


DEMOGRAPHIA

Local Democracy in Ohio
*A Review of City, Village and Township
Financial Performance by Size*



Research Report by
Wendell Cox
for the
Ohio Township Association
July 2012

**Local
Democracy
in Ohio:
Small &
Efficient**

*Presentation by
Wendell Cox*

*To the
Ohio Township
Association*
February 1, 2013

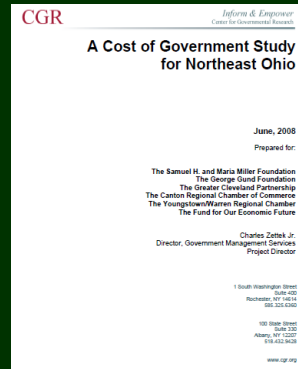
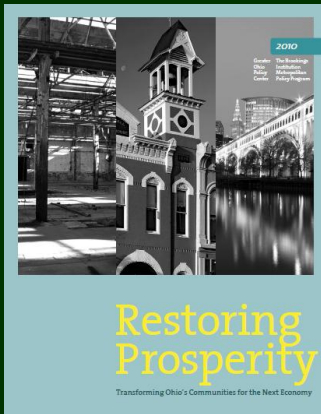


Academic Studies & Theory
"BIGGER IS BETTER" THEORY OF LOCAL GOVERNMENT

Research on the Reality of Consolidation COSTS ARE NOT REDUCED

- **REPORT FOR NEW JERSEY GOVERNMENT BY RUTGERS UNIVERSITY:**
 - *cost savings are not assured*
- **REPORT FOR THE MICHIGAN SENATE:**
 - *there is no clear relationship between spending per person and total number of local governments or number of persons per local government*
- **FEDERAL ADVISORY COMMITTEE ON INTERGOVERNMENTAL RELATIONS:**
 - *There is general agreement that consolidation has not reduced costs (as indicated by some reform advocates) and, in fact, may have even increased total local expenditures*

Ohioans "paid far more than is necessary for the management of thousands of government entities."

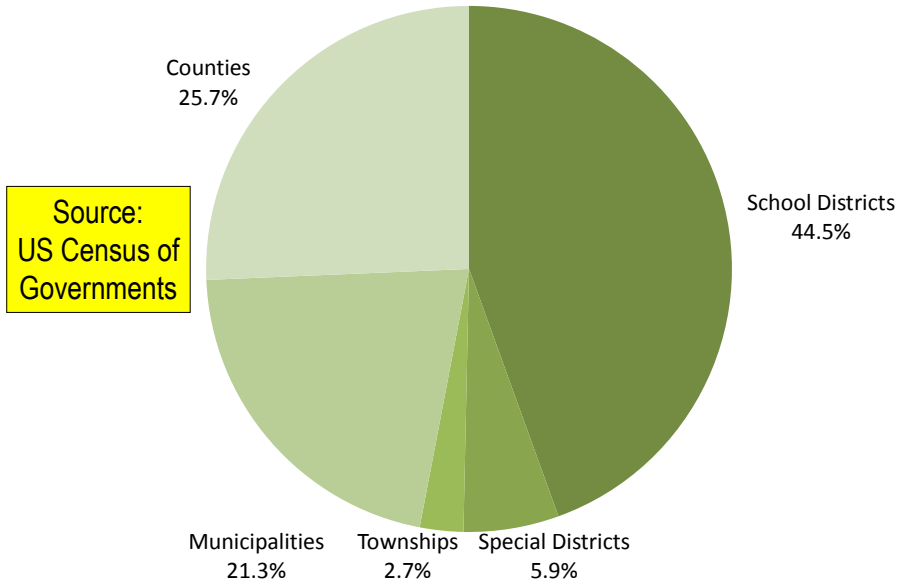


Ohio's small local governance structure
 "creates a staggering array of costs."

Ohio's cities and townships have
 "taken on expenses that are
 unsustainable."

Local Government Expenditures in Ohio

DIRECT GENERAL EXPENDITURES: 2007



**DIDN'T
LOOK AT
THE
NUMBERS**

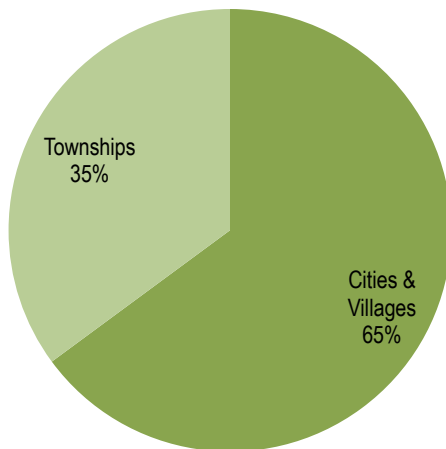


*Elinor Ostrom, 2009 Nobel Prize
Lecture (Economics)*

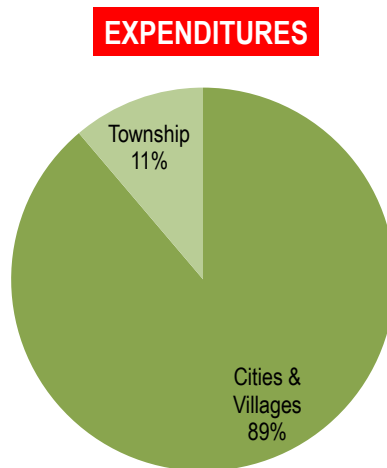
Scholars criticized the number of government agencies rather than trying to understand why created and how they performed. Maps showing many governments in a metropolitan area were used as evidence for the need to consolidate.

Small to medium-sized cities are more effective monitors of performance and costs.

Population & Spending 2010: OHIO LOCAL GOVERNMENT



POPULATION



EXPENDITURES

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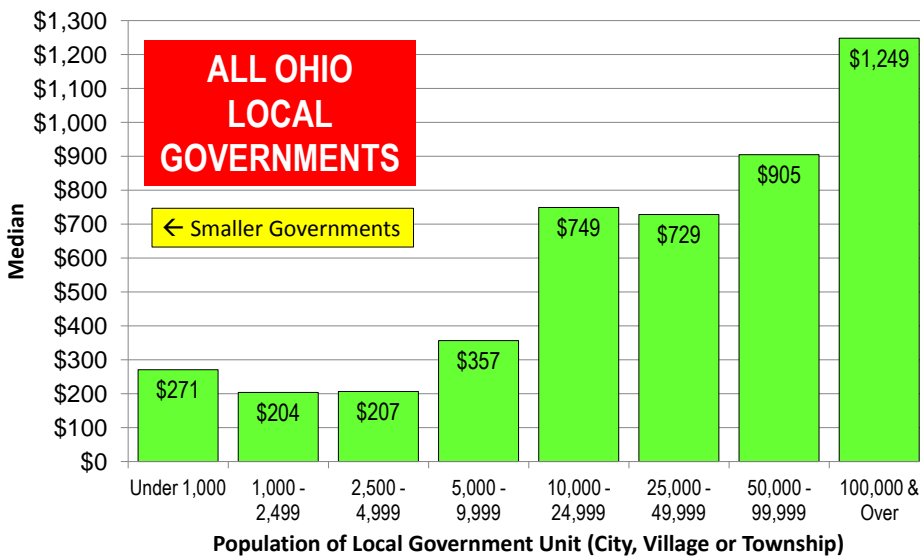


