Abstract and Keywords

The complexity of local boundaries, and the political fragmentation that produces that complexity, have long attracted the attention of those who study local politics. This essay reviews the literature investigating the functions, determinants, and effects of local government boundaries. The emphasis is on the state of research on local boundaries, but the essay closes with some recommendations for future research. The author argues for more fine-grained studies that address the appropriateness of existing political boundaries, given the distribution of populations and the nature of underlying policy problems, and that examine the effect of boundary organization on the development and maintenance of political community.

Keywords: boundaries, special districts, population, policy problems, political community, geography, competition, efficiency

A map of local government boundaries in the United States reveals a governing structure that is fragmentated and multi-layered. Over 87,000 independent local governments divide responsibility for providing public education, police and fire protection, land use regulation, parks and libraries, infrastructure, social services, and various other public goods and services. Local government boundaries overlap and intersect, and they move with some regularity as governments form, disintegrate, and expand or contract their geographic territories. One outcome of this fragmentation is confusion for citizens; people typically know their city of residence but may not be familiar with the special districts that have power to tax them and influence their quality of life. In densely populated metropolitan areas, political boundaries can seem arbitrary, poorly matched to current population distributions. Yet the boundaries have important consequences for people’s tax obligations and access to services.
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Although fragmentation reigns, the degree of fragmentation varies considerably, even between metropolitan areas within the same state. In 2002, 273 local governments existed in Allegheny County, Pennsylvania, providing services to the county’s 1.3 million residents. Across the state in Philadelphia, just 17 local governments served 1.5 million residents. In addition to Pittsburgh, 127 other municipalities carve up the territory contained within Allegheny County’s borders; more than a dozen of these cities and boroughs are home to fewer than 1000 residents. Governments pile on top of each other as well, with 145 school districts and special districts layered on top of general-purpose cities and counties, dividing up functional responsibilities. The result is a mosaic of intersecting jurisdictional boundaries that define both the geographic and the functional reach of a local government’s authority. In contrast, the Philadelphia boundary map is much sparser: the city and county are consolidated into a single government, and the county’s school district and several of its special districts have boundaries that are coterminous with the city and county. Boundary lines outside the city are more complex, however, with nearly 900 independent governments coexisting in the Philadelphia metropolitan region.

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Functions of Boundaries

Boundaries demarcate a jurisdiction’s territory, differentiating land that falls under a local government’s authority from land that falls outside it. Local boundaries are highly porous to the movement of people and goods; a daily commute to work or even a short trip to the store can require one to traverse any number of jurisdictional borders. At the same time, boundaries create clear lines of division that determine the extent of a government’s responsibilities and obligations. Boundary lines may seem arbitrary and irrelevant in a densely populated metropolitan area, but they serve four important functions. Their location defines citizens’ rights, obligations, and access to services, and they help shape the patterns of interaction within a community.

By determining who is counted as a resident of a jurisdiction, boundaries define fundamental rights. By and large, only those who live within a jurisdiction’s boundaries can vote for its governing officials, even as those officials make decisions that have consequences for non-residents. Local policy choices about growth, infrastructure, and the provision of social services have effects that spill over into neighboring communities. Residents on both sides of a political boundary may equally experience congested traffic as a result of new development, but the boundary dictates who can participate in selecting the officials who grant the development permits. Even where local governments directly provide services such as drinking water or fire protection outside of jurisdictional boundaries, only those inside the boundaries have an opportunity to vote. Since the extension of the one-person, one-vote requirement to local governments in *Avery v. Midland County*, residence in a jurisdiction has carried the promise of equal representation in the jurisdiction’s government. An exception to this rule lies in the case of landowner-voter special districts, which confer voting rights based on property ownership. The U.S. Supreme Court has upheld franchise limitations for special districts if a district has a “special limited purpose” and its activities have “disproportionate effect” on landowners as a group, on the logic that restricting the franchise only to landowners is justified by landowners’ economic stakes in district decisions (*Briffault*, 1993). Land owners typically do not need to reside in the district to vote, and some districts even apportion voting power based on the amount or value of land held. Although this type of voting rule is relatively uncommon among special districts, it constitutes an important departure from the norms of democratic representation and reduces the significance of boundaries in establishing citizenship within a jurisdiction.

