JOINING FORCES

Consolidation Will Help Ohio’s Local Governments If Compensation Package Costs Are Properly Managed

By GREG R. LAWSON
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The sheer number of local governments in Ohio adds layers of bureaucracy on top of each other and requires higher taxes. When unsustainable government worker compensation packages are added to the mix, taxpayers are left with a government structure that is not as efficient or as effective as it could be.

Despite meaningful efforts made at tax reform at the state level, the tax burden at the local government level remains problematic. According to the Ohio Department of Taxation (ODT), as a percentage of income Ohio now has the 6th-highest local tax burden in the nation.

Given recent cuts made to local governments through the biennial operating budget, there is a likelihood of already high taxes at the local level increasing. This will make job creation more difficult.

One way of potentially reducing this burden is by seeking greater efficiency through consolidation of services and government entities.

A significant stumbling block to achieving gains through such efforts, however, is government worker compensation packages and the historical inability of local governments to more effectively negotiate with the unions to derive the best value for taxpayers. This failure often conspires to make consolidation of services or entities more expensive than the already expensive status quo. By contrast, in cases where strong leadership has been willing to contain costs, savings and efficiencies can be found.

A proactive movement towards reconciling a governance model dating back to the 19th century with one for the 21st century could pay dividends in a state desperate to recapture its past glory. Doing more than nibbling around the edges of reform will require the political willpower to consider consolidation and to tackle government worker compensation package costs.
Ohio’s economy remains weak. Despite improvements in its state tax burden over the past several years, government spending at all levels remains a problem. At the local level, the key cost driver for much of this is government worker compensation packages. Irrespective of the outcome of Issue 2 and whether the collective bargaining reforms contained in previously passed legislation are repealed or not, this will remain a pressing issue.

According to ODT, Ohio already has the sixth highest local tax burden as a percentage of personal income in the nation. With recently enacted cuts from the state to the Local Government Fund, that burden could increase further, creating disincentives for job creation. The fact that Ohio has 46 percent more local government bodies per county than the national average drives local taxes higher (41 entities versus 28 entities).

Frankly, Ohioans care more about the cost and effectiveness of services than they do about the name on the side of the garbage truck, police cruiser, fire truck, or school district administrative building. This makes finding efficiencies in how local governments deliver services critically important, and has led to a renewed conversation about the consolidation of government services and entities.

The academic literature regarding government consolidation paints a mixed picture as to whether it helps or harms the efficacy of supplying needed services. Government consolidation has been shown to yield savings under certain circumstances. A consistent theme throughout the existing literature, however, is that consolidation is not necessarily a panacea for those seeking to obtain cost savings and that the context in which they occur is essential to success.

Due to costly union contracts, the immediate savings ob-
tained through the elimination of duplicative functions quickly becomes overwhelmed by a generalized leveling up of costs for remaining employees. If politicians exert the willpower to aggressively confront high compensation packages, real savings are achievable.

A successful consolidation in Ohio is the unique, voter-approved merger of the Marion City and County Health districts. Much of the savings were generated from the fact that the employees in the new entity were no longer unionized. Existing resources were then reallocated more efficiently.

Marion County demonstrates that, absent the political willpower to confront government compensation package costs, savings are limited to those achieved through consolidation of services and entities. If government compensation package costs are left untouched, savings are unlikely to be “game changing” or cut to the heart of the real cost drivers.

Finally, despite some reservations held by opponents, consolidation does not run contrary to the concept of federalism. Federalism is about keeping government as close to the people as practical. Because there is no ideal number or size of government entities, as long as consolidation is done through a vote of the people, federalism remains intact and legitimacy is assured.
Breakdown of the “Horse and Buggy” System

As was stated in the Buckeye Institute’s Six Principles for Fixing Ohio report, “fixing Ohio is going to hurt.” There is no way around this fact. The status quo of the past half-century is already being challenged in unprecedented ways. The old, public-sector “blue” union model is falling apart. It is becoming increasingly obvious that gold-plated pensions, automatic pay increases, and generally unlevel compensation packages relative to the private sector are unsustainable.

That lack of sustainability is reflected beyond the state level and impacts local government, too. It is also a major stumbling block to better alignment of Ohio’s government structure to meet contemporary needs.

In many ways, the government structure at the local level in Ohio is a reflection of the 19th century “horse and buggy” days. This vestige of Ohio’s past was originally erected when traveling long distances was cumbersome and it made sense to interact with elected officials that were in close proximity.

Times have changed. In the ultra-competitive world of the 21st century where information, capital, and jobs travel quicker than ever before, there are significant questions surrounding whether nearly four thousand government entities provide the same benefits they once did.

As the 21st century continues its march, many of the smallest local government entities may be unable to survive. Whether entities embrace the concept of consolidation or not, pressures will mount, their tax bases will shrink, and they will have to confront declining revenues. Efforts to increase taxes in order to ward off the day of reckoning will not solve the problem. Rather, they will squeeze remaining residents and businesses, pushing them towards lower cost locations.

To that end, a serious debate is opening in Ohio regarding the need to explore local government and school consolidation as a mechanism to achieve efficiencies and cost savings.

The goal of any consolidation should not be to simply make government larger by swallowing up smaller entities and consuming more resources. It must be to achieve significant cost savings that will allow a more efficient use of existing resources to meet local constituents’ demands. In turn, the anticipated maintenance of lower cumulative local taxes should keep local areas more attractive to the establishment of businesses and job creation.

At the conclusion of the report are several appendixes including a brief literature review on government consolidations, a section dealing with common “myths” surrounding consolidation, and a profile of Marion County and its constituent governments.
Are Local Taxes Really That Bad? Will They Get Worse?