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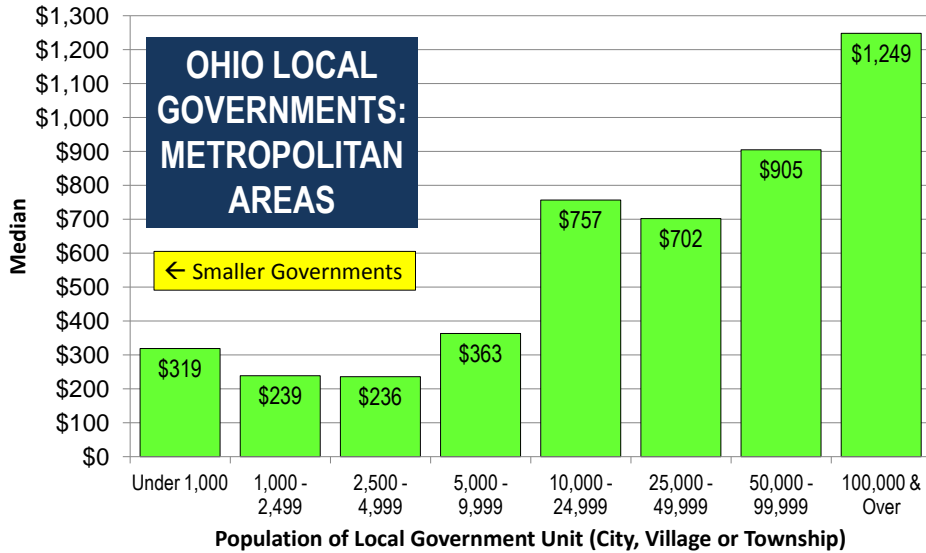
Local Government Financial Performance and Size in Ohio

Smaller Governments Spend Less

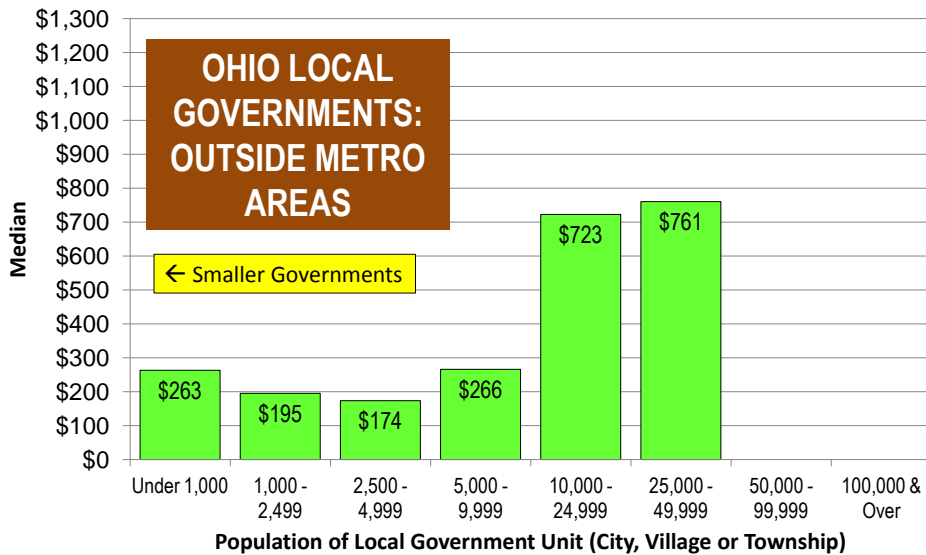
CURRENT EXPENDITURES/CAPITA: 2008



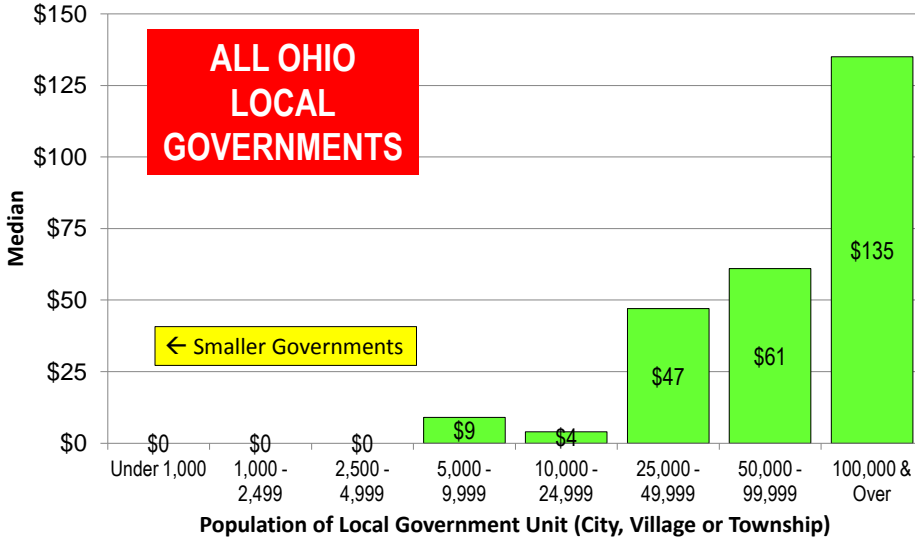
Smaller Governments Spend Less CURRENT EXPENDITURES/CAPITA: 2008



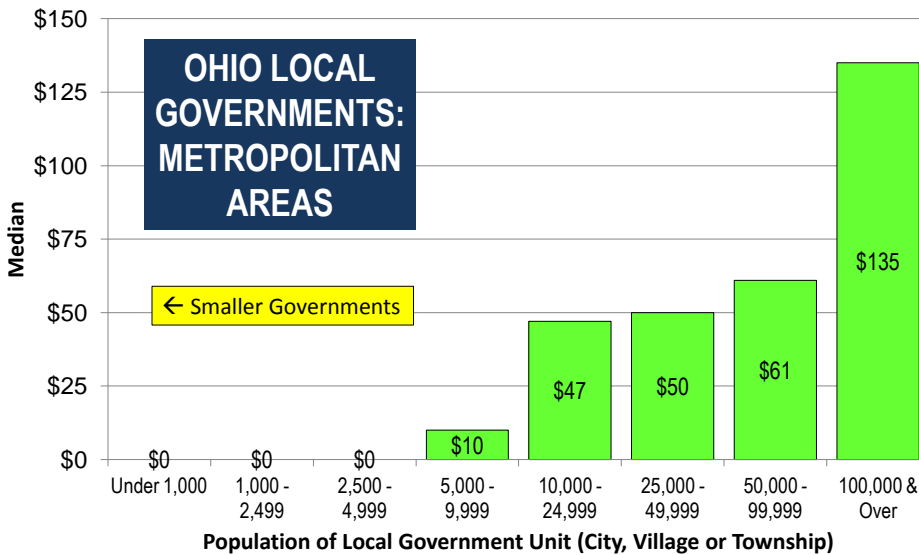
Smaller Governments Spend Less CURRENT EXPENDITURES/CAPITA: 2008



