislation expanding authority of mayor is passed.
- 1967: State constitution is amended by referendum, allowing for consolidation.
- 1968: Mayor’s Task Force on Improved Governmental Structure is established.
- 1969: Unigov is approved by state law.
- 1970: Official consolidation of Indianapolis and Marion County into Unigov is established.
By the late 1990s, business and political leaders came together again to push for consolidation with an eye toward addressing Louisville’s long-declining population and tax base, escalating government spending, and the ongoing competition between multiple economic development organizations.

**Louisville: Slow Steps Through Economic Integration**

The longest, most drawn-out process to consolidate occurred in Louisville and Jefferson County. Statewide referenda put the issue before voters in 1956, 1982, and 1983, and each time, the consolidation measure was defeated. In 1985, recognizing the futility of a merger, leaders in Louisville and Jefferson County established an alternative structure that sought to ameliorate the damage caused by competing economic development efforts. Known as “the compact,” the measure established a 1.25 percent occupational tax paid by all workers within Jefferson County and distributed the revenue to the jurisdiction where the workers lived, whether Louisville or Jefferson County. For over a decade, this political compromise held.

By the late 1990s, however, business and political leaders came together again to push for consolidation with an eye toward addressing Louisville’s long-declining population and tax base, escalating government spending across Louisville and Jefferson County, and the ongoing—and ultimately damaging—competition between multiple economic development organizations. Led by Louisville Mayor Jerry Abramson (D) and Jefferson County Judge-Executive Rebecca Jackson (R), this pro-consolidation group launched a multi-million dollar “Vote Yes” campaign to sway voters in a statewide referendum. The relationships formed by—and the success of—the compact gave many a preview of what increased cooperation and consolidation could bring to the city and county.

A coalition of opponents emerged, however, and while they represented a variety of different constituencies, they came together to challenge the merger plan as too murky and speculative, with the potential to roll back civil liberties and escalate government costs. For example, a coalition of African-American leaders opposed the merger claiming it would dilute African-American voting strength and thereby jeopardize the interests of that community.

Before the referendum could take place, the state legislature had to approve a bill to put before the voters. The legislature created a Task Force composed of elected representatives from Louisville and Jefferson County who worked together to craft a bill that would meet Greater Louisville’s economic needs while protecting civil liberties. The legislature approved the bill in February 2000, and the bill went before the voters in November 2000. The referendum passed.

The success of the merger campaign rested on several key points. There was almost universal buy-in from the business community and the chamber of commerce, including substantial financial support. A very popular mayor and top political leadership in Jefferson County and both major political parties contributed to the legitimacy of the merger campaign. And a bold promise not to raise taxes took away the most common criticism merger opponents have used in nearly every consolidation campaign across the country.
Outcomes: What was achieved by the consolidations?

Tracing the outcomes of political decisions made 20 to 50 years ago is a challenging task under the best of circumstances: How do you determine which outcomes were direct, which were indirect, and which were totally coincidental?

The synthesis on the following pages reflects our best effort to distill and synthesize outcomes from three very different consolidations.

**Louisville, Jefferson County Consolidation Timeline**

1956  ●  City-county consolidation referendum fails to pass.
1975  ●  Louisville and Jefferson County school districts merge through court order.
1982  ●  Referendum for a merger fails to pass.
1983  ●  Referendum for a merger fails to pass.
1985  ●  City-county compact is established for tax sharing, prohibition of annexation, and creation of a regional economic development agency.
1997  ●  City and county economic development agencies merge.
1998  ●  City-county compact is renewed for 10 additional years.
Feb 2000  ●  State legislation allowing a merger is passed.
Nov 2000  ●  Referendum to merge Louisville and Jefferson County is passed.
Jan 2003  ●  Louisville/Jefferson County Metro Government is officially established.

**The Metropolitan Government of Nashville and Davidson County (established 1963)**

**Population Growth.** Nashville ranked in the top six for population increase for each decade from 1970 to 2010. The consolidated city grew significantly faster than the average of all comparable cities in every decade since the merger. However, Southern peer cities grew at a faster pace than Nashville in the 1960s and 1970s, suggesting that consolidation specifically might not have been the strongest catalyst of population growth, but rather
the entire region was quickly growing due to a number of factors. Beyond simply population growth in the metro area, Nashville-Davidson also maintained a larger share of the metro area’s population than many of its peer cities, whose suburban jurisdictions absorbed the majority of their metro’s growth.

Employment and Economic Growth.
Employment within Nashville-Davidson grew at a significant rate over the first three decades after consolidation—19 percent during the 1960s, 25 percent during the 1970s, and 15 percent during the 1980s—and continued to grow by just over 10 percent both in the 1990s and 2000s. African-American employment also increased at significant rates since consolidation. Black employment growth lagged overall employment growth in the 1960s (19 percent overall versus 10 percent for African-Americans), but exceeded the overall employment growth rate in subsequent decades. This suggests that, in general, the African-American population benefited from the strong economic development environment in the post-consolidation period. Nashville also saw a large increase in business establishments, more than doubling the city’s businesses since 1970.

