

Socioeconomic factors that influence Municipal Incorporation within the United States

Introduction

Municipal incorporation is where a community or area within a larger region becomes a legally recognized municipality. This allows the area to establish a local government with the authority to govern itself and provide specific services to its residents. Most states require minimum population sizes, minimum population density, minimum distance from existing municipalities, and minimum tax base (Wyndham-Douds, 2023) An example of municipal incorporation would be what happened recently in Baton Rouge, Louisiana where a large southern half of the city “broke away” and formed the City of St. George, which will be the 5th largest city in Louisiana. There are many factors that may lead to an area incorporating and forming its own municipality, and this paper will explore the socioeconomic factors behind those reasons. The factors that will be talked about are income, education, employment rates, housing, and demographics.

Literature Review

The way in which the literature was found was by Google Scholar, the LSUS Library, and JSTOR. Municipal incorporation can be seen as having racial and financial factors tied into the motivation behind incorporating which led to certain keyword searches. The socioeconomic factors when searching for relevant information were terms such as “*municipal incorporation income*,” “*municipal incorporation racial*,” “*demographics of municipalities*,” “*segregation of municipal incorporation*,” and “*municipal incorporation property values*.” The articles that were selected were from as recent as the current 2020’s and dating back to the 1980’s as it pertains to the socioeconomic factors that influence municipal incorporation. The articles highlight income/education disparities, racially motivated factors for creating new municipalities, and

demographics of citizens that live in these areas. Articles indicate that most of the municipal incorporation happens in the Southern part of the United States. All articles including the 30+ year old articles are all relevant and reviewed and analyzed for their findings.

Higher income households support incorporating

Reviewing the articles shows that higher income households have an incentive to support the formation of a new city via municipal incorporation. Neighborhoods that are richer than the mean income in the unincorporated areas are better off being part of a new city (Kenny & Reinke, 2011). Wealthy households are understood to be more likely to incorporate into a new city than poor, and lower-income neighborhoods (Kenny & Reinke, 2011). Higher-income resident's property taxes will go towards services within their own municipality and will not have to subsidize lower income communities. Property values will remain high because these areas will not have any sort of low-income or section 8 housing in the vicinity. Also, it will not have any industrial sites that could cause a disturbance to the residents of the city.

Municipal incorporation used as a tool for segregation

Municipal incorporation has been used as a tool for racial segregation with most municipal incorporated cities being majority white. Municipal incorporation allows certain parts of an area to be excluded from the formation of the new city. Research has shown that newly majority-White cities often use land use regulations to prevent non-White populations from moving to the new municipality (Rice et al., 2013). This prevents HUD housing developments from being placed in the city as well. The history of majority white suburbs can be traced back all the way to the Jim Crow era, which made it difficult for African Americans to move into certain areas of a city. "The development of suburbs on the outskirts of major cities was a direct result of

government-funded highway construction, access initiatives, access to private vehicles, and federally backed mortgages, which primarily provided White households with the opportunity to live in suburban locations” (Bell & Jackson, 1986). Black residents did not have these same opportunities, or if they were, it was made difficult for them due to a multitude of reasons. A major barrier for the Black residents that limited these families from moving into the suburbs was due to the Jim Crow laws and redlining of neighborhoods. Unfortunately, even today those racial undertones still hold true.

“White flight” and gentrification has been happening for over 50 years and is a key factor in municipal incorporation. Studies show that “as neighborhoods get more diverse, many whites leave to the suburbs or return to center cities, with White higher-income residents displacing communities of color in urban areas” (*The myth of the white suburb and "Suburban invasion"* 2021).

The education system is better in Municipal Incorporated areas and cities.

Municipal incorporated area has residents who have high incomes which in turn creates better tax funded initiatives, with a major focus on schools and education. Studies show that schools in suburban areas rank higher than inner-city schools. Suburban school poverty rates are lower, while suburban schools’ test score levels and growth are higher than those of urban schools (Owens & Rich, 2023).

Residents in municipal incorporations have a stronger community identity.

