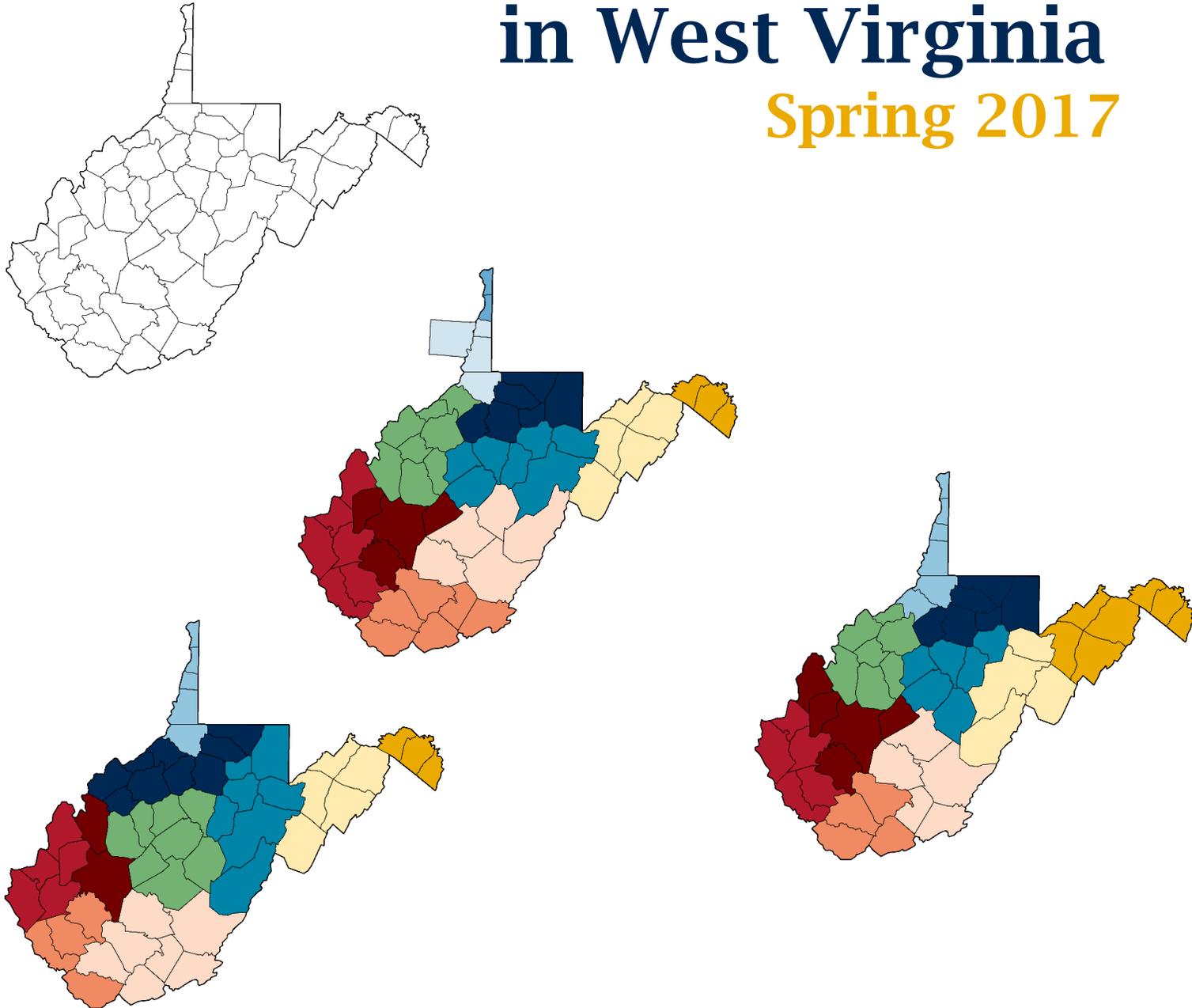


A Roadmap on Maximizing Local Government Effectiveness in West Virginia

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Foreword

The attached report, “A Roadmap on Maximizing Local Government Effectiveness in West Virginia,” is the work of a group at West Virginia University who recognizes that, both statewide and nationally, many committed and passionate leaders are grappling with how to best deliver valuable government services.

Government helps society meet our most critical needs, from safety to education. However, despite changes in those very needs, as well as in demographics, technology, budgets and transportation, we rarely have time to stop and take stock of whether we are getting the most out of our governmental structures and delivery systems.

At WVU, we recently took a moment to listen and learn. We have a number of researchers who have long studied some of the issues most critical to our state at this moment. Those faculty volunteered their time to join together and consider the complex questions related to government efficiencies. As communities across the state explore how to best align government services, functions, and arrangements to meet changing needs, we hope that the Roadmap developed by our WVU team can be a useful tool.

A roadmap shows you where you are now and the routes you might take to successfully arrive at various destinations. *This* Roadmap shows us our state’s needs and challenges, as well as routes our state may consider in the ongoing navigation toward good government. We also note a few speedbumps we may encounter along each of those routes.

West Virginia University hopes to be helpful as our state charts a path to the future. We may run into detours and roadblocks on the journey to our best West Virginia, but along the way we will also have opportunities. We are committed to working alongside all of you who care so much about West Virginia to ensure a prosperous future for our state and its people.



Executive Summary

The economic, political, and environmental climate in West Virginia positions the state to reconsider the efficacy of local and state government. Changes in population, advances in technology, and new funding mechanisms allow for innovative problem solving in ways not previously possible. The time is ripe to reconsider the ways in which government best provides services to communities. West Virginia University is poised and positioned to move forward in an effort that is, by nature, multi-disciplinary. The following report takes an initial look at the ways in which government reorganization might better serve West Virginia's citizens.

This report is a roadmap that will help us further understand the journey ahead of us in identifying crucial issues, resources, and options for the future. The report does not provide any final recommendations; rather, it is intended to serve as foundational material for a much more in-depth examination of the many facets of enhancing local government efficiency and effectiveness over coming years and a delineation of options to achieve these goals.

In this report, we begin with an overview of major economic and demographic changes that are serving as a catalyst for reform. Virtually all available statistics point to a state that faces significant economic development and public service delivery challenges and corresponding tight public budgetary constraints. We then consider the essential functions of government in serving citizens and their communities. We also discuss a set of key thematic questions as we consider the effectiveness of current arrangements and set the stage for further discussion.

Finally, we move to an examination of the regional governmental and administrative units that are currently in place in West Virginia.¹ We briefly survey 19 such units, noting the function and origin of each one. We also consider the way in which these units divide West Virginia into various jurisdictions, and we pay attention to whether the regional divisions tend to be consistent. Our general examination indicates that these divisions are typically inconsistent. We suggest that additional research should investigate whether moving to a more consistent structure would be helpful.

West Virginia county lines were drawn centuries in the past. As we move deeper into a new era of budget strain and economic diversification, it would be remiss to accept the status quo without reevaluation. Other states are similarly grappling with the question of efficacy of government organization. Thus, we seek to pose questions and foster the conversation about regionalism and government efficiency.

Government reorganization may not always provide the most effective course of action. Thus, we seek objective, research-based analysis rather than emotional responses. In any case, this effort will be driven by the citizens of West Virginia. To succeed, this effort must originate in the grass roots, and we must listen respectfully to all of the viewpoints, learn what the concerns and options are, then lead the way forward.

Moving forward, we must be cognizant that needs differ from region to region. Government reorganization in West Virginia should echo best practices, considering the successes and shortcomings of consolidation efforts outside the state. Data analysis and applied research should be the cornerstones



of these efforts, and we hope that citizens will consider the overall welfare of the state, as well as their individual interests. We are first committed to listening and learning, for then we are better able to lead.

If changes can improve conditions at the state level, then local improvements necessarily follow. West Virginians will need to work together to discuss, assess, and act on important choices that we face in meeting both challenges and opportunities.



1 Introduction

West Virginia is well positioned to consider innovations in the delivery of essential public services, the effective use of resources to build human capital and physical infrastructure, and the improvement of strategies to encourage and sustain economic development. Dramatic change is currently underway in our state. Recent events, including the recent economic recession, the ongoing budget crisis, and the need to respond to natural disasters, have brought these changes into focus. These transitions are made further evident by long-run demographic changes, such as population loss, population migration, and an aging population. Within this multidimensional context, the state's strained fiscal position encourages bold thinking about the best mechanisms for providing governance at the local and regional levels.

This brief paper provides a roadmap of essential questions to consider in assessing and reviewing current local government structures and their role in providing effective and accountable services to the citizens of West Virginia. In doing so, we offer some ideas and observations for a more sustained and rigorous discussion about governmental modernization. These ideas consider economies of scale in the delivery of essential services, strategic coordination in addressing economic and community development challenges and opportunities, and optimal ways of ensuring public accountability through sound fiscal stewardship and respect for local autonomy.

While discussions of reorganization and coordination of governmental services are often framed in terms of political consolidation of local governmental jurisdictions (e.g. city-county mergers, annexation, or county consolidation), we stress that the starting point for discussion rests in identifying crucial functional responsibilities expected of government at the local and regional levels in the 21st century. With these essentials identified, we can begin the process of considering how more integrated and coordinated processes may enhance our state's ability to meet these expectations. In doing so, we identify a number of policy tools—such as functional consolidation of services at the local level—that can be used to achieve these ends. We also identify some of the methods of putting these tools into place, such as the use of existing statutory provisions.

In developing this paper, we are mindful that West Virginia has been innovative in the past in addressing the challenges of modernizing government to meet the needs of change. We think of the transfer of many highway and welfare services from the counties to the state in the 1930s. We also think of the 1960s, when modernization efforts concentrated on creating more accountable and coordinated budgeting processes. In the 1990s, Governor Caperton led an effort to reorganize much of state government to provide more effective delivery of health and human services at the local level.

In order to dig deeper into policy choices and options we present an overview of a larger number of considerations relating to the reorganization of cities within counties, as well as to the restructuring of counties themselves. This list is far from complete and only serves as a general framework for developing a more mature understanding of the issues over a longer-run research agenda. We have identified several key questions to propel this conversation forward:

- What are the major economic and demographic factors that require bold thinking about government reorganization and coordination at the regional and local level?
- How can reorganization and coordination solve problems and capitalize on opportunities?
- What policy tools do we have at our disposal, and what new ones might be developed?



- How do we honor local identity and ensure that citizens have a voice in local affairs while making appropriate adjustments in the size and scale of regional and local governance systems?
- What efforts are already underway to coordinate and consolidate efforts at the regional level? What role have businesses, government, non-profits and citizens played in these efforts?
- Finally, what is the best way of organizing a deeper understanding of our options for improving the delivery of government services and programs for West Virginia's citizens and their communities?

As a roadmap for future exploration, this report is intended to serve as a foundation for a much more in-depth examination of the many facets of enhancing local government effectiveness over coming years and a delineation of options to achieve that goal.



2 Catalysts for Change: The Troubled West Virginia Economy and Demographic Change

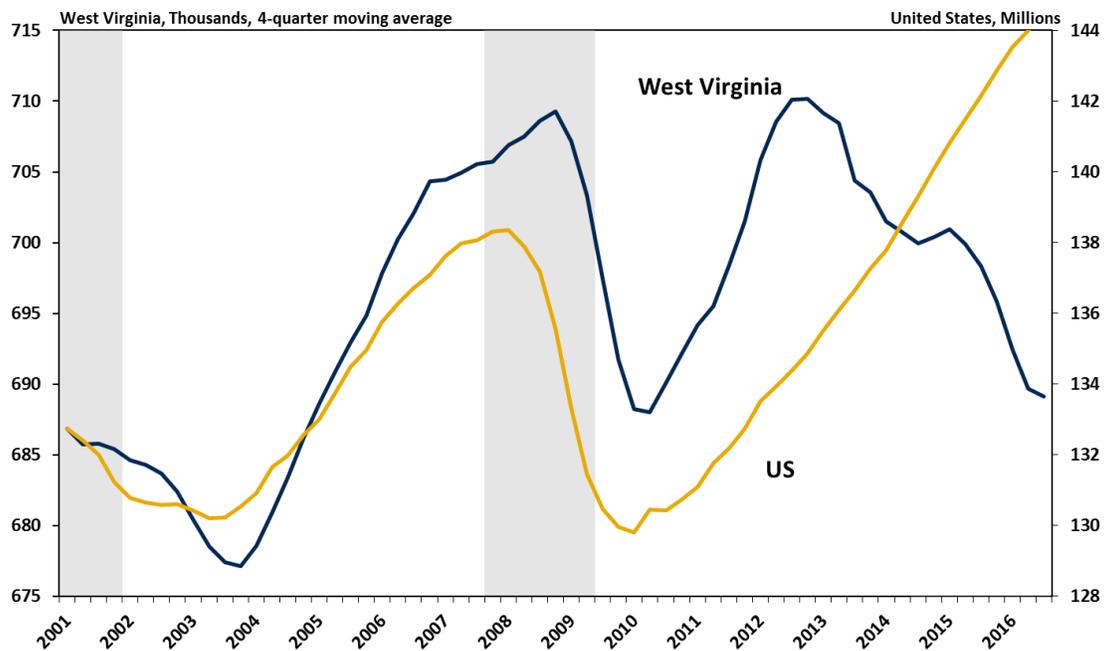
West Virginia has experienced a severe economic downturn in recent years and currently faces daunting challenges in terms of developing the state's economy over the long run. Corresponding to this economic turmoil, both state and local governments face persistent budgetary challenges, while demands for public services remain high. As such, it is imperative that policymakers and thought leaders in the state investigate ways to enhance the efficiency and effectiveness of government within West Virginia.

