



ADVANCING LIBERTY
WITH RESPONSIBILITY
BY PROMOTING
MARKET SOLUTIONS
FOR MISSOURI
PUBLIC POLICY

POLICY

BRIEFING

NUMBER 18

FEBRUARY 5, 2009

GOVERNMENT IN MISSOURI

By David Stokes

With research assistance by Justin Hauke

This study is a comparative analysis of government in Missouri. It has three fundamental goals. The first is to provide a comprehensive count of the varying levels of government units and the number of elected officials in Missouri, and to compare them to those of other states. The second is to review the economic literature that has evaluated the relationships between different sizes of government and numbers of elected officials. This literature has produced tested and demonstrable theories, such as the “Law of 1/N,” and this paper will attempt to determine whether these results apply to Missouri. The final goal is to compare levels of government spending within Missouri entities, especially for counties and municipalities.

The economic literature to be reviewed notes the relationship between the number of elected officials and the comparative amount of spending by that government unit. This research considers the commonly held belief that an increasing number of governmental units within a polity, or “fragmentation,” results in a less efficient provision of government services. Ultimately, the study asks: If

Missouri has a large number of elected officials and government units, and if a large number of elected officials and government units generally leads to higher spending levels, then how can Missouri be a comparatively low-taxing and low-spending state?

GOVERNMENT ORGANIZATION

Missouri’s traditional three-branch style of government would be familiar to any civics student. The executive branch is headed by the elected governor and includes five other elected officials: lieutenant governor, secretary of state, treasurer, auditor, and attorney general. All six offices are elected statewide for four-year terms on a partisan basis.

The legislative branch consists of the traditional bicameral General Assembly, with a Senate and a House of Representatives. The Senate has 34 members, elected to staggered four-year terms, and the House has 163 members, elected to two-year terms. All members are elected in partisan races. Officeholders are subject to term limits

*David Stokes is a
policy analyst for the
Show-Me Institute.*

*Justin Hauke is a former
policy analyst for the
Show-Me Institute. He
currently works as a
stock analyst for
Robert W. Baird & Co.*

When counting government units per resident, Missouri ranks 12th, with one government unit per 1,579 residents. Missouri has the fourth largest House of Representatives in the 50 states.

of eight years in each house, or 16 years total. Legislation must be passed in both houses of the legislature, and signed by the governor, to become law. The legislature can, however, override a gubernatorial veto by a two-thirds vote of both houses.

The third branch is the court system. The 45 judicial circuits, in which criminal and civil matters are first heard, are the foundation. The next judicial level is the Court of Appeals, which hears appeals from the circuits and is divided into Eastern, Western, and Southern districts, with 32 appellate judges serving among them.

The highest court in the state is the Supreme Court. Based in Jefferson City, it comprises seven judges and is the final arbiter of what is legal under the provisions of the Missouri Constitution.

Missouri is divided into 114 counties and one independent city, Saint Louis. There are four classes of counties, which are determined by the total assessed valuation of land and property each county contains. All counties, except for Missouri's three charter counties and single independent city, are governed by a three-member county commission, which acts both as the executive and legislative branches of government within a county.

COMPARING MISSOURI TO OTHER STATES

When counting government units per resident, Missouri ranks 12th, with one government unit per 1,579 residents. Missouri has the fourth largest House of Representatives in the 50 states. Only New Hampshire, Pennsylvania, and Georgia have more representatives in their lower houses. On the other hand, Missouri has only 34 seats in its Senate, the upper body.

This is tied for 34th among the states, and appears to be one of Missouri's few examples of electoral moderation. Missouri has 115 counties, the fourth-highest total of all the states. The two U.S. metropolitan areas with the most local governmental entities, also referred to as having the greatest fragmentation, are Saint Louis and Pittsburgh. Missouri also has 536 school districts, ninth highest in the United States.

ECONOMIC LITERATURE REVIEW

In recent years, economic studies of government have produced a considerable body of literature about how the structure of government and its provision of services affect people.

One prominent finding is the "Law of 1/N," which holds that as the number of legislative districts grows, the scale of budget projects increases and efficiency decreases. In more general terms, it states that the more legislators there are in a given body, the greater are the opportunities for logrolling and pork projects, and the greater the overall spending. In 1995, Thomas Gilligan and John Matsusaka published a study demonstrating a positive correlation between spending at the state level and the size of legislatures; i.e., the larger a state's legislature, the higher the state's spending. However, their study made a key distinction between the bicameral bodies. After controlling for various factors, the authors found that the increases in spending correlate only with increases in the size of the upper body of the legislature. This could be an important reason why Missouri is a comparatively low-spending state despite its large house of representatives; its lower-than-average number of state senators has a direct effect on taxes and spending.