<table>
<thead>
<tr>
<th>Population Change of Nashville-Davidson Consolidated Metro Area</th>
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</thead>
<tbody>
<tr>
<td>1960 POPULATION</td>
</tr>
<tr>
<td>Nashville City 170,874</td>
</tr>
<tr>
<td>Davidson County 399,742</td>
</tr>
</tbody>
</table>

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Government Spending and Taxes. When examining city budget figures, government costs grew at a faster rate after consolidation than before. Overall government expenditures grew approximately three times faster in the first decade after consolidation than the preceding decade. While overall spending increased, analysts still managed to identify some cost savings in specific areas due to consolidation. An analysis published in 2010 found that “consolidation did indeed lead to more efficient government” and that spending growth was slower than without consolidation.

Before and after consolidation, city residents paid both Nashville and Davidson County taxes, while county residents paid Davidson County taxes, in addition to the fees for specific services, such as private fire protection. Every resident of Metro Nashville saw an increase in property taxes, and due to a two-tax district structure—one applying to county and one to an urban services district that initially applied only within the former city limits—city residents continued to pay more than county residents (45 percent more in 1973). Residents outside the old city limits saw a much larger tax increase than city residents.

Poverty. In the first decade after consolidation, Davidson County saw its poverty rate decline by nearly 50 percent—from 25.93 percent in 1959 to 13.75 percent in 1969. However, it is important to note that poverty has remained a serious issue for Metro Nashville since consolidation.

The Relationship Between Consolidation and Schools. Nashville and Davidson County school districts were consolidated over time under a single Metropolitan School Board with the Metro Council having control over budget expenditures. School desegregation within a larger district footprint and funding disparities between the suburban Davidson County system and the urban Nashville City system arose as significant issues to grapple with after consolidation.

Unigov: Indianapolis and Marion County (established 1970)

Population. As of the 2010 census, Unigov was the 12th largest city in the country, with 820,455 residents, having seen a 10 percent increase in population in four decades following the 1970 merger. Population rankings with cities of comparative size suggest that not only did Indianapolis perform well compared to other similar cities, but also those cities that consolidated in the same era outperformed these same peer cities.

Since consolidation, Indianapolis’ share of metropolitan residents has decreased from 59 percent in 1970 to 43 percent in 2010; however, in this respect it still fares better than its counterparts. Maintaining a large proportion of the metropolitan area’s population allowed Indianapolis substantial sway in the state capital, and the Indianapolis mayor carried more weight in regional planning and economic development discussions. However, while consolidation afforded Indianapolis significant advantages over the several decades, those advantages
have declined over time, as population growth has increased beyond Unigov borders.

Consolidation immediately decreased the proportion of African-Americans in Indianapolis significantly, from 27 percent of the former city to only 17 percent of the consolidated city. The proportion of African-American residents did not recover to pre-Unigov levels until the 2010 census.

This had tangible consequences for the African-American community’s political strength and ability to influence the direction of the city.

**Employment and Economic Growth.**

Indianapolis saw an impressive amount of economic development in the first two decades following consolidation and continued growth into the 1990s. Business establishments increased by over 30 percent in both the 1970s and 1980s, and by 9.7 percent during the 1990s. Compared with peer cities, these growth rates rank among the top 15 in each decade through 2000—peaking at ninth in the 1970s. By the 2000s, Indianapolis’ growth performance was average among its peer cities, reinforcing the idea that consolidation had a substantial impact in the first decades following Unigov’s establishment, followed by a relative decline in advantage. However, these data also suggest that the overall growth in businesses and jobs advantaged Unigov into the 2000s and allowed it to avoid the more traumatic declines of some other Midwestern cities.
Consolidation immediately decreased the proportion of African-Americans in Indianapolis significantly, from 27 percent of the former city to only 17 percent of the consolidated city, which had tangible consequences for the African-American community’s political strength.
**Louisville Metro (established 2003)**

**Population.** Prior to the merger in 2003, Louisville was the 65th largest city in the United States. It had been the largest in the state until, with 256,231 residents counted in the 2000 census, a consolidated Lexington-Fayette Urban County surpassed it by more than 4,000 residents. Since the merger, the city—now officially named Louisville Metro—regained its position as the largest city in Kentucky and became the 18th largest city in the country as of the 2010 census.

After steady declines in population following 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 of Nashville, Jacksonville, and Indianapolis.

**Employment and Economic Growth.** One of the most important results of the merger was a more unified approach to economic development and governance. Having a single government setting the agenda and ordering priorities has been beneficial. 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.

### Population Change of Louisville-Jefferson Consolidated Metro Area

<table>
<thead>
<tr>
<th>2000 Population</th>
<th>2010 Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisville City</td>
<td>256,231</td>
</tr>
<tr>
<td>Jefferson County</td>
<td>694,069</td>
</tr>
<tr>
<td>Louisville-Jefferson metro area</td>
<td>597,337</td>
</tr>
</tbody>
</table>


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**Louisville city limits and Jefferson County, Kentucky**

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Government Spending and Taxes. Some opponents argued that creating a merged government would result in a bloated bureaucracy. Contrary to merger-opponent fears, the costs of government have not increased due to the merger. In 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. It has also been able to maintain consistent levels of service both for the county and within the original city boundaries of an “Urban Services District,” while decreasing the size of the overall municipal workforce.