According to ODT, the state ranks 33rd in state tax burden at 6.4 percent as a percentage of personal income. Given that the latest analysis was done for 2007-2008, this burden should have decreased further with the final phase-in of a multi-year 21 percent income tax reduction passed into law in 2005 (but temporarily frozen by former Governor Ted Strickland). In fact, according to the non-partisan Tax Foundation, Ohio’s combined state and local tax burden ranked 18th nationally in 2009. This was an improvement from the seventh highest in 2005.

As of October 2007, Ohio ranked seventh among states regarding the number of local governmental entities and taxing authorities according to the U.S. Census Bureau, with a staggering 3,702 entities. On average there are over 41 taxing authorities per county, which is 46 percent more than the national average of twenty-eight.

Ohio had the sixth highest number of municipalities (938) and townships (1,308). There are 614 school districts as well as a myriad of law enforcement and safety entities along with special district governments. Cuyahoga County alone has 104 local government entities. Hocking County has 20 with a population of less than 29,000.

As for those 614 school districts, there is a wide range in the number of enrolled students. The top enrollment district in the state is Columbus Public Schools with over 50,000 students, while Kelly’s Island Local District in Erie County has 50 or fewer.

Each entity needs revenues and that means taxes and additional layers of cost to residents and those seeking to start or relocate businesses. According to ODT, the average Ohio home has an eye popping 25 levies placed on it for the provision of services ranging from schools and libraries to fire and safety. Also, Ohio has the second largest number of local income tax jurisdictions nationally at 774 (only Pennsylvania with a whopping 2,961 has more).

Unfortunately, the cumulative impact of these combined local taxes gives Ohio the sixth worst local tax burden in the nation, coming in at 5.1 percent of personal income according to ODT for 2007-2008. In fact, since 2000, Ohio has never had a lower local tax burden ranking than 10th (in 2003-2004). That percentage may be set to rise.

The recently passed state biennial operating budget cut nearly 50 percent from the Lo-

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5 U.S. Census Bureau, “Exploring the Intricate Layers of State and Local Government: Ohio.”
7 Information provided by the Ohio Department of Taxation in a conversation on October 11, 2011.
10 Ibid.
cal Government Fund compared to what had been appropriated in the previous budget (from $694.4 million in Fiscal Year 2011 to $348 million in Fiscal Year 2013). Some local communities will also lose a large source of revenue due to the pending elimination of the estate tax. These revenue losses are significant and it is unlikely a coincidence that there around 1,000 various local tax issues on the ballot this November.

These cuts need to be considered within the context of the current fiscal challenges of both local governments and schools. According to the Auditor of State (AOS), as of May 31, 2011, there were 24 local governments in fiscal emergency. Of those, 19 have a population under 10,000. In an ominous sign, the AOS declared a large urban area, the City of Akron, to be in fiscal caution on October 5, 2011.

Meanwhile, though the AOS only has eight school districts currently under fiscal emergency, in October 2010 the school districts projected an aggregate deficit of $7.6 billion by 2015. That means that even before any changes in the current operating budget, schools in Ohio were acknowledging the need to go to the ballot for higher taxes.

To confront this challenge of declining resources, there has been a renewed conversation in Ohio about the need for shared services and consolidation. Already, Governor John Kasich has raised the issue of putting together a commission to examine the potential of consolidating school districts. Additionally, the current biennial operating budget contains a series of “tools” that will facilitate possible mergers between local government bodies.

**Case Study: Marion County: Consolidation Efforts Already Underway**

**Combined Health District**

Marion County holds the distinction of being the first county in Ohio to consolidate its city and county health departments into a single entity through the ballot process. This effort is also a potential gold standard of how future consolidations in Ohio should proceed.

A petition was initiated that led to a vote in November 2008 on the question of whether the two health districts should be united into a single entity. Fifty-five percent of the voters in Marion City and 60 percent of the voters in Marion County voted affirmatively. The new district officially formed on January 1, 2010.

According to the former administrator of the combined health district, known as Marion

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19 Ibid.
Public Health, the savings accrued as a result of the consolidation totaled $150,000 after a year and a half.\(^{20}\)

The savings resulted from several factors. Some was due to the elimination of duplicative administrative staff. These included the elimination of an Environmental Director with a total compensation of $53,500 and a Public Nursing Director who became a nurse at a much lower salary before retiring with a difference in total compensation of $39,600. Several additional staff left service and were either not replaced or replaced with a part-time worker. These changes, however, were not directly tied to the consolidation itself.

The second area of savings came from general staff compensation. Prior to the consolidation, Marion City personnel were members of a union while County employees were not. Since the consolidated health district was formed by a referendum, there was no specific guidance in the Ohio Revised Code as to how the new department should be organized or what to do with worker compensation.\(^{21}\) After a several month long process it was determined that all of the city employees that remained in the new health district would no longer be members of a collective bargaining unit and salaries were adjusted downward. There were some discussions of litigation, but, according to several sources, it never proceeded.\(^{22}\)

Most, though not all, county employees that remained in the new health district received a pay increase in order to compete with pay scales in neighboring Delaware County.

Finally, the City of Marion had been supplementing the WIC program by $60,000 annually. After the consolidation, this subsidy was discontinued.

According to the new administrator, additional savings are anticipated as the district consolidates staff into a single location from the three it currently occupies. There are several outstanding issues before this occurs, but, with all staff under one roof, additional efficiencies are anticipated.\(^{23}\)

**County Sheriff**

There are no longer any other local police departments in the county with the exception of Marion City. All of the villages have dissolved their departments and now contract with the County Sheriff. This represents a good model that could be utilized by other, especially rural, counties with numerous small local governments that have a difficult time sustaining services with a limited tax base.

