



State of the Cities 2011 In-depth Analysis: Drivers of Change

Background

For the 8th year, the League of Minnesota Cities sent its members a fiscal conditions survey. The annual survey asks several core questions about key revenue shortfalls, budget-balancing actions, and general fiscal outlook. The 2011 survey also asked city officials about many timely issues, including collaboration and resident views of taxes. The main findings of the core survey questions are available from the [League](#). Results for the additional questions will be released separately in mini reports. The topics are:

- Barriers to Collaboration
- Property Taxes and Service Expectations
- Drivers of Change in Cities

This short paper relays the findings on the question related to drivers of change in services or service delivery in Minnesota cities. City officials were asked to indicate how much influence a variety of social and demographic trends have on decisions about services and service delivery.

As seen in the table below, the three trends identified the most often as having a lot of influence on city services and service delivery were the aging of the population (39%), shrinking tax bases (36%), and resistance to the property tax (31%). The state demographer has frequently described the aging of the population as the most significant demographic trend affecting the state. By the year 2020, the number of Minnesotans over the age of 65 will exceed the number of school-age children for the first time ever. This has significant consequences for the kinds of services needed in cities across the state. For example, cities with growing populations of residents over the age of 65 often face service demands for things like additional lighting, specialized park and recreation programming and transit services.

Demographic and social trends influence change in city services

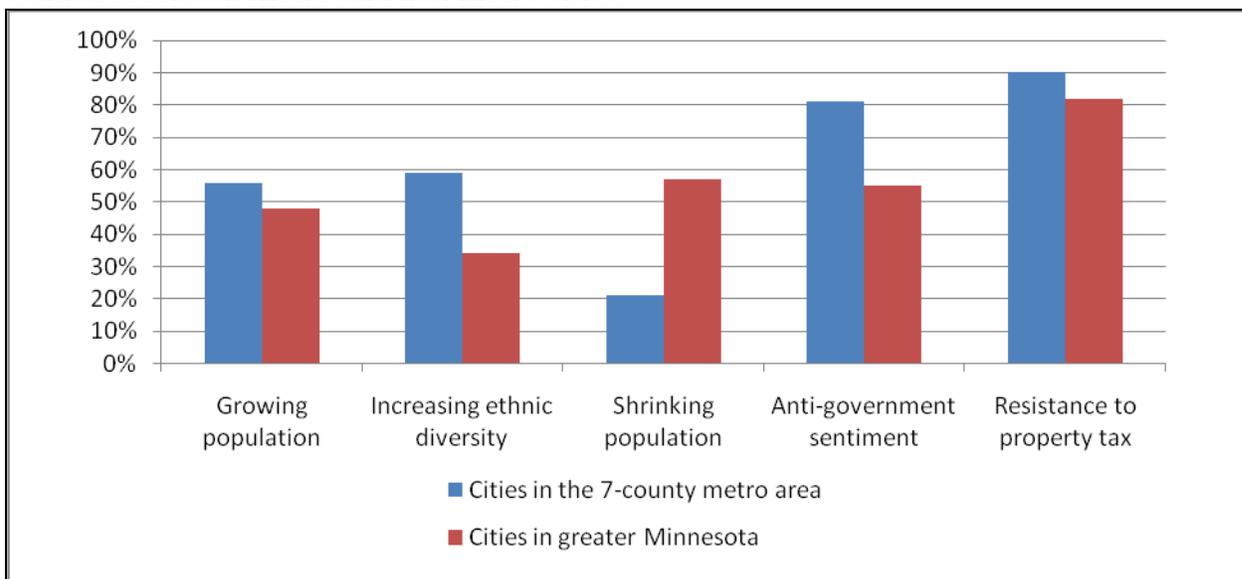
	Aging of the population	Increasing ethnic diversity	Growing population	Shrinking population	Shrinking tax base	Resistance to property tax	Anti-government sentiment
No influence	12%	62%	51%	49%	21%	17%	40%
A little influence	49	32	39	31	43	52	46
A lot of influence	39	6	11	19	36	31	14

Increasing ethnic diversity is the only trend not identified by at least half of the cities responding to the question as having a little or a lot of influence on services. While many areas of the state are seeing dramatic changes in the ethnic makeup of neighborhoods and communities, some parts of

the state are not experiencing those trends at all. For example, cities within the seven-county metro area and in the north-central portion of the state are some that have seen the fastest growth in minority residents as a share of the total population. Significant increases in the diversity of the population have been noted in a few other pockets in the southern part of the state, typically those communities with large agricultural or food-related industries.

Looking at the results by region of the state reveals some interesting patterns. The same three trends as for cities overall were identified most frequently by seven-county metro cities as a group and by cities in greater Minnesota as a group. The shares of cities saying a trend had a little influence or a lot of influence varied significantly between the metro region and the rest of the state.

Share of cities indicating trends had a little or a lot of influence on changes in services: contrast between metro and non-metro cities



As the chart shows, cities in the metro area were more likely to identify population growth as a trend causing change in the services they deliver. They were much more likely than greater Minnesota cities to see changes in services as a result of increasing ethnic diversity. Cities outside of the metro area, on the other hand, were almost three times more likely to identify shrinking population as a trend driving change in their communities (57% vs. 21%). According to the state demographer, most of the state’s growth over the last decade has occurred in a corridor stretching from Rochester to the St. Cloud area.

The last two columns of the table show results for two social trends—anti-government sentiment and resistance to the property tax. For both of these, cities within the seven-county metro area are more likely to identify them as drivers of change. In the case of anti-government sentiment, the difference is quite pronounced—81 percent of metro cities vs. just 55 percent of greater Minnesota cities.