In this section, we provide a brief discussion of the economic climate in West Virginia. This helps to provide context for the challenges faced by all levels of government in West Virginia.

EMPLOYMENT: In Figure 1, we report total employment in West Virginia and in the nation for comparison purposes. As illustrated, the state has suffered significant job loss in recent years, losing more than 22,000 jobs overall since early 2012, a time of relatively steady employment growth nationally. Correspondingly, unemployment in also much higher in the state compared to the nation.

We expect job growth over the coming five years to average around 0.6 percent per year, which is noticeably less than expected job growth at the national level. With this rate of job growth, it will take West Virginia more than five years to return to the level of employment observed in early 2012.

Figure 1: Total Employment

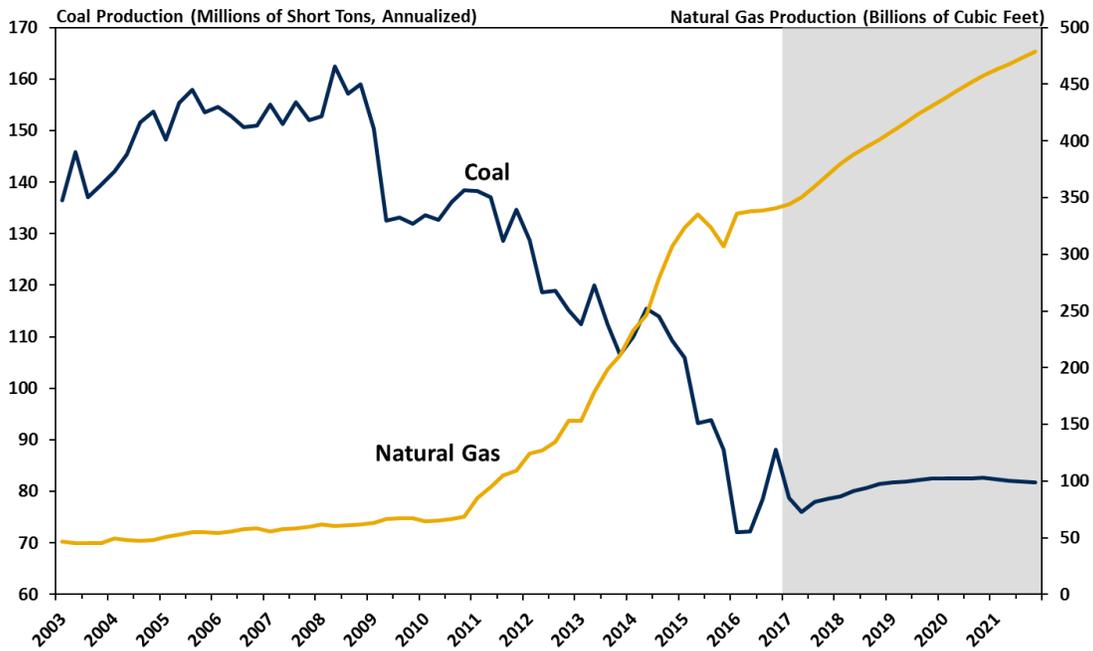


Source: US Bureau of Labor Statistics



ENERGY: Employment loss in West Virginia has been driven in large part by losses in the state’s coal industry. As illustrated in Figure 2, coal production in West Virginia fell by around 50 percent between 2008 through 2016, due to a confluence of national and international factors.² Direct coal employment losses account for around three-fourths of the total employment loss in the state over this time period. Coal production is expected to stabilize in the near term but is not expected to rebound to a substantial degree.

Figure 2: West Virginia Coal and Natural Gas Output

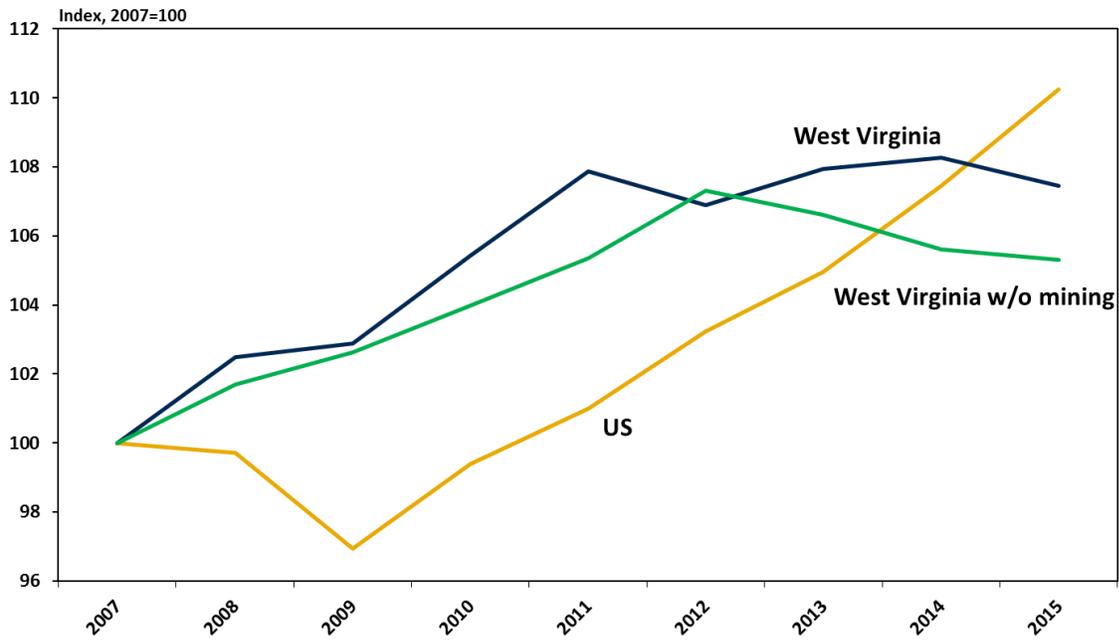


Source: US Energy Information Administration; WVU BBER Econometric Model



GDP: In Figure 3, we report Real GDP growth for West Virginia. As illustrated, total economic output in the state, after accounting for inflation, has largely been flat since 2012, although, from a strict perspective, there have been two years of recession during the period. When considering economic output for all industrial super sectors, except energy (green line in the Figure), 2015 output stood roughly at 2011 levels. Overall, this indicates a broad stagnation in the state's economy, within energy and more broadly.

Figure 3: Real GDP Growth

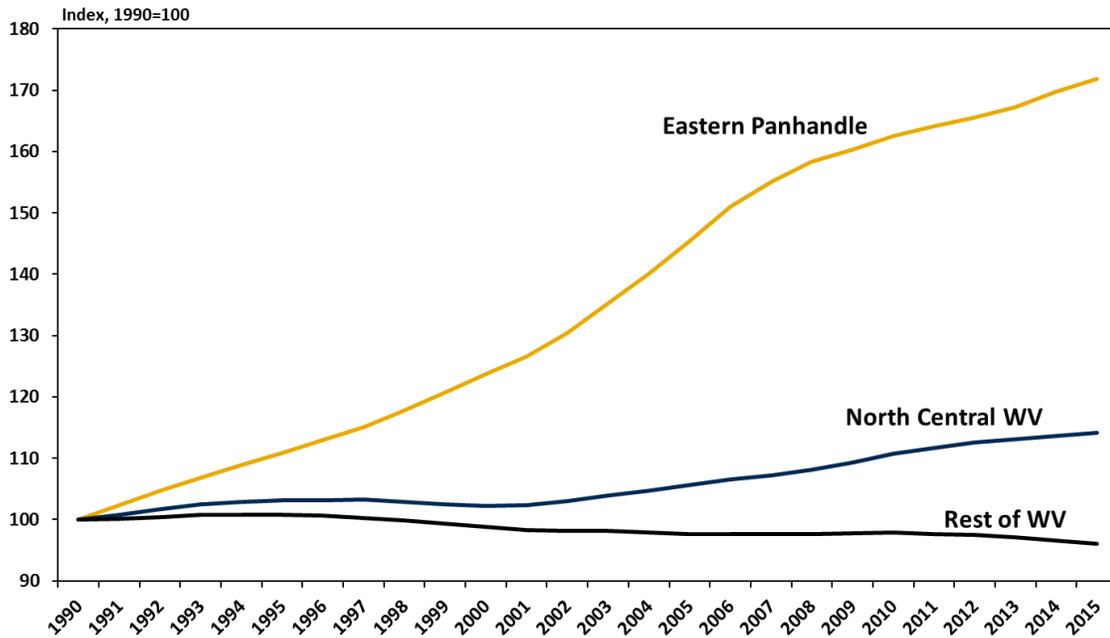


Source: US Bureau of Economic Analysis



POPULATION: In Figure 4, we report population growth in three West Virginia regions. As shown, population grew rapidly in the Eastern Panhandle—consisting of Berkeley, Jefferson, and Morgan counties—between 1990 and 2015, rising more than 70 percent. North-Central West Virginia—consisting of Monongalia, Preston, Marion, and Harrison counties—also grew, though more slowly than the eastern region. North-Central grew more than 10 percent over the same time period. However, population in the rest of the state declined by about 5 percent.

Figure 4: West Virginia Population Growth

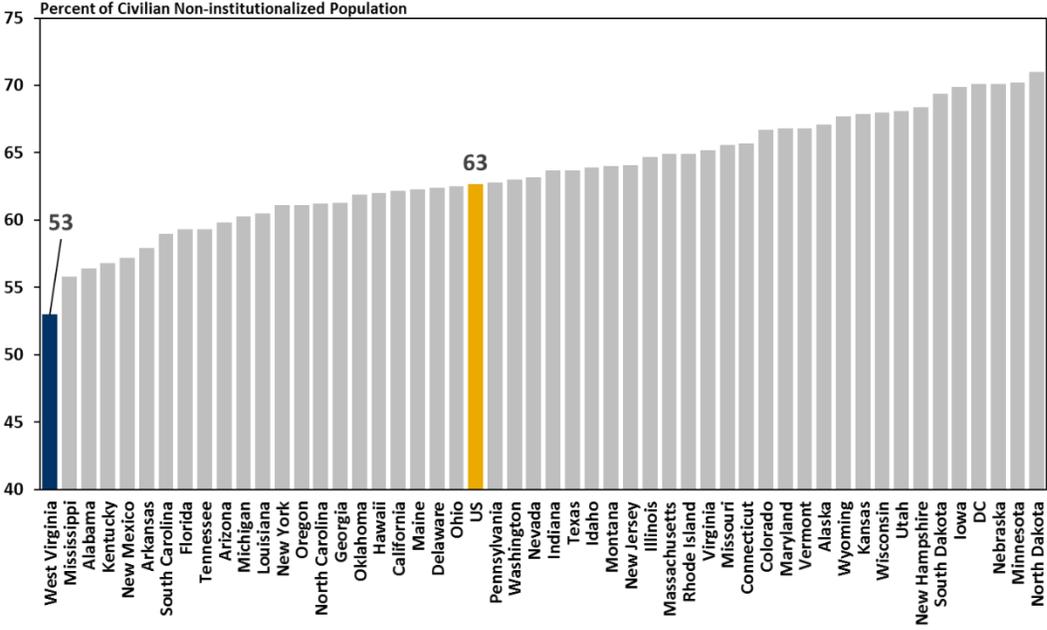


Source: US Bureau of Economic Analysis



LABOR FORCE PARTICIPATION: In Figure 5, we show labor force participation rates for all of the US states. Labor force participation represents the share of the non-institutionalized population, age 16 and above, who are either working, or unemployed but actively seeking work. At 53 percent, West Virginia has the lowest labor force participation rate in the country, 10 percentage points lower than the average rate for the US as a whole.

Figure 5: Labor Force Participation



Source: US Census Bureau



3 The Matter at Hand: The Need for Modernizing Services to West Virginia’s Citizens and Communities

Local governments, be they counties or municipalities, have two essential roles. One role of local government is to assist in the implementation of state policies and programs. Acting essentially as administrative units of the state, local governments—especially counties—are platforms where essential services can be carried out. The extent to which this is done varies from state to state. Second, local governments play an important role in our democratic system by allowing for public participation and public accountability at the community level. While complementary, sometimes tensions emerge between these two functions.

In West Virginia, county and municipal powers are very limited, as are many of their responsibilities and their taxing authority. Addressing West Virginia’s challenge may require us to rethink the organization and vested powers of counties and municipalities. Just as importantly, and perhaps more immediately, we should consider how state government can best serve the needs and interests of West Virginia’s citizens and their communities by examining the various statutes, programs, and practices that can both impede and promote effective and accountable public service and governance at the local and regional levels.

