



TESTIMONY

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CITY OF ST. LOUIS BOARD OF ALDERMEN BOARD BILL 162

By David Stokes

Testimony before the St. Louis Board of Aldermen Legislation and Rules Committee

TO THE HONORABLE MEMBERS OF THIS COMMITTEE

Thank you for the opportunity to testify. My name is David Stokes, and I am the director of municipal policy at the Show-Me Institute, a nonprofit, nonpartisan, Missouri-based think tank that advances sensible, well-researched, free-market solutions to state and local policy issues. The ideas presented here are my own and are offered in consideration of the proposal that voters amend the city charter to adopt a “city administrator” form of government for the City of St. Louis.

The Question of Whether to Adopt City and County Managers

Approximately 190 municipalities in Missouri have adopted professional management by either city managers or city administrators, as have many municipalities around the nation.¹

The fundamental choice every 3rd-class, 4th-class, or charter city faces is whether or not to hire a professional city manager. There are two options: city managers or city administrators. The differences between them are subtle yet significant. City managers tend to have greater authority under state statutes. They generally run the day-to-day operations of the city while the mayor and council stick to their legislative and ceremonial roles. In some cities with a city manager, elected officials can be impeached and removed from office for having contact with city employees who are under the city manager’s authority. University City and Ellisville, for example, have that rule in their charter. The current proposal for St. Louis does not include such a wide-ranging prohibition, which is a good thing.

As a charter city, St. Louis would have the freedom to set up whatever type of city management system it wishes (as long as it does not violate the state constitution, of course). Accordingly, the current

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proposal seems to be using the title “city administrator” in a manner that the title “city manager” would normally be used under Missouri law. Again, as a charter city, St. Louis has the legal authority to give this proposed position any title it wants. For the purpose of this testimony, I will use the two terms interchangeably.

Whatever title a municipality uses, the fundamental question is: does professional management have a positive effect on local government? I believe most people assume it does. The revealed preference of larger Missouri municipalities certainly suggests as much. Four of the five largest cities in Missouri (Kansas City, Springfield, Columbia, and Independence) use the city manager system. Only the City of St. Louis does not, but clearly there are hundreds of unelected employees engaged in managing the day-to-day operations of St. Louis, as is true of any large city. St. Louis simply does not have a designated city manager or administrator. According to a systematic review of the research on city managers (and administrators), there is strong evidence that professional management allows city officials to focus more on policy and management and less on politics. It also reduces legislation or regulation favoring particular interest groups in favor of more broadly applied policy.²

Municipalities with professional managers also tend to experience less criminal-level government corruption, which was one of the reasons for creating the council–manager system of local government in the first place a century ago. A nationwide study of local government criminal convictions between 1990 and 2010 determined that municipalities with professional management were 57 percent less likely to experience corruption.³

On the other hand, voter participation is lower for city manager and administrator municipalities.⁴ Taking the politics out of local government works both ways.

Regarding budget and fiscal transparency, a study of larger American cities found that those with a city-manager structure consistently performed better on financial reporting and accounting measures. The authors credit the different incentives faced by city managers and mayors:

The incentives of mayors vs. CMs [city managers] as chief executive officers are quite different, which was discernable in both theoretical and empirical models. Fundamentally, mayors are expected to seek reelection and be motivated to please key constituencies. CMs are professional CEOs who signal competence through high level financial and accounting performance.⁵

Other studies have determined that municipalities with city managers had more conservative budgeting and lower audit fees (because the financial reporting was more accurate in the first place).⁶

There is limited evidence to support the idea that professional management reduces local political conflict, increases policy innovation, or limits symbolic legislation (as opposed to actual legislation that affects people).⁷ Reducing conflict and symbolic legislation are good things, but the evidence supporting the hope that professional management has an impact on them is tenuous. Increased policy innovation is a trickier area, because the studies assume that innovative policies are positive ones, and often that isn’t the case. Studies find that cities with professional managers contract with private firms and other governments more and that they use economic development tools more frequently.⁸ The evidence suggests contracting with other entities can be beneficial, while the use of economic development tools invariably involves tax subsidies that rarely live up to their promises. Having a city administrator increase the use of tax subsidies in the City of St. Louis is the last thing the city needs.

There are many policy areas in which, perhaps surprisingly, the evidence suggests conditions are not improved by having a professional manager. Cities with professional management spend the same per capita, pay employees the same, provide the same quality of services, and are equally effective in providing the basic functions of government as municipalities without city managers or administrators.⁹

The last two impacts on government service quality are key. Comparing cities A and B with regard to whether they provide a service at all, the form they use to provide that service, and how much they spend on that service, are all questions that can be readily answered. Comparing the quality of that service between cities A and B is harder. In his literature review, Jered Carr states that his work:

. . . reveals that scholars have more often chosen to study how form of government affects the sector choices that municipalities make for services production rather than how well they perform this function.¹⁰

Interestingly, there is no consensus about whether having a city manager or administrator system affects taxes and spending. Conflicting studies abound on this point. While some studies report limited evidence that city-manager structures reduce taxes and spending, other studies have determined that cities with city managers have higher levels of taxes and spending.

For the latter studies, the key insight is not that city managers caused higher spending, but that the types of municipalities that historically adopted reforms such as professional city administrators were the same types of municipalities that supported higher levels of local services. While that is a valuable historical note, it is of limited use when considering Missouri communities in 2024.