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.

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. In keeping with this broader trend, the Jefferson County and Louisville police departments decided to merge at the same time and established the Metro Police in January 2003. Personnel levels for the combined police department remained virtually unchanged compared with the pre-merger police forces of the two jurisdictions. Funding has increased at a similar rate as pre-merger, between 4 percent and 8 percent per year.

Political Power. The Metro Council has been stable since its inception. In the first 10 years of the 26-member council, 15 councilmembers have held consistent seats, and 29 councilmembers have been elected more than once.

One major concern raised by merger opponents was that it would detrimentally impact African-American representation in local government. The decline in political representation for African-Americans, which continues to be discussed a decade after the merger, is the most significant disadvantage of the merger. However, African-American representation, while diminished, is still a vital block of votes on the Metro Council. Redistricting that went into effect in 2010 “increased the number of districts with a 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.

According to 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.”

Relationship Between Metro and the Schools. As a result of a 1971 lawsuit challenging continued segregation in the schools, the Jefferson County and Louisville school
districts merged by court order four years later. At that time, the majority of Louisville district’s school population was African-American, while the school population in Jefferson County district was primarily white. In order to address integration in the schools, a busing program was established. Implementation was met with resistance—violence in some cases—and an exodus of 20 percent of white children from the public schools. The fact that the school system was already a single entity was likely a crucial element in the successful city-county merger vote as county residents could not argue that their public schools would be affected, a concern that has derailed merger efforts in other places.

Conclusion

Together with their surrounding counties, Nashville, Indianapolis, and Louisville pursued consolidation to address challenges and create new opportunities by growing the local economy, broadly sharing benefits of suburban population growth, stabilizing the tax base, reducing redundant government services, saving taxpayer dollars, and expanding services to ex-urban residents. Each proceeded down distinct paths on the way to consolidation to address economic challenges, highlighting the importance of local circumstances in shaping what is politically possible. This diversity of pathways also underscores that there is no set formula that a city or region must follow in order to consolidate some or all of its governmental functions.

Critical to ultimate success, however, were popular elected officials who were able to articulate the goals and benefits particular to each merger and who embraced their roles as champions for progressive government through politicized merger processes. Ultimately, the population gains following the mergers have enabled each of the three combined city-counties to remain on the list of top 30 largest cities in the country today. Beyond the three case study lessons on economic development and job growth, perhaps the most telling factor of the benefits and success of consolidation is the lack of any legal challenges or attempts to “undo” consolidation and revert to separate jurisdictions in the many decades that have followed.

Land Area of Consolidated Metropolitan Areas

- Nashville-Davidson: 475.1 sq. miles
- Indianapolis-Marion: 361.4 sq. miles
- Louisville-Jefferson: 325.2 sq. miles

Baltimore City: 80.9 sq. miles of land area

Total Area includes 12.1 sq. miles of water, or total = 92.1 sq. miles

2010 Population of Baltimore City: 620,961

At the time we started this project, a consolidation of the City of Pittsburgh and Allegheny County had received serious consideration but has not since come to pass. Consolidation and merger discussions are, however, currently occurring in other communities, such as St. Louis. Likely the highest profile merger effort in the country at this moment, Missouri is gearing up for a potential statewide constitutional vote in 2020 to dissolve St. Louis city borders into St. Louis County and reverse the city’s 1876 split from the county.

There is not a person still living who can claim to be nostalgic about the days when the City of New York was untethered to its boroughs. With the passage of time, no one questions the size and somewhat awkward geography of New York City resulting from consolidation with Brooklyn, Queens, the Bronx and Staten Island in 1898, or that of Philadelphia before it, which consolidated the surrounding boroughs, districts and townships into one city in 1854.

The five-county Baltimore region is ripe for a similar effort to rethink its rigid geographic boundaries and explore the challenges and opportunities that could come from consolidated government. Our future could depend on it.

**Endnotes**

1 House Bill 402, 1999 Regular General Assembly Session, [http://mlis.state.md.us/1999rs/billfile/hb0402.htm](http://mlis.state.md.us/1999rs/billfile/hb0402.htm)


6  “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.


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About the Abell Foundation

The Abell Foundation is dedicated to the enhancement of the quality of life in Maryland, with a particular focus on Baltimore. The Foundation places a strong emphasis on opening the doors of opportunity to the disenfranchised, believing that no community can thrive if those who live on the margins of it are not included.

Inherent in the working philosophy of the Abell Foundation is the strong belief that a community faced with complicated, seemingly intractable challenges is well-served by thought-provoking, research-based information. To that end, the Foundation publishes background studies of selected issues on the public agenda for the benefit of government officials; leaders in business, industry and academia; and the general public.

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