When a city incorporates it can create a sense of identity and belonging among the residents. It also can create a sense of “*exclusivity*.” This will lead to residents caring about their community

and the activities that will go on in the city. Residents will be more prone to participating in local voting and community meetings, and a greater number of community organizations.

Methodology

The purpose of this research was to uncover the socioeconomic factors that lead to municipal incorporation as it relates to organizational strategies and policies. Analysis of articles, data collection, and a case study were used in providing context for this research.

Data Collection

An extensive literature review was used when picking academic databases and articles to help in the findings. Google Scholar, the LSUS library and JSTOR were used for article findings. The search focus on key words such as “*municipal incorporation*,” “*municipal incorporation income*,” “*suburban racial demographics*,” “*municipal incorporation property taxes*,” “*municipal incorporation housing*,” and “*segregation in municipal incorporation/suburbs*.” The articles used were selected based on their relevance to the socioeconomic factors behind municipal corporations. Statistical data was collected from reliable sources including academic journals and databases. The key sources of the educational statistical data came from the National Center for Education Statistics (NCES), and the demographic data was collected from the U.S. Census Bureau. One case study was used in reference to municipal incorporation which was the recent incorporation of the City of St. Geroge in Baton Rouge, Louisiana. This case study was used and analyzed to provide real examples of municipal incorporation and the socioeconomic factors and impacts from it.

Data Analysis

Comparative analysis was used in explaining the difference in socioeconomic factors when comparing them to municipal incorporated areas, and those of urban inner-cities. This includes comparing the educational outcomes, income levels, and the racial demographics of both suburban and inner-city areas.

A thematic analysis was used in identifying the three main themes that stood out in the research. Economic incentives, racial segregation, and educational opportunities were identified to be reoccurring themes. Thematic coding was used in identifying key words as they related to the different themes. The words “*Income*” “*segregation*” and “*school*” or “*education*” was highlighted throughout all articles each time they appeared.

Statistical analysis was used in identifying trends in the research. Graduation rates and test scores using educational data were used in analyzing the difference in education as it relates to municipal incorporations and inner cities. Income levels and property values were compared using mean and median mathematical calculations.

Results

Themes

There were three main themes that were found to be linked to the socioeconomic factors that influence municipal incorporation and they are discussed as follows.

Economic Incentives

The text explains the economic incentives that municipal incorporations have in order to move forward with incorporating and becoming a new city. Municipalities will develop strategies related to resource management to focus on their local taxes, budgets, and resource allocation. Municipalities will also develop strategies related to economic development. This leads to attracting certain businesses that will align with the community and the identity it wants to portray. Municipal incorporation will also lead to strategies as it relates to zoning laws to boost and maintain higher property values. Estimates indicate that property values increase 4–5% in the two years following municipal corporation compared to the two years prior (Patrick & Mothorpe, 2016). The text also explains that residents in suburban incorporated areas earn an average of \$95,000 compared to urban inner-city residents who earn an average of \$70,800 (Dumont, 2024). These higher-income households will have the funds to pay higher taxes due to their high property values to support the newly incorporated or “suburban” area sustaining itself. These taxes will not have to be used to subsidize lower-income communities in the inner-city. Municipalities might also adopt policies that ban low-income housing (also known as housing exclusion) or industrial sites in the city.

The word “*income*” was used over three hundred times in over ten articles as it relates to higher or lower income residents when an area decides to incorporate.

The terms “*Property tax*” and “*property value*” were both mentioned over fifteen times each respectively across eight articles.