Boundaries also define the extent and nature of individuals’ property rights. Through their control over land use and zoning, local governments dictate how people can use and modify their land and homes. Local governments affect property rights most directly when they exercise eminent domain to seize property for public use or for transfer to another private owner in the interest of economic development. A government may take property by eminent domain only within its own boundaries, of course, and may further be limited by the boundaries of established redevelopment zones. Even without
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direct appropriation, governments may impinge on the value of property and its intended use with regulations restricting subdivisions, requiring that land be dedicated to specific uses, and controlling the size and style of building structures. Boundary lines determine the rights associated with otherwise identical properties, affecting individuals’ relationships with their land and shaping where and how a community will grow. The fact that local governments exercise such strong control over property values gives homeowners a large stake in local politics. Because homeowners tend to have significant investments in their homes, they take more interest in the activities of local government in order to protect and enhance their home values (Fischel, 2001). Courts have recognized that this functional role of local government in determining property use and value affects residents differentially, and it is an important justification for the exceptions described above to one-person, one-vote representation (Briffault, 1993).

In addition to defining residents’ representational and property rights, boundaries determine access to public goods and services. In a foundational article titled “A Pure Theory of Local Public Expenditures,” Charles Tiebout (1956) depicted local governance as a marketplace in which jurisdictions compete for residents by offering rival packages of public goods. Some jurisdictions offer high levels of public services and impose high taxes, while others offer fewer services and have lower taxes. By choosing their place of residence, individuals opt into the bundle of public goods that best matches their preferences. It is this competition between localities, Tiebout argued, that creates an incentive for local governments to provide public goods efficiently. The configuration of local boundaries dictates the package of services available in a given location from the city, county, school district, and special districts that have jurisdiction over the location. Crosscutting boundaries create bundles of services that can vary by neighborhood or even by household. Moreover, because each local government must rely on its own tax base or other revenue stream to fund its activities, boundaries establish inequalities in service delivery. Differences in service bundles are a product not only of current preferences and capacity but also a legacy of earlier policy decisions: older cities provide more services, and spend more on services (Stein, 1990; Burns, 1994). Overall, one’s access to public goods depends heavily on one’s location.

The flip side of defining residents’ access to services is to define their obligations. In the Tiebout model, individuals choosing where to live are weighing the benefits of access to a community’s public services against the cost of the tax liability in that community. The dominant source of local taxation is the property tax; it accounts for 45 percent of the general revenue that localities collect from their own sources. Part of what makes the property tax an attractive revenue source for local governments is the immobility of the tax’s target. A high sales tax can drive sales transactions outside of a jurisdiction’s boundaries; in contrast, property improvements such as building structures, and especially the land beneath them, are relatively immobile, allowing a jurisdiction to protect and easily identify its tax base. The rates for property taxes as well as other local taxes and fees can vary widely across communities within a state or a metropolitan region, and the ability of some school districts and special districts to levy their own taxes and fees add to the disparities that may exist across boundary lines. Boundaries define
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not only current tax obligations but also the level of indebtedness that a resident shares with others in her community. Because local governments often finance growth by taking on debt, residents may bear the burden of paying for policy decisions enacted before they moved to the community.

Finally, through their role in delimiting formal differences between jurisdictions in rights, services, and obligations, local boundaries have the additional function of shaping community. Boundaries create the opportunity to include and exclude. As a consequence, they demarcate and solidify socioeconomic inequalities, promoting homogeneity within communities (Altshuler et al., 1999; Drier, Mollenkopf, and Swanstrom, 2001). First, local governments’ power in establishing property rights affects potential residents’ access to a community. Although cities and towns cannot adopt explicitly discriminatory policies, they can use their control over land use and zoning to attract certain types of residents (Danielson, 1976; Downs, 1994). Because middle- and upper-class residents tend to want to live near those with the same means, they will use regulations that slow the pace of development, set minimum lot sizes, and dictate the mix of housing stock to discourage those with fewer resources from settling in the community. Control over services also contributes to homogeneity because of shared preferences. Through Tiebout sorting, individuals can choose to reside in jurisdictions that provide the kind of services they prefer, so a community with a set distribution of investments will tend to attract residents with similar preferences. Finally, apart from individuals’ preferences about the identity of their neighbors, residents of high-income communities have an economic interest in protecting homogeneity in order to maintain a high tax base and low demand for redistributive social services, which will help keep tax obligations low (Peterson, 1981; Schneider, 1989). In sum, boundaries create both motivation and opportunity for localities to differentiate themselves. Less formally, boundaries serve as a device to provide potential residents with information about the character of the community, reinforcing the tendency toward homogeneity. As Weiher (1991: 194) explains, “political boundaries support the recruitment that is the complement to exclusion in urban sorting.” They also can influence the organization of civic and political engagement, strengthening the ties among residents within a jurisdiction and encouraging individuals to self-identify as residents of a specific locality.

