



# VIEWPOINT

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## Government Greens in the Red

by David J. Owsiany, J.D.

### Summary

With state and local governments struggling to raise revenue and cut expenditures in order to keep out of the red, it is fiscally irresponsible for them to remain in the golf course business.

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As Phil Mickelson defends his Masters championship this week, the Ohio General Assembly continues to struggle to balance the state's budget. Advocates for limited government and tax reform are clashing with advocates for continued state spending on health care and other social services. As part of the on-going debate, local government officials from Cleveland and cities and counties across Ohio are bemoaning Governor Bob Taft's proposal to freeze the state's spending for local government assistance.

Interestingly, at a time of tight state and local budgets, the city of Cleveland operates two golf courses, Highland Park and Seneca, and Cleveland Metro Parks, a separate political subdivision of the state of Ohio, operates six golf courses in Cuyahoga County. Dozens of municipalities across Ohio operate golf courses as well.

This begs the question: why is the government involved in a marketplace where private entities can meet the public's needs, especially at a time when state and local officials are claiming they have cut their programs to the bone and need to find innovative sources of money?



***Are public golf courses paying off for taxpayers?***

(Stock.XCHNG photo)

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One solution is privatization. Los Angeles, Detroit, New York City, Chicago, and San Francisco all moved toward some form of privatization of government-operated golf courses during the 1990s. Two years ago, the city of Cincinnati signed a multi-year contract with a private entity to operate seven municipal golf courses.

One of the main benefits of privatization is shifting risk away from taxpayers. For example, weather can have a dramatic and uncontrollable effect on golf course management. Long stretches of extremely hot or wet weather can increase maintenance costs and reduce the number of rounds, which means higher expenses while revenues shrink. Prior to privatization, Cincinnati lost 90,000 rounds of golf and \$1.4 million to exactly this type of weather during the summer of 1995 and spring of 1996. Privatization moves that risk away from taxpayers and onto private management companies.

Publicly-managed courses are also burdened with higher costs. According to a report from The Reason Public Policy Institute, payrolls at city-run courses are typically 13 percent higher than private operations. Cleveland's 2003 financial report indicates the city is losing hundreds of thousands of dollars on city-owned golf courses.

In contrast, private management entities are generally less bureaucratic and have expertise in efficiently improving golf courses and services while increasing revenue. The results of privatization have been positive throughout the country. In California, for example, revenues increased between 24 percent to 400 percent during the first year of private operation at five of six privatized courses in Los Angeles and Long Beach.

Closer to home, the city of Detroit earned more than \$250,000 in profits annually from its contract with a private management company to operate four golf courses during the 1990s. In the process, the company invested more than \$2.3 million in course and facility improvements. The two remaining courses that were managed by the city required more than \$3 million in taxpayer subsidies to cover operating expenses.

Privatization of golf courses makes sense, even when tax revenues are growing and budgets are in the black. But today, with state and local governments struggling to raise revenue and cut expenditures in order to keep out of the red, it is fiscally irresponsible for them to remain in the golf course business.

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(David J. Owsiany, J.D., is the Senior Fellow in Legal Studies for the Buckeye Institute for Public Policy Solutions, a research and educational institute located in Columbus, Ohio. More information on educational issues is available at [www.buckeyeinstitute.org](http://www.buckeyeinstitute.org). Permission to reprint in whole or in part is hereby granted, provided the author and his affiliation are cited.)

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