Smaller Governments Borrow Less DEBT SERVICE/CAPITA: 2008

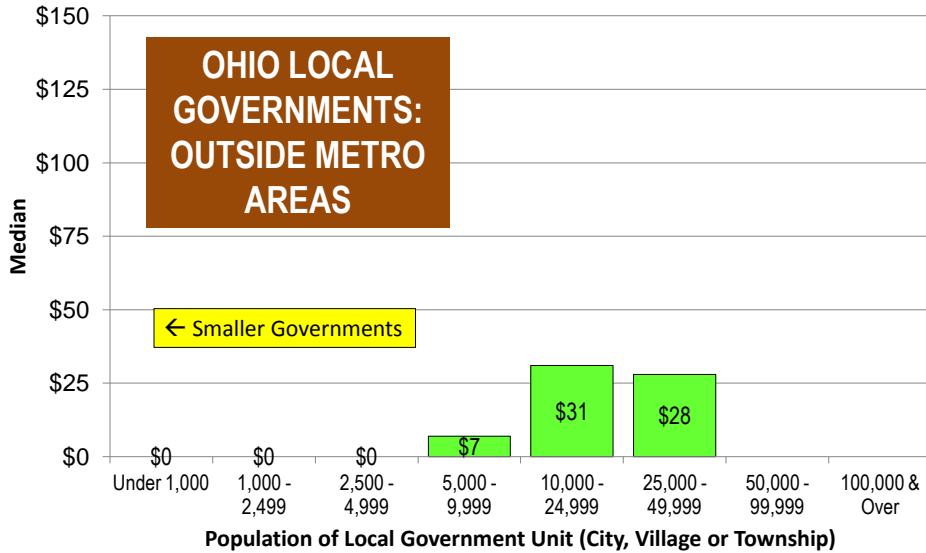


Smaller Governments Borrow Less DEBT SERVICE/CAPITA: 2008



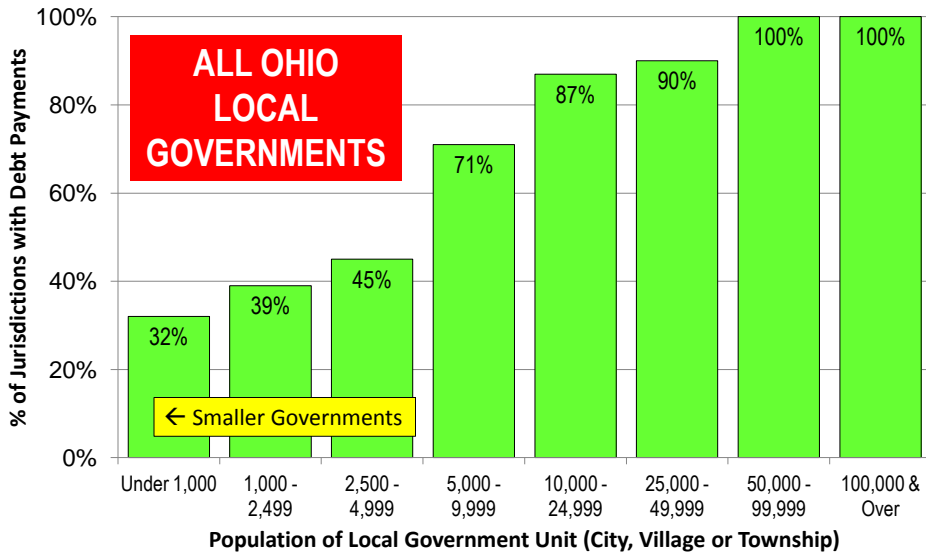
Smaller Governments Borrow Less

DEBT SERVICE/CAPITA: 2008



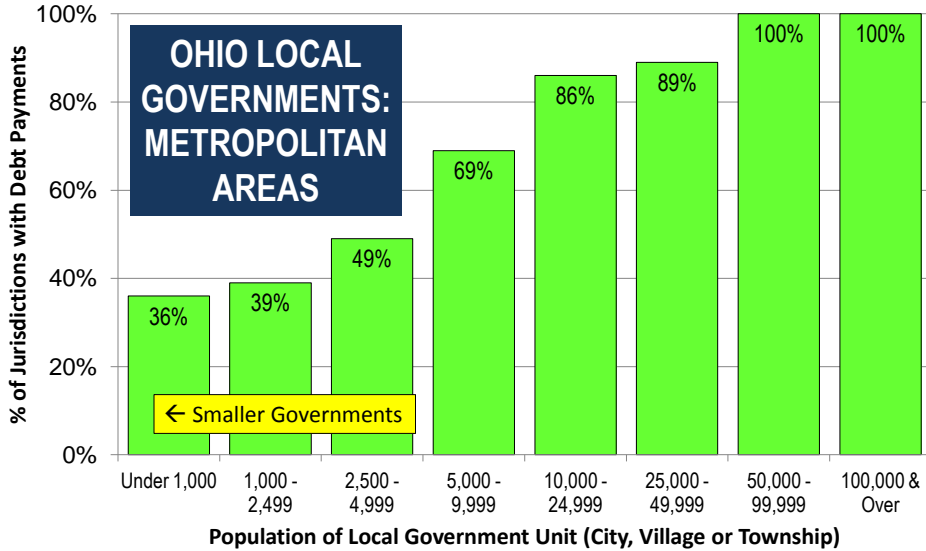
Smaller Govts. Borrow Less Frequently

% OF GOVERNMENTS WITH DEBT PAYMENTS: 2008



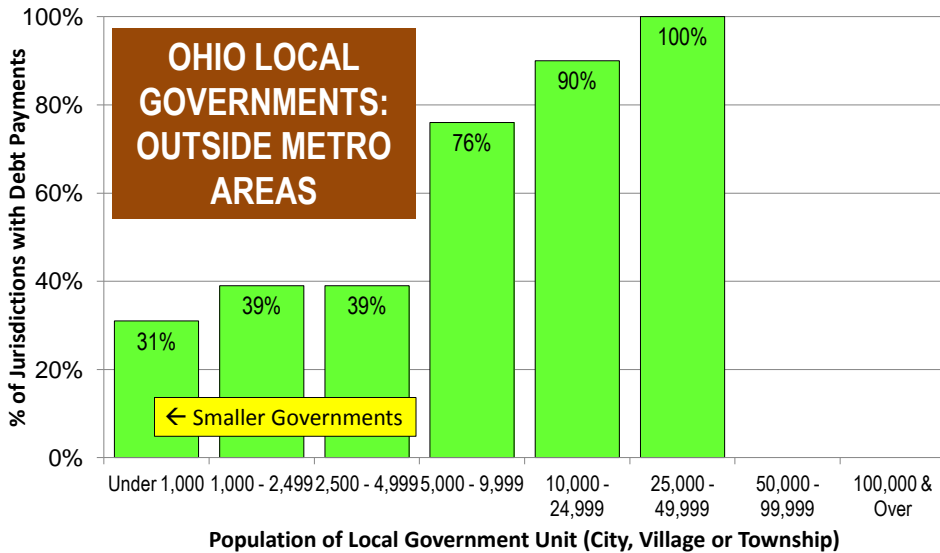