Effects of Boundary Organization

The largest and most developed literature related to boundary organization addresses fragmentation, or the density of independent governments within a given area. A local governance system may be fragmented horizontally, with many small general-purpose governments densely packed next to one another, or the fragmentation may be vertical, with independent special districts layered on top of cities and towns, dividing responsibility for the provision of local goods and services. In the most fragmented
regions such as the area surrounding Pittsburgh, fragmentation occurs along both horizontal and vertical lines.

An enduring debate in the literature addresses the costs and benefits of fragmented governance. On one side of the debate are those who argue, following Tiebout, that competition among governments in a fragmented local political economy promotes efficiency and responsiveness in the provision of public goods and services. On the other side, many contend that fragmentation leads to wasteful duplication of effort and reduces public officials’ accountability to their constituents.

In his classic article, Tiebout was responding to recent work in the economics literature arguing that market mechanisms could not provide public goods efficiently because of the free-rider problem that creates an incentive for individuals to understate their preferences. Tiebout made the case that governments could provide goods and services efficiently at the local level if enough jurisdictions exist and the bundles of public goods they provide differ from one another. In that case, fully mobile “consumer-voters” effectively reveal their preferences by “voting with their feet” and moving to the jurisdictions whose bundles of services most closely match their preferences. Competition for residents promotes market efficiency because individuals sort into communities where everyone has similar taste. In later work with Vincent Ostrom and Robert Warren, Tiebout introduced the concept of metropolitan governance as a “polycentric political system” with many independent centers of decision making (Ostrom, Tiebout, and Warren, 1961). Polycentrism further promotes efficiency by allowing appropriate scaling of public goods, decoupling of the production and provision of services, and flexible contracting arrangements among local governments. More recent work shows that efficient outcomes require not just competition between jurisdictions but also flexible boundaries to accommodate increases or decreases in demand for a bundle of public goods (Epple and Zelenitz, 1981; Epple and Romer, 1989).

Tiebout’s original model emphasized the efficiency effects of fragmented governance, but he and other scholars additionally argued that dividing public authority among numerous independent governments increases responsiveness to public preferences. He and his colleagues warned about the absence of responsiveness in gargantua, a metropolitan political system with a single dominant center of decision making:

[Gargantua] is apt to become a victim of the complexity of its own hierarchical or bureaucratic structure...Some decision-makers will be more successful in pursuing their interests than others. The lack of effective organization for these others may result in policies with highly predictable biases. Bureaucratic unresponsiveness in gargantua may produce frustration and cynicism on the part of the local citizen who finds no point of access for remedying local problems of a public character.

(Ostrom, Tiebout, and Warren, 1961: 837)
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They reasoned that because a large jurisdiction is composed of smaller publics whose composition might vary across issues, responsive governance therefore may require different organizational forms for different services. Robert Bish (1971) elaborated on polycentrism’s benefits for responsiveness, arguing that it allows for more congruence between citizens’ preferences and those of their public officials. Vertical fragmentation in particular reduces the scope of responsibilities that any one politician oversees, so voters casting ballots for these more narrowly defined public offices are more likely to find candidates whose positions coincide with their own. If residents are unsatisfied with the service they receive from government, a vertically fragmented system offers multiple venues where they can express their complaints and demands. In a less fragmented system where a single unit of government controls a large territory and a diverse set of functions, it is easier for a small group to gain dominance and to bias outcomes away from what a majority would prefer (Ostrom, Bish, and Ostrom, 1988).

