

Show me the money! **Population growth is a failing prosperity strategy**

By Dave Gardner

Founder and chair, SaveTheSprings

Appeared in Cheyenne Edition and Woodmen Edition 1/21/2005

Today our city, the Front Range, and the American West face decisions critical to our future. Drought has underscored our dependence on a scarce resource. Water is tapped out, over-appropriated or unrealistically expensive to procure. If we're not already beyond the population our water supply can reliably and responsibly support, we soon will be. We're stretching that limit a bit by sacrificing lawns, athletic fields and legacy trees, and making plans to spend monumental sums on mega-projects with potentially troubling tradeoffs.

This calls for critical analysis: 1) Does it make economic sense to invest unprecedented sums to pipe in more water, assuming the snow falls and we can do this without destroying agriculture and wildlife? 2) Is population-increase the only way to achieve prosperity? 3) Is population-increase actually creating prosperity today?

If increasing population is not bringing economic prosperity, then the answers to the first two questions become obvious. Of course, at the end of the day we'll have no choice but to drop population growth and pursue other economic development strategies. The only question is whether it's prudent to delay.

Fortunately, shifting away from a population-growth prosperity strategy at the local level doesn't involve birth control. Let's dismiss a persistent myth – oft-repeated but still erroneous. The facts: Births contribute only about 15% to local population growth. In-migration (people moving to the area), at 85%, is by far the biggest driver of our growth. Can we support this rate of in-migration? Is it benefiting our community or is it costing us?

To answer, we need clarity about why people move here. Economic boosters are fond of telling us “the people are coming; we'd best be ready for them!” This is true only to a very limited extent. Our land use, utility extension and economic development policies have a significant impact on in-migration. For decades we've relentlessly pursued and celebrated relocation of companies from other places. Everyone wants more jobs, right? But a closer look reveals an interesting chain of consequences and costs attached to these jobs.

First, those new jobs attract a surprising number of new residents – people who move here to compete with local residents for employment. A study by the Upjohn Institute for Employment Research found that only one in five new jobs goes to an existing local resident. That's not to say companies relocate employees to fill the other four positions. But people do move here if they believe jobs are available. People move to where the jobs are, maintaining a natural equilibrium in the long term. So the more jobs we create

or recruit the more people will move here. That's why homebuilders and developers are big supporters of traditional economic development activities.

Just because local residents don't benefit as much as we'd like from job creation doesn't necessarily mean we should end all efforts to create jobs. There are benefits to be gained from targeted pro-jobs activities such as employer retention. But it's important to understand that for every local who gains a newly created job, we attract four new families to town to take the next four jobs. The question then becomes, "Do those four new families moving here add to our prosperity or subtract from it?" Have we been confusing a whirlwind of commerce with real profit at the end of the day?

Study after study shows for most cities the cost of serving a new household exceeds the tax revenue from that family by about 30%. Our utility revealed last year that we provide over \$10,000 in utility infrastructure subsidy for each new house. We have no impact fees to assess new households (or those who build them) for their impact on our roadway network (thus, we had to raise taxes to fund the RTA). And the new households obviously don't provide adequate revenue to build classrooms for their kids (Falcon District 49 is a classic example).

So it appears that when we lure an employer to town (often with millions of dollars in giveaways), instead of putting countless unemployed local residents to work, a few gain jobs. And for every new job created to employ a current resident, the four new households attracted cost us more than our economy gains – thanks in part to utility subsidies and lack of impact fees or excise taxes. So the benefits of a few jobs must be weighed against the costs to the community of the new households who compete for – and take – many of those jobs.

To date we've been reluctant to face that truth about job creation and archaic economic development practices. The belief that businesses and communities must grow or die is well-entrenched. Society has bought into this concept for so long it's blasphemy to question it. And there are plenty of businesses and organizations in town happy to keep selling us the myth of the great growth bonanza. But the evidence is mounting that population growth is a financial drain rather than a boon.

Our community is a perfect test-case. The Colorado Springs area enjoyed record population growth during the 1990s. Let's blow away the smoke and assess what we've achieved: We have crumbling bridges, insufficient storm water management, failing sewer lines, inadequate roadway network, traffic congestion delay tripled from 1994 to 2000 (costing us in time, wasted gasoline, and air pollution), city and county budgets are strained trying to serve more people with inadequate funding, and school districts can't afford to build needed schools. If the new folks are paying their way, if growth equals prosperity, why don't we have the money to take care of these things?

This growth apparently hasn't benefited most of us individually, either. Per capita income increased more during the slow-growth 1980s than during the rampant-growth 1990s. Water bills will double in five years to begin paying for the next big pipeline.

Our sales tax rate in 1983 was 5%; today it's 7.4%. Taxes would be even higher if we insisted on maintaining the police and fire response times we used to enjoy, and higher still if we demanded our previous level of snow-plowing, street maintenance, and parks service, if we repaired damaged street lights and replaced burnouts immediately as we used to, and if we didn't hide the street light cost in our utility bills. It's tempting to stand up and shout to the growth-boosters, "Show me the money!"

In a nutshell, 85% of our population increase is due to in-migration. We don't have/can't afford the water to meet the needs of additional population. We'd be up a creek if population growth were the key to our economic well-being. Fortunately, we are not financially better off from the increase in population; in fact it's a drain on our resources. So we don't have to spend ridiculous amounts of money and chip away at agriculture, rafting and fishing in Colorado to survive. All we must do is shift economic development efforts away from a population-increase strategy. Discontinue subsidies and incentives that accelerate population growth and prevent the market from responding to the true costs of growth and signals like water scarcity. Focus our energy and resources on sustainable economic development – activities that keep more dollars in town, increase our efficiency and decrease waste. These are economic development strategies proven to improve a community's bottom line.

Growth boosters claim what they're promoting is "progress." I don't consider maintaining the status quo – continuing the behavior that created many of our problems – as progress. It's not progress to use up resources and leave our children to deal with massive debt; low-quality, unaffordable water and perpetual rationing; and Southern California-style air quality and traffic. Progress is learning from the past, learning from other communities, and courageously taking bold steps to protect what we love.

I'm convinced growth is not paying its way, but is costing us. Yet I'm not asking this community to stop growth. We must understand the problem before we can decide what to do about it. There's been no accounting for growth. The costs are spread far and wide, hidden in nooks and crannies. Some are hard to identify or difficult to quantify. And no single entity is accountable for them all. Let's pull our heads from the sand and do the math. Then we can make some wise, productive decisions about the future of our treasured community – decisions that will protect our health and welfare, and lead to true prosperity for us all.

Dave Gardner is an active growth-accountability advocate. He is founder and chair of SaveTheSprings, a grass-roots advocacy group dedicated to preserving quality of life in the Pikes Peak Region. Dave welcomes your comments or questions. E-mail him at dave.gardner@savethesprings.org or visit www.SaveTheSprings.org.