

A LOOK AT YOUTH ON THE MOVE

Local Governments Help Keep Young Adults in State, Study Says

Some legislators, think-tank pundits, and even newspaper editorial boards have been laying the blame for Pennsylvania's economic ills squarely on the shoulders of its more than 2,500 local governments. Well, here's a news flash: A recent study reveals that young adults are actually drawn to regions of the state *with more local governments*. The fact is, they like what these communities have to offer.

BY JENNIFER L. HAWBAKER /
ASSISTANT EDITOR

A new study may have anyone who sings the song of township consolidation — with the refrain that Pennsylvania has too many layers of government — looking for a new tune. The research reveals that young adults are drawn to areas of the state that have *more* units of government. In other words, they are more

likely to settle where government truly is closest to the people.

The study looked at the movement of young adults in the commonwealth between 1995 and 2000, and the results contradict the findings of a 2003 Brookings Institution report that has been touted by those who claim too many local governments are a drain on the state's economy.

"I suppose this study was prompted in part by the Brookings report that came out in 2003," says study co-author Stephan Goetz, professor of agricultural and regional economics and director of the Northeast Regional Center for Rural Development at Penn State. "We felt there was not enough statistical rigor in their work. They were putting out cause-and-effect cor-

A new study on youth movement in, out of, and around the commonwealth shows that job availability seems to be more important to young adults than the level of earnings as they decide where to live.



Housing availability seems to be one of the most important factors in where young adults choose to settle in Pennsylvania, according to a recent study. Entertainment and health care, along with the job market, also play a role.

relations about the impact of small units of governments that we didn't think were tested enough."

Goetz stresses, however, that the researchers had no ax to grind and no preconceived notions of what the outcomes of the study would be.

"We don't have a dog in this fight, as they say," Goetz adds. "We were just trying to provide objective confirmation if what Brookings asserted was true."

Just the facts

Goetz, along with George Grassmueck, assistant professor of business at Lycoming College, and Martin Shields, associate professor of economics at Colorado State University, published their findings in the paper, "Youth Outmigration from Pennsylvania: The Roles of Government Fragmentation vs. the Beaten Path Effect," in the *Journal of Regional Analysis and Policy*.

The researchers used a new economic measure to test if government "fragmentation" drove young residents away from the state. They considered a variety of factors, including housing prices, employment figures, school student and teacher numbers, and social gathering places. A primary component of the model, the researchers say, is the use of government expenditure data to measure fragmentation, as opposed to the old formula, which is based on the number of government units per capita.

In the study's abstract, the authors state that "government fragmentation acts to keep youth in Pennsylvania, rather than drive them out. We conclude that calls for consolidating sub-county government units based on young migration are premature and offer a number of explanations for our finding, along with policy implications."



"Some of the thinking at the time of this study was that we need to **consolidate local government**. Our work has suggested that this may be **counterproductive** and achieve exactly the opposite of what we are trying to achieve — **keeping youth in the state.**"

"The main finding is that people want access to local government," Goetz says. "Our study provides initial clues as to what's important in their decision making. They are attracted to communities with higher entertainment density and health care availability. Housing availability is even more important."

The study also concludes that efficient and responsible local governments attract households directly or indirectly by providing employment opportunities. And for young adults, job availability seems to be more important than pay scale.

Ideology vs. analysis

Wendell Cox, a consolidation expert and author of several studies on the greater efficiency of small government, says he is not at all surprised by the findings in this new report.

"It was clear to anyone who looked at the [2003] data that the Brookings connection between the number of governments and outmigration was specious — the result of an ideological agenda, rather than objective research," Cox says. "Our research in Pennsylvania and New York reveals that local democracy is far less expensive than consolidated governments. This is the difference between ideology and analysis." (See the sidebar on Page 22 to learn more about Cox's research on local government consolidation.)

The finding that housing plays an important role when a young adult is deciding where to settle also makes sense, Cox says.

"Local governments can help attract and retain young households by implementing policies that make a high standard of living possible," he

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says. “Principally, this has to do with the price of housing. In this regard, Pennsylvania has emerged as an unparalleled success in the Northeast

during the last decade.”

The commonwealth was able to avoid a ride on the national housing bubble during that time, Cox says, because local governments have resisted the “land rationing” policies that make land for development scarce and prices high. The most recent data on outmigration, combined with the results of the youth outmigration study, seem to prove this point.

“The main finding is that **people want access to local government.**”

“From 2000 to 2007, Pennsylvania’s neighboring states lost more than 2 million domestic migrants to other states,” Cox says. “Pennsylvania lost only 40,000. In the last two years, Pennsylvania has added more new residents than any other Northeastern state — something the ‘what’s wrong with Pennsylvania lobby’ has yet to discover.”

Important implications

With the encouraging results of the youth out-migration study in hand, local governments must now figure out how they can use these findings to provide even better services to their residents.

“The next step is determining which of these will be most feasible to implement — which would give the biggest

Cox reports back up case against local government consolidation

For more data on why bigger government is not better, check out these two reports by consolidation expert Wendell Cox:

- **Growth, Economic Development, and Local Government Structure in Pennsylvania** — This 2005 response to a Brookings Institution report refutes with hard facts the claim that local governments are less cost-effective than larger, more regional ones. To view the report, log onto www.psats.org and scroll down to the report on the home page or call PSATS at (717) 763-0930.
- **Government Efficiency: The Case for Local Control** — In this May 2008 report, Cox again uses clear data to show how local governments are more effective than their larger counterparts. To view the report, log onto www.nytowns.org and click on the report title on the home page or call The Association of Towns of the State of New York at (518) 465-7933.

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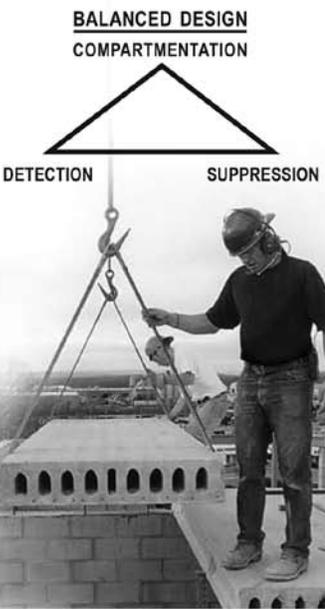
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bang for the buck,” Goetz says. The result could benefit not just young adults but the community as a whole for years to come.

“We’re trying to get more involved with youth development, because it’s their future we’re concerned about,” Goetz says. “If young adults can help create that future and help structure that community the way they want it to look 20 years from now, they will be more likely to stay.”

The study results should also be a consideration for consolidation proponents and for legislators, who have the power to change the shape of local government with the stroke of a pen.

YOUTH OUTMIGRATION FROM PA

View the study results online

To view the recent study showing that local governments help keep young adults in Pennsylvania, log onto www.nercrd.psu.edu/Outmigration.pdf.

The study, “Youth Outmigration from Pennsylvania: The Roles of Government Fragmentation vs. the Beaten Path Effect,” was published in a recent issue of the *Journal of Regional Analysis and Policy*, a biennial online publication of the Mid-Continent Regional Science Association.

The study authors were Stephan Goetz, professor of agricultural and regional economics and director of the Northeast Regional Center for Rural Development at Penn State; George Grassmueck, assistant professor of business at Lycoming College; and Martin Shields, associate professor of economics at Colorado State University.

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actly the opposite of what we are trying to achieve: keeping youth in the state. There are important implications, and decision makers need to keep these things in mind.” ♦

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