Another stream of literature challenges these optimistic assessments of fragmentation and instead calls for consolidation of governing structures across geographic and functional boundaries. A group of scholars writing in the mid-twentieth century argued that fragmentation promotes redundancy and wasteful spending and increases the influence of special interests over policy outcomes. In his 1942 book *Metropolitan Government*, Victor Jones highlighted the mismatch between the metropolitan-wide scale of problems such as transportation, sewage treatment, and drinking water protection and the fragmentation of governing authorities responsible for addressing these problems. He and others who advocated government reform contended that the transaction costs, duplication of service, and failure to take advantage of economies of scale all contributed to higher service costs (Jones, 1942; Gulick, 1957; Wood, 1958, 1961; Advisory Commission on Intergovernmental Relations, 1964; Committee for Economic Development, 1966, 1970). Moreover, they argued that fragmentation reduced democratic accountability. Citizens are less able to express preferences and grievances to the many public officials who represent them, and they lack the information they need to cast informed ballots for the many county, city, school district, and special district offices. As Jones (1942) described, “Unnecessary impediments to popular control of local government arise when the electors of metropolitan areas find it necessary to express their preferences by marking a long “jungle ballot,” when they must watch intelligently and simultaneously the activities of many units of government, and when the issues, because they have not proceeded from a consideration of the needs and resources of the entire metropolitan area, are often petty and unrelated to the large needs of the community” (335). Metropolitan reformers were particularly skeptical about special districts, whose low public profile and complex governing structures created additional obstacles to accountability (Bollens, 1957).

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Empirical evidence on how fragmentation affects efficiency and responsiveness is mixed. With respect to horizontal fragmentation, the evidence accumulated from extensive empirical investigations suggests that fragmentation of general-purpose governments generally is associated with lower levels of expenditure. As Ostrom, Tiebout, and Warren (1961) predicted, optimal size of a jurisdiction may vary based on the nature
of the public good: fragmentation seems to have the biggest payoffs for labor-intensive services, while capital-intensive goods may be provided more efficiently by large jurisdictions.\(^5\) Horizontal fragmentation also appears to offer benefits in terms of government performance and citizen satisfaction (Ostrom, Parks, and Whitaker, 1978; Parks and Oakerson, 1993; Ostrom and Parks, 1999; Hoxby, 2000 but see Lowery and Lyons, 1989; Lyons and Lowery, 1989). The efficiency gains from interjurisdictional competition do not apply when governments are layered on top of one another, however. County-level analyses by both Foster (1997) and Berry (2008) show that vertical fragmentation, measured as reliance on special districts to provide public services, is associated with higher levels of public spending. Berry (2008) attributes this result to overtapping of a fiscal common pool, arguing that governments that share a tax base each internalize only part of the costs of taxation and therefore have a tendency to spend more than they would if they had a territorial monopoly. Nonetheless, vertical fragmentation may promote responsiveness; Mullin (2008) finds that on issues that have low public salience, special districts make policy decisions that are more congruent with public preferences than decisions made by general-purpose governments.

Although horizontal fragmentation can be applauded for promoting efficient, responsive policy making, these outcomes can have negative consequences for the broader population. Responsiveness to constituents’ demands for lower taxes, higher property values, and more homogeneous communities has contributed to racial segregation and economic inequality across jurisdictions.\(^6\) By Tiebout’s logic, localities are able to provide public goods efficiently because individuals have sorted among communities according to their preferences.

In his stylized model, all individuals are perfectly mobile; in reality, individuals’ ability to move is highly correlated with income, so it is high- and middle-income households that are most able to seek out communities that have desirable bundles of services. A city will be able to provide more services at a lower tax rate if its tax base is high and it does not have to invest in redistribution. Those with the resources to move thus have an incentive to sort into communities with high-income populations and then to use control over land use to exclude low-income and minority residents. This sorting leaves some communities—especially central cities and inner-core suburbs—with a disproportionate share of needy populations and a tax base inadequate to support them.

Moreover, the fragmentation of governments, both horizontally and vertically, creates significant coordination challenges. Many of the public goods and services that local governments provide have effects that spill over into neighboring communities. These effects may be positive, as when a city builds a park that residents of neighboring communities can enjoy, but very often they are negative. A city’s failure to provide adequate police protection leads to crime that spills over city boundaries; development on the periphery of a jurisdiction causes traffic in an adjoining community; inadequate sewage treatment contaminates a river that serves as a regional recreational and drinking water resource. Externalities can cause problems in a vertically fragmented system as well, as when a city authorizes housing development that the local water
district does not have the capacity to serve, jeopardizing water quality and reliability systemwide. Other problems that arise in a fragmented governance system include the failure to take advantage of economies of scale and the overuse of some common pool resource such as a shared aquifer. This type of problem often stems from a mismatch between existing political boundaries and the boundaries that would be most appropriate for providing some public good or managing a public resource. Collective action among governments often can help reduce inefficiencies or arrange compensation for externalities, but strategic local actors may have an incentive to cause hold-up problems or engage in venue shopping (Mullin, 2009). Feiock and Scholz have launched a stream of research dedicated to understanding the nature of institutional collective action problems and the variety of cooperative mechanisms that can help to mitigate them (Feiock, 2004, 2009; Scholz, Berardo, and Kyle, 2008; Feiock, Steinacker, and Park, 2009; Feiock and Scholz, 2010). They argue that self-organization among local governments, both formally through the creation of special districts and regional authorities and informally through the development of contracting agreements and policy networks, helps regions address large-scale problems and adapt to changing conditions (Feiock and Scholz, 2010).