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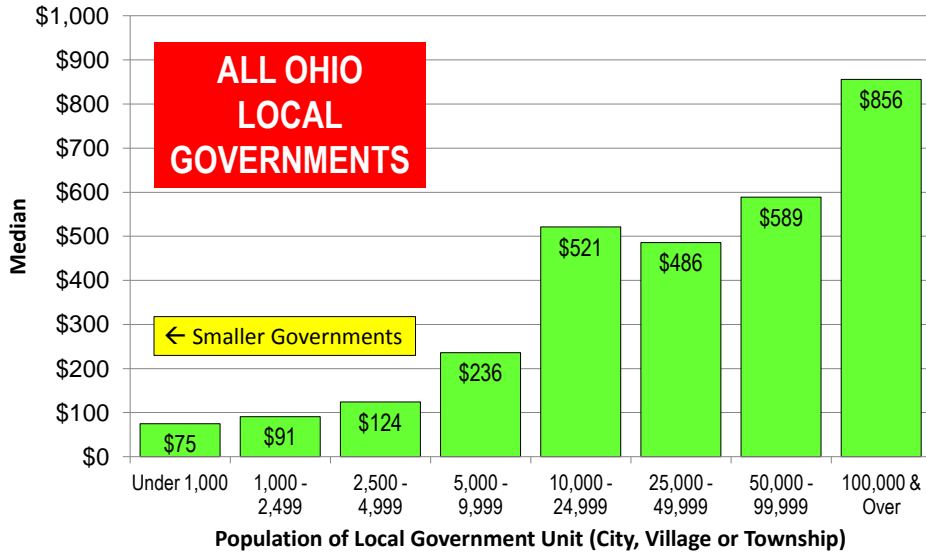
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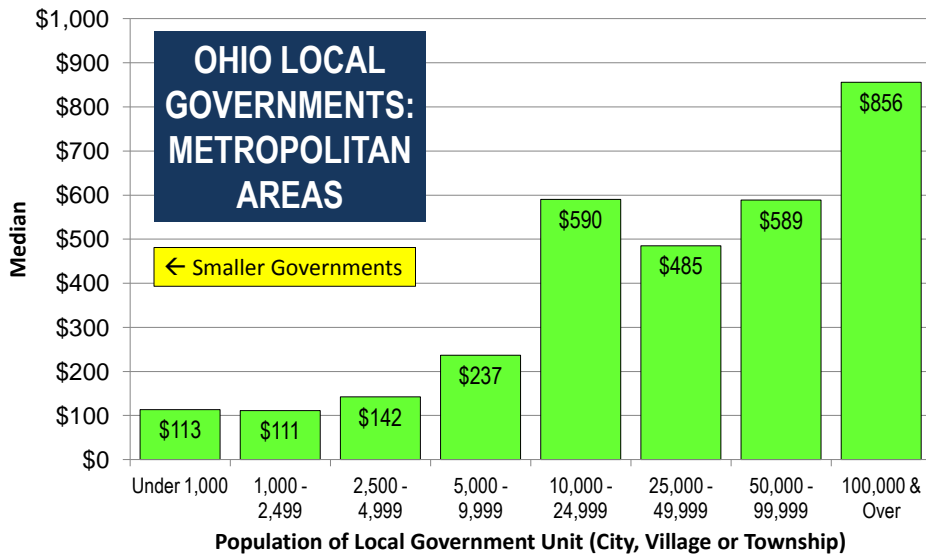
Smaller Governments Tax Less

LOCAL TAXES/CAPITA: 2008



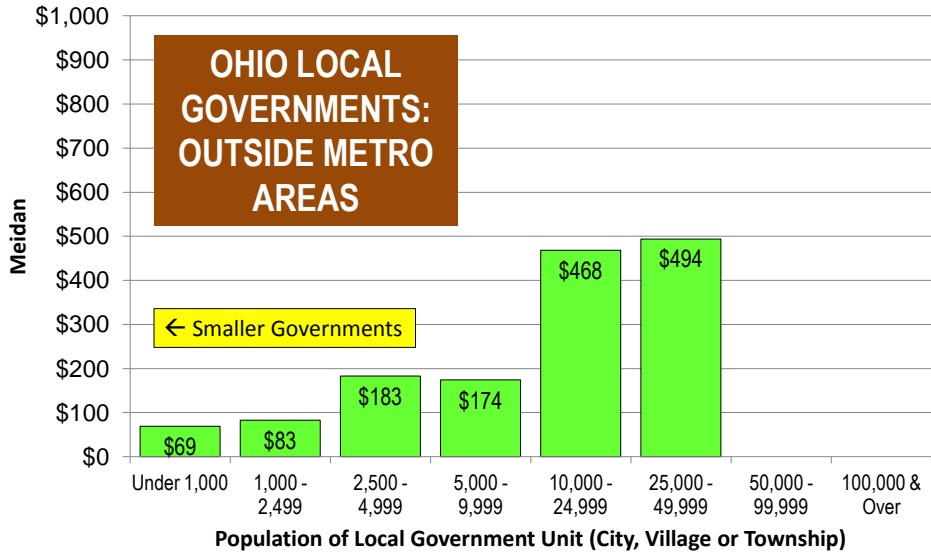
Smaller Governments Tax Less

LOCAL TAXES/CAPITA: 2008



Smaller Governments Tax Less


LOCAL TAXES/CAPITA: 2008



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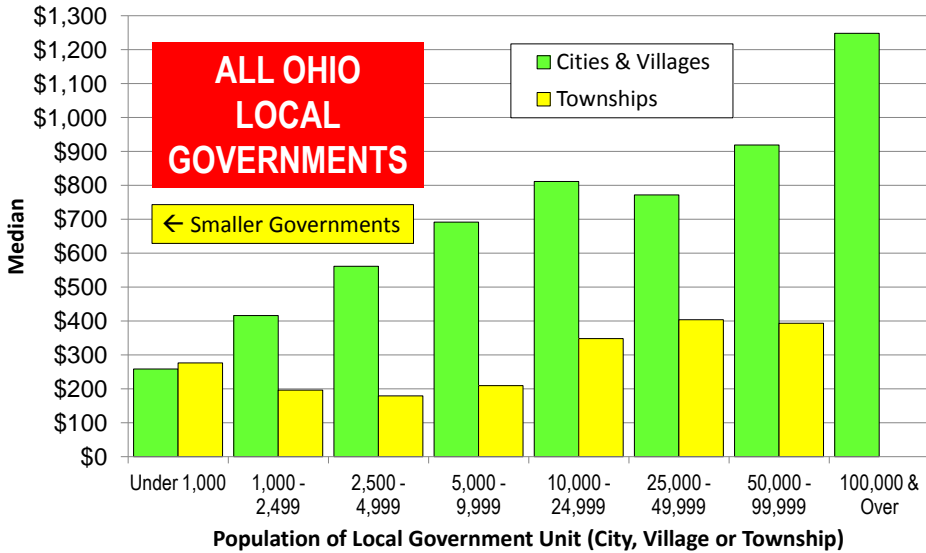