The County Sheriff also performs dispatch work for fire and Emergency Medical Services (EMS) for all local volunteer fire departments in Marion County except for the City and Marion Township. There is some discussion of merging Marion Township dispatch service with the Sheriff, which would leave only Marion City outside of a countywide dispatch.\(^{24}\)

**1st Consolidated Fire District**

There also have already been multiple conversations between the 1st Consolidated Fire District and other volunteer fire departments in Marion County about merging operations. Several previous studies have examined this pros-

\(^{20}\) Number quoted was pursuant to a conversation with David McElhatten, the former Administrator of Marion Public Health, on August 26, 2011.


\(^{22}\) This was confirmed in conversations with Marion City Council Member Mike Thomas who was a former labor leader and the new Administrator of Marion Public Health, Traci Kinsler.

\(^{23}\) Information provided in conversations with Traci Kinsler.

\(^{24}\) Information obtained through conversations with Marion County Sheriff Tim Bailey on July 18, 2011.
pect and come to the conclusion that further consolidation should be explored.

In particular, a recent study conducted by a fire service consultancy found that a merger between Marion City, Marion Township, the 1st Consolidated Fire District and Pleasant Township could make sense and that cooperation between different districts was already occurring even in the absence of a full merger.25

**Potential for Further Savings**

The following analysis is intended to show what potential savings could be reached should various government entities in Marion County choose to pursue further consolidation. Several points of clarification are needed:

1) All decisions are local and should ultimately be made by those impacted. While this analysis can point the way to where savings can potentially be found, it is not within the scope of this study to specify exactly what decisions should be made, including where to redeploy existing equipment.

2) The analysis assumes that those choosing to consolidate will exhibit strong management skills and will restrain areas of cost growth. For example, efforts similar to the consolidation of the Marion City and Marion County health districts can be expected to yield positive results from a cost perspective. Should government worker compensation packages not be addressed, savings are likely to be limited.

3) The reconciling of varying funding mechanisms, such as differing voted millage, for services and entities being consolidated will be important but beyond the scope of this report.

**Schools**

Marion City Schools is by far the largest district in the county at over 4,600 students. Given the results of much of the academic literature, an attempt to consolidate Marion City with the other four districts would be questionable. Beyond the issue of compensation packages and collective bargaining agreements, there is good reason to believe that additional economies of scale will be difficult to find.

However, consolidating the remaining districts appears to offer the opportunity for significant savings.

The other four districts have a combined student enrollment of slightly below 5,500 students.

Eliminating three of four superintendents would cut salary costs alone from over $430,000 to no more than $150,000, depending on the details of a new contract for a consolidated district superintendent.26 That would yield a conservative savings of around $280,000. In turn, that would equate to another $39,000 saved by no longer providing the 14 percent pension match on the rest of those salary totals. Making the savings around $319,000.

If approximately one-third of the remaining administrative staff were retained, that would yield around another $930,000 in salary savings. Another $130,000 would be saved by no longer having to contribute to the pension for the non-remaining two-thirds of administrative staff. That would represent a savings of over $1.06 million, which added to the $319,000 brings the savings in the neighborhood of $1.38 million.

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25 William M. Kramer and Randal W. Hanifen, “Metro Marion Fire District: Analysis of Fire, EMS and Rescue Operations in the City of Marion, Ohio’s 1st Consolidated Fire District; Marion Township and Pleasant Township,” Kramer and Associated Fire Service Consultants, 2010.

26 The highest salary in FY2010 for a Superintendent in Marion County was over $145,000.
In fact, more savings should be achieved since many of the administrative staff that would be eliminated also receives “pension pick-ups.” These pick-ups occur when the school district pays the 10 percent share of a pension that is supposed to be paid by the employee. According to an analysis done by CentralOhio.com, 38 administrative staff in the four non-Marion City districts received a full or partial pension pick-up amounting to an additional $319,400 above the statutory employer requirement.\(^\text{27}\) Adding this to the $1.38 million would generate a total savings of $1.7 million even without counting savings generated from no longer paying assorted health care benefits for the eliminated positions.

Consolidating purely administrative office space into a single location could yield more savings, although they are unlikely to be overwhelming given the limited size of the smaller district office spaces.

With respect to transportation costs, it is not exactly clear how much could be immediately saved from a reduction in bus fleet and possible closure of one or more garages. However, at least one county resident indicated he could see three different buses from three different districts on his street on any given day.\(^\text{28}\) Clearly, this is a waste of resources and a comprehensive review of individual district routes would be necessary in order to efficiently allocate buses in a combined district.

Assuming another $200,000 in savings from reduced office space and transportation costs along with reduced health care spending due to eliminated positions, a conservative estimate of savings from merging the four non-Marion City school districts into one is around $2 million.

It should be pointed out that additional savings could and should be achieved through the renegotiation of collective bargaining agreements for teachers and other school staff that serve individual schools. In fact, a renegotiation of existing collective bargaining agreements within a new district likely would not only yield additional savings up front, but it would also reset automatic step increases and longevity pay at a lower level, thus providing savings over the span of multiple years.

For example, a 5 percent across-the-board reduction in salary would yield nearly $1.4 million in savings when factoring in saved pension contributions.\(^\text{29}\)

**Fire and Police Forces**

Further consolidation of police services in Marion County appears to be impractical, as it would entail a merger of Marion City police with the County Sheriff. While this is not impossible, it is unlikely savings analogous to those obtained with the health district merger could be discovered. There likely would be a new collective bargaining agreement that would run the risk of leveling up the costs.

With respect to fire and EMS service there does seem to be room for possible consolidation.

There has already been extensive conversation between the 1st Consolidated Fire District and the eight volunteer fire departments throughout the county, excluding Marion City. Given that outside the 1st Consolidated most are volunteer departments, the personnel savings are likely to be minimal. However, a better deployment of equipment and a consolidation of several of the existing buildings housing such equipment should yield some limited immedi-

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\(^\text{28}\) This particular observation was made during a June 16, 2011, meeting between Buckeye Institute staff and numerous local officials and business owners at the Marion County Chamber of Commerce.