West Virginia is a complex and dynamic state. It is difficult to generalize about the needs and priorities of our communities and their citizens. Some parts of our state are undergoing rapid transition as a result of unprecedented economic and demographic growth—the greater Morgantown area and the Eastern Panhandle counties of Berkeley and Jefferson immediately come to mind. Other parts of our state are experiencing rapid transition of a different kind, as distressed economic conditions have led to population loss and the exit of businesses from communities. There are no “one size fits all” solutions to West Virginia’s challenges and opportunities. Instead, there is a need for flexible approaches in assisting our communities and their citizens. Through our work, we have identified some important questions that warrant further research and analysis.

3.1 Assessing the Governmental Structures and Processes that Serve West Virginia’s Communities and Citizens: County and Municipal Perspectives

Discussions about the effectiveness of existing local governmental services and arrangements often get off on the wrong foot because of assumptions that remedies and reform must involve some level of political consolidation that will erase boundary lines and obscure place-based identities. We start with the assumption that governmental structures, be they at the state, regional, or local level in West Virginia, exist to serve communities and their citizens. In the 21st century, it is necessary and appropriate to consider how changing needs might best be served by existing and new governmental arrangements. Some major points to consider include:

- West Virginia grants relatively limited powers to counties and municipalities. Indeed, among the states, West Virginia is among those that are most limiting in powers and responsibilities given to localities.
- As a result of this limited authority, the legal and fiscal capacities of local governments in West Virginia tend to be constrained. This means that local governments may find it difficult to respond to new demands and challenges posed by economic and demographic change.



- Cities: Are the responsibilities allocated to city governments appropriate? Are city governments structured appropriately? Should some city governments consolidate with the county and/or with other municipalities? Should policies be enacted to encourage voluntary consolidation of city and county governments?
- Counties: Are the responsibilities allocated to county governments appropriate? Do the county borders that were drawn more than a century ago in West Virginia remain appropriate? Could county consolidation enable more efficient and effective government? Should policies be enacted to encourage voluntary county consolidation?
- Multi-county government units: Are the responsibilities allocated to government units that encompass multiple counties appropriate? Are these government units structured appropriately?
- Discussions about empowering municipalities and counties through home rule options should also take into account constitutional and statutory limitations on local government reorganization options. Authority to act does not necessarily translate into the ability to act.

3.2 State Government's Role in Serving Citizens and their Communities: Service Delivery, Regionalism, and Special Purpose Governments

States have different mechanisms for organizing the delivery of essential services to citizens and their communities. The balance between state and local responsibilities for the management and delivery of critical public services varies across the United States. In some states, many responsibilities are delegated to local governments. Elsewhere, responsibility is concentrated at the state level. In West Virginia, the balance is decidedly tilted toward state government and away from local governments. For example, while some states delegate or share authority for health and human services and road systems to local government systems, in West Virginia the situation is somewhat different. Since the 1930s, most roads in West Virginia have been built and maintained under the auspices of the state Division of Highways. Local municipalities still have jurisdiction on roads that are not state or federal highways. Since the 1930s, the management of health and human services cases and eligibility functions—originally public assistance, but also now Medicaid, Food Stamps, Child Protective Services, and the like—are delivered through state-operated field offices.³ Given that West Virginia is a mostly rural and relatively sizable state, it is not surprising that regional state government and other administrative structures are relied on to coordinate management and service delivery. Because of the reach and variety of these organizations, we have provided a detailed assessment and illustration of selected regional entities in the Appendix of this report. Some major issues and questions include:

- How can existing state services (e.g. educational support, highways, corrections, health and human services) best be aligned on a regional basis to serve citizens? Are current alignments appropriate? Have new demographic or economic factors raised the need to reevaluate these arrangements?
- How have existing multi-county regional units been created? (State policy? Federal mandate? Some other mechanism?)
- What is the function and role of Local Development Districts or Regional Planning Councils? Can they be used to further the delivery and coordination of state and federally funded programs?
- Like many other states, West Virginia relies on special purpose governments to manage and deliver critical services, including solid waste management, housing authorities, and water and sewer systems. In the late 1950s, there were some 57 of these units in West Virginia; by the early 21st century, this figure stood at 342 special purpose governments.⁴ How might special



purpose governments address issues associated with the need for coordinated and consolidated services and programs for West Virginia’s citizens and communities?

3.3 Challenges Facing Rural Counties Experiencing Population Loss and Economic Distress

Many of West Virginia’s communities are facing hard times due to economic distress and population loss. We see this most prominently in our Southern Coalfields, but these conditions are found elsewhere, as well. While it would be ideal for such communities to return to prosperity and growth, we must also acknowledge that there are transitional challenges that need immediate attention. Here are some of the most essential issues and questions that are being raised.

- In a number of counties, there exist small municipalities that are cash-strapped and ill-equipped to deliver services. While state code provides for “dissolution” of municipalities, the manner for doing this may not be clear to all. In addition, we may want to identify factors that will facilitate or impede the process of dissolution. In doing so, we also need to examine the issues involved if a county were to absorb municipalities. These issues might include road maintenance, water system operations, and other infrastructure matters.⁵
- Counties that have limited resources may want to investigate methods to pool their resources in order to purchase items and coordinate public safety and management functions. This may include the need for professionalized services (perhaps offered by one county among others, or a regional governmental entity, such as a local development district) that could be carried out on behalf of multiple counties. Inter-county cooperation may be an important way to help citizens address challenges in distressed communities. It would be helpful to inventory and assess such cooperative arrangements as they now exist in West Virginia.
- In West Virginia, school systems operate independently of county governments, but follow county boundaries. In our more rural areas, especially those facing population decline, efforts might be explored for creating school districts that span more than one county. As this is explored, it will be essential to examine how existing tax collection and school financing mechanisms may facilitate and/or hinder reforms that would allow new districting arrangements.
- Research indicates that consolidating schools generally will increase the depth and variety of courses offered, including college credit courses, fine arts courses, and extra-curricular courses. Administrative and building costs are also reduced. In addition, teachers have access to a greater number of resources and are better able to collaborate, due to multi-teacher departments. However, school consolidation also may lead to the layoff of some teachers and a loss of local identity. Local schools, especially in rural areas, are often a source of local pride and community. School consolidation likely would face intense opposition in West Virginia and may be politically infeasible. However, in some cases, the benefits of school-district consolidation may outweigh these challenges.
- It is not beyond the realm of practical possibility and necessity that counties may need to be merged or consolidated. While the political prospects of this may be daunting, there do exist mechanisms for redrawing and reforming counties.⁶



- The importance of community identity cannot be overlooked. West Virginians take pride in place. Sharing responsibilities across jurisdictions, or even the dissolution of municipalities, need not lead to a loss of community identity.

3.4 Challenges Facing Growth Areas

While common portraits of our state are often painted in broad brush-strokes of colors chosen from a palette of distress and decline, West Virginians know that there is great diversity and variation across the state in terms of economic conditions, development prospects, and public service needs. In reimagining and modernizing government services to serve the state’s communities and its citizens, we should also be mindful that there are parts of our state, such as the greater-Morgantown area and the Eastern Panhandle, that are experiencing the challenges and opportunities of rapid progress. Communities that are experiencing population growth and economic expansion also have 21st century needs that might be best addressed by revisiting how services are provided and growth is coordinated. Among the questions and issues that emerge are the following:

- High growth communities often face common infrastructure challenges pertaining to roads and sewer and water systems. They also face service delivery challenges, such as in providing fire protection and police services. A thorough review of how existing West Virginia code, statute, and constitutional arrangements apply may shed light on impediments to, as well as options for, intra-county or intra-regional cooperation. This might include city-county cooperation, as well as cooperation among contiguous municipalities. Thus, how can intra-county cooperation (city-county cooperation, city-city-city, functional consolidation, and annexation) be promoted or accomplished in growth areas, such as Berkeley County or Monongalia County?⁷
- Economic development opportunities often necessitate intergovernmental coordination, whether that pertains to land use, infrastructure, or transportation. A broader understanding of the role of Metropolitan Planning Organizations, Regional Planning and Development Councils, and other bodies is needed.
- In recent years, changes in West Virginia law have provided new options for “home rule” in various municipalities—be this in name or in practice. The growing popularity of the home rule option is especially resonant in municipalities. A fuller assessment of the track record of home rule experimentation in West Virginia would be useful, in order to identify and analyze (from actual practice) the likely benefits and challenges of reorganization.

3.5 Innovations in Addressing Local and Regional Challenges and Opportunities

There is an old saying that “form follows function.” Throughout West Virginia, there have been actions taken by public officials, private citizens, and the business community to forge alliances and relationships across communities and localities, in order to pool resources to create regional identities, align economic development strategies, and create new opportunities for growth and development. Important questions include the following:

- What are the numbers and type of these organizations? For example, in southern West Virginia, the New River Gorge Regional Economic Development Authority spans a four county region. The Appalachian Forest Heritage Area has helped to brand the mountainous regions of Northeastern West Virginia and Western Maryland as a tourism destination.⁸



- What role do state government and federal agencies play in facilitating cooperation around areas of community and economic development, tourism development, and regional branding? What role can and should state government and federal agencies play in this area? What are some examples of cooperative arrangements among local governments in West Virginia?⁹



4 Considerations Associated with Government Consolidation and Cooperation

When one refers to local government reorganization and coordination, political consolidation is generally assumed. This in and of itself involves many different applications and dimensions. Our goal in this section is to more fully explore political consolidation and to take up other paths towards reorganization and cooperation, such as functional consolidation, annexation, and dissolution. Many communities have decided to consider alternatives to political consolidation that may be easier to achieve and yield similar benefits – and in some cases even more benefits. Most prominent among these alternatives is functional consolidation, where local governments may collaborate to provide certain services without combining politically. Other alternatives include annexation and dissolution. Most prominent among alternatives to political consolidation is functional consolidation.

In this section we offer illustrations from a comparative context and offer some assessments about the feasibility, strengths, and weaknesses of these various options. While this section provides a closer look at options and paths that West Virginians might want to consider moving forward, we emphasize that this is still a preliminary assessment that bears further exploration.

4.1 Political Consolidation

When one refers to local government reorganization, political consolidation is generally assumed. Political consolidation “merges two or more general purpose political structures (typically a county and the largest city in the county) into a single entity with a single elected body and a mayor or county executive.”⁹ State legislatures may mandate political consolidation (but rarely do). Political consolidation generally occurs through citizen referenda. However, only 15 percent of referenda for political consolidation pass. Consequently, only 41 politically consolidated governments exist in the United States. Fewer than 10 political consolidations have occurred since 1990. Despite this history, political consolidation remains a popular topic of discussion. Several communities, including Pittsburgh-Allegheny County, are considering, or have recently considered, political consolidation.¹⁰

Political consolidation promises to increase efficiency of service delivery, enhance economic development, increase accountability, and prevent corruption. Citizens often expect a reduction in taxes due to this increased efficiency. In practice, however, increased efficiency is rarely achieved, due to politics and compromise.

In any circumstance, and especially in an environment of significant public resource constraints, leaders should strive to ensure that government units are structured in such a way as to maximize efficiency and effectiveness. As such, in this section, we review a number of broad issues associated with a) the consolidation of city governments within a county or b) the consolidation of county governments. This list should serve as a guide to future research that explores possible consolidation efforts more in depth.

PURCHASING POWER: As with cost savings, there are undoubtedly ways in which larger government units can buy inputs in bulk and achieve better cost packages. We should look for examples of such savings.

METROPOLITAN AREA POPULATIONS: County consolidation will result in larger metro areas in some cases. In particular, a combined Kanawha-Putnam-Cabell mega county would result in a metro area with



a population size that is in the Top 100 metros nationally. This could lead to more national recognition from an economic development perspective.

GRANTS AND CITY SIZE: Grant funders often prefer regional proposals or proposals that promise broad impacts. Consolidation may better position local governments in West Virginia to receive grant funding.

COST SAVINGS: There are undoubtedly numerous ways in which resources can be used more effectively with larger government units. We should look for ways to illustrate these savings. For example, other regions have consolidated information technology professionals and achieved increased efficiency and effectiveness. Police services also offer promise for consolidation. However, other services may fail to show economies of scale. These effects should be considered in structuring consolidation. In addition, we note that cost savings is a consideration in all methods of government reorganization.

RELOCATING SERVICES TO THE APPROPRIATE AGENCY: Specific services may presently be divided among several agencies, or located in specific departments, that hinder efficient and effective delivery of services. A holistic review of services and departments may allow for appropriate shifting or consolidation.

LOSS OF COMMUNITY IDENTITY: One common objection to consolidating government services centers on the loss of community identity. This effect may be especially severe in rural areas. Possible compromises and methods to minimize loss of community identity must be considered and incorporated into plans.

JOB CUTS: Larger government units may be able to deliver the same services with fewer people. In fact, past consolidations have failed to deliver cost savings and increased efficiencies because governments lack the political will to reduce positions and workforce. Such reductions would be unpopular in West Virginia, especially given the present employment situation. Potential consolidation strategies must consider whether and how positions will be reduced and how the negative impact of these reductions can be minimized by, for example, achieving reductions through attrition rather than layoffs.

FORMAL AGREEMENTS FOR CROSS-JURISDICTIONAL SHARING: Local governments have entered into inter-governmental agreements for decades. These agreements can achieve high levels of functional consolidation, while allowing local governments to retain their identities and their autonomy. The success of these inter-governmental agreements depend upon the quality of the agreements. The state can facilitate and encourage inter-governmental agreement by providing legal services at reduced or no cost to negotiate and draft agreements.