SPENDING IN SMALLER COUNTIES

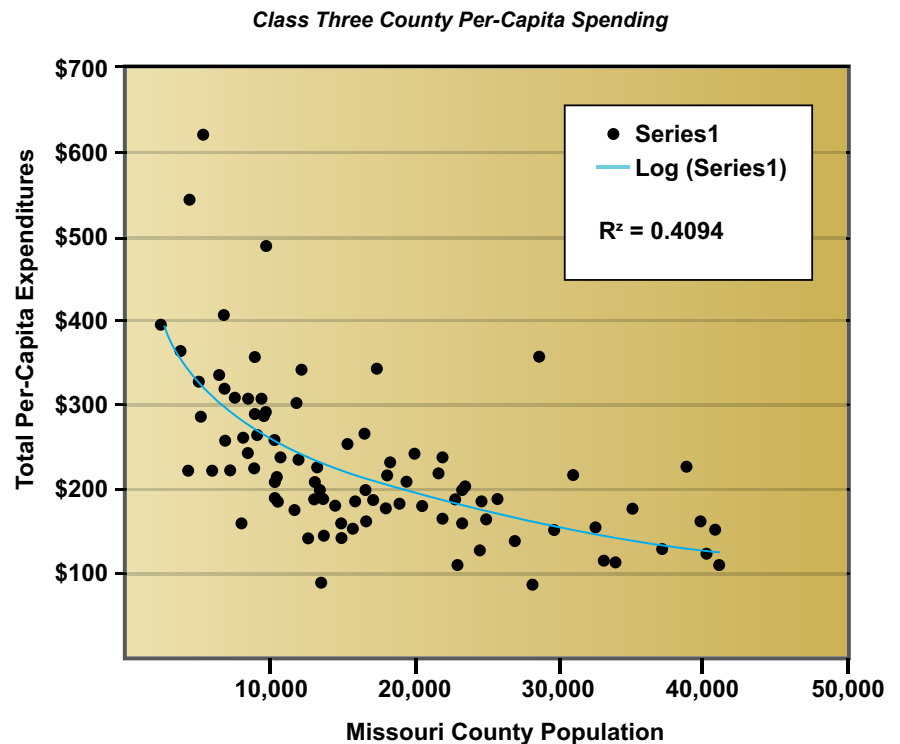
There is a noticeable correlation between the populations of class three counties and per-capita spending on both general revenue and roads and bridges. This is shown in the accompanying table.

The higher the population in a class three county, the lower its per-capita spending levels. It would be unwarranted to assume that smaller counties are necessarily taxing and spending liberally while the larger class three counties are being more cautious with tax dollars. There is a baseline level of government service that any entity must provide, whether it is small or large. However, the correlation between population and spending levels can be fairly read as an example of the economies of scale attainable when larger entities provide services.

CITY BUDGETS

Many economists have argued that cities that elect their councils by ward spend more than cities that elect their councils at large or citywide. The theory is that at-large elections lead to lower spending because every official serves the same constituent group, so that there is more interest in working for the whole unit than for one ward or district within it. How does this hypothesis apply to Missouri?

We can compare the revenues of the largest cities in Saint Louis County that have an at-large council system to a representative sample of other municipalities in the county that have ward systems. Olivette and Webster Groves, the two at-large cities with municipal fire departments but without municipal utilities, spend \$962 per person annually. The 17



Source: Missouri State Auditor's Office; author-compiled data from numerous sources.

cities with wards and fire departments spend \$1,379 per person annually.

While the comparison is hindered by the uneven availability of budget information and small sample size, this review provides evidence that at-large councils do lead to lower spending in Saint Louis County than do ward councils.

SAINT LOUIS

Amazingly, the government of the city of Saint Louis is freighted with just about every factor that should, in theory, result in higher levels of spending: a very large council, ward districts instead of at-large elections, a structurally weak mayor, and a council system more closely resembling an upper body than a lower body. Yet when per-capita expenditures are compared to other independent cities nationwide, or to the combined city-county expenditures of neighboring Saint Louis County, we find no

The correlation between population and spending levels can be fairly read as an example of the economies of scale attainable when larger entities provide services.



evidence of systematic overspending. Why?

The fact that there are 11 “unbundled” citywide officeholders might help hold down spending. Missouri’s state-based control of the city’s police and election departments — although the city pays for them both — may be a factor, particularly in regard to the significant expense of the police department. The city’s Board of Estimate and Apportionment, a three-member commission consisting of the mayor, comptroller, and president of the Board of Aldermen (all elected at large), might well be a strong mitigating factor. Moreover, state laws limiting the amount of taxation that any one municipality may enact prevent the city from spending money it cannot obtain in the first place.

Whatever the reason — and keeping in mind the fact that finding legitimate comparisons for the city is difficult — it is clear that the common view of the city of Saint Louis as a high taxing, high spending city is not supported by the evidence.

CONCLUSIONS AND RECOMMENDATIONS

So that all levels of government in Missouri may better serve the citizenry, the state’s policymakers and citizens should consider the following:

- Saint Louis city should re-enter Saint Louis County as the 92nd municipality.
- Jackson County should contract out many of its services, such as public works, to municipalities.
- Residents of Missouri’s smallest counties should strongly consider merging their counties with similarly small neighboring counties, although the state should not mandate this.
- If and when counties merge, they should be careful to maintain a number of

independently elected officials. Offices that make important policy decisions or provide necessary checks on other officials should remain elective. Offices that perform required services involving little or no policy options or checks on other officials, such as recorder of deeds, coroner, public administrator, and circuit clerk, should be changed to appointed positions.

- Missouri should reduce the size of its House of Representatives. Reducing the size to 101 members could save taxpayers more than \$1 million each year in salaries alone.
- Saint Louis city should reduce the size of its Board of Aldermen to 15, and elect the president from among the members.
- The township option for counties should be scuttled. There is simply no need for our smallest counties to subdivide even further into districts so small that it is unreasonable and impractical to expect any regular oversight.

Missourians have chosen to have a large quantity of smaller government units. They have also chosen to have a large number of elected officials, representing smaller areas than the national average, which allows closer contact and more effective monitoring of officials’ performances. Economies of scale can be exploited in larger governments, but the efficiencies and benefits of larger government are less common and less significant than often supposed. The assumption that larger, less fragmented government is a more capable and efficient provider of services does not stand up to initial analysis, and is not supported by the research.

For more details, please see Show-Me Policy Study no. 18, which is available at www.showmeinstitute.org.



7777 BONHOMME AVENUE
SUITE 2150
SAINT LOUIS, MO 63105

WWW.SHOWMEINSTITUTE.ORG