\(^\text{29}\) Ibid.
Joining Forces: Rethinking Ohio’s Government Structure

Joining Forces: Rethinking Ohio’s Government Structure

1. Initial stakeholder discussions on feasibility and desirability
2. Data collection of salaries, benefits, capital, and transportation costs
3. Data analysis to determine potential savings
4. Vote by governing authority (Board of Trustees, Village Council, School Board) to submit question to voters in each entity
5. Public education and outreach efforts
6. Election
7. If approved, organization meeting(s) between management to review staffing needs and allocation of resources

Seven Steps to Consolidate Government Entities

create savings while more efficiently allocating resources in order to find longer term savings and enhancing response times.

For example, the chief of the 1st Consolidated District indicated there are at least 18 engines countywide but other equipment is limited. This included not having a foam unit that can be useful in certain types of fires and no heavy rescue vehicle that could substitute for duplicative extraction equipment across departments. In several conversations with the chief, he stated that purchasing some of that equipment rather than yet another engine would make far more sense, but would not be possible without a unified structure.

Countywide Dispatch Service

As referred to previously, the County Sheriff currently takes all 911 calls and performs emergency dispatch service throughout most of the county with two exceptions: Marion City and Marion Township. Marion Township is already examining consolidation of these services. In addition, a strong argument can be made that a single, countywide emergency dispatch service including the City of Marion would be advantageous.

All of the county dispatchers were laid off in July 2009. Currently, the Sheriff runs three eight-hour shifts, 21 per week with one deputy answering the phone, handling 911, and dispatching 11 agencies. Consequently, it would make sense to utilize existing Marion City and Marion Township staff while freeing up county deputies to focus on more urgent responsibilities.

Beyond immediate cost savings, another rationale for a single emergency dispatch service is efficiency. All 911 calls in Marion County currently go to the Sheriff. If the caller is located in Marion City, the call then has to be transferred to one of the City dispatchers. In true emergency scenarios, even a moment or two of extra time can have negative consequences.

Challenges of Transparency in Local Government

Keeping government accountable to the taxpayers that fund it requires transparency in how the government spends those dollars. Unfortunately, despite sunshine laws on the books, transparency often remains murky due to infor-

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Information obtained through conversations with Marion County Sheriff Tim Bailey on September 22, 2011.
Ibid.
information gaps or challenges in obtaining information in a usable format for the average citizen.

Though not universally the case, local government tends to suffer even more from this problem than other levels of government. In an age of e-mail, it may seem difficult to believe that many local governments and local officials only use land lines, fax machines, and the U.S. Postal Service. Some local officials responding to public records requests for employee salary information do so by hand and not with Excel spreadsheets or even printouts from a database. In some cases, simply attempting to obtain any information from some of the smaller townships and villages proved impossible. The gaps in information contained in the Marion County profile appendix illustrate this issue.

While obtaining data from the school districts, the City of Marion and Marion County were easy and the response time was efficient; however, the contact information for several township and fiscal officers available on the county website were inaccurate. This required multiple calls to other officials to obtain correct information. Additional examples of the challenges faced while requesting information:

- One township fiscal office indicated the public records request would need to be faxed, but that they would have to go later in the day to the office to “turn it on.” After faxing the request and attempting a follow-up call, the information requested was never submitted.
- After no response for a month from one township fiscal officer, when finally reached, they indicated they had not checked their e-mail in a “couple of months.” We finally received the information during the report’s editing phase.
- Another township fiscal officer never responded after two e-mails and two voice mails. We never received it.
- It took three different phone numbers to contact one village clerk and even after finally reaching them and faxing a request for records, we never received it.
- Another fiscal officer was unable to be reached during business hours since she worked in Columbus. After leaving three messages and being told the information would be forthcoming the information was finally received during the report’s editing phase.

Even when received, payroll and benefit data along with asset lists came in a myriad of forms that made it difficult to make comparisons across entities. Throughout the process of drafting this report, at least one full workweek was spent translating data into a usable format for analysis. This included wading through hundreds of pages of PDF payroll sheets with information reported in formats requiring conversion into spreadsheets so that data could be analyzed. Even after this, the information was often fragmentary, forcing numerous educated assumptions to be made in order to make any type of projections.

Whether intentional or not, this reality makes the task of regular citizens seeking access to basic information a major headache. One possible remedy would be to pass “transparency” legislation that would have local governments submit expense data to a state entity for publication in a user-friendly database.

The Buckeye Institute’s government salary databases could serve as a model for what information to include and a standardized mechanism for reporting. Legislative language giving this authority to the State Treasurer was included in one version of the state budget, but, unfortunately, a legislator removed it during the
committee process.

If we want efficient and effective government and if governments want taxpayers to increase their taxes to pay the costs of providing services, then taxpayers must have easy access to key information. Without truly transparent governments, taxpayers will not be able to make informed decisions and accountability will be a non-existent item.

**Conclusion**

In an era of dwindling resources, local governments are going to have to review all tools at their disposal to maintain services to taxpayers.

With Ohio already ranking sixth in terms of its local tax burden as a percentage of income, continuing to go to the ballot for additional taxes is unlikely to facilitate a good environment for new businesses and will limit Ohio’s prospects for growth. It is also questionable whether taxpayers will continue approving such initiatives anyway. Given those constraints, local government officials are going to have to consider options including sharing services and consolidation.

Consolidation is not a panacea to the problem of limited resources. If the political leadership to confront the largest driver of expenses, government worker compensation packages, does not exist, consolidation may have the paradoxical effect of increasing costs without enhancing services or taxpayer value. This is especially the case when dealing with heavily unionized workforces where collective bargaining often scales wages up to unsustainable levels.