A final set of consequences from boundary organization relates to political participation. How does the organization of local boundaries define community and influence people’s engagement with politics? Eric Oliver has investigated the effect of city size on civic participation, finding that residents of small municipalities are more likely to have knowledge of and interest in local affairs and to engage in civic activities than those who live in larger cities (Oliver, 2001; Oliver and Ha, 2007). Racial and economic homogeneity suppress participation, however, perhaps by reducing the variation in policy preferences and therefore the amount of conflict in a community (Oliver, 2001). Oliver works only with city-level data, assuming that the city defines the local political community. However, it is possible that county, school district, and other jurisdictional boundaries also help to shape political communities. We have little understanding of patterns of political interaction at the local level, and how party and interest group organization and informal political networks correspond to the boundaries of local governments. In most U.S. metropolitan areas, local government organization resembles what Hooghe and Marks (2003) call Type II governance, in which jurisdictions are often functionally specific rather than general-purpose, have flexible designs, and operate at varying territorial scales (see also Frey and Eichenberger, 1999). The alternative Type I system is characterized by general-purpose governments with more permanent designs that operate at a limited number of jurisdictional levels. Hooghe and Marks (2003) argue that the two systems entail contrasting models of community. Type I governance is based on encompassing communities, where citizens are oriented toward voice rather than exit and multifunction governments must prioritize among numerous competing priorities. In a Type II system, intersecting membership and functional specialization produce more pragmatic political communities in which individuals have the option of avoiding political conflict by voting with their feet or establishing a new government to manage a public good. Special districts have multiplied in recent decades, creating more complex
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boundary maps that divide authority both geographically and by function. We know little about the effects of this transformation for the development and maintenance of common interest in a community and the promotion of civic participation.

Determinants of Boundary Organization

Establishing boundaries is an essential part of forming a new local government, and the location of a jurisdiction’s boundaries is the product of purposeful decision making by actors involved in government formation. Formations may result from any of three different mechanisms: incorporation of previously unincorporated territory; secession of territory from an existing municipality or special district; or the layering of a special district on top of existing governments either to provide a new service or to take over a service from a general-purpose government. Because formations typically require consent from a majority of those who would reside within the new jurisdiction, the specific location of boundaries is a strategic decision dictated by local political context and constrained by the configuration of existing boundaries. On the more general question about why actors form new local governments, however, research has identified several important factors.

The overriding reason for establishment of a new local government is to provide access to services. Leading the effort may be citizens seeking a higher level of service delivery than what is available under existing governing arrangements, or developers with an interest in extending infrastructure to the properties they hold while avoiding financial risk. By carving out a new municipality from previously unincorporated territory or laying a new special district on top of existing jurisdictions, local actors are able to create a bundle of services (and corresponding tax or fee obligations) that more closely matches local preferences. However, because only those with a concentrated stake in local governing structure are likely to invest effort in altering local boundaries, developers and other business interests dominate the politics of city and special district formation (Burns, 1994). Developers are particularly attracted to the bonding powers of special districts, which provide access to capital for major infrastructure projects while avoiding the public visibility of general-purpose cities and counties (Foster, 1997).  

Another reason that development interests might lead an effort for government formation is to gain control over land use (Miller, 1981; Teaford, 1997; Fischel, 2001). Zoning decisions have direct impact on where and how property owners may develop their land. Authority over these decisions is a power firmly held by cities and towns, and a developer with extensive holdings of unincorporated land may have an incentive to pursue municipal incorporation as a means to secure a favorable regulatory climate. Of course, homeowners also have a stake in land use decisions because of the effect these decisions can have on property values. In his analysis of municipal incorporations in King
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County, Washington, Fischel (2001) highlights residents’ dissatisfaction with the county’s predevelopment stance in explaining local support for creating ten new cities.