ENHANCED ECONOMIC DEVELOPMENT: Political consolidation enhances economic development given one set of rule for developers. In addition, a single strategic vision for the region prevents competition for businesses with increasing incentives, and makes the region more attractive for economic development. For example, former State Senator Brooks McCabe has argued that Kanawha, Putnam and Cabell counties could join together and better recruit business developers who would see a larger workforce, more hospitals, and additional amenities within the county.

REDUCED TAXES. Many political consolidations have separate districts following prior jurisdictional boundaries, each with separate tax rates (Nashville-Davidson County, Tennessee), or leave some services with the original jurisdiction (Unigov, Indianapolis-Marion County, Indiana). Therefore, serious



discussions need to occur prior to formal consolidation to determine whether true functional consolidation will result, or whether the “same government, different day” will prevail.¹¹

INCREASED ACCOUNTABILITY. The focus on efficiency raises the debate between regionalism and fragmentation. The argument in favor of political consolidation promotes regionalism as a more efficient way to deliver services. However, public choice theorists argue that fragmentation allows voters to “shop” for the locality that delivers the services that most closely resemble those desired by the voter. Therefore, this argument advances fragmentation as more effective governance.

4.2 Functional Consolidation

Functional consolidation “involves merging specific service areas but leaving the political bodies independent.”¹² Charlotte-Mecklenberg County, North Carolina is often considered a model for functional consolidation, having consolidated at least 15 different services. However, the city and county retain their political autonomy. This alternative provides a middle ground between increasing efficiency (political consolidation) and providing more choice (political fragmentation). Consolidated services in Charlotte-Mecklenberg County include the school system.

The process for functional consolidation is more straightforward than political consolidation, requiring only agreement of the local governments involved. Local governments have been sharing service responsibilities for decades through inter-local agreements. Local governments may also pick and choose which services to consolidate, and consolidate when economies of scale are present, while not consolidating where diseconomies of scale exist. For example, consolidating police forces results in more effective service for rural communities. Other emergency services may benefit from consolidation due to the high capital costs involved. Consolidating planning and zoning enhances economic development and prevents annexation.

Inter-local agreements are also common in the United States. In West Virginia, some communities share building inspectors, police departments, and other functions. Chapter 8, Article 23 of the West Virginia Code provides broad authority for inter-local agreements in the state. The statement of purpose, contained in W. Va. Code, § 8-23-1, states in part that inter-local agreements may increase efficiency, result in economies of scale, and allow government to be tailored to “accord best with the geographic, economic, population and other factors influencing the needs and development of local government services and facilities”. W. Va. Code, § 8-23-2 states that any municipality, county, or other political subdivision of the state may enter into agreements, including any county board of education. Agreements may cover any power or authority, including public works.

Research indicates that three factors determine the success of inter-local agreements: reciprocity, equity, and shared understanding of goals. Reciprocity translates to trust that each party will live up to their obligations. Equity relates to the fair sharing of costs and benefits. Finally, if the parties to an agreement hold shared goals, those goals are more likely to be accomplished. Therefore, the goals should be clearly articulated in the agreement.

Citizens/voters approve of functional consolidation much more often than political consolidation. New York, for example, amended their state statute to make political consolidation easier. In addition, a property tax cap and property tax freeze combined to put tremendous pressure on local governments in the state to be more efficient (“forced efficiency”). New York has seen a marked increase in functional consolidation, but the changes have not increased political consolidation.



4.3 Annexation

Annexation involves the incorporation of unincorporated portions of the county into a municipality. Article 6, Chapter 8 of the West Virginia Code provides the processes for annexation in the state. Annexation may occur by petition, by referendum, or by minor boundary adjustment. Minor boundary adjustment is the easiest method of annexation, but still requires agreement with the county. Annexation provides one form of political consolidation.

Interestingly, the threat of annexation provides an incentive for political consolidation in many cases. For example, the consolidation of Virginia Beach and Princess Anne County in Virginia resulted from the threat of annexation of large portions of the county into the City of Norfolk. Annexation proves to be controversial in many instances, however.

Minnesota uses “orderly annexation” to bring in smaller pieces of a township into city jurisdiction. An orderly annexation process, initiated by residents in the area to be annexed or the municipality, lets both entities adjust slowly to changes in taxes and governance. An independent body adjudicates the request, and in some instances, no vote is taken of the residents that will be affected.

Many municipalities in West Virginia express the desire to annex unincorporated areas. The proposed annexations include “donut holes,” or unincorporated areas that are surrounded by the municipality, presenting difficult issues for emergency response and other service delivery. Other proposed annexations would incorporate areas receiving water or other services from the municipality, straighten irregular boundaries, or incorporate areas that logically should be part of the municipality.

4.4 Dissolution

Dissolution of incorporated municipalities provides a type of consolidation when the former municipality becomes an unincorporated part of the county. Voluntary dissolution of municipalities increasingly occurs, often as a response to an inability to continue to supply services to citizens. For example, municipalities in Virginia (the only state where all municipalities are independent of counties) increasingly threaten to revert to unincorporated status, with a few following through on the threat.

W. Va. Code, § 8-35-2 provides for voluntary dissolution of Class III cities and Class IV towns and villages in West Virginia. A petition signed by 25% of the legal voters is required to initiate a referendum. If a majority votes for dissolution, all debts and other obligations of the municipality must be settled before dissolution occurs. Voluntary dissolution would, therefore, be very difficult to achieve in West Virginia.

4.5 State Centralization and Related Practices

In times of fiscal stress and demographic change, the challenges of providing services and programs at the local level may be so extreme as to require that the state step in to reallocate local government management and administrative responsibilities to the state. This happened in West Virginia back in the 1930s, when the state assumed management of road systems and welfare assistance services, previously managed by the counties. More recently, the state has at times stepped in to help county schools systems correct and improve performance.

The degree of centralization of county or municipal functions can vary. In addition to being a means of responding to pressing needs or problems, state centralization and related approaches can also be seen as policy tools that account for, and anticipate, changing conditions which might require a more regional



approach. Stated differently, in certain conditions, centralization can be a means of both providing better services and of doing so more efficiently and cost effectively. This may especially be the case in rural areas of the state that have experienced population loss and where the cost of providing services is becoming unsustainable. A good example of this is the West Virginia Regional Jail Authority, which was established in 1985 and created, in part, to ease mounting costs to counties in operating and maintaining their jails.¹³ Recent state-level policy discussions have centered on transferring some responsibilities from local health departments to regional public health agencies, given budgetary constraints at the local level.¹⁴



5 Conclusions

West Virginia faces unique challenges in serving the needs of its citizens and its communities. Ours is a resilient state that has responded creatively in the past to the need for governmental modernization. The set of issues before us today is daunting—economic distress in many of our counties, population loss, and uncertain budgetary conditions in state and local governments. But we also have opportunities before us, be they in the prospects of diversifying our economy, promoting growth in rapidly developing parts of our state, honoring our heritage and culture, or helping to educate the next generation of West Virginians.

We all can agree that public agencies and administrative structures serve the people. As times change, it is appropriate to step back and assess. We are now presented with a set of challenges and opportunities that encourage bold thinking about how we set a course for the future while being mindful of the importance of place and identity in our state and its communities. Just as the challenges are unique, so too are the times. It is apparent that many different interests and perspectives are converging on a common desire to improve the coordination and delivery of essential services in our state and to create regional and cooperative platforms to develop plans and strategies that help West Virginia move forward. This report has offered a first step in realizing improved efficiency and effectiveness by identifying some key issues and questions to consider as we engage in a broader dialogue and discussion about local and regional cooperation and government reorganization in West Virginia.



6 Notes

¹ Our research follows some other recent research on the nature and structure of multi-county governments units in West Virginia. For instance, recently the West Virginia Legislative Auditor published a special report on Regional Education Service Agencies in the state, which can be found at <https://www.documentcloud.org/documents/3232197-RESA.html>

² For an in-depth examination of the coal industry in West Virginia, see Brian Lego and John Deskins' "Coal Production in West Virginia 2016-2036," available at <http://business.wvu.edu/files/d/499a391e-1e00-4df7-b6ce-5fed9cd63b8d/bber-2016-03.pdf>.

³ For a discussion of the evolution of state government, see Richard A. Brisbin, Jr., Robert Jay Dilger, Allan S. Hammock, and L. Christopher Plein, *West Virginia Politics and Government*, 2nd Edition (University of Nebraska Press, 2008). See especially chapter eight, "The Administration of State Policies."

⁴ Brisbin et al. p. 241.

⁵ Dissolution of incorporated municipalities provides a type of consolidation when the former municipality becomes an unincorporated part of the county. Voluntary dissolution of municipalities increasingly occurs, often as a response to an inability to continue to supply services to citizens. For example, municipalities in Virginia (the only state where all municipalities are independent of counties) increasingly threaten to revert to unincorporated status, with a few following through on the threat. W. Va. Code, § 8-35-2 provides for voluntary dissolution of Class III cities and Class IV towns and villages in West Virginia. A petition signed by 25% of the legal voters is required to initiate a referendum. If a majority votes for dissolution, all debts and other obligations of the municipality must be settled before dissolution occurs. Voluntary dissolution would, therefore, be very difficult to achieve in West Virginia.

⁶ Specific to West Virginia, rural localities and smaller communities may be more likely to benefit, and may benefit more, from consolidation. Chapter 7A of the West Virginia Code provides the process for political consolidation. Two methods of effecting consolidation exist. First, 25% of the legal voters of *each* of the affected communities (including municipalities and counties) may petition for consolidation. Second, the governing body of *each* affected community may pass a resolution for consolidation. Once a petition is verified, or the resolutions are submitted, a charter review committee is established to study the consolidation and propose a charter for the consolidated entity. After a public hearing, the proposed charter is submitted to the governing bodies of the affected communities. Each community must conduct an election. If 55% of the voters of *each* community approves the charter, the consolidation becomes effective.

⁷ Annexation involves the incorporation of unincorporated portions of the county into a municipality. Article 6, Chapter 8 of the West Virginia Code provides the processes for annexation in the state. Annexation may occur by petition, by referendum or by minor boundary adjustment. Minor boundary adjustment is the easiest method of annexation, but still requires agreement with the county. Annexation provides one form of political consolidation.

⁸ For the New River Gorge Regional Development Authority, see <http://nrgrda.org/who-we-are/about-the-nrgrda/>, For the Appalachian Forest Heritage Area, see <http://www.appalachianforest.us/>

⁹ West Virginia communities are already involved in many collaborative activities that may lead to functional, or even political, collaboration. For example, the Land Use and Sustainable Development Law Clinic at WVU College of Law ("LUSDL Clinic") has drafted several county comprehensive plans. These county plans involve inter-governmental agreements between consenting municipalities and the county commission. These plans that provide a common vision for the county or region and often lead to increased collaboration among the county and municipalities. The LUSDL Clinic is presently drafting a regional comprehensive plan for the Upper Kanawha Valley,



involving Montgomery, Gauley Bridge, Smithers, and unincorporated portions of Kanawha and Fayette Counties. Participants explicitly mentioned the possibility of some functional consolidation in approving of the regional approach. Local governments are already sharing resources today. This sharing is as simple as the sharing of building inspectors, emergency service personnel or heavy equipment. These initiatives allow local governments to experiment with increased efficiency, addressing problems unique to West Virginia's governments.

¹⁰ R.W. Archibal and S. Sleeper, *Government Consolidation and Economic Development in Allegheny County and City of Pittsburgh* (Technical Report (RAND)) (April 8, 2008).

¹¹ Reese L. A. (2004). Same governance, different day: Does metropolitan reorganization make a difference?. *Review of Policy Research*, 21(4), 595-611.

¹² Leland, Suzanne, and Kurt Thurmaier. (2014) "Political and Functional Local Government Consolidation" *The American Review of Public Administration*. Vol 44, Issue 4_suppl, pp. 29S-46S.

¹³ See Brisbin et al. *West Virginia Politics and Government* (2008, pp. 98-99).

¹⁴ See Brian Lego and John Deskins, "Briefing on Local Health Department Consolidation Potential in West Virginia," West Virginia University Bureau of Business and Economic Research (January 2016).



Appendix: Review of Multi-County Government Units in West Virginia

In this appendix, we list several multi-county governmental units in West Virginia and provide a basic descriptor of each. This appendix is not comprehensive. Its purpose is simply to inform the reader of the existence and diversity of several of these multi-county government units and to illustrate the degree to which their border definitions are consistent. We hope that this presentation spurs further research on the efficiency of these structures. Further research should ask whether gains could be enjoyed by bringing these units into greater alignment. For instance, could enhanced cooperation take place across multiple government functions if many of these units covered identical service territories? If so, under what circumstances would stronger alignments be efficiency enhancing?