That major caveat aside, consolidation can bring about savings when appropriately implemented and when relevant stakeholders in the merging communities are at the table. Even if consolidation is only able to nibble around the edges in rural areas or in more limited ways than many advocates want, it still can be a useful tool for those entrusted with the taxpayers’ money.

One additional point should be raised regarding small townships and villages. Most of the data received indicates that there are not a tremendous amount of resources being spent by these entities. This means consolidation will produce relatively small savings. However, given the limited services provided by many of these entities, having those functions absorbed by a municipality or by the county could make sense and limit some degree of local taxation.
Appendix I: Does Consolidation Make Sense? A Review of Academic Literature

Ultimately, the question of whether consolidation makes sense comes down to two major factors. The first is whether it can save enough money to avoid the need for additional tax hikes that could create roadblocks to new investments and job creation. The second equally important factor is whether a better, or at least the same, level of service to constituents can be achieved.

As it relates to the consolidation of local governments, there does not appear to be a general consensus in the literature on its efficacy in saving money. Most research is based upon individual case studies that vary greatly in how the consolidations in question were done. Below is a representative, though not exhaustive, review of existing literature on this subject.

The most significant issue when looking at the consolidation of local governments revolves around compensation of workers within the newly created entity. In a review of literature on local government consolidations, Sam Staley found,

“In general, it is uncommon (although not impossible) for operating costs to decrease—due primarily to the “leveling up” of salaries and benefits. As local governments with differing compensation structures are consolidated, salaries and benefits are often standardized at the higher level.”

The review found that when “leveling” up happens, these new costs can swamp efficiency gains and makes this one of the most important issues that must be resolved for successful consolidations, at least those that involve unionized workforces.

Another compilation of research looking into major city-county consolidations also found room for skepticism regarding consolidation. In a 2002 study performed by the Wisconsin Policy Research Institute, Sammis White found that in many cases taxes increased rather than decreased, minority voting power was almost universally diluted, and equity in paying for services is not necessarily achieved.

Meanwhile, significant savings have been reported from one of the most well known examples of a city-county consolidation in recent years: Louisville and Jefferson County, Kentucky. According to the Metro government’s own analysis, significant savings of over $3 million per year was achieved. This included $700,000 per year by merging the city and county executive branches, approximately $2 million per year moving government offices from leased space to government-owned space, and $700,000 for outsourcing certain functions, as well as fleet and service contract modifications.

In a paper drafted for the West Virginia Legislature, Marshall University’s Calvin A. Kent and Kent Sowards found key characteristics of

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33 Ibid.
36 Ibid.
successful mergers included ensuring that voters knew who was providing their services and that the unified government was capable of addressing regional problems. Kent and Sowards also found that there could be reductions in duplicated government services and functions while obtaining better credit ratings, and improving the image of the region to potential businesses.

As it relates to schools, numerous studies indicate that there can be savings achieved through consolidation of districts as opposed to individual schools. Economies of scale that generate savings are typically largest when dealing with relatively small districts. Strong management of transportation issues and personnel compensation remains essential to attaining and maintaining cost savings.

A contrasting note can be found from the Rural School and Community Trust, which finds that administrative costs may decline in the short run but are rapidly replaced by other expenditures such as transportation and specialized staff.

One glaringly obvious finding throughout much existing literature is that the relative strength of the decision makers involved play central roles in all types of consolidations whether municipal, county, or school. Elected officials that are willing to tackle tough issues, including how to reconcile pay scales and different collective bargaining agreements, are much more likely to yield positive outcomes from a consolidation effort than those that allow the pre-existing status quo to proceed under a slightly modified guise.

Appendix II: Dispelling a Few Common Myths of Consolidation

One of the biggest challenges to the idea of consolidation concerns the loss of identity, especially for school districts where team sports play a role in community gatherings. The feeling also can extend to a lack of contact with local elected officials, especially for those in smaller, rural townships and villages.

These are real concerns, but they need not derail all possible consolidations.

Schools
School district consolidation is vastly different from school building consolidation. These phrases are often confused in public discourse and can lead to heavy opposition.

Though it would not be impossible to see teacher layoffs occur as the result of a consolidation between two or more school districts, this is far from the first place to look for efficiencies and cost savings.

A well-managed consolidation should look initially at duplicative and largely administrative functions that operate on the “back side.” This includes, first and foremost, upper level positions such as superintendent, any deputys, treasurers, and secretarial positions within the superintendent, deputy, and treasurer offices.

38 Ibid.
Additionally, there is likely to be little need for multiple administrative office buildings since most of such work should be able to be completed from a single location.

The next area that needs to be considered is transportation. The number of buses and housing facilities that will be necessary in a new district will vary greatly depending on the amount of geographical space covered by the new entity. Routes that are very close geographically may well be able to be serviced by a single bus as opposed to two or more, even if their final destinations are different school buildings. In some counties, it may be possible to consolidate all bus service from a single, centralized location. In others, a single, recently consolidated district may still require multiple housing centers that are located strategically with the new geographic space.

The bottom line: It is entirely possible that multiple districts could consolidate with no actual schools being closed and most cuts coming from administrative and transportation operations, though these must be done carefully and with significant input from the local residents who will be impacted. In addition, those cuts could free up revenues that can be reallocated to new classes or programs.

Other Local Governments
There is no doubt that the concepts of federalism and keeping government as close to the people as possible are important. These are foundational premises upon which our nation was built. It is important to note that consolidation in no way needs to be an assault on those principles.

First, there does not appear to be a defined ratio of officials to residents that could be considered ideal. Is that ratio ten thousand, one hundred thousand, or one hundred to one? Local government bodies can always be increased in order to achieve these smaller ratios, but at some point the ability of the tax base to cover the costs of providing services runs out. Further, as often happens, a small village may have a very small police department with one car, a volunteer fire department with no full-time employees, and most other services are performed by the county.