A third motivation for government formation is financial. Local actors may seek to incorporate or create a new special district in order to lower the cost of service delivery or capture external revenue collected through a sales tax (Miller, 1981; Tkacheva, 2008). During the 1950s, dozens of incorporations occurred in Los Angeles County under the Lakewod Plan, creating cities that contracted with the county for basic services and offered few services on their own. In his study of the Lakewod Plan cities, Miller (1981) argued that residents’ support for formation of these minimal cities was attributable to preferences about redistribution: taxpayers sought to avoid the financial burden of redistributive programs that would benefit few who lived in the newly incorporated cities. Local residents behaving rationally produced in the aggregate a “revolt of the rich against the poor” (9), as middle- and upper-class residents were able to create jurisdictions that excluded service-demanding populations.

More generally, an important factor driving new government formations is residents’ preferences to shape the racial and income composition of their community (Weiher, 1991; Burns, 1994; Downs, 1994). In a study of U.S. local governments over time, Alesina, Baqir, and Hoxby (2004) found that county-level racial heterogeneity (and, to a lesser extent, income heterogeneity) has a positive effect on the number of municipalities and school districts in a county. Local residents respond to heterogeneity by forming new governments or, more likely in the case of school districts, refusing to consolidate existing districts. The growth of special districts over time is not related to heterogeneity, however, perhaps because special districts involve lower levels of interaction among residents.

The Alesina, Baqir, and Hoxby study highlights important differences between government types. Cities seem to define citizenship and community in a way that special districts do not; school districts are likely to fall somewhere in between (Danielson, 1972). The degree to which cities are viewed as coherent and united political communities can be seen in the controversy that arises over secession proposals, such as those that have arisen in New York City’s Staten Island and the San Fernando Valley in Los Angeles (Briffault, 1992; Hogen-Esch, 2001; Frug, 2002; Sonenshein, 2004). Secession proposals bring into even sharper relief the significance of boundaries in delineating residents’ rights and responsibilities, and in defining residents either into or outside of local citizenship. They also facilitate the process of sorting into distinctly rich and distinctly poor communities (Penn, 2004).

The barriers to municipal incorporation are high: there must be some supply of unincorporated land, otherwise creating a new city requires residents to secede from their existing community. A similar barrier exists for school districts, whose jurisdictions typically may not overlap. Special districts, on the other hand, can layer on top of one another. Although a special district usually has a monopoly on the specific service it provides within its jurisdiction, another district may be formed to provide additional
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...service of a similar type—for example, a transit district providing rail service may overlap one that operates buses. The consequence of these lower barriers to formation is a proliferation of special districts: while the number of cities and towns increased by 6 percent during the period 1952–2002, the number of independent special districts nearly tripled.\(^9\)

Much more common than the formation of a new local government is boundary reorganization among existing governments. Thousands of municipal annexations occur each year, in which the boundaries of a city or town expand to include nearby, unincorporated territory.\(^9\) The U.S. Census tracks annexation activity with its annual Boundary and Annexation Survey; special districts also regularly expand their jurisdictions through annexation, but these changes are not well monitored. A city’s ability to annex territory has consequences for how it adapts to changes in its population and its economic circumstances. Annexation is an important tool for capturing tax revenue and taking advantage of economies of scale. Rusk (1993) classifies cities based on their elasticity, or whether they have expanded to encompass a large portion of the metropolitan area population. Rusk argues that elastic cities, most of which are located in the Sun Belt, are better able to guide and accommodate growth. Factors contributing to municipal annexation are similar to those driving incorporation. A key motivation seems to be expansion of the tax base to support services for existing residents (MacManus and Thomas, 1979; Liner and McGregor, 1996). Cities also may seek to enlarge their service territory in order to close service gaps or capture economies of scale (Carr and Feiock, 2001). Finally, local actors may treat annexation as a means to change the racial balance of the city (Austin, 1999).