The order in which we list the multi-county government units below is not vital to our purpose, but we list the units in the following order:

Federally Mandated Regional Units

- Workforce Development Boards
- Planning and Development Councils/Local Development Districts

State Administrative Regional Units for Service Delivery

- Regional Education Service Areas
- Regional Jail Authority
- Department of Environmental Protection Areas
- Division of Health and Human Resources Areas
- Highway Districts

State Agency Designated Regions for Planning and Coordination

- State Division of Tourism Regions
- Community College Areas
- Industrial Development Zones
- Small Business Development

Self-Initiated Regional Cooperative Arrangements

- Appalachian Forest Heritage
- Regional Intergovernmental Council
- Central Appalachian Empowerment Zones

Industrial Cooperative Regions

- Polymer Alliance Zone
- Hardwood Alliance Zone
- Chemical Alliance Zone



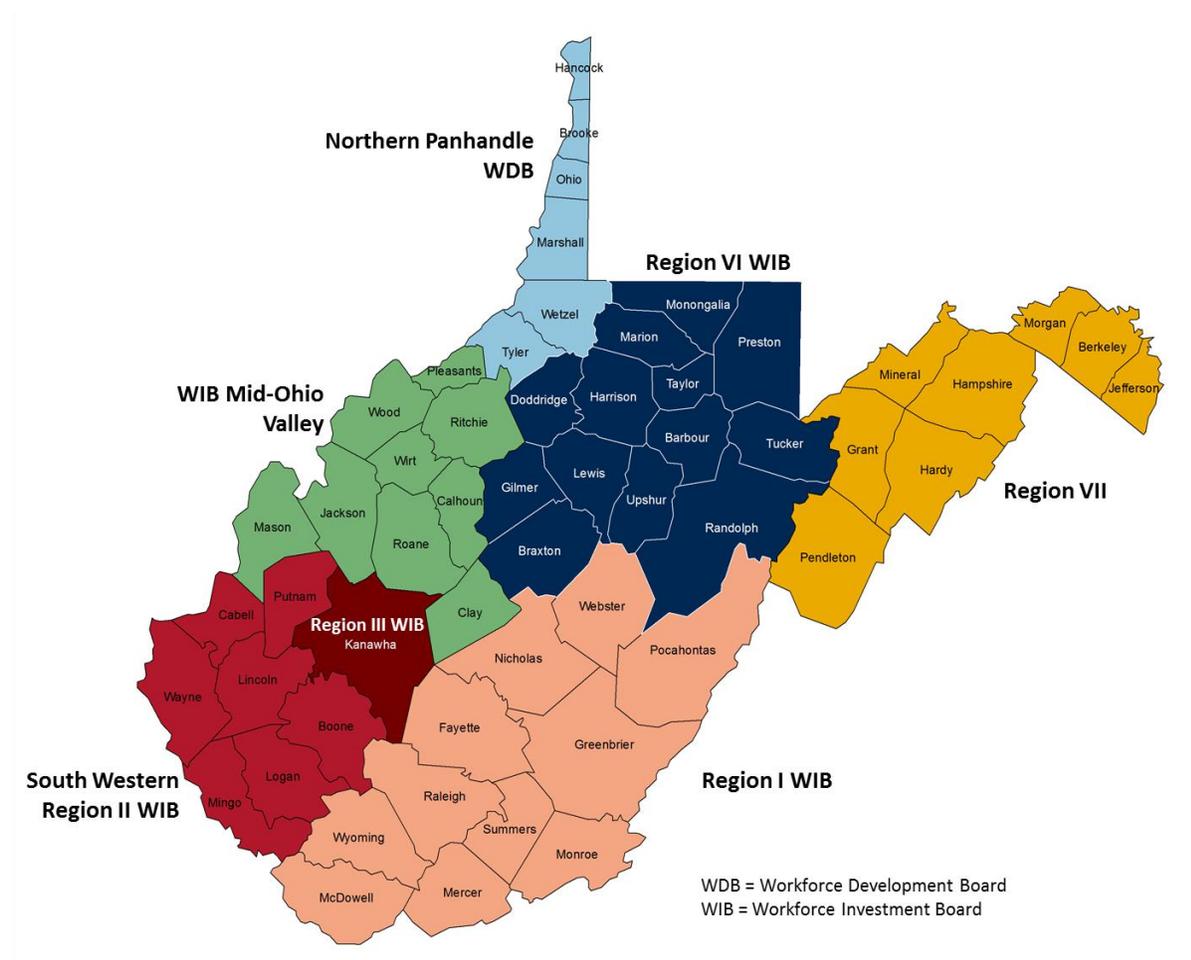
Workforce Development Boards

Basic Classification: Organizational; Mandated in Law

Function: A federal state plan that will increase employment, retention and earnings of WIA participants, improve the quality of the workforce, reduce welfare dependency and enhance our national productivity and competitiveness.

Origin: The federal Workforce Investment Act of 1998 requires Governors to establish a state workforce investment board to assist in the development of a state plan.

Number of Units: 7



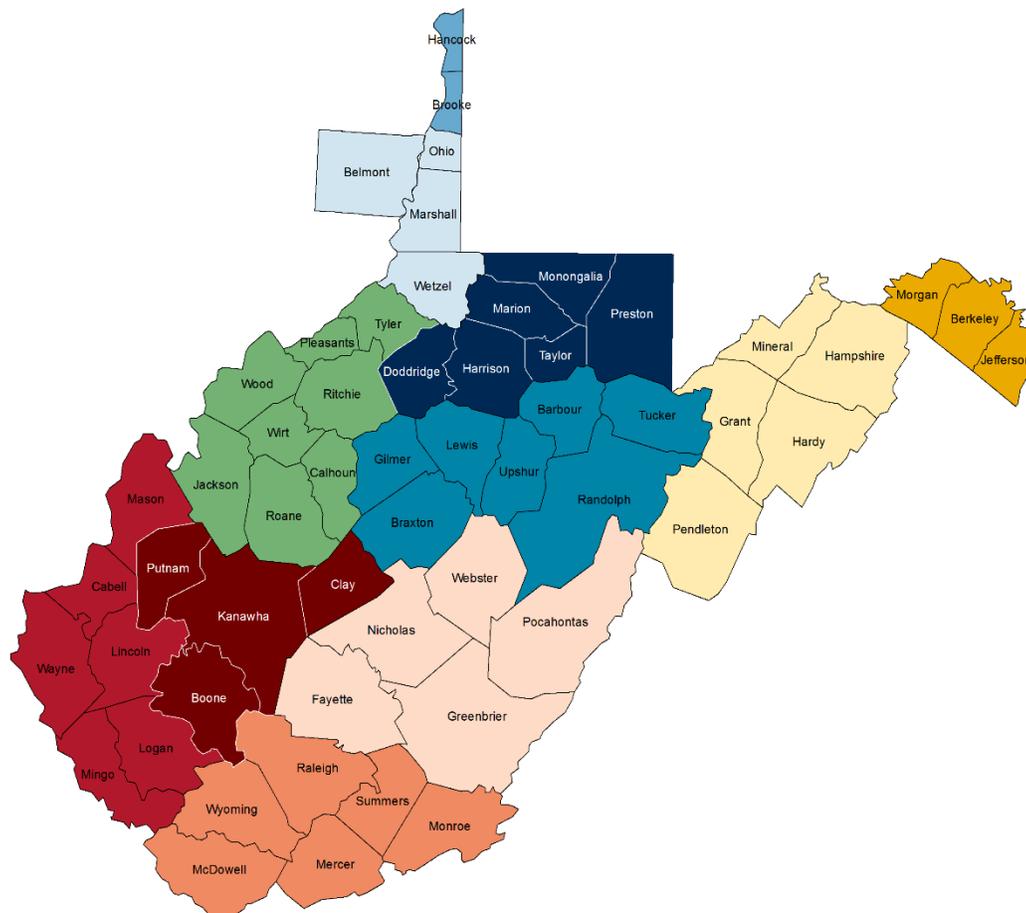
Planning and Development Councils

Basic Classification: Service Providing; Mandated

Function: To more effectively utilize the State's resources and to maximize the opportunities for local communities and public service agencies to secure Federal assistance for economic development, water and sewer systems, and other public projects.

Origin: The West Virginia Legislature enacted the *West Virginia Regional Planning and Development Act* in 1971. This act divided the state into eleven regions, each of which serves as a development district for its respective member counties.

Number of Units: 11



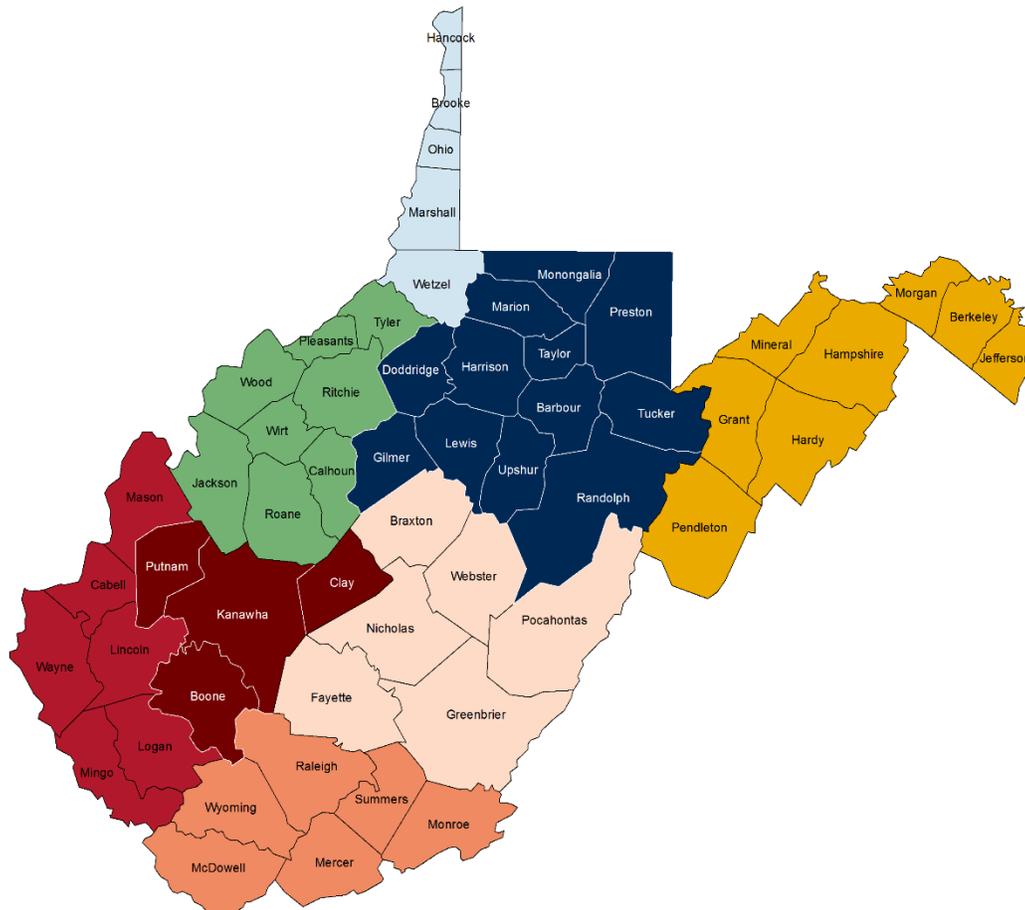
Regional Education Service Areas (RESAs)

Basic Classification: Service Providing; Mandated

Function: A wide range of services and programs are provided through this regional arrangement. Schools share staff who provide direct student services, such as physical therapy, occupational therapy, and speech therapy. RESAs sponsor spelling bees, science fairs, and other academic competitions. They organize partnerships with outside institutions, such as the “Gear Up” program for college readiness. Professional training is offered on a wide variety of topics for staff and substitute teachers within the region. Recently, RESAs have begun to provide technical assistance to improve low-performing schools. Through RESAs, member schools attain greater equality of educational opportunities, delivery of services at a lower per-student cost, more effective use of funds, and more efficient administration.

Origin: In 1972, West Virginia passed legislation authorizing the state Department of Education to create Regional Education Service Agencies (RESAs)

Number of Units: 8



Regional Jails

Basic Classification: Service Providing; Mandated

Function: To provide safe, secure and humane care for persons ordered to be incarcerated by the courts

Origin: The WV Regional Jail and Correctional Facility Authority was created by the West Virginia Legislature in 1985.