Racial Segregation

Municipalities are shown to be majority white and practice housing exclusion strategies to prevent low-income or nonwhite residents from moving into the area. Creating and

implementing strict Land use policies that limit multifamily or HUD housing developments can be used to prevent the low-income, non-white population from moving into the city. Municipal incorporation increases Black-White county-level segregation by 2% (Smith & Blizard, 2022). It needs to be noted that municipal incorporation itself may not be to blame for the racial segregation, but that it could also be due to the exclusionary zoning practices that the city may implement. According to Project Muse, “Increased levels of income segregation and concentrations of poverty may be consequences of municipal incorporation, in addition to racial segregation” (Smith & Blizard, 2022). Poverty concentrations may be a factor which is especially relevant to Black, non-white residents who are more likely to reside in poorer and more isolated neighborhoods. In a 2010 U.S. census, it found that for the white population, suburban percentages increased from 49% to 63%. The Black suburban population at that time came in at 39%. To this day over 70% of the American suburb population is 70% white. This segregation is also apparent in the school systems of the suburbs and inner cities. According to a study by the Civil Rights Project, White students remain the largest group of suburban students at 40% of the enrollment; Latinx students are the next largest suburban group with a third of the enrollment, while the Black and Asian enrollment are 15% and 8%, respectively.

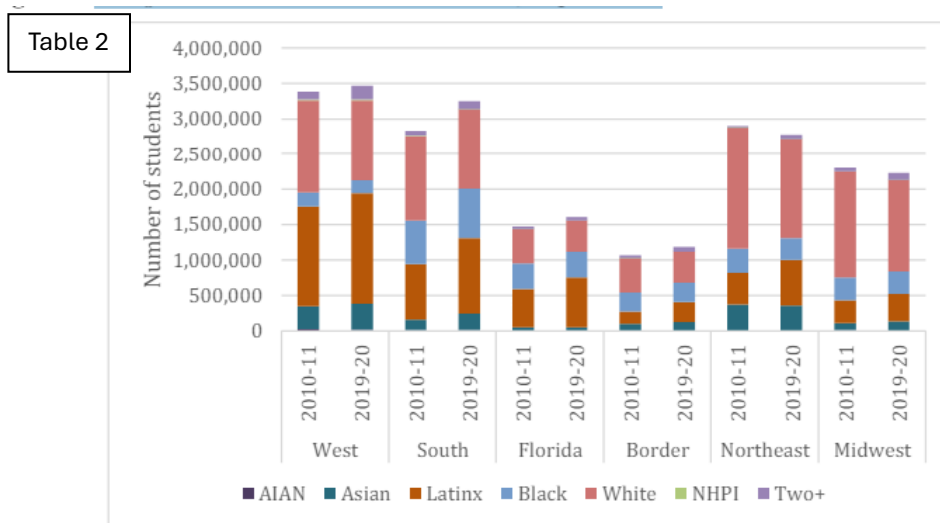
The word “segregation” was used over 140 times across 7 articles.

Table 1 shows the racial composition and diversity of suburbs by incorporation status.

Table 1	Incorporated		Unincorporated	
	Mean	SD	Mean	SD
% NL White	78.1	23.2	72.8	28.7
% NL Black	7.7	15.6	6.8	15.2
% NL Asian	2.3	5.1	2.9	5.8
% Latinx	9.5	15.7	13.8	22.8
% NL Native American	0.5	2.1	1.8	10.6
% NL Other	1.9	2.2	1.9	3.2
Racial diversity	0.44	0.18	0.51	0.17
N	7,494		5,215	

Note. This graph was used in the article From Suburbs, Inc.: Exploring Municipal Incorporation as a mechanism of racial and economic exclusion in suburban communities. By Kiara Wyndha-Douds. (2023b). *RSF: The Russell Sage Foundation Journal of the Social Sciences*, 9(2), 226–248.