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Townships in Ohio

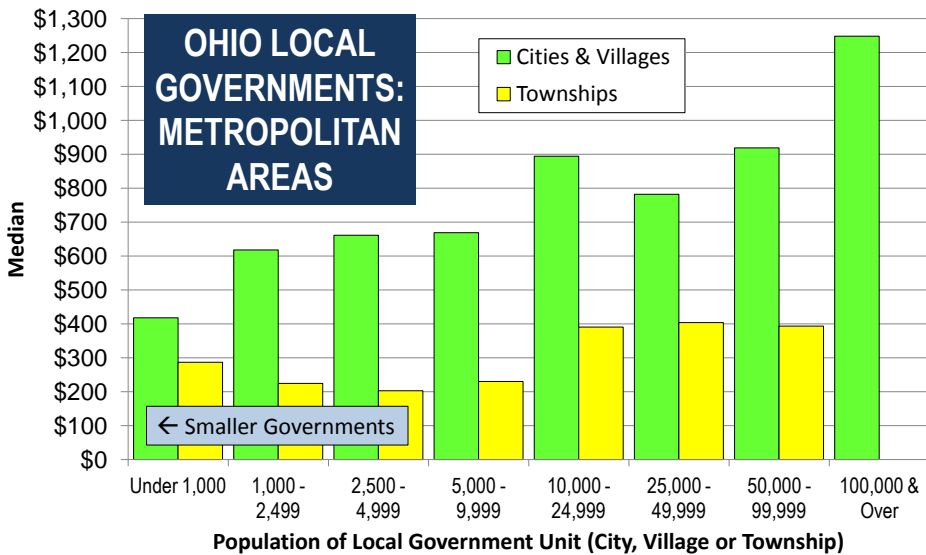
Ohio Townships Spend Less

CURRENT EXPENDITURES/CAPITA: 2008



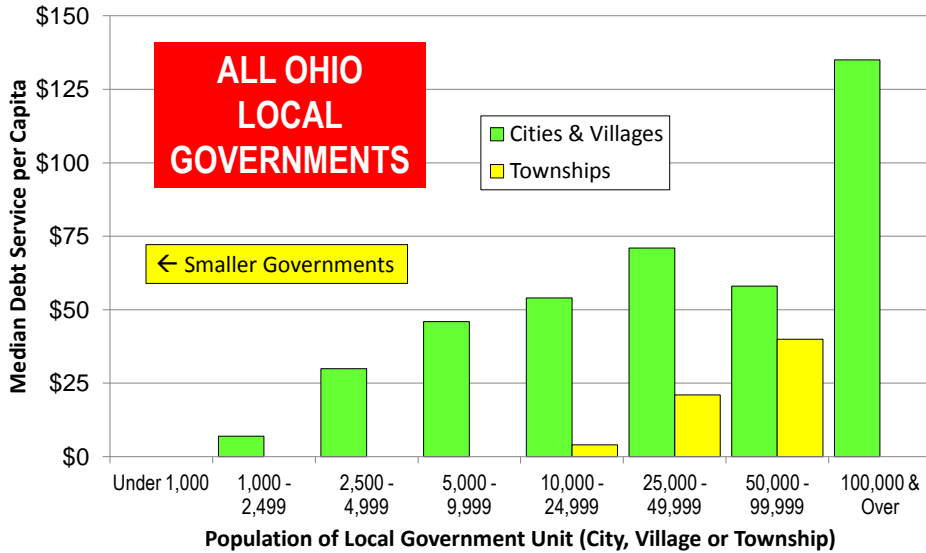
Townships Spend Less: Metro Areas

CURRENT EXPENDITURES/CAPITA: 2008



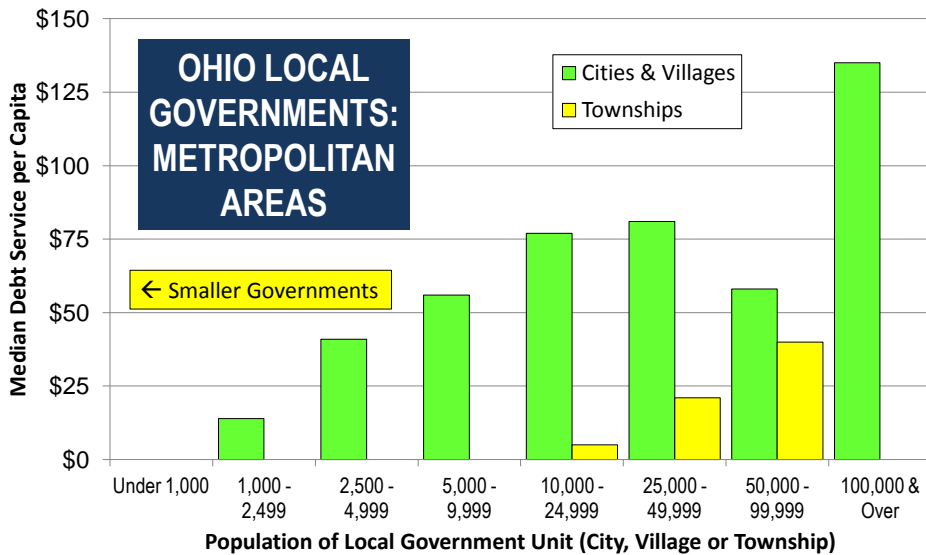
Ohio Townships Borrow Less

DEBT SERVICE/CAPITA: 2008



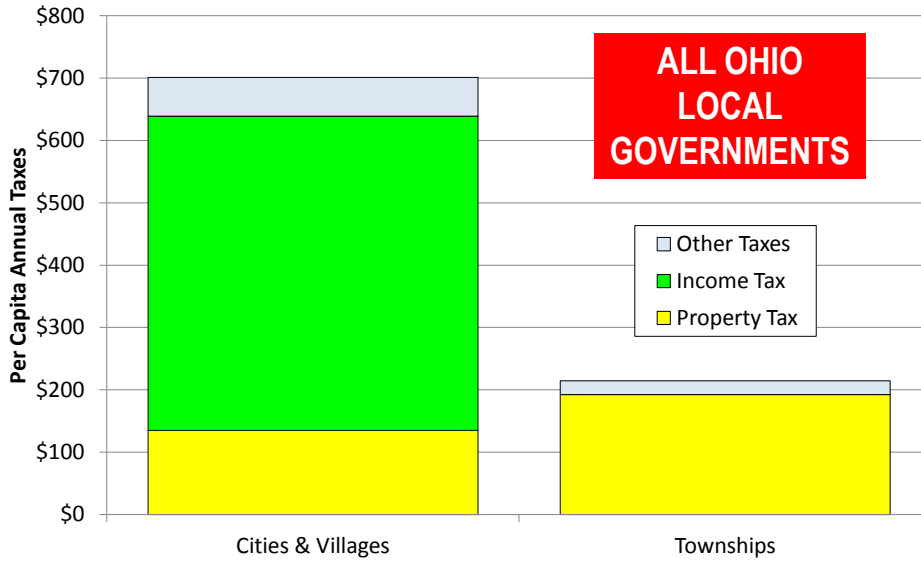
Ohio Townships Borrow Less

DEBT SERVICE/CAPITA: 2008



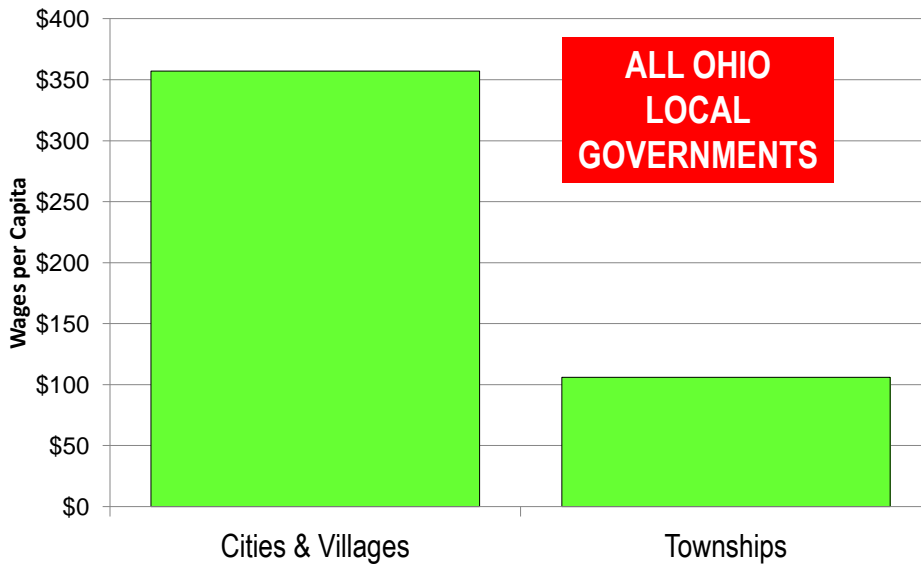
Ohio Townships Tax Less

2007: PER CAPITA



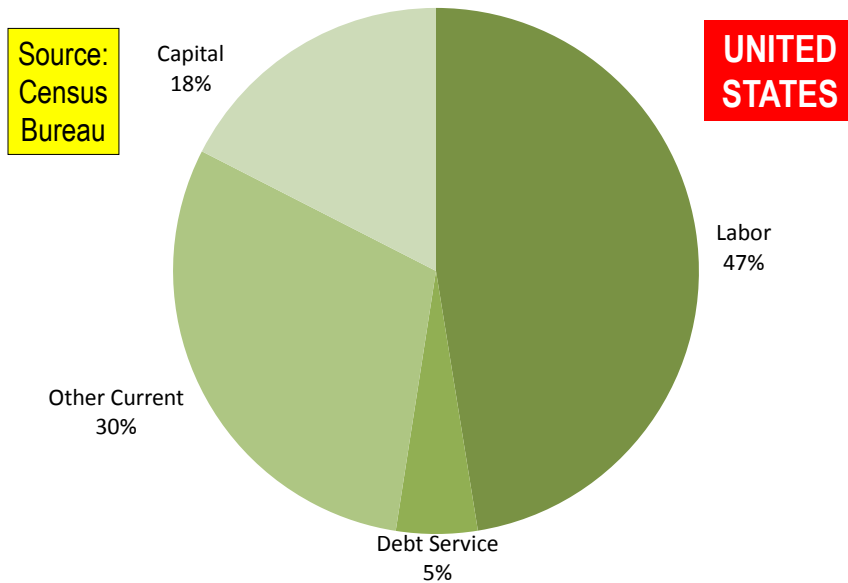