In addition to incorporation and annexation, a third form of boundary change is the consolidation or merger of existing governments. A nationwide effort to consolidate rural school districts during the mid-twentieth century dramatically reconfigured local school district boundaries and the organization of public education. In contrast, consolidation of general-purpose governments is uncommon. Regionalists have long argued for consolidation of fragmented local governments within a metropolitan area, arguing that it would reduce wasteful duplication of effort and promote broader perspectives on metropolitan problem-solving (Jones, 1942; Gulick, 1957; Rusk, 1993). Yet numerous efforts to merge city and suburban governments, especially through city-county consolidation, have failed to win local support. Seven consolidations have occurred since 2000, increasing the total number of consolidated city-county governments to 40, but these represent just a small fraction of the number of serious consolidation efforts. Consolidation typically requires a referendum of citizens who will be affected by the reform, and over 80 percent of merger referenda fail (Leland and Thurmaier, 2004). Research on consolidation efforts have attributed successful campaigns to a crisis climate, effective arguments about consolidation’s benefits for economic development, and the pursuit of selective benefits by local political actors (Rosenbaum and Kammerer, 1974; Feiock and Carr, 2001; Leland and Thurmaier, 2004; Feiock, Carr, and Johnson,
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2006). More generally, Calabrese, Cassidy, and Epple (2002) show analytically that although consolidation can have positive aggregate effects on social welfare, high-income residents are adversely affected and therefore will likely vote against consolidation efforts.

A recurring theme in the literature on boundary organization is the importance of state policy in creating opportunities for government formation and boundary change. State law has both direct effects by setting the rules for different types of institutional reform and indirect effects by shaping the larger institutional context that makes a specific reform more or less attractive to local actors. States influence local government organization most directly by enabling the formation of local governments. The most powerful and consistent factor contributing to special district formation is the number and breadth of state enabling laws (Burns, 1994; Foster, 1997; Carr, 2006); the more types of districts available, the more likely that local actors will opt for special district formation as a mechanism to satisfy unmet demand for services. Among general-purpose governments, state rules requiring a special act of the legislature for municipal incorporation have a more modest effect in discouraging city formations.

Once a government has been established, its likelihood of expanding through annexation may also depend on the procedural requirements contained in state law. Findings are mixed with respect to how state rules governing the boundary change process affect local annexation activity (Dye, 1964; MacManus and Thomas, 1979; Galloway and Landis, 1986; Liner, 1990; Liner and McGregor, 1996; Carr and Feiock, 2001). Scholars have obtained varying results depending on how they measure annexation laws (whether the emphasis is on the locus of authority or specific procedural hurdles) and annexation activity (whether the emphasis is on scope or frequency of annexations). In a recent study, Carr and Feiock (2001) reported that more restrictive annexation rules actually increase the frequency of municipal annexation, perhaps because restrictive rules create an incentive for annexation supporters to pursue smaller proposals that then encounter less public resistance. Federal law can affect government formation and boundary change as well. After 1965, counties covered by Section 5 of the Voting Rights Act needed to obtain preclearance from the U.S. Department of Justice before making any changes to their voting practices, which has been ruled to include government formation and annexation. Burns (1994) has shown that from the 1960s onward, the Voting Rights Act slowed special district formation in counties that require federal preclearance.

In addition to its direct effects, state law can contribute to boundary organization indirectly by shaping the institutional environment in which local actors make decisions. Government formation and boundary reorganization are tools to solve some problem, and decision makers will weigh the costs and benefits of potential solutions against one another. Scholars have made some attempt to understand the relationship among different institutional solutions but have not reached firm conclusions. Although many have suspected that tax and expenditure limitations on general-purpose governments promote the formation of special districts as a means to finance local infrastructure, the evidence for this relationship is mixed (MacManus, 1981; Burns, 1994; Foster, 1997; Carr,
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2006). Austin (1998) treats annexation and special district formation as potential substitutes and develops a model in which cities will oppose district formation to provide services in an adjacent territory if the city has state authority to annex and would experience a positive net gain from annexation. This line of inquiry about the relationship among various institutional solutions is worthy of further investigation. Decisions about institutional design rarely are dichotomous choices, at least in the early stages; local actors have a variety of mechanisms they can use to satisfy unmet demand or to achieve cost savings. They are likely to consider the costs of other strategies that might allow them to achieve the same policy goals. It is important to consider the strategic environment when examining institutional choices.

A Research Agenda

The literature on local boundaries long has focused on testing and responding to Tiebout’s model of public good provision; this is not surprising given the model’s broad implications for competition, residential sorting, and government formation and dissolution. This research has revealed important insights about the causes and consequences of boundary organization, particularly about the policy effects of horizontal and vertical fragmentation. Recently, many scholars and practitioners have turned their attention from questions about efficiency and started to focus on the consequences of boundary organization for socioeconomic equity, economic development, and environmental protection. This is a welcome development, especially where the research acknowledges how institutions channel potentially competing demands from individuals’ rational self-interest and pursuit of these larger collective goals.