Table 2 shows Composition of suburban enrollment by region, 2010-11 and 2019-20



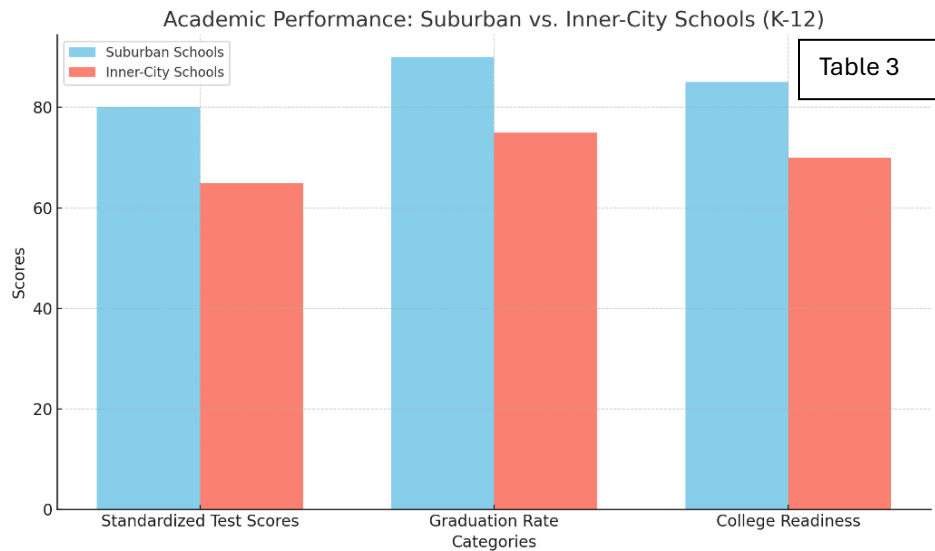
Note. This graph was used in the article From Understanding Suburban School Segregation: Toward a Renewed Civil Rights Agenda. By Erica Frankenberg and Genevieve Siegel-Hawley (2024) A Civil Rights Agenda for the Next Quarter Century. *Civil Rights Project*, p19.

Educational Opportunities

Municipal incorporations organizational strategies as it relates to educational investment for the children in their community. These strategies can include allocating tax revenue to operating top of the line schools, Creating advanced programs for students and having the best facilities across all school campuses in the municipality. Due to the higher-income residents and property taxes, these funds can also be allocated toward the hiring of high-quality teachers. Municipalities can create policies that will direct a significant amount of the municipal budget towards schools,

ensuring these campuses will have the funding they need to provide a high-quality education to the children of the municipality.

Table 3 shows the academic performance across grade levels K-12 in relation to Suburban and Inner-City schools across the United States.



Note: This graph is based on data from the National Center for Education Statistics (NCES, 2023).

Conclusion

Hundreds of articles have been published about the socioeconomic factors that influence municipal incorporation. These factors have been studied for over 50 years and have provided context for why municipal incorporation happens. From a broad perspective, municipal incorporation happens when residents want to come together and create a municipality that is funded for them and by them, to create better educational opportunities, elevate property values and keep them high, and have a deep sense of community identity. This is a great idea, but the negative impacts incorporating has on the inner city cannot be ignored. Municipal incorporations

also known as the “suburbs,” are mostly made up of white higher-income residents. It is important to note that racist discriminatory housing practices were involved in making what the suburbs what they have come to be today, with redlining in the 1930’s being one of the most important factors. Government back FHA loans were not given out if a neighborhood would be, or could be populated by Black residents, which lead to the creating of the majority white suburbs, and poor urban inner-cities. The financial aspect must also not be ignored in relation to municipal incorporations. Once an area with many residents incorporates into its own city, that tax base is then reduced for the “urban” inner city. This will lead to low funding for things such as infrastructure projects, funding for public schools, and higher administrative costs. Inner cities will struggle to attract any kind of desirable business because those businesses are more than likely going to want to operate in the suburbs. Things such as healthy grocery store chains or good hospitals will bypass the inner city and head for the municipality. This can lead to low quality service and a low quality of life for the inner-city residents. Municipal incorporation still goes on today and will continue for the near future. It is important that we understand the factors that push residents to want to incorporate because they want better for their community and themselves. Municipal incorporation will hopefully lead to inner-city officials and government figures striving to provide a better quality of life for those in the inner-city, so residents do not feel like they must break away and form their own municipality. This can only be done through addressing the root racial, economic, and educational causes for this type of divide. Creating and implementing policies that are equitable for all residents will ensure that they will thrive together, whether it is in the urban city or suburbs.

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