Second, any consolidation that occurs will happen only if people vote in favor of it. Consolidation should not be a mandate from Columbus.

Appendix III: Marion County Profile

Population/Economic Indicators
Ohio has had a very rough decade, losing over half a million private-sector jobs from January 2000 to September 2011 and with an unemployment rate of over 9 percent. Michigan is the only state to have lost more jobs over the same time period as Ohio (682,000).\(^{41}\)

Marion County, like the state at large, is struggling. Though there are examples of counties that have suffered a great deal more since the “Great Recession” of 2008, Marion saw a 10.2 percent decline in private-sector jobs through 2009.\(^{42}\) While its median income increased from 2008 to 2009 by 7.6 percent to $41,000,\(^{43}\) that amount still places Marion in the bottom half of all Ohio counties’ median incomes (53rd highest).\(^{44}\)

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\(^{44}\) Ibid.
**CHART 1**

**Marion County**

Demographics and Employment by Sector

Population: 65,655 ▲ 0% since 2008 ▼ 0.8% since 2000

Median Household Income: $41,000 ▲ 7.6% since 2008 ($38,104)

Median Home Value: $78,500 Median State Home Value: $103,700

Number of Businesses: 1,066 ▼ 0.5% (5 fewer businesses since 2007)

Note: Figures for population, median household income, and median home value are for 2009. Number of businesses is for 2008.

---

**Change in Employment**

<table>
<thead>
<tr>
<th>PRIVATE SECTOR</th>
<th>LOCAL/STATE GOVERNMENT</th>
<th>FEDERAL GOVERNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008: 21,455</td>
<td>2008: 5,680</td>
<td>2008: 144</td>
</tr>
</tbody>
</table>

Change, 2000–08: ▼ 5.6% ▼ 1.3% ▼ 19.6%

Change, 2000–2008: ▼ 10.2% ▼ 2.3% ▼ 2.1%

---

**Annual Wages**

- **PRIVATE SECTOR**
  - 2000: $33,909 ▲ 2.3%
  - 2008: $33,909 ▲ 2.3%
  - 2009: $33,909 ▲ 2.3%

- **LOCAL GOVERNMENT**
  - 2000: $37,954 ▲ 0.6%
  - 2008: $37,954 ▲ 0.6%
  - 2009: $37,954 ▲ 0.6%

- **STATE GOVERNMENT**
  - 2000: $48,696 ▼ 0.2%
  - 2008: $48,696 ▼ 0.2%
  - 2009: $48,696 ▼ 0.2%

- **FEDERAL GOVERNMENT**
  - 2000: $47,047 ▼ 0.4%
  - 2008: $47,047 ▼ 0.4%
  - 2009: $47,047 ▼ 0.4%
According to the latest U.S. Census numbers, Marion County’s population is 66,501. It covers nearly 404 square miles with a population density of 165 people per square mile compared to 282 for Ohio at large. The largest municipal entity is Marion City at around 36,000.

The other communities are significantly smaller as outlined in Table 1.

**Government Composition/Compensation/Assets**

**Marion City**

The City of Marion largely operates on its own and separate from the other communities within the county. In particular, Marion City maintains its own police and fire departments, as well as its own 911 dispatching service. One area of cooperation, however, is the city and county merged health district referred to in this report.

According to the City’s property schedule, the combined value of the commercial properties it owns is $50.2 million and includes 40 different pieces of real estate.

The largest single set of fixed assets was the city’s wastewater treatment plant at over $22 million with the second largest being the municipal complex at over $10.6 million.

Table 2 outlines the 2010 city government workforce structure and its compensation cost.

**TABLE 1**

<table>
<thead>
<tr>
<th>Government Entity</th>
<th>Population (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marion City</td>
<td>36,138</td>
</tr>
<tr>
<td>Marion Township*</td>
<td>9,000</td>
</tr>
<tr>
<td>Pleasant Township</td>
<td>4,368</td>
</tr>
<tr>
<td>Claridon Township</td>
<td>2,587</td>
</tr>
<tr>
<td>Montgomery Township</td>
<td>2,498</td>
</tr>
<tr>
<td>Prospect Township</td>
<td>2,207</td>
</tr>
<tr>
<td>Richland Township</td>
<td>1,663</td>
</tr>
<tr>
<td>Grand Prairie Township</td>
<td>1,609</td>
</tr>
<tr>
<td>Big Island Township</td>
<td>1,223</td>
</tr>
<tr>
<td>Green Camp Township</td>
<td>1,163</td>
</tr>
<tr>
<td>Prospect Village</td>
<td>1,089</td>
</tr>
<tr>
<td>Waldo Township</td>
<td>1,079</td>
</tr>
<tr>
<td>Tully Township</td>
<td>738</td>
</tr>
<tr>
<td>Salt Rock Township</td>
<td>699</td>
</tr>
<tr>
<td>LaRue Village</td>
<td>699</td>
</tr>
<tr>
<td>Bowling Green Township</td>
<td>569</td>
</tr>
<tr>
<td>New Bloomington Village</td>
<td>536</td>
</tr>
<tr>
<td>Caledonia Village</td>
<td>532</td>
</tr>
<tr>
<td>Scott Township</td>
<td>521</td>
</tr>
<tr>
<td>Grand Township</td>
<td>385</td>
</tr>
<tr>
<td>Morral Village</td>
<td>368</td>
</tr>
<tr>
<td>Green Camp Village</td>
<td>312</td>
</tr>
<tr>
<td>Waldo Village</td>
<td>311</td>
</tr>
</tbody>
</table>