Townships have Lower Labor Costs

OHIO: 2007: PER CAPITA WAGE COSTS



Labor is More Costly than Capital

UNITED STATES LOCAL GOVERNMENTS: 2007



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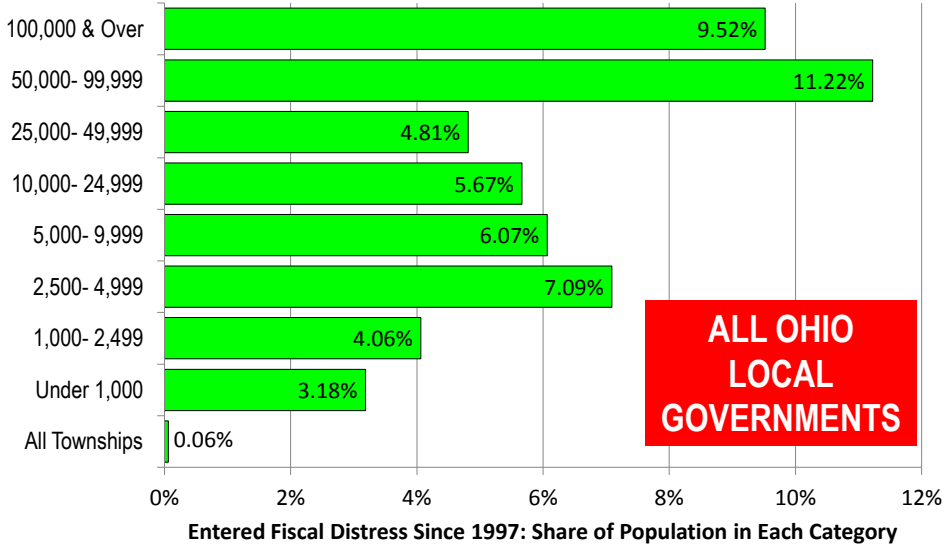
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Fiscal Distress and Townships

Townships are Rarely in Fiscal Distress

SHARE OF POPULATION BY SIZE: SINCE 1997



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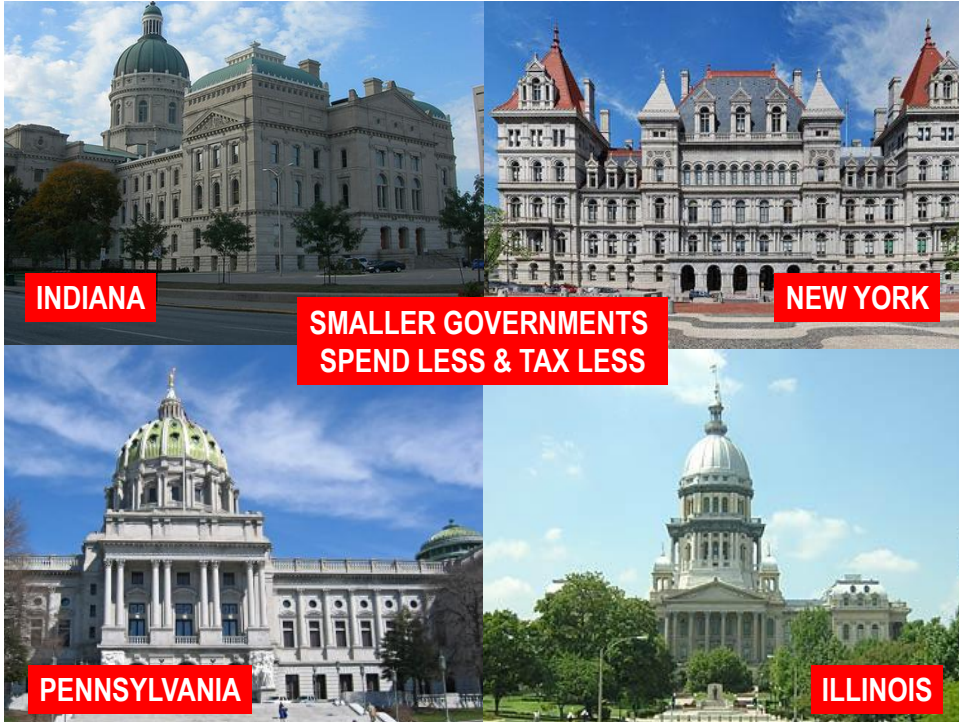
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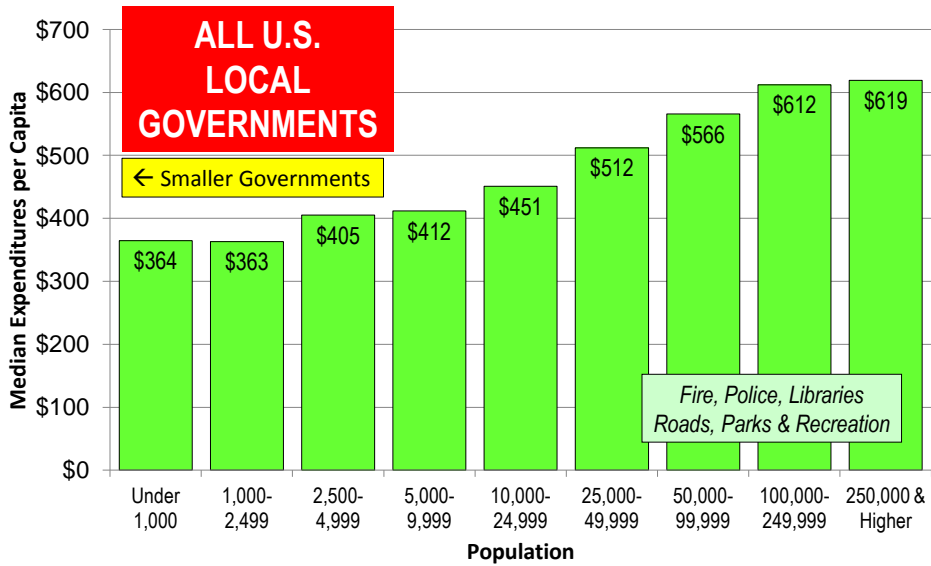
Local Government Size & Spending