Overall, most studies on this important question have determined that the structural change of adopting city managers does not make a difference on the question of taxes and spending levels.¹¹ As Carr stated, “. . . the most common finding from the studies examining this question is that spending differences are attributed to factors other than form.”¹²

One risk facing cities with the city-manager system and strong prohibitions against elected officials contacting other city employees is that elected officials who may be in the opposite political faction of city leadership and the city manager can effectively be shut out of the information-gathering and decision-making processes. If all the information an elected official has access to is filtered through a city manager they are opposing, the ability of opposition factions to function in local government is likely to suffer. While that may be seen as a feature rather than a bug for a system designed to be depoliticized, it is still problematic and subject to abuse. Such a situation happened in Ellisville in 2013, where a newly elected mayor was hamstrung by a city manager loyal to the council majority that had previously hired him.¹³

Professional city management can be an effective system for running local government, but care should be taken not to go too far in limiting the role of elected officials, especially those who may dare to ask questions of whatever current leadership team is in place. Democracy at all levels works best when there is a functioning opposition that demands accountability.

Should the City of St. Louis Have a City Administrator?

Would St. Louis benefit from having professional management? In 2022, several St. Louis County city managers wrote an article for the *St. Louis Post-Dispatch* recommending that both the City of St. Louis and St. Louis County adopt professional management (I am going to focus on the City of St. Louis). The authors argued that adopting a city manager (or administrator) would reduce corruption, improve public service, and address long-term issues of regional growth.¹⁴ Based on the research I have reviewed, the first point is likely, the second one is possible, and the third one is improbable (and an unrealistic expectation to start with).

Perhaps the most direct question is whether the use of a city administrator would improve the service quality of basic governmental activities. In other words, would the potholes get filled faster under a city administrator? The article in the *St. Louis Post-Dispatch* by the three city managers avoids this question, perhaps assuming that professional, nonpartisan city management equals better city services. Indeed, I think that assumption is common, and it may be correct. But the evidence for it is not as clear as its supporters would suggest. It isn't that professional management doesn't perform better than management by elected officials. It might. The problem, as Carr points out, is the lack of concrete evidence for this argument:

For decades, analysts have presumed this performance gap exists, but they have yet to empirically demonstrate that any differences actually exist.¹⁵

Appointing a city administrator for St. Louis might be an option worth considering. The evidence suggests such a change could reduce corruption, improve financial reporting and budget accuracy, lead to more broadly focused legislation, reduce political conflict, and increase innovative policy thinking (for better and worse). These are beneficial examples from national studies, so the extent to which they would apply directly in St. Louis City might vary.

On the other hand, there is not enough evidence to support the claim that professional management would impact taxes and spending, city employment pay, crime rates, or the quality of city services.

Discussing change in the City of St. Louis without considering the crime problem would be an enormous omission. The prevailing assumption is that police are more insulated from public pressure in cities with a city manager, for better and worse, because elected officials have to respond to public demands more directly or they will lose votes. I see no reason to doubt that prevailing belief, but does it lead to higher or lower crime rates? Thomas Stucky researched that question, and he hypothesized that cities with mayor–council systems (i.e., no city manager) would have lower crime rates than council–manager cities because elected officials would respond to pressure to police high-crime areas more than professional managers. Stucky's analysis of the data, however, did not support his hypothesis.¹⁶ There was simply no evidence that the presence or absence of professional management has any effect on crime rates.

As stated at the beginning, the City of St. Louis has great freedom in constructing its own municipal government system. As these changes are being considered, I would strongly suggest

that any charter changes guarantee the right of elected officials to communicate with all city government employees, not just a possible new city administrator. The introduction of a city administrator should not be a way to marginalize certain members of the Board of Aldermen, the Mayor, or other elected officials who are not fully aligned with the new manager, executive, and/or council majority.

Moreover, if adopted by voters, no one should expect professional city management to provide dramatic or easy solutions to the city's many issues.

NOTES

1. Simpson, Kris, Benjamin DeClue, and Mark Perkins, "Bring in Professional Management for St. Louis City and County," *St. Louis Post-Dispatch*, June 16, 2022.
2. Carr, Jered, "What Have We Learned about the Performance of Council-Manager Government? A Review and Synthesis of the Research," *Public Administrator Review*, Vol. 75, No. 5, September/October 2015, pages 673–689.
3. Nelson, Kimberly and Whitney Afonso, "Ethics by Design: The Impact of Government on Municipal Corruption," *Public Administration Review*, Vol. 79, No. 4, July/Aug. 2019, pages 591–600.
4. Carr, page 679.
5. Gary Giroux, David Shields, "Accounting Controls and Bureaucratic Strategies in Municipal Government," *Journal of Accounting and Public Policy*, Vol. 22 (2003), pages 203–230.
6. *Ibid.*, page 211.
7. Carr, Jered, "What Have We Learned about the Performance of Council-Manager Government? A Review and Synthesis of the Research," *Public Administrator Review*, Vol. 75, No. 5, September/October 2015, pages 673–689.
8. *Ibid.*, page 681.
9. *Ibid.*
10. *Ibid.*, page 683.
11. Morgan, David R. and John P. Pelissero, "Urban Policy: Does Political Structure Matter?" *The American Political Science Review* Vol. 74, December 1980, pages 999–1006. It should be noted that adoption of a city manager was one of several "reforms" considered in this guide.
12. Carr, Jered, "What Have We Learned about the Performance of Council-Manager Government? A Review and Synthesis of the Research," *Public Administrator Review*, Vol. 75, No. 5, September/October 2015, page 675.
13. Reed, David, "Ellisville City Manager Fired After Seeking Mayor's Impeachment," *Missouri Business Alert*, October 29, 2013.
14. Simpson, DeClue, and Perkins, "Bring in Professional Management for St. Louis City and County," *St. Louis Post-Dispatch*, June 16, 2022.
15. Carr, page 685.
16. Stucky, Thomas, "Local Politics and Violent Crime in U.S. Cities," *Criminology*, Vol. 41, No. 4, 2004, pages 1101–1135.



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