* Unincorporated

**TABLE 2**

<table>
<thead>
<tr>
<th>Employees</th>
<th>384</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies</td>
<td>30</td>
</tr>
<tr>
<td>Total Workforce Compensation</td>
<td>$21,239,097</td>
</tr>
<tr>
<td>Median Employee Compensation</td>
<td>$62,252</td>
</tr>
<tr>
<td>Mean Employee Compensation</td>
<td>$55,310</td>
</tr>
</tbody>
</table>

---

46 Ibid.
47 U.S. Census Bureau, “State and County QuickFacts.”
49 Marion City, “Property Schedule-City of Marion” (as of October 8, 2010).
50 Marion City, “Payroll History-2010” (accessed August 2011).
51 Total compensation includes pension costs and all benefit information that could be determined from the data that was submitted.
Marion County

Marion County has a countywide sheriff department as well as other typical services such as children’s services, developmental disabilities, aging, and justice system. As described in this report, the County Sheriff performs dispatch work for the various fire departments with the exception of Marion City and Marion Township. Also of note is that Marion County houses a multi-county correctional facility that was established in the Ohio Revised Code and through an agreement between both Marion and Hardin Counties.52

Marion County is part of a multi-county solid waste authority that includes Delaware, Knox, and Morrow counties.53 It was created in 1989 and is not funded through a county tax. Rather, it is funded by a six dollar per ton contract fee collected from designated landfill and transfer station operators.54

According to the County’s Comprehensive Annual Financial Report, the combined value of all capital assets at the end of 2010 was $58,514,744 for government activities and $5,567,564 for business activities.55 This includes vehicles, buildings, land, pipes, and other items.

Table 3 outlines the 2010 county government workforce structure and its compensation cost.56

School Districts

The total number of schools in Marion County is 21 in five districts. This includes eight in Marion City, four in Elgin Local, three in Pleasant Local, two in Ridgedale, and four in River Valley. There is a multi-county Joint Vocational School (JVS), the Tri-Rivers Career Center, which also services students and adult learners in Morrow and Union Counties.

Table 4 on the next page shows the student enrollment by district.57

The 2010 median total compensation cost for staff for all the districts was around $41,500 while the average was $40,200. When removing Marion City School District from the calculations, the new median was $38,600 and the new average was $38,400.

As for the total compensation for superintendents, the lowest was nearly $94,000 and the highest was close to $145,500.58

Please note that in the following sections, data from several jurisdictions was not provided. Please see the report section regarding the challenges to transparency for a description of issues surrounding the acquisition of data.

### TABLE 3
Marion County Workforce and Compensation, 2010

<table>
<thead>
<tr>
<th>Employees</th>
<th>715</th>
</tr>
</thead>
<tbody>
<tr>
<td>Agencies</td>
<td>41</td>
</tr>
<tr>
<td>Total Workforce Compensation</td>
<td>$26,615,646</td>
</tr>
</tbody>
</table>

---


54 Ibid.


56 Marion County, "Payroll History-2010."

57 Ohio Department of Education, “Enrollment Data.”

58 These calculations are based upon numbers coming from documentation provided by each of the school districts pursuant to public records requests.
Fire Safety Services

Outside Marion City, the largest fire safety service provider in Marion County is the 1st Consolidated Fire District, which serves the communities of Claridon, Scott, and Tully Township along with the Village of Caledonia in Marion County. It also performs services in Canaan Township in Morrow County. It was the first established consolidated fire district in the state, beginning operation in September 1970.59

The district covers 110 square miles and, though staffing can fluctuate, it includes a total of ten full-time firefighters and/or Emergency Technicians (EMTs), fourteen part-time firefighters/EMTs, one volunteer firefighter/EMT, and one administrative staff member.

There are eight other fire departments, most of which are volunteer departments.

Table 5 outlines the volunteer staffing and the type of major equipment owned by each.

Other Local Governments

Other local governments have a significantly smaller number of employees. Table 6 shows a breakdown of employees for the smaller communities in 2010.60

Levy Mania!

This year is a banner year for new tax levies in Marion County. Each of the six districts (including the JVS) is on the November ballot in 2011 as outlined in Table 7.61 The table also shows additional safety levies on the November ballot,62 along with two villages and the Park District.63

Further, the Marion County Commissioners passed a 0.5 percent sales tax increase during their June 23 meeting.64 It took effect October 1 and adds up to an additional 50 cents per 100 dollars purchased. An effort by some county residents to repeal the increase will be decided in November.