Other States



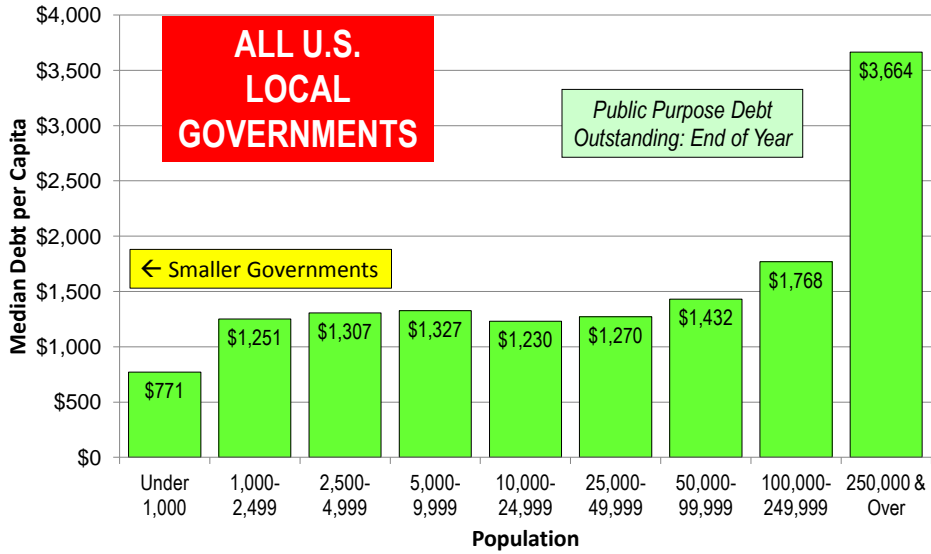
Smaller Governments Spend Less

UNITED STATES MUNICIPALITIES: 2008



Smaller Governments Borrow Less

UNITED STATES MUNICIPALITIES: 2008



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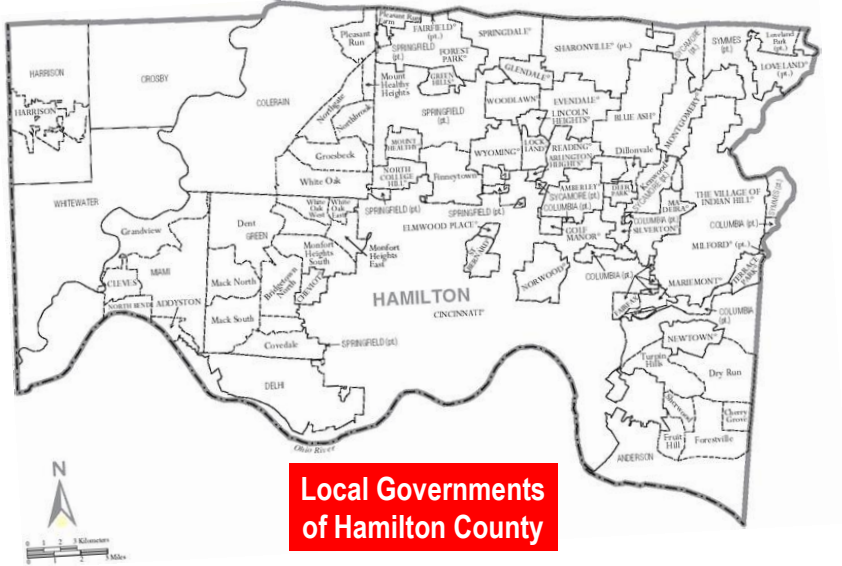
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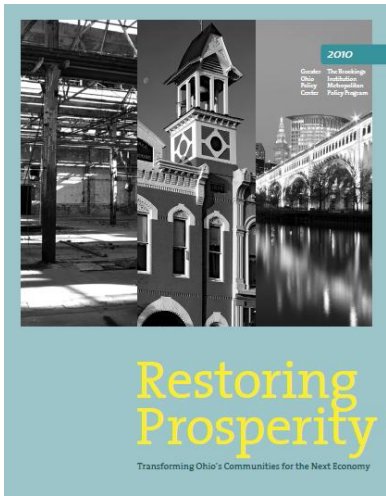
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Criticisms of Smaller Local Government

Claim: Duplication of Services
SERVICE AREAS ARE EXCLUSIVE



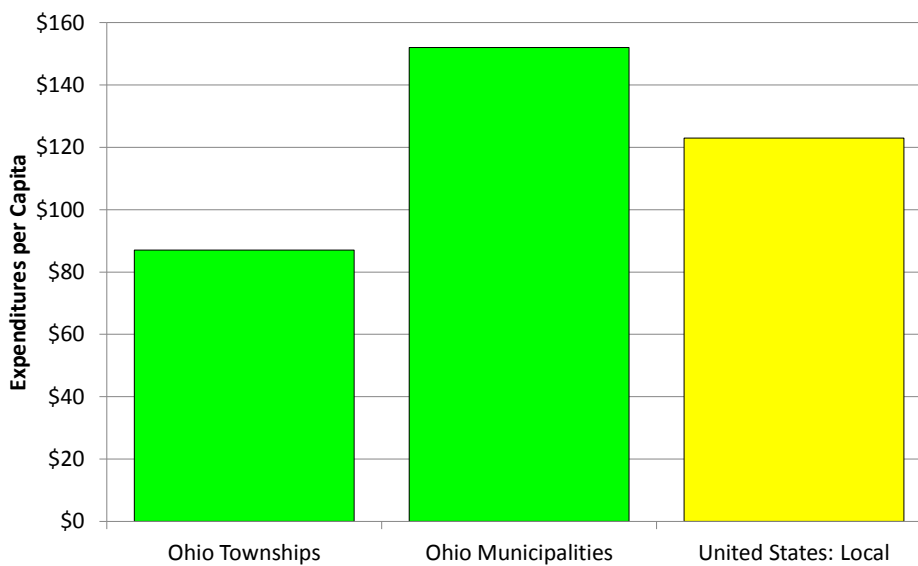
Claim: Fire Protection More Costly
REALITY: FIRE COSTS ARE LESS