As we begin paying attention to the broader implications of boundary organization, one set of questions that merits consideration relates to the appropriateness of existing jurisdictional boundaries given the distribution of populations and the nature of the underlying problems that governments aim to address. Efficient provision of public goods requires internalizing externalities by matching jurisdictional boundaries to populations with demand for the good (Oates, 1999). Optimal size of boundaries will vary across goods, so that the smaller the number of functions overseen by a jurisdiction, the more likely it should be that boundaries will be optimal (Ostrom, Tiebout, and Warren, 1961; Dahl and Tufte, 1973). These expectations have received little empirical testing because of the difficulty in defining the boundaries of a problem or the geographic distribution of demand. It is difficult enough to find the best scale for a park or a fire protection system; the task becomes even more complicated when addressing complex problems such as environmental justice or nonpoint source pollution. Those who study watershed management have grappled with this question (Ostrom, 1953; Ostrom, 1990; Blomquist, 1992; Blomquist, Schlager, and Heikkila, 2004; Scholz and Stiftel, 2005), but little conversation exists between scholars of urban politics and those who study alternative
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institutional forms in natural resources management. This is unfortunate, because the intersection of these fields through scholars such as Vincent Ostrom in the mid-twentieth century produced work that remains influential to this day.

Another area ripe for further inquiry is the effect of local boundaries on political community. We have little understanding about how boundaries help shape civic capacity and engagement. Since Tiebout, scholars have emphasized the exit option in local politics, and how boundaries and the possibility of boundary change may facilitate that option. The exercise of voice within existing communities has received less attention. Through their influence on the organization of local interest groups and social networks, we should expect political boundaries to affect the opportunity structure for political participation, and potentially the formation of individuals’ policy preferences. Much remains unknown about whether and how these relationships operate, however. To what degree, and through what mechanisms, does sharing rights, services, and obligations create a community of interest? Does informal political community generally follow municipal boundary lines, or do the boundaries of school and special districts also influence how people interact and engage with politics? Is informal political organization more likely to follow municipal boundaries where the city population is more homogeneous or where the city is older and performs more functions? How do internal political boundaries such as city council districts and business improvement districts contribute to the organization of civic life? Finally, scholars and practitioners promoting a “new regionalism” have advocated making political boundaries more porous through mechanisms such as tax base sharing or the establishment of regional governments that coordinate local decision making (Downs, 1994; Orfield, 1997; Katz, 2000; Dreier, Mollenkopf, and Swanstrom, 2001). How might more porous boundaries change political community? Would it make interest group organization easier across jurisdictional lines, for example?

Both of these tasks present significant data challenges. Understanding the appropriateness of boundaries requires research with detailed, textured focus on the nature of specific public goods and policy problems. Examining the development of political communities calls for fine-grained data on group organization and political engagement at the neighborhood level. The hurdles to this type of data collection are substantial, and carrying out this research may require studies of small numbers of jurisdictions. Scholars have made good use of revenue, expenditure, and annexation data collected by the U.S. Census Bureau, but advancing our knowledge about the nature of local boundaries will require a broader view of local communities and the problems they face.

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Notes:

(1) . 390 U.S. 474 (1968).


(3) . More common are land ownership requirements for voting to approve certain types of bonds and fees, a rule that applies in many cities as well as special districts.

(4) . Data from the 2008 Annual Survey of State and Local Government Finance conducted by the U.S. Census Bureau. The largest overall source of local revenue is intergovernmental transfers, mostly from state governments.

(5) . For reviews of the empirical literature, see Dowding, John, and Biggs (1994) and Altshuler et al. (1999).

(6) . The empirical literature offers strong support for a relationship between fragmentation and racial segregation and mixed evidence for fragmentation’s effect on segregation by income. For a review, see Altshuler et al. (1999).

(7) . The influence of developers on special district formation is a finding that emerges more strongly in case studies than in quantitative analyses of district formation, perhaps due to measurement problems in accounting for developer presence (Burns 1994; Foster 1997).

(8) . Calculated from Census of Governments data (U.S. Census Bureau 2002). The number of school districts declined by 80 percent during that period as a result of widespread district consolidations.

(9) . Secession combined with detachment occurs only rarely: of the 62,382 boundary changes during the 1970s, over 98 percent were annexations of previously unincorporated land rather than land that had been incorporated within another jurisdiction (Epple and Romer 1989).

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