

Report Summary

International researcher Wendell Cox recently completed a study of Ohio's government structure, detailing the value of smaller local governments. The report examines how tax dollars are used and provides examples of how townships are more efficient and effective than their counterparts.

Township Structure

Ohio relies on its local governments, particularly its 1,308 townships, for essential services, including: roads, fire protection, emergency medical services, police protection, waste management, senior centers, parks and recreation, street lighting, zoning and cemetery maintenance. Ohio townships have an average population of 3,100.

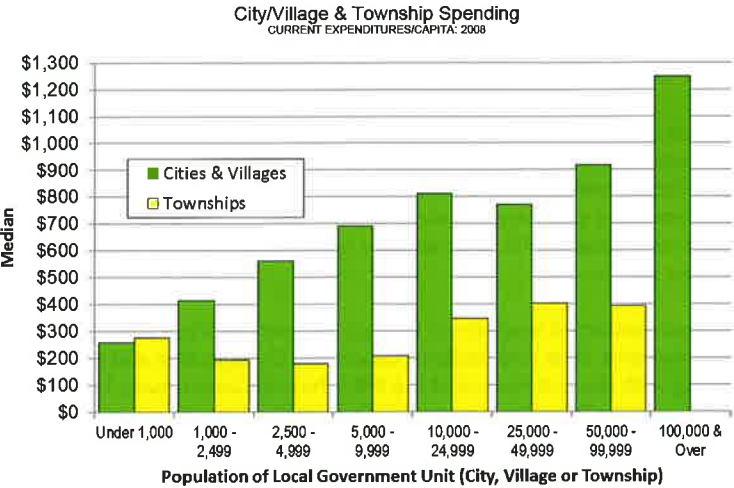
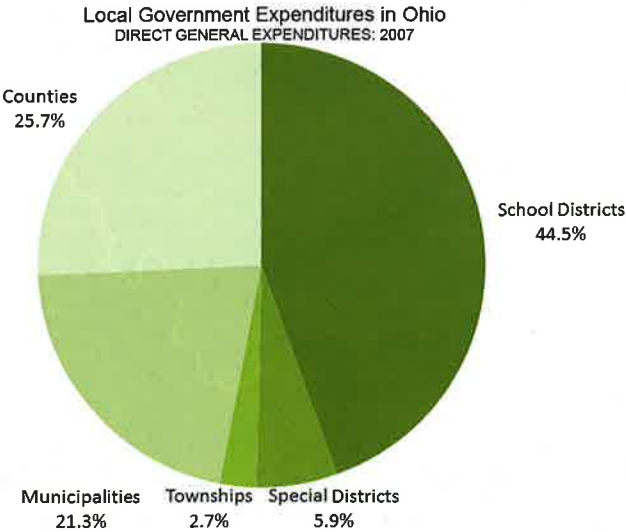
Townships rely almost exclusively on the local property tax for their funding and, unlike municipalities, are not permitted to collect income taxes.

Benefits of Townships

Data shows that smaller local governments, i.e. townships, have *lower taxes per capita and spend less per capita*. In 2007, local governments had direct general expenditures of \$48.4 billion. Townships spent less than any other local government entity, at \$1.3 billion or 2.7 percent.

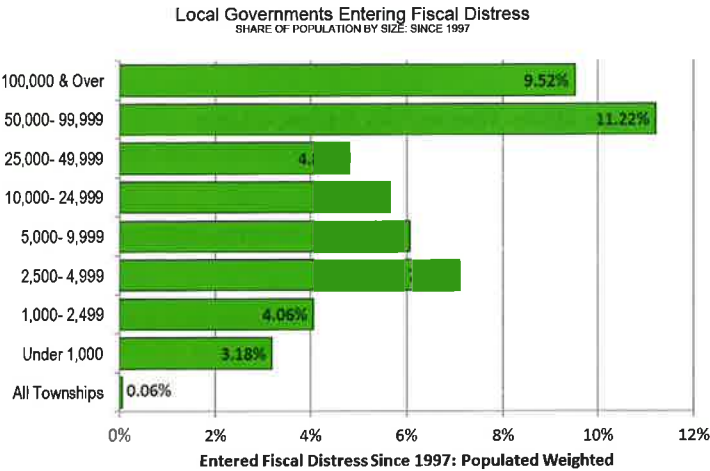
The lowest per capita local taxation (\$75) is in the smallest governments, with populations under 1,000. Local taxation per capita rises in each larger category. The highest local taxation per capita is in the largest cities, those with 100,000 or more population. These cities have per capita taxation of \$856, more than 10 times the smallest local government population category.

The report compares townships of all sizes with cities and villages of comparable populations. In the smallest population range (under 1,000) townships and cities and villages spend about the same amount per capita. In every other population range, townships spend significantly less.



Townships are *closer to the people*, and are therefore more responsive. Townships have far fewer employees than larger governments, so have more direct oversight of financial and administrative matters. This can facilitate better and more rapid decisions in response to changing needs. Additionally, it is likely that elected officials in townships have a stronger tie to the community and understand the concerns of residents.