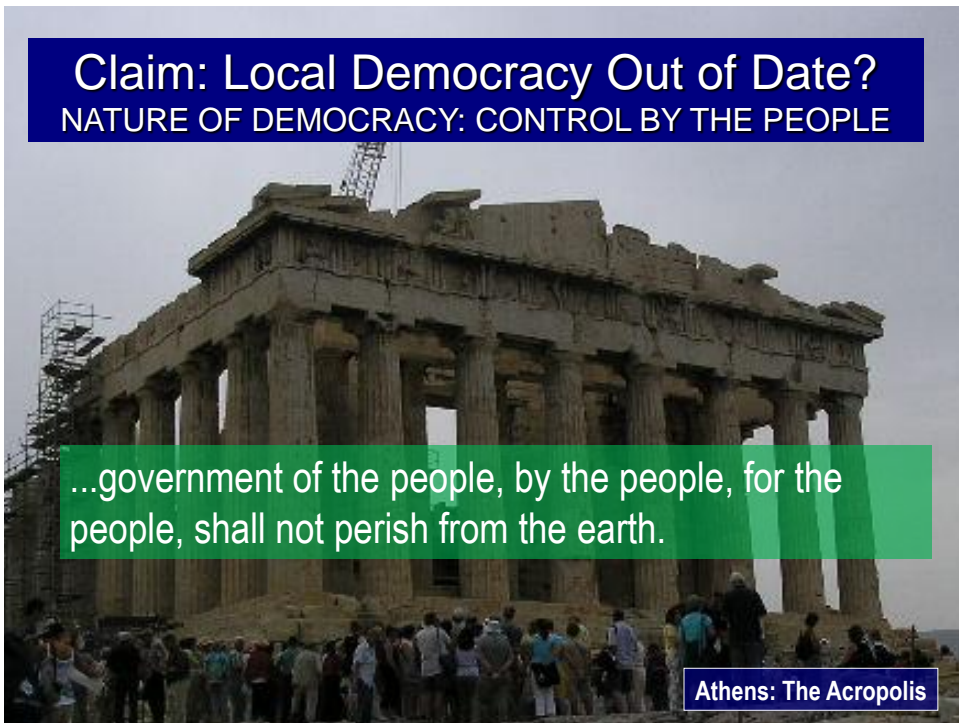


“small jurisdictions simply cannot reach those economies of scale.”

DIDN'T LOOK AT THE NUMBERS

Township Fire Expenditures are Less 2007: ANNUAL





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**Why Larger
Governments
Spend &
Tax More**

Why Larger Governments Cost More
THE DRIVING FACTORS



**Leveling Up of
Labor Costs
& Service Levels**

Less Voter Access

**Greater Spending
Interest
Access**

Citizens Lose Control



Indianapolis Financial Woes

MODEL CONSOLIDATED GOVERNMENT?

*\$1B State Pension Rescue
 \$400M Unfunded Pension
 "Unsustainable Fiscal Path"
 -Mayor Ballard*

NEW YORK

PHILADELPHIA

Toronto's Costly Consolidation

HIGHER COSTS, PROMISED SAVINGS NOT ACHIEVED

Enough
Talk

... the harmonization of wages and service levels has resulted in higher costs for the new City. We will all continue to feel these higher costs in the future.

An Action Plan
 for the Toronto Region

Toronto City Summit Alliance

April, 2003

Toronto City Summit Alliance
 2003

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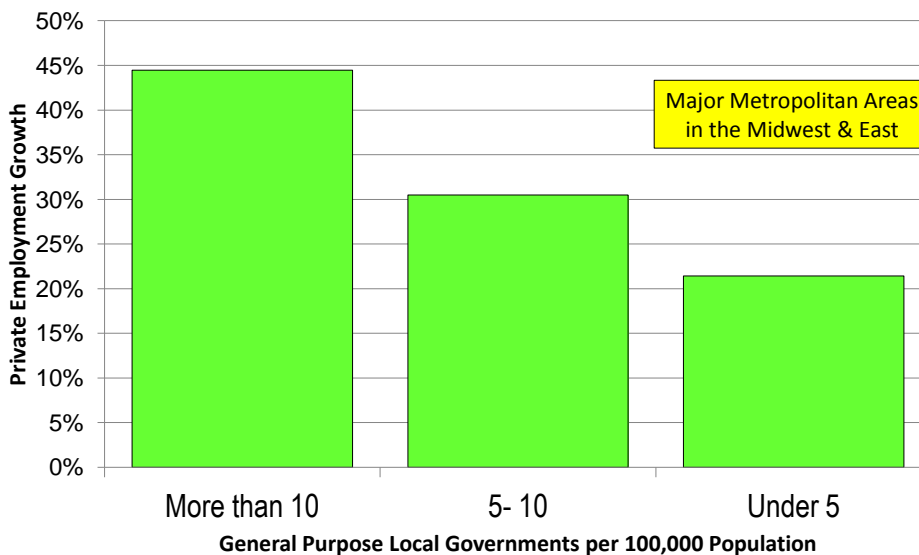
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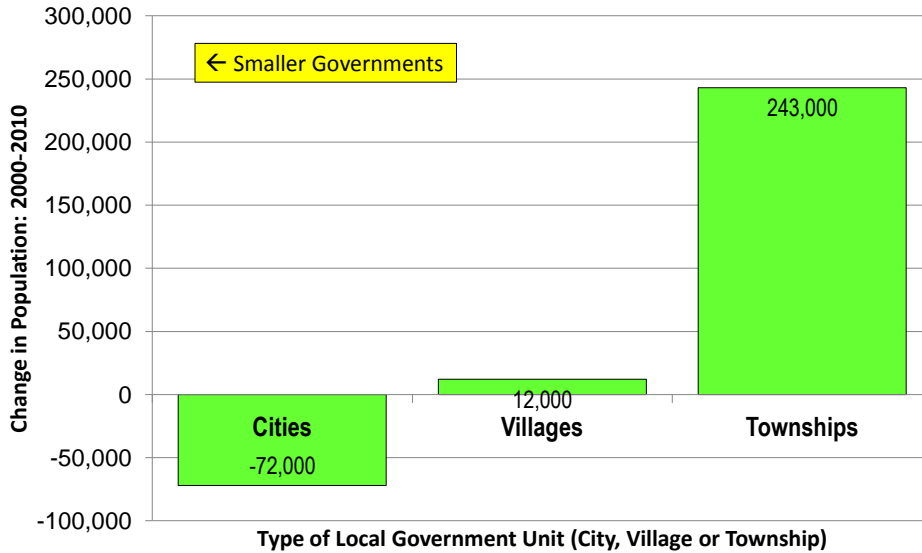
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Local Government Size & Competitiveness

More Job Growth with More Local Govts. 1984-2009 BY GOVERNMENTS PER 100,000 POPULATION



People are Moving to Townships CITIES, VILLAGES & TOWNSHIPS: 2000-2010



**THERE IS
NO CHOICE
BETWEEN
SMALL & EFFICIENT
GOVERNMENT:
OHIO HAS BOTH**

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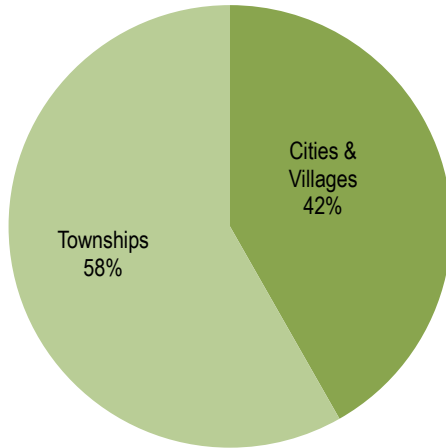
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Government Efficiency in the Context of 2013



Townships = Fiscal Responsibility

AVOIDING FISCAL DISTRESS



% OF LOCAL GOVERNMENTS

% OF LOCAL GOVTS. EVER IN FISCAL DISTRESS

