

## Responsive local governments most attractive to young adults

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Young adults staying in or coming to Pennsylvania are attracted to regions that have more units of government and they are not deterred by the large number of local governments in the state, according to a new study.

"Voters like to be close to their local government officials and give input directly to them," says study co-author Stephen Goetz, professor of agricultural and regional economics and director of the Northeast Regional Center for Rural Development at Penn State.

"Employers choose communities with local governments that supply an educated workforce, transportation infrastructure, police and fire protection, and other goods and services that allow firms to maximize their profits. Families follow the employers there and seek places with desired government services such as roads, libraries, parks and schools," he adds.

A team of researchers used a new economic measure of state and county government fragmentation to test if fragmentation drove away young residents from the state.

Georg Grassmueck, assistant professor of Business, Lycoming College; Goetz; and Martin Shields, associate professor of economics, Colorado State University, published their findings in the paper, "Youth Out-Migration from Pennsylvania: The Roles of Government Fragmentation vs. the Beaten Path Effect," in a recent issue of the *Journal of Regional*

*Analysis and Policy.*

Pennsylvania has 2,567 municipalities including nine classes of counties, four classes of cities and two classes of townships. Boroughs are not classified. Generally, each class of municipality operates under its own code of laws, which determines its structure and powers.

The researchers studied the movement of young adults between Pennsylvania counties between 1995 and 2000 and considered a variety of factors such as housing prices, employment and unemployment figures, school student and teacher numbers, and a list of social gathering places. A primary component of the model is the use of government expenditure data to measure fragmentation, as opposed to the old formula using the number of government units per capita.

Governments with greater expenditures are likely to have more population and economic as well as political power affecting economic growth, according to the study.

Young adults who move are relocating to counties with a relatively higher percentage of young adults and with services needed by that age group. The model also shows that a destination county with higher employment growth relative to a person's original county attracted the young adults.

"These results suggest that young adults find the availability of employment opportunities a more important economic indicator in the moving decision than the level of earnings, which were not important statistically," the researchers said.

Also, entertainment venues seem to play an important role in attracting young adults, but not necessarily artistic venues such as museums and galleries. Health-related facilities also appeared as a key factor in the

study, perhaps confirming a trend toward healthier living.

"Our findings contradict a 2003 Brookings Institution study that attributed the state's brain drain of young adults to a large number of small and inefficient local governments in Pennsylvania that was hindering economic development," say the authors.

The study suggests the opposite -- that destination counties with greater fragmentation in local governments attracted even more young adults while those counties with consolidated governments attracted fewer individuals.

"The study serves as a starting point in future discussions on governmental organizational form and economic growth," says Goetz. "Amenities, natural and artificial, matter in the moving decision but any public policy seeking to increase amenities is costly and may be difficult to accomplish.

"Local governments in Pennsylvania need to focus on providing and producing the best and most responsive public goods and services possible to attract and retain households, especially those headed by relatively young adults," he adds.

Source: Penn State

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