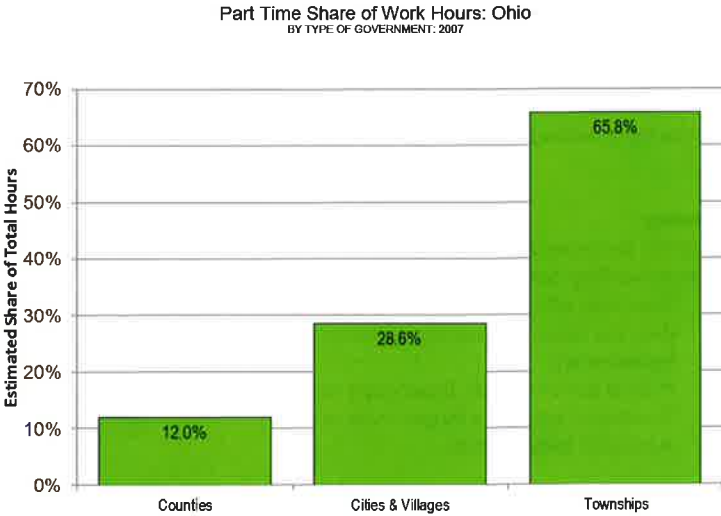
Townships are more *fiscally responsible*. They have rarely justified entry into Ohio's Local Government Distress Program. In the more than 30-year history of the program, only two of the 1,308 townships has been in fiscal distress, a fraction of the municipality rate.



Myths Debunked

Several reports have been published recently on local government and the concept of "bigger is better." Bigger is *not* better.

- 1. *Duplication of services* - Some claim the more government, the more duplication of services. Duplication of services (or overlap) requires that more than one government provide the same service to the same residence or taxpayers as another. Throughout Ohio, governments have exclusive geographic service areas, which means there are no duplication of services.
- 2. *Leveling up* - Many consolidation studies have shown there are no cost savings. This is due to a phenomenon known as "leveling up." When entities merge, there are inevitably differences in compensation levels, benefit packages, paid time off and service levels. These differences must be harmonized, and they are routinely "leveled up" to the highest level.
- 3. *More government = more spending* - As mentioned above, there are no duplication of services among governments in Ohio. Smaller governments also tend to offer only basic services, which leads to fewer expenditures. They also have fewer employees, eliminating wage and benefit packages. Federal government data indicates that Ohio townships have annual wage expenditures per capita that are approximately 70 percent per capita lower annually than in Ohio's cities and villages. Townships rely on volunteer and part-time employees at a much higher rate, particularly in fire and emergency medical services, resulting in lower expenditures.



- 4. *Local democracy is out of date* - Democracy is a timeless value and the will of the people is most effectively expressed where government is as close to the people as possible. A governance structure that delivers superior service at lower costs cannot be out of date. This is proven by higher voting rates in smaller communities.

Conclusion

This study and the data compiled shows that townships spend and borrow less; are more accessible to the people, the very foundation of a democratic society; and overall, are better for Ohio.

Get the Facts

Based on the 2010 Census, Ohio has 1,308 townships, and 35 percent, or four million Ohioans, reside in a township. The township population growth rate was four times the state population growth rate. Virtually all of Ohio's population growth occurred in townships. It is estimated that townships govern 91 percent of Ohio's land area.

Services

Ohio townships are required by the Revised Code to provide roads (townships maintain more road mileage than any other government agency in the state) and cemeteries, and have permissive authority to provide police and fire protection, emergency medical services, waste management, senior centers, parks and recreation, street lighting and zoning.

Revenue

Townships rely almost exclusively on the local property tax for their funding and are not permitted to collect income taxes. Even so, townships collect little of the total property tax in Ohio, accounting for 5.8 percent of collections. Data shows that townships, or smaller governments, spend and borrow less; are less likely to be in fiscal distress; and are more cost effective by spending less per capita for essential services.

Efficiency

Townships are more efficient than other local governments. Two significant factors in holding down costs are:

- Township officials are better able to respond to local needs because they are closer to their constituents and don't have layers of bureaucracy.
- In local governments, labor costs are the largest item of expenditure. Townships employ a larger share of part-time employees, saving on wage and benefit costs.

Myths

Recent reports indicate the more local government, the more duplication of services. However, governments have exclusive geographic service areas and therefore do not provide the same services to the same residents.

Other studies tout the bigger is better mentality. There are a number of consolidation examples that prove there are no cost savings due to the "leveling up" of services and compensation.

About the Report Author

Wendell Cox is principal of Demographia, an international urban policy firm located in the Illinois suburbs of St. Louis. His career has been characterized by initiatives to maximize the efficiency of government, so that public services are provided at the lowest possible cost to taxpayers.

In that regard, he was retained by the city of Toronto to assist in blocking a proposed merger of six municipalities, which the provincial government claimed would save money. The proposal was implemented and there is general agreement 15 years later that the promise of greater efficiency was not realized and that the result was higher taxation.

He has conducted research on local government efficiency in Pennsylvania, New York, Indiana, Illinois, the Chicago area and Ohio. Along with Howard Husock of the JFK School of Government, he produced the "Keeping Kalamazoo Competitive" report outlining means by which the Kalamazoo metropolitan area could improve its longer term economic performance.

He provides consulting services on other urban issues, such as transportation and land use. He was appointed to three terms on the Los Angeles County Transportation Commission and one term on the congressionally mandated Amtrak Reform Council. He served for nine years as a visiting professor at the Conservatoire National des Arts et Metiers, a national university in France. He also serves as vice president of CODATU, a European based research organization dedicated to improving transportation and land use in developing world metropolitan areas.

Cox holds an MBA from Pepperdine University in Los Angeles and a BA in Government from California State University.

About the Ohio Township Association

The Ohio Township Association has been promoting and preserving township government in Ohio since 1928. The association is a nonprofit organization which lobbies for or against township related issues; and provides educational opportunities for its more than 9,000 members.

The OTA maintains that townships are closest to the people and respond more efficiently and effectively than other local governments.

Ohio Township Association

6500 Taylor Road, Suite A

Blacklick, Ohio 43004

Phone: 614.863.0045

Fax: 614.863.9751

Website: www.ohiotownships.org



LOCAL DEMOCRACY IN OHIO A Review of City, Village and Township Financial Performance by Size

