

# ***POLICY BRIEF***

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## **Are Employee Residency Requirements Appropriate?**

In recent weeks, the Fort Pitt Lodge of the Fraternal Order of Police filed a lawsuit against the City of Pittsburgh in order to abolish the residency requirement the City imposes on its officers. The FOP is responding to a move by the Pennsylvania state legislature, which had eliminated the residency requirement for teachers and non-teaching professionals in the Pittsburgh and Philadelphia school districts. The legislature had decided that the residency requirement had contributed to the Philadelphia School District's inability to attract qualified teaching applicants. While the filling of vacancies was not the catalyst for the FOP lawsuit, they are asking the courts to find the restriction in the state's Second Class City Code unconstitutional because it creates "unequal treatment" for them compared to other officers across the state who are not under such a rule. Whether or not the suit will be successful remains to be seen, but the idea of mandating where municipal employees must live has sparked a heated debate.

Residency requirements were first imposed in Pittsburgh in 1903, and are widely used across the country. The rationale for imposing such a requirement is multifaceted, ranging from a desire to keep emergency workers close to wanting to keep tax dollars within the municipality. Whatever reasons used, residency requirements are an artificial barrier to hiring municipal employees and are used more for political ends than economic impacts.

Researchers have found that residency requirements are most likely to be implemented in cities with high local unemployment rates and in cities whose demographics include a large poor or uneducated population. They are politically popular moves that provide incumbent officials with a "scratch-my-back-I'll-scratch-yours" opportunity. Grateful city workers, who would otherwise be unable to find comparable jobs if not for the favoritism of politicians, are more likely to vote for incumbents. This is especially important since municipal workers are often given Election Day off, whereas most of the private sector workforce is on the job and faces more difficulties in getting to the polls. Thus residency requirements reinforce patronage systems. Moreover, municipalities with residency requirements will have better odds of passing referenda that increase local spending and taxes.

Residency requirements also give political power to unions. Politicians must recognize the power of the union vote, especially when collective bargaining agreements come due. The power of the union's rank and file to fill the voting polls gives them the upper hand over politicians in contract negotiations. The removal of a residency requirement could undermine the clout of the union because non-resident employees cannot vote in the municipal elections. Unions recognize this and are hesitant to support the removal of residency requirements.

Beyond the political impacts there are economic consequences of residency requirements. First, since residency requirements set up a barrier to entry to employment, it reduces the potential supply of labor available for municipal jobs. Arguments against residency requirements assert that if these restrictions are in put into effect, then a lower skilled workforce may be the result as less qualified city residents are substituted for more productive non-residents. A less efficient workforce leads to the lower production and lower quality of public goods and services. This makes local government more expensive and leads to higher taxes-- an environment that tends to push people and businesses out of the municipality.

Residency requirements are not in the economic interests of the cities that enact them. They restrict the supply of labor from which they can hire, are associated with wage premiums, and lead to less efficient and more costly government. Then why are they so popular? In short, they serve the interests of elected officials and a loyal voting constituency who reap the benefits.

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*Note: This Saturday, October 27, U.S. Representative Pat Toomey (PA-15<sup>th</sup> District) will speak at the Rascals' monthly meeting. The meeting will take place at the Holiday Inn McKnight Road at 9:00 a.m. The cost is \$10. For more information, contact Woody McVicker at [woodymcv@telerama.com](mailto:woodymcv@telerama.com) or at 412-487-3065.*

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