Number of Units: 10



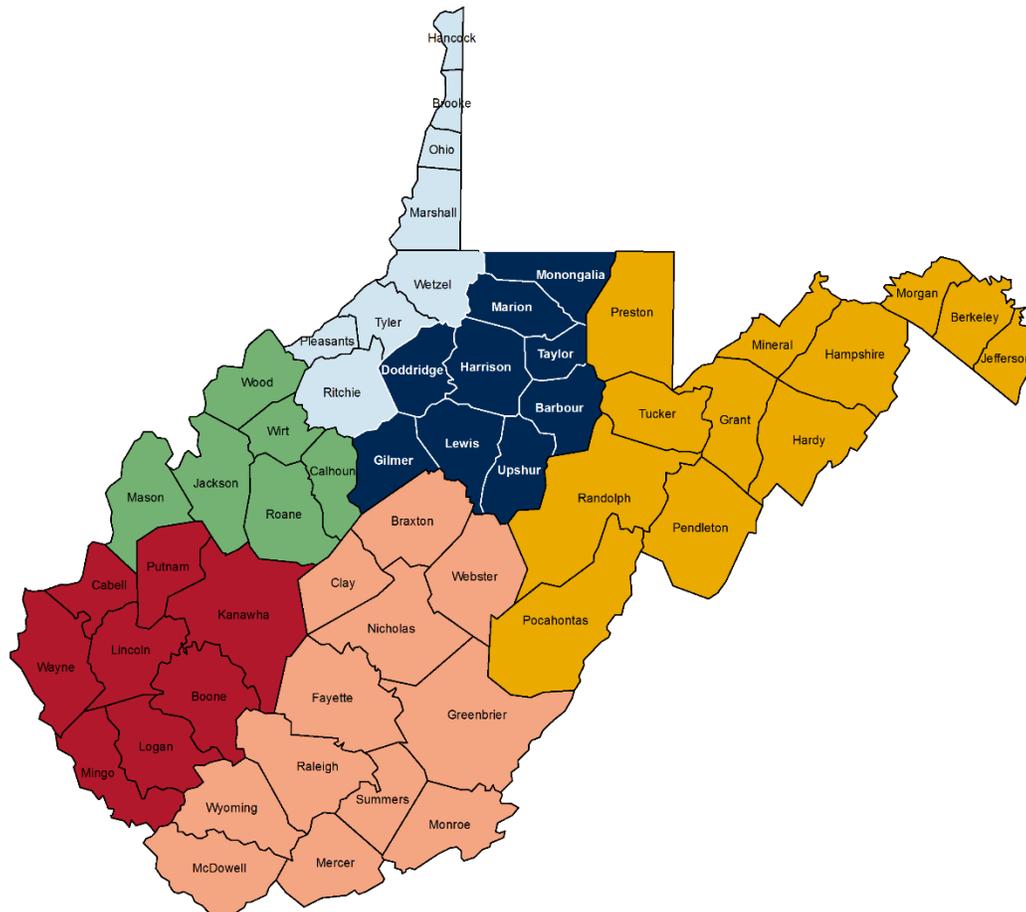
Department of Environmental Protection

Basic Classification: Organizational; Mandated

Function: To use all available resources to protect and restore West Virginia's environment in concert with the needs of present and future generations

Origin: With the enactment of Senate Bill 217 the Division of Environmental Protection was created in October 1991.

Number of Units: 6



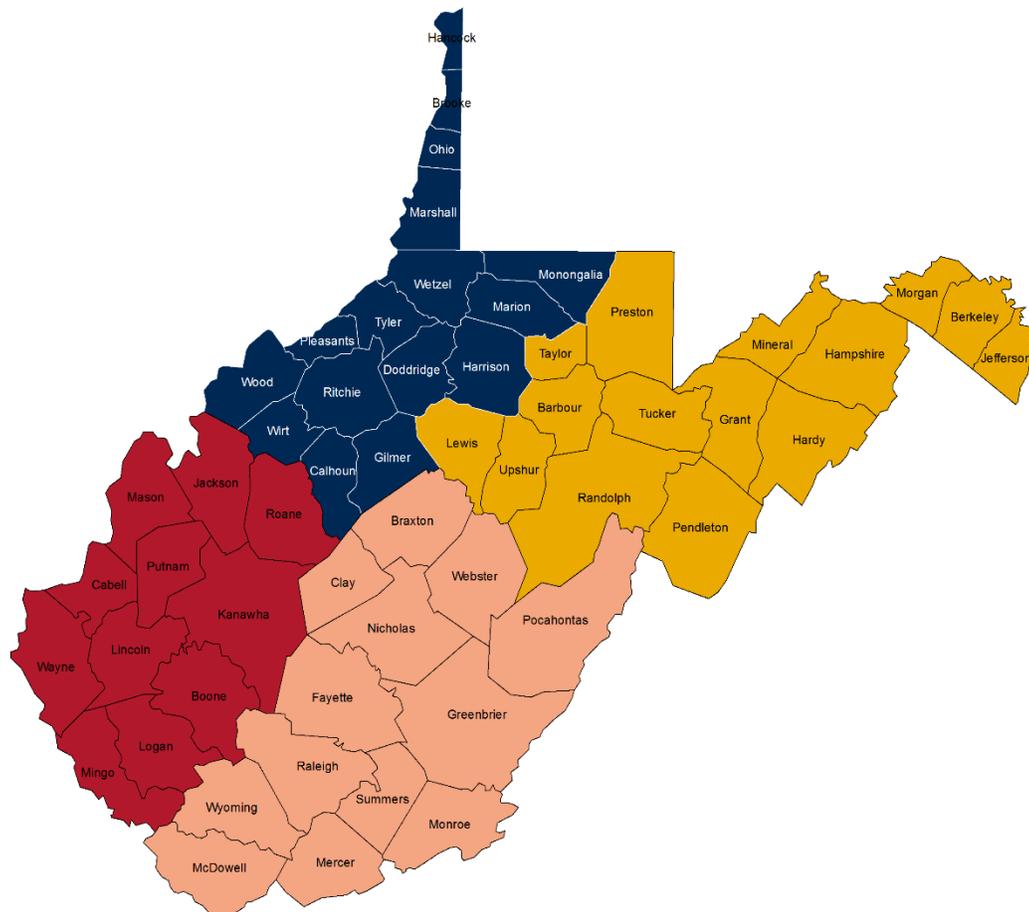
DHHR Regions

Basic Classification: Service Providing; Voluntary

Function: A cabinet-level department of state government, responsible for the state's health and welfare programs and many social services.

Origin: Upon its creation in 1989, the DHHR absorbed existing agencies with health and welfare functions, particularly the Department of Health and the Department of Human Services. These agencies date their origins through various predecessors to West Virginia's early days as a state.

Number of Units: 4



WV Division of Highways Districts

Basic Classification: Service Providing; Voluntary

Function: Responsible for planning, engineering, right-of-ways acquisition, construction, reconstruction, traffic regulation and maintenance of more than 35,000 miles of state roads.

Number of Units: 10

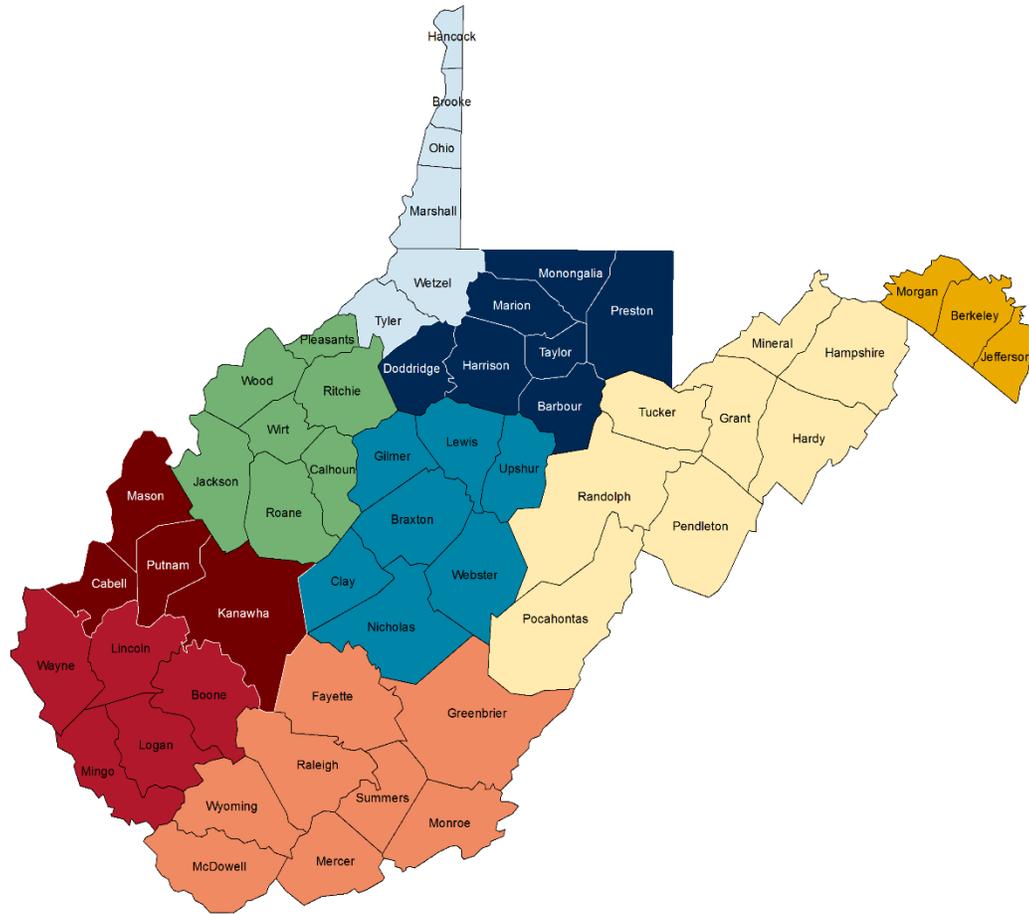


Tourism Department Regions

Basic Classification: Service Providing; Voluntary

Function: To promote tourism and offer the traveler the most accurate destination information

Number of Units: 9

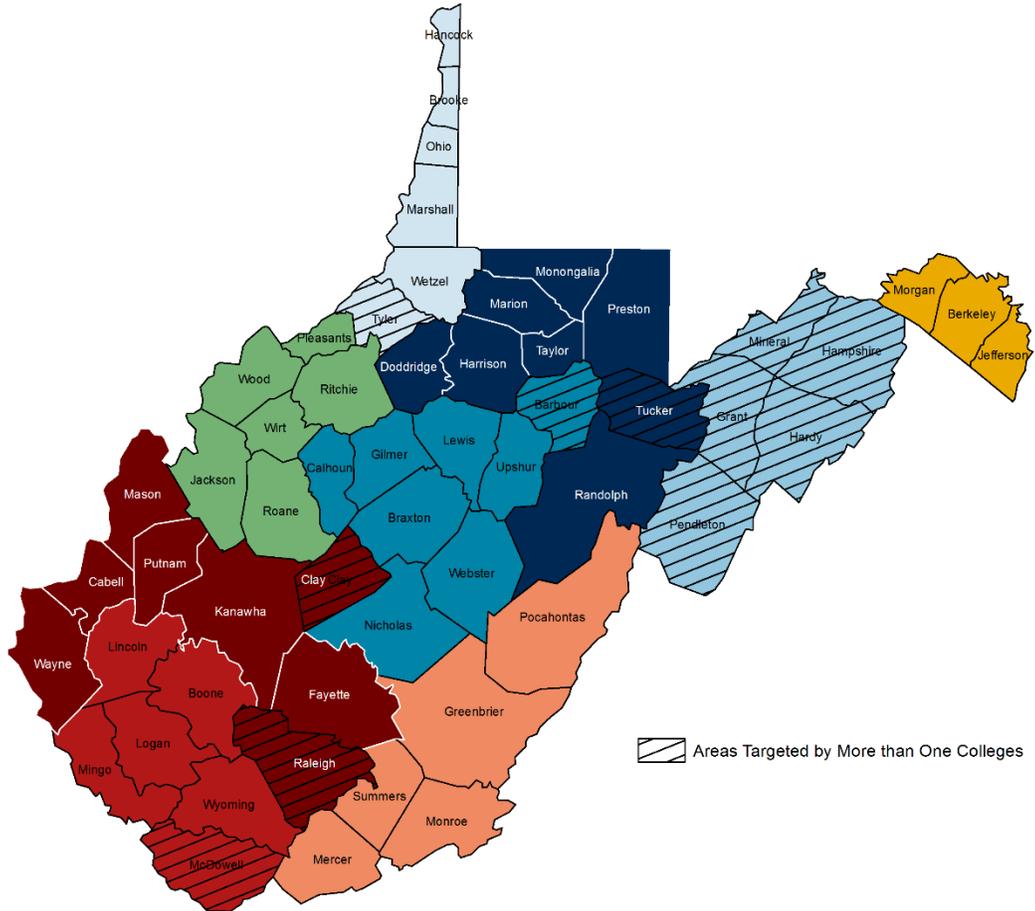


WV Community & Technical College

Basic Classification: Service Providing; Voluntary

Function: Target areas for each state community and technical college.