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59 Information obtained through conversations with 1st Consolidated Fire District Chief Clint Canterbury on September 19, 2011.
60 Each of these numbers came from documentation provided to the Buckeye Institute pursuant to public records requests from each entity.
62 Ibid.
63 Ibid.
<table>
<thead>
<tr>
<th>Fire Department</th>
<th>Assets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Battle Run</td>
<td>No data</td>
</tr>
<tr>
<td>Marion Township (Staff: 40)</td>
<td>1 Admin Building 2 Stations 4 Engines 2 Cars 1 Pick up Truck 3 EMS vehicles 2 Rescue apparatuses 2 Boats 1 &quot;Smokehouse&quot;</td>
</tr>
<tr>
<td>Pleasant Township (Staff: 35)</td>
<td>3 Engines 1 Tanker 1 Utility vehicle 1 Hazmat unit</td>
</tr>
<tr>
<td>Salt Rock (volunteer) (Staff: No data)</td>
<td>1 Station 1 Pumper truck 1 Engine 1 Equipment truck 1 Dump truck 1 Pick up truck 2 Tankers</td>
</tr>
<tr>
<td>Fort Morrow (volunteer) (Staff: 28)</td>
<td>1 Station 2 Engines 1 EMS vehicle 1 Grass truck 1 Rescue vehicle</td>
</tr>
<tr>
<td>New Vision (volunteer) (Staff: No data)</td>
<td>No data</td>
</tr>
<tr>
<td>Scioto Valley (volunteer) (Staff: 27)</td>
<td>1 Station 1 Tanker 3 Pumper trucks 1 Rescue vehicle 1 Safety trailer 1 Inflatable boat 1 Pick-up truck</td>
</tr>
<tr>
<td>Green Camp (volunteer) (Staff: 19)</td>
<td>2 Engines 1 Pumper Truck 1 Grass Truck 1 Tanker 1 Rescue Vehicle</td>
</tr>
<tr>
<td>Government Entity</td>
<td>Employees (Full and part-time)</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Big Island Township</td>
<td>10</td>
</tr>
<tr>
<td>Bowling Green Township</td>
<td>4</td>
</tr>
<tr>
<td>Claridon Township</td>
<td>12</td>
</tr>
<tr>
<td>Grand Township</td>
<td>6</td>
</tr>
<tr>
<td>Grand Prairie Township</td>
<td>No data</td>
</tr>
<tr>
<td>Green Camp Township</td>
<td>10</td>
</tr>
<tr>
<td>Marion Township</td>
<td>No data</td>
</tr>
<tr>
<td>Montgomery Township</td>
<td>7</td>
</tr>
<tr>
<td>Pleasant Township</td>
<td>No data</td>
</tr>
<tr>
<td>Prospect Township</td>
<td>9</td>
</tr>
<tr>
<td>Richland Township</td>
<td>6</td>
</tr>
<tr>
<td>Salt Rock Township</td>
<td>6</td>
</tr>
<tr>
<td>Scott Township</td>
<td>5</td>
</tr>
<tr>
<td>Tully Township</td>
<td>5</td>
</tr>
<tr>
<td>Waldo Township</td>
<td>No data</td>
</tr>
<tr>
<td>Caledonia Village</td>
<td>15</td>
</tr>
<tr>
<td>Green Camp Village</td>
<td>9</td>
</tr>
<tr>
<td>LaRue Village</td>
<td>12</td>
</tr>
<tr>
<td>Morral Village</td>
<td>11</td>
</tr>
<tr>
<td>New Bloomington Village</td>
<td>No data</td>
</tr>
<tr>
<td>Prospect Village</td>
<td>32</td>
</tr>
<tr>
<td>Waldo Village</td>
<td>8</td>
</tr>
</tbody>
</table>
## TABLE 7

### Levies in Marion County on the November 2011 Ballot

#### DISTRICTS ON THE BALLOT

<table>
<thead>
<tr>
<th>District</th>
<th>Purpose</th>
<th>Type</th>
<th>Millage</th>
<th>Duration (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Elgin Local</td>
<td>Avoid an operating deficit</td>
<td>Renewal</td>
<td>5.26</td>
<td>5</td>
</tr>
<tr>
<td>Marion City</td>
<td>Emergency Requirements</td>
<td>Renewal</td>
<td>5.47</td>
<td>5</td>
</tr>
<tr>
<td>Pleasant Local</td>
<td>Emergency Requirements</td>
<td>Renewal</td>
<td>2.73</td>
<td>3</td>
</tr>
<tr>
<td>Ridgedale Local</td>
<td>Emergency Requirements</td>
<td>Renewal</td>
<td>4.99</td>
<td>5</td>
</tr>
<tr>
<td>River Valley Local</td>
<td>Permanent Improvements</td>
<td>Additional</td>
<td>1.5</td>
<td>5</td>
</tr>
<tr>
<td>Tri-River JVS</td>
<td>Current Operating Expenses</td>
<td>Renewal</td>
<td>1.3</td>
<td>5</td>
</tr>
<tr>
<td>Tri-River JVS</td>
<td>Building and Improvements</td>
<td>Additional</td>
<td>0.5</td>
<td>10</td>
</tr>
</tbody>
</table>

#### SAFETY LEVIES ON THE BALLOT

<table>
<thead>
<tr>
<th>District</th>
<th>Purpose</th>
<th>Type</th>
<th>Millage</th>
<th>Duration (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pleasant Township</td>
<td>Operating</td>
<td>Renewal</td>
<td>1.34</td>
<td>3</td>
</tr>
<tr>
<td>Salt Rock Township</td>
<td>Operating</td>
<td>Renewal</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Scioto Valley</td>
<td>Operating</td>
<td>Renewal</td>
<td>2.5</td>
<td>5</td>
</tr>
</tbody>
</table>

#### OTHER AREAS ON THE BALLOT

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Purpose</th>
<th>Type</th>
<th>Millage</th>
<th>Duration (Years)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Green Camp Village</td>
<td>Operating</td>
<td>Renewal</td>
<td>9</td>
<td>5</td>
</tr>
<tr>
<td>Prospect Village</td>
<td>Operating</td>
<td>Renewal</td>
<td>1.5</td>
<td>5</td>
</tr>
<tr>
<td>Prospect Park District</td>
<td>Maintenance and Capital Improvements</td>
<td>Renewal</td>
<td>1.4</td>
<td>5</td>
</tr>
</tbody>
</table>
Greg R. Lawson is a Policy Analyst at the Buckeye Institute. Lawson graduated summa cum laude from Ohio State University in 2000 with a Major in Communications and a Minor in Economics. His interest in the intersection of public policy and politics began while in college and was further encouraged when he became a Legislative Service Commission Intern in 2001 working with a state representative.

Lawson then accepted a position at the Ohio Council for Home Care where he focused on Medicaid issues, PAC fundraising, and grassroots organizing. Lawson has also served as a Legislative Liaison with the Ohio Department of Commerce. Lawson has served in other positions, including as public relations strategist and as Director of Communications for a national hunting advocacy organization based in Columbus.
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Joining Forces: Rethinking Ohio’s Government Structure

by Greg R. Lawson

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