

Policy Memorandum

FISCAL
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SUBJECT: Number of Local Governments

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Georgia is known for having more counties than any other state except Texas. But how does Georgia compare in terms of other local governments, which include counties, municipalities, school districts, and townships (of which Georgia has none). The following table contains this information.

TABLE 1. NUMBER OF LOCAL GOVERNMENTS

	Total Local		Local Governments per 100,000		Local Governments per 1000 Square	
	---Governments-- Number	Rank	-----Population----- Number	Rank	-----Miles----- Number	Rank
Highest Ranked State	4,692	Illinois	342.1	North Dakota	247.4	New Jersey
Georgia	1,047	21st	12.8	37th	18.1	28th
Lowest Rank State	6	Hawaii	0.5	Hawaii	0.5	Alaska

Source: Number of Governments: *2002 Census of Governments*, Table 3, 2002 Census of Governments Vol. 1 No. 1; Population and Area: *2004 Statistical Abstract*.

In terms of total number of local governments, Georgia has 1,047 and ranks 21st among the 50 states. Illinois has nearly five times as many local governments. Hawaii has only 6 local governments (Nevada, ranked 49th, has 69 local governments). So, while Georgia has a lot of county governments compared to other states, it has less than average number of local governments, which is 1,379 per state.

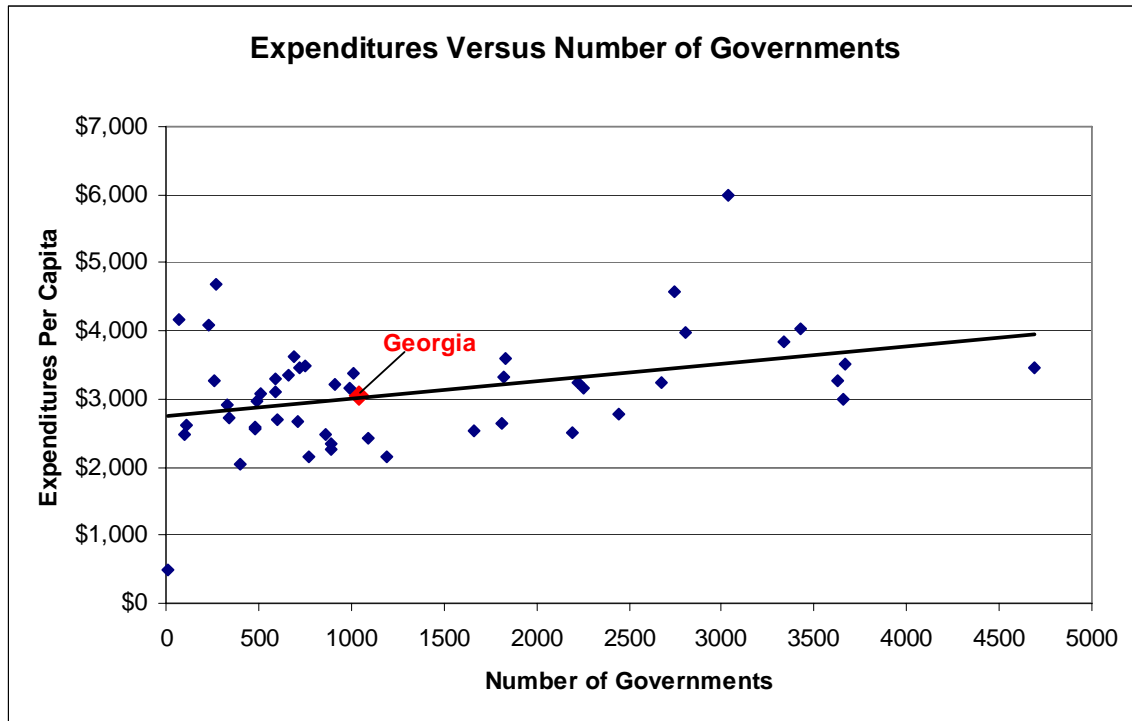
The number of local governments may be related to the size of the state, measured by population and area. Georgia ranks 37th in terms of local governments per 100,000 population, and ranks 28th in terms of local