Number of Units: 9

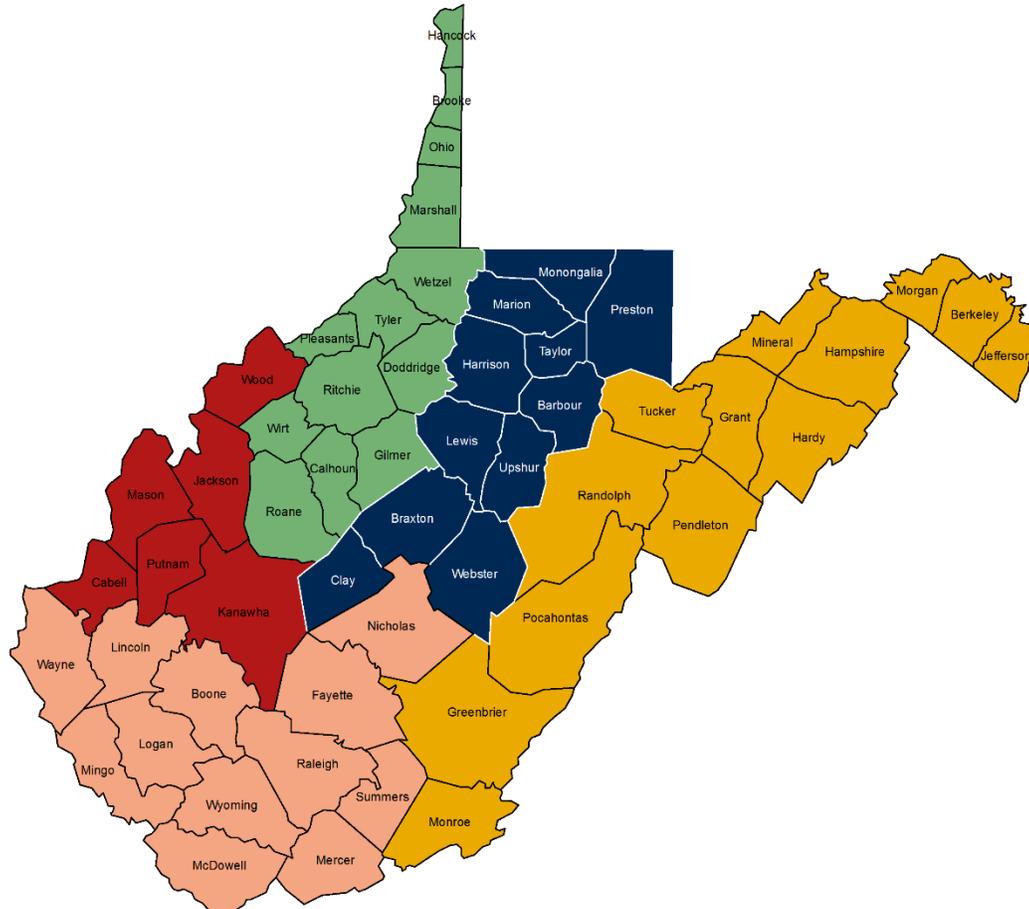


Industrial Development Areas

Basic Classification: Service Providing; Voluntary

Function: To support existing state businesses that are retaining or expanding their operations and the recruitment of new industry to the state. Program emphasis includes target industry marketing, project management, and industrial modernization.

Number of Units: 5

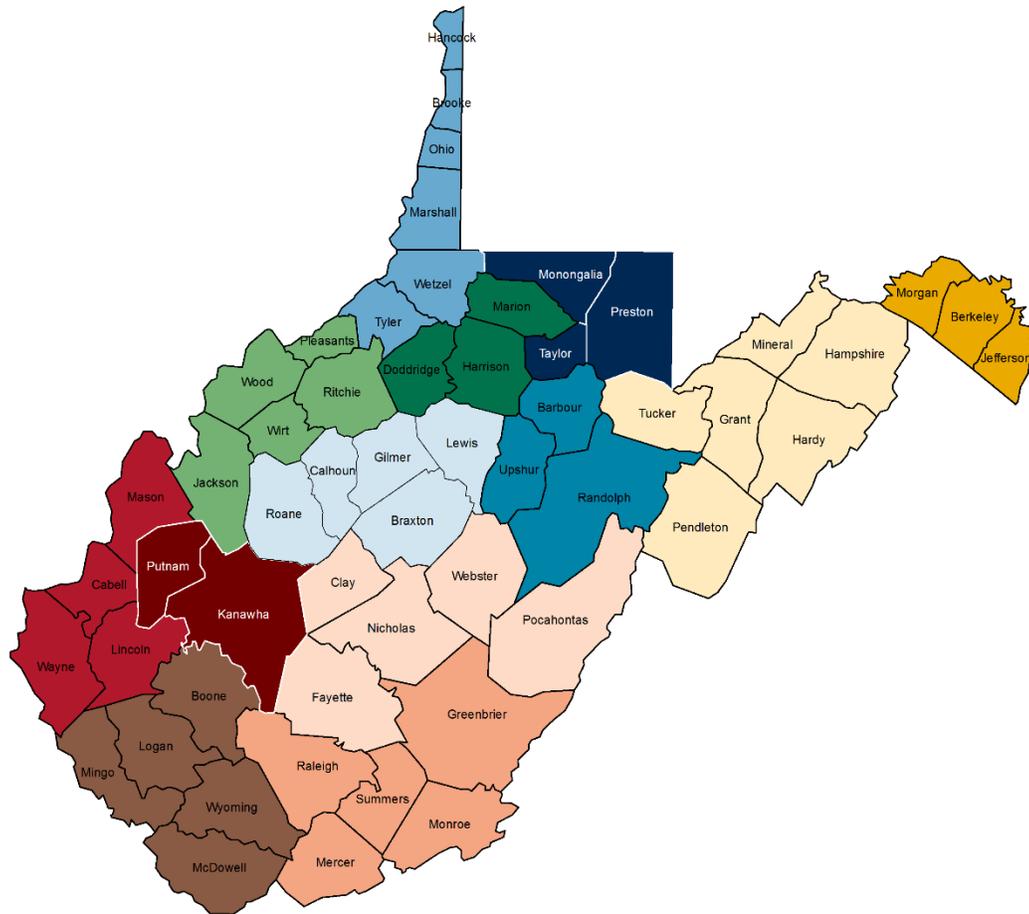


Small Business Development Center

Basic Classification: Service Providing; Voluntary

Function: To promote economic development through a program of practical, interrelated services, providing assistance to existing small businesses and the emerging entrepreneur.

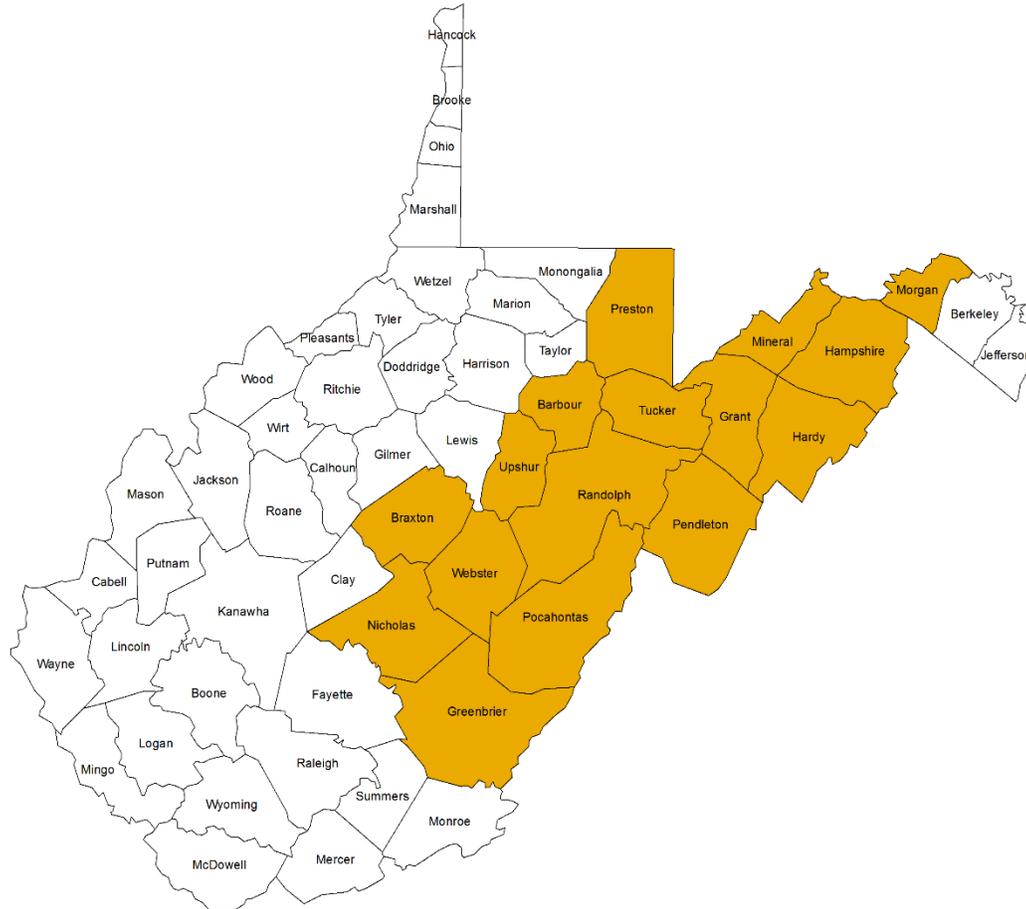
Number of Units: 13



Appalachian Forest Heritage Area

Basic Classification: Service Providing; Voluntary

Function: To integrate central Appalachian forest history, culture, natural history, products, and forestry management into a heritage tourism initiative to promote rural community development

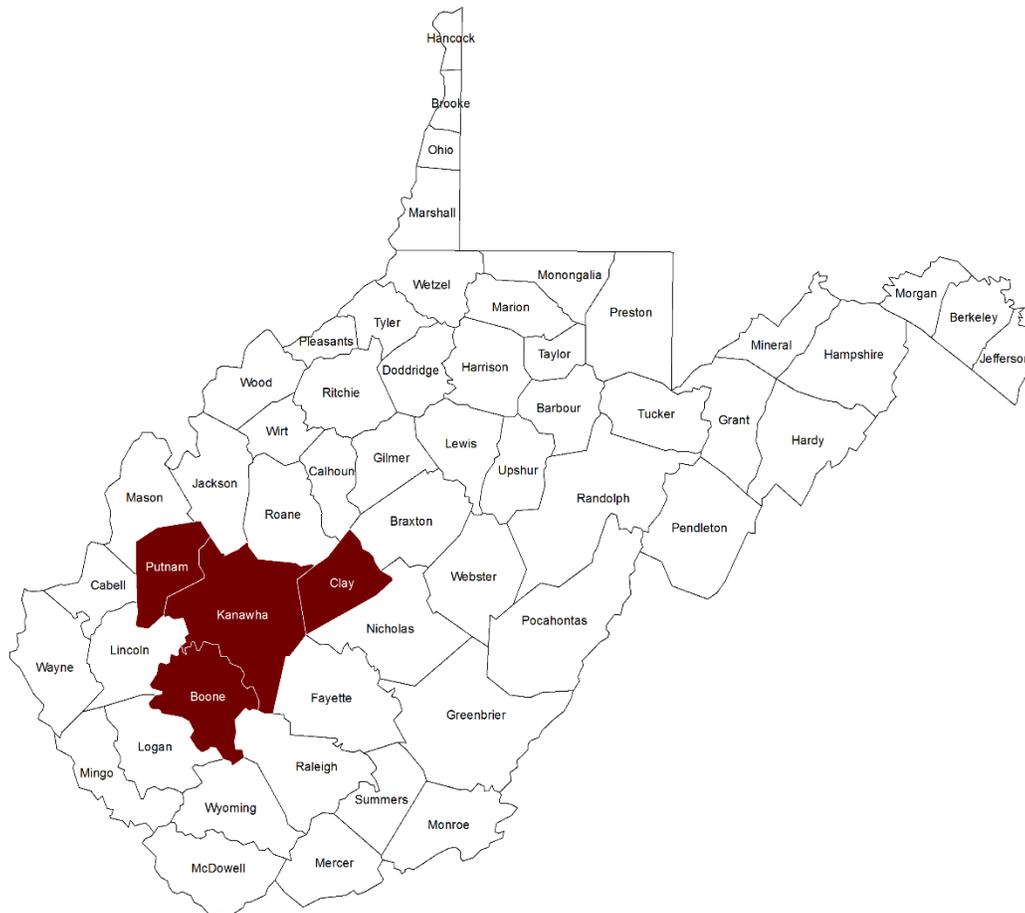


Regional Intergovernmental Council

Basic Classification: Organizational; Voluntary

Function: To provide a mechanism for dealing with planning and development issues on a multi-jurisdictional or regional basis, and to provide a local resource to assist local units of government, especially those which are too small to maintain staffs for grant writing and planning.

Origin: Established in 1968 as a voluntary organization of local elected municipal and county officials, this became the first regional planning and development council in the state of West Virginia.

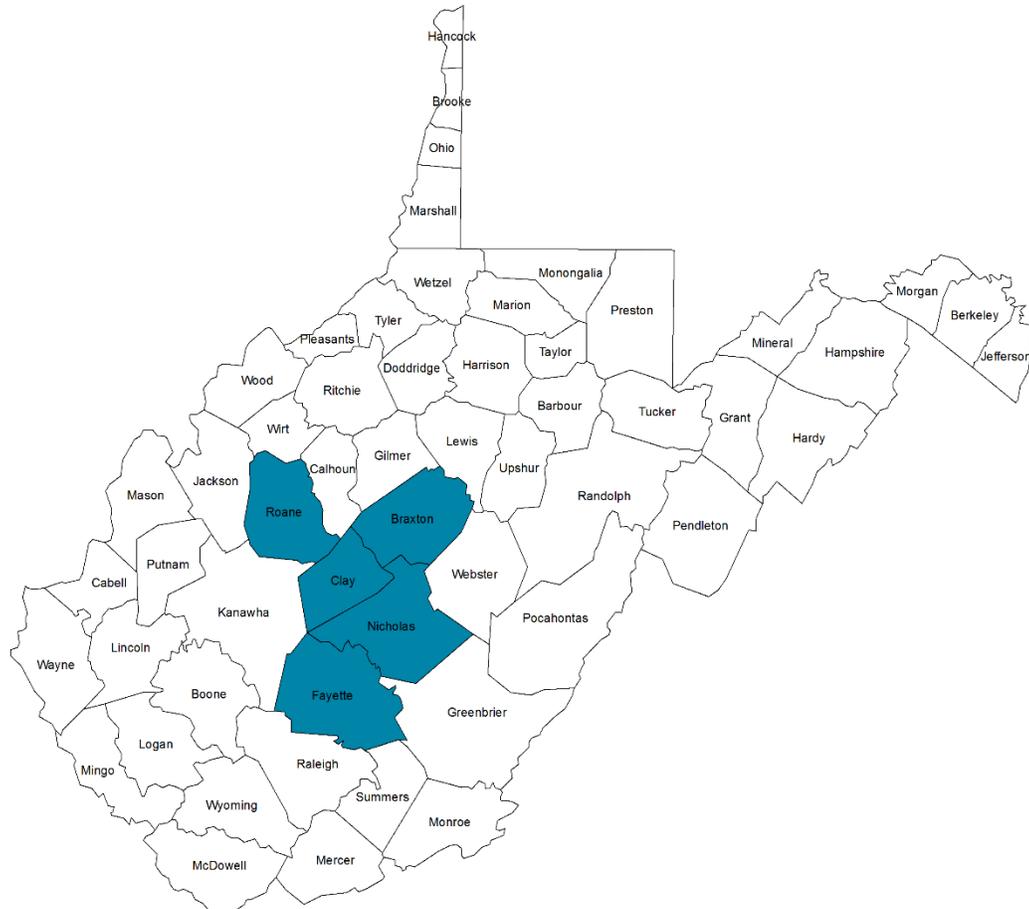


Central Appalachian Empowerment Zone

Basic Classification: Service Providing; Voluntary

Function: To provide performance-oriented, flexible Federal grant funding so communities can design local solutions that empower residents to participate in the revitalization of their neighborhoods.

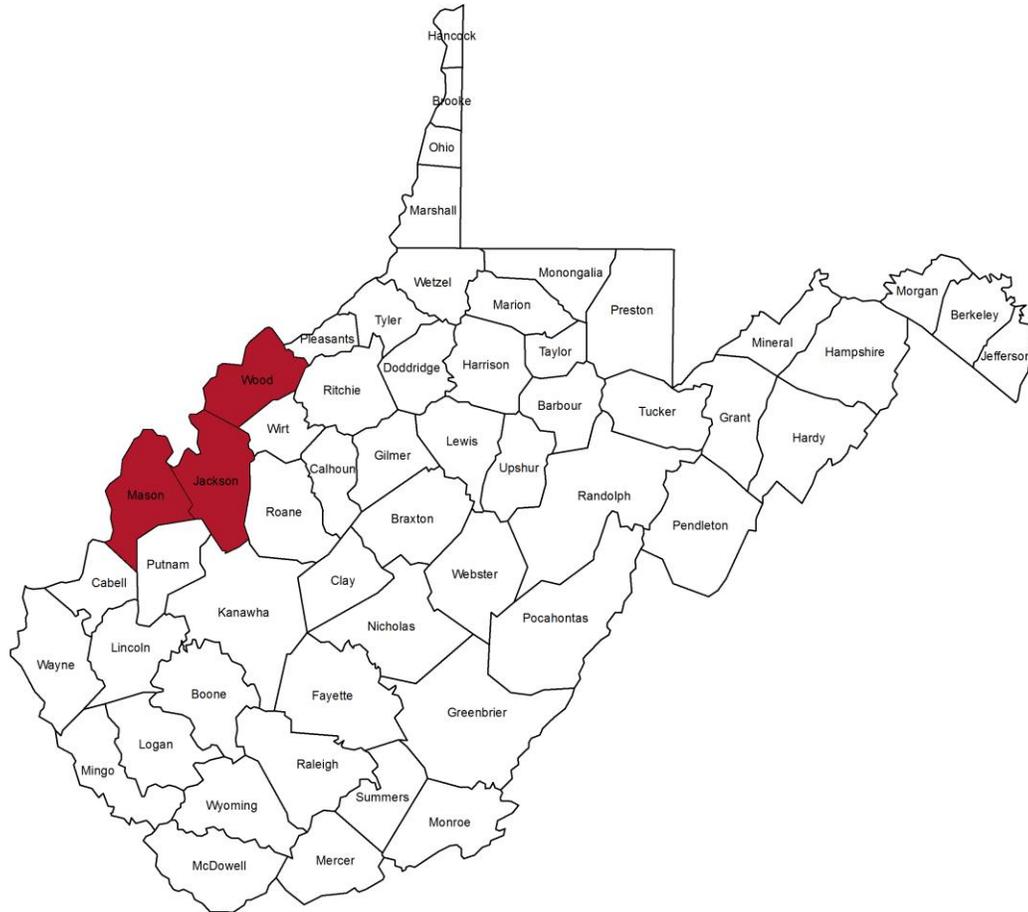
Origin: In 1994, the 5 counties developed a grassroots plan for improving the economy and quality of life of the region



Polymer Alliance Zone

Basic Classification: Organizational; Voluntary

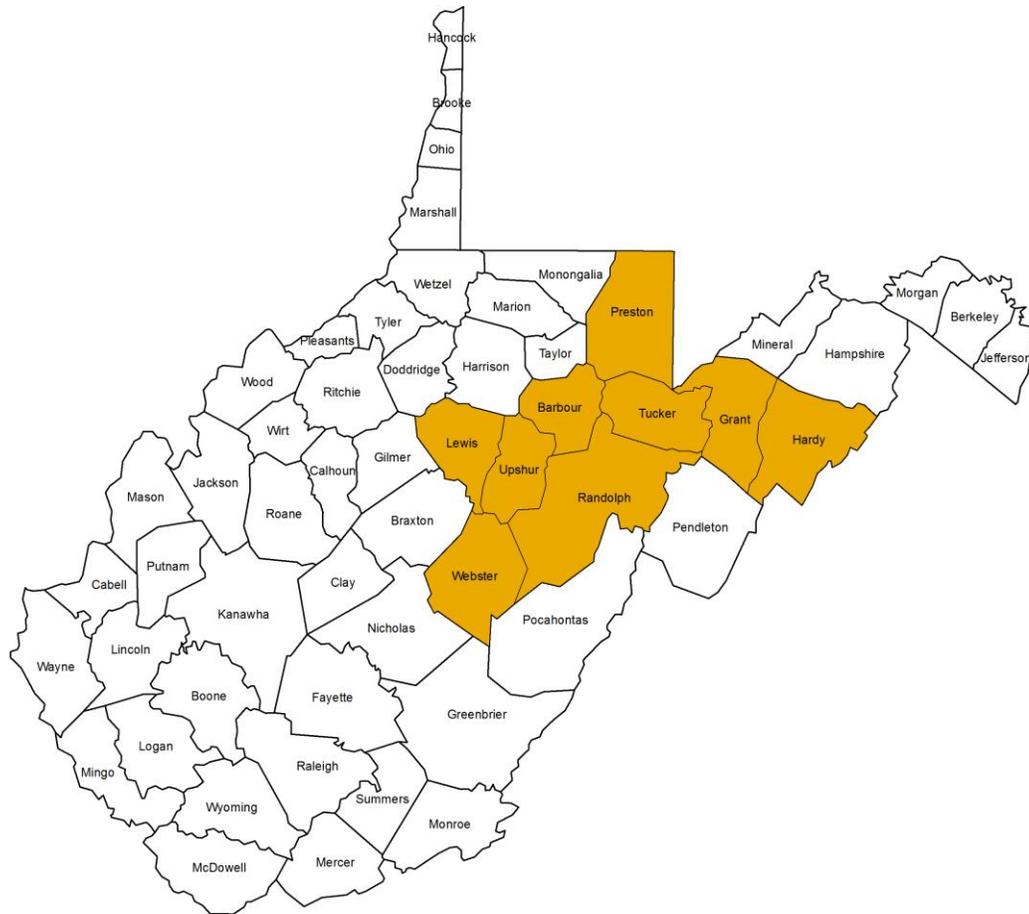
Function: To create the most favorable business climate in the nation for the plastics industry and to produce a world class workforce that is productive, highly trained, and knowledgeable about the plastics industry



Hardwood Alliance Zone

Basic Classification: Service Providing; Voluntary

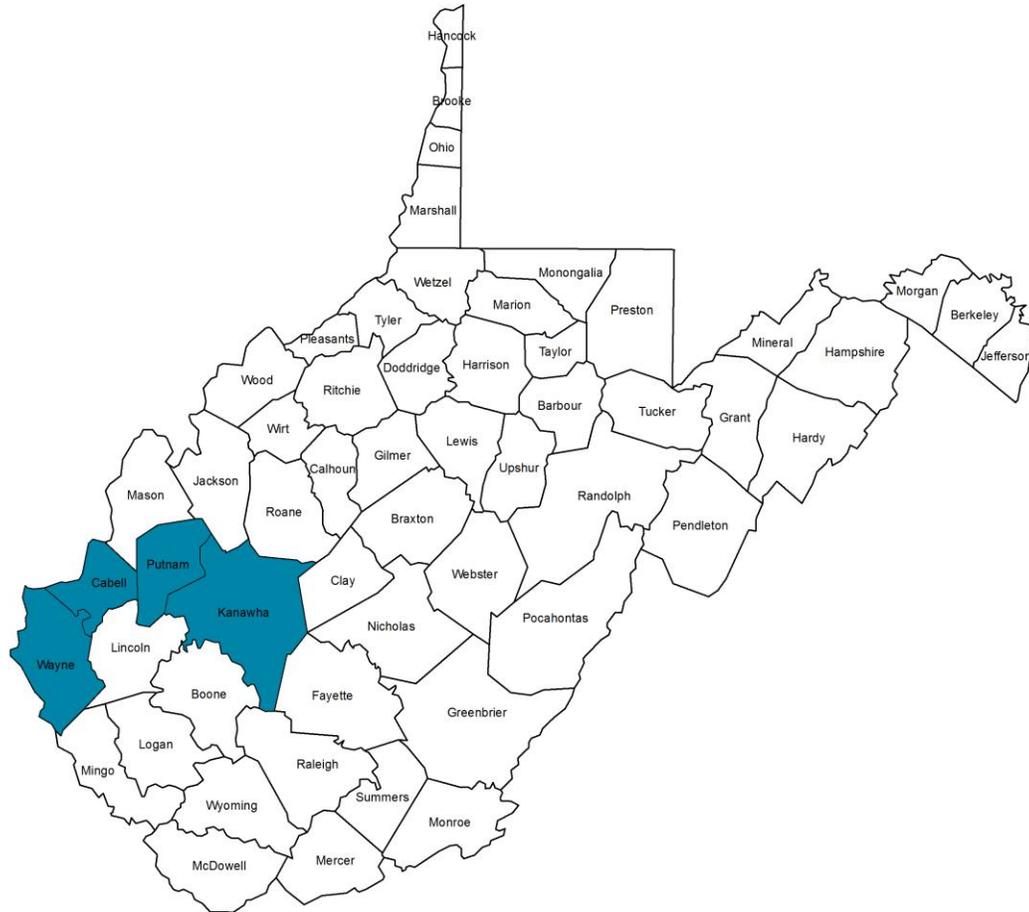
Function: To provide a competitive advantage to the hardwood industry business in relation to relocation, expansion, and development.



Chemical Alliance Zone

Basic Classification: Organizational; Voluntary

Function: To market the region and its resources to attract new investment and encourage joint activities among chemical manufacturing facilities for the purpose of creating new jobs, increasing investment in the state and to attract technology-based industry



WVU Bureau of Business & Economic Research (BBER): 10 Economic Regions

BBER relies on commuting patterns as a means of organizing counties into economic regions for the county forecasting program. Rather than treating each county as an isolated economic entity, this framework recognizes that economic and demographic changes in one county can influence its neighbors. This concept is relevant to local government and public service agencies, as well.

Using the commuting patterns framework, along with recognition of geographic barriers and available highway infrastructure, BBER organizes West Virginia's counties into 10 major regions. These regions are:

- Southern Coalfields – Logan, McDowell, Mingo, Wyoming
- Greater Beckley Area – Fayette, Greenbrier, Mercer, Monroe, Nicholas, Raleigh, Summers
- Greater Metro Valley – Boone, Cabell, Calhoun, Clay, Jackson, Kanawha, Lincoln, Mason, Putnam, Roane, Wayne
- Parkersburg Area – Pleasants, Ritchie, Wirt, Wood
- Central WV – Braxton, Gilmer, Lewis, Upshur, Webster
- Allegheny Highlands – Barbour, Pocahontas, Randolph, Tucker
- Potomac Highlands – Grant, Hampshire, Hardy, Mineral, Pendleton
- Eastern Panhandle – Berkeley, Jefferson, Morgan
- North-Central WV – Doddridge, Harrison, Marion, Monongalia, Preston, Taylor
- Northern Panhandle – Brooke, Hancock, Marshall, Ohio, Tyler, Wetzel

Potential exists to further subdivide several of these regions vis-à-vis residential population totals, average travel time, etc., so as to create greater balance in economic, demographic and/or geographic representation.