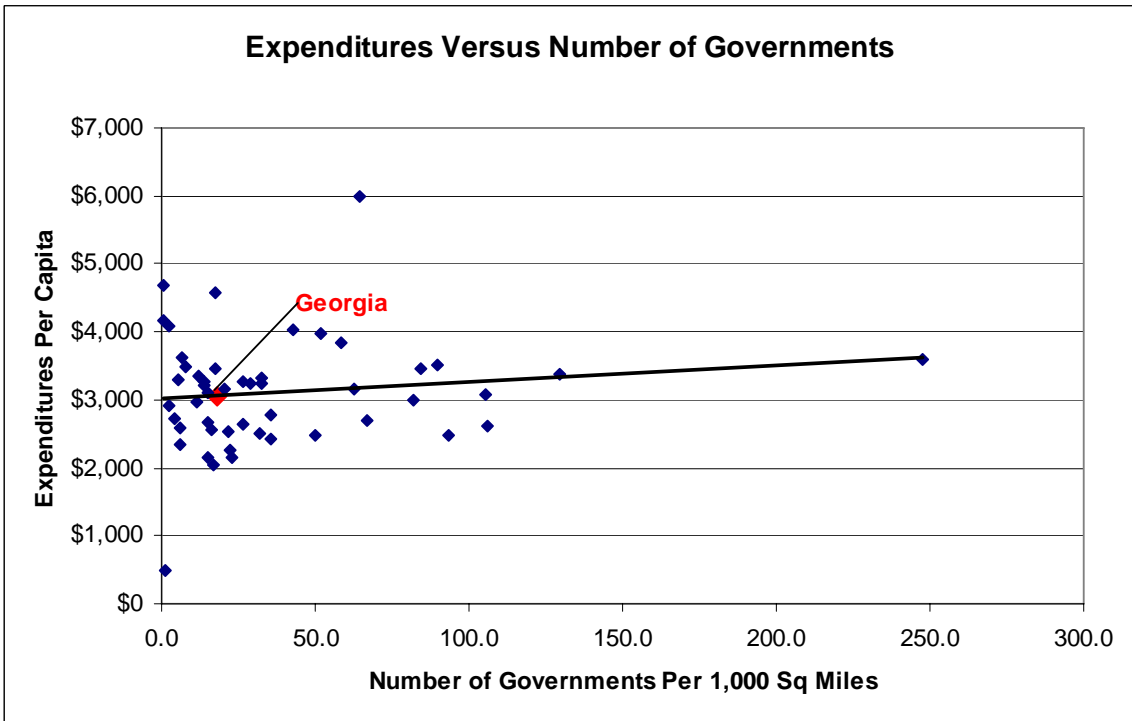
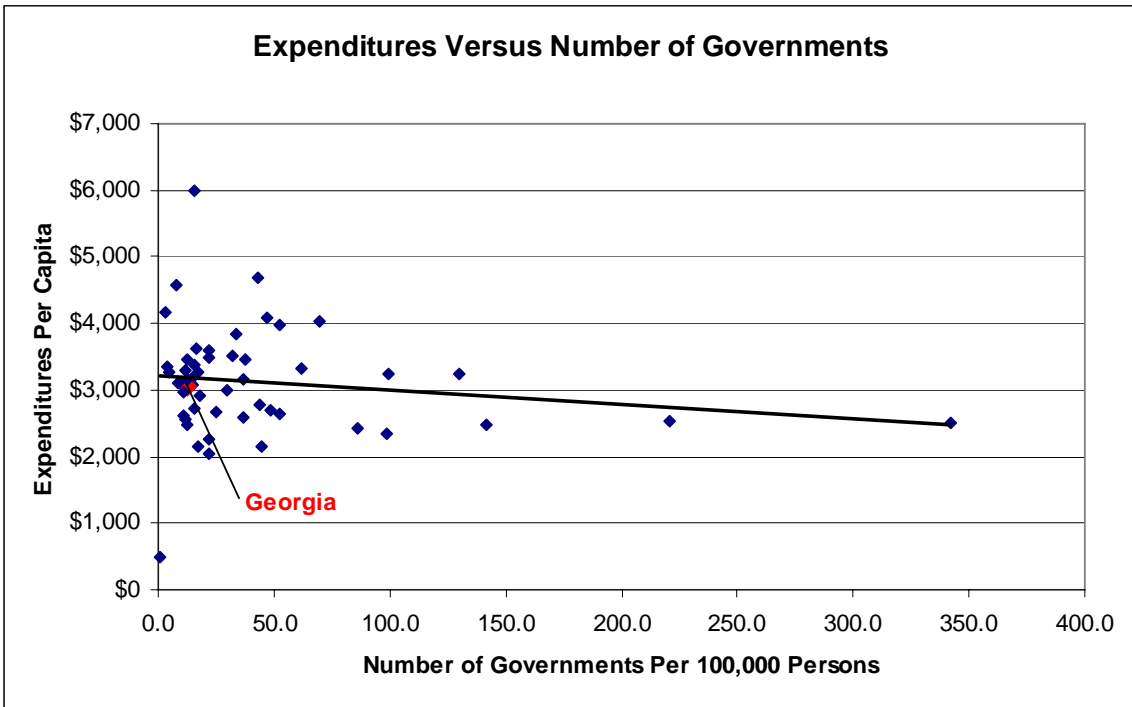
governments per 1,000 square miles. Thus, given its size, both in terms of population and area, Georgia ranks in the bottom half of the 50 states.

Does the number of local governments affect the level of expenditures? The following three graphs show the relationship across states in local government expenditures per capita against the total number of local governments, local governments per 100,000 population, and local governments per 1,000 square miles. As can be seen, there is not much of a consistent pattern.

While it appears that per capita expenditures increase with the total number of local governments and local governments per 1,000 square miles and decrease with the local governments per 100,000 population, none of the regression lines shown in the figures is statistically significant.

The real question of interest is, if Georgia had fewer local governments would the cost of providing local public services be less? That is a very difficult question to address. The basic approach is to compare expenditures across jurisdictions, as is done in the three figures. But expenditures depend on many factors. Expenditures per capita vary across jurisdictions due to differences in demand and need, service quality, as well as cost factors such as wage rate and the size of a local government.





There is not much existing information on the effect of population size on the cost of providing municipal services. However, there are several studies regarding the effect of school system size on the cost of providing education. These studies suggest that per student costs are higher for school systems of less than 2,000 to 4,000 students. Georgia has more than 50 school systems with fewer than 2,000 students, and 12 with fewer than 1,000 students.