

---

# CRAIN'S CLEVELAND BUSINESS

## Study: Region's government too costly

*Duplication of services in education, public administration hurt, Future Fund reveals*

By **JAY MILLER**

4:30 am, July 14, 2008

Among all the data in the Cost of Government Study for Northeast Ohio released today, July 14, by the Fund for Our Economic Future, two numbers stand out.

The first is that the money spent on public administration in Northeast Ohio from 1992 to 2002 grew 2.3 times faster than inflation, while the population has stood still. The second is that 38.3% of all government spending — \$6.03 billion in 2002 — is spent on education.

That first number will give a powerful hammer to those politicians and civic leaders who have begun to push cities and counties to collaborate on providing services, or even to consolidate operations. The study's dozens of numbers about hundreds of governmental bodies adds hard data to anecdotal evidence that government in Northeast Ohio has become more costly than the regional economy can afford.

The study counts how many units of government — cities, townships, school districts and special districts — the 16-county region has: 656. And it computes a number for total government spending in the region: \$15.7 billion in 2002, the latest year data are available.

It also contrasts Northeast Ohio with other areas of the country, some of which are more robust economically than Northeast Ohio and are doing better with less-fragmented government.

That second number, though, suggests one group of governments — the school districts — may hold the greatest opportunity for improvement, if not actual cost savings. That's because the figures show the region spends twice as much money on primary and secondary education as on police, fire, public health, parks, jails and the courts combined.

## Start talking

"We wanted to provoke a conversation" about consolidation and collaboration, said David Abbott, executive director of the Gund Foundation, one of the financial backers of the study. "A lot of the discussion now, in fact, doesn't revolve around the schools but maybe it needs to."

Mr. Abbott said the region might not choose to cut the amount spent on education. It might even want to spend more, he suggested. But it might be a matter of finding ways to spend less on duplicative administration to improve the quality of the education.

"How do we spend our money?" Mr. Abbott asked. "Well, we may spend a lot of it on having a lot of overhead that goes with having so many school districts; and the reason we have so many school districts is just a vestige of our history. And is that a good enough reason in the 21st century to do things the way we have done them?"

The Future Fund study was conducted over the last eight months by the Center for Governmental Research in Rochester, N.Y. It compared data from the federal census on governments in 16 Northeast Ohio counties with five other roughly comparable regions over a decade. Those regions are Dayton and Columbus in Ohio; Indianapolis; Minneapolis-St. Paul; and Raleigh-Durham, N.C.

The study is part of a broader effort by the region's foundations, chambers of commerce and public officials, through the Future Fund, to make Northeast Ohio more attractive for economic development.

One way to do so is to make government run better and cost less, because business site selectors measure government cost and efficiency when they choose where to locate.

"Our region is engaged in an intense economic global competition, and we must be smart about how we invest our public dollars," said Robert Jaquay, vice president of the Future Fund and associate director of the Gund Foundation. "An essential first step is increasing our ability to measure government expenditures."

## A learning experience

Eliminating duplication of services at school districts will call for diplomacy and delicate surgery, and might not result in less money spent on education.

Most districts spend between 55% and 65% of their budgets on teachers, who, like patrol officers in police cars, are a nearly untouchable expense.

But that still leaves the money school districts spend on transportation, food service and top administration. Those expenditures come to nearly 23% of the \$10,686 Ohio school districts spend on average per pupil, according to Standard & Poor's, the credit rating and financial research firm, which rates school district bond issues.

While there is little talk about collaboration among school districts in Greater Cleveland, the conversations are happening not far from Lake Erie.

Two districts in Wayne County communities — Rittman and Orrville — have engaged in an experimental “administrative compact” that includes sharing a single superintendent and other administrative functions. That agreement went into effect last Jan. 1, when the Rittman Exempted School District superintendent retired.

Also, the Youngstown/Warren Regional Chamber has begun to advocate for a single administrative unit for schools in each of that area’s three counties to cut costs at the Mahoning Valley’s 45 school districts. Tony Paglia, the chamber’s vice president of government affairs, said the goal is not simply to cut costs but to get more bang for the buck.

In the chamber plan, money saved would be used to reduce taxes and to give scholarships for post-secondary education to every high school graduate in the valley.

Mr. Paglia said his organization has benchmarked school administrative spending in the valley against comparable spending in states in the Southeast, which have single, countywide school districts. That analysis found that districts in those states typically spend 7% or 8% of their budgets on top administration while districts in Columbiana, Mahoning and Warren counties are spending 12% to 15%.

Going to single administrative districts would save \$40 million to \$50 million in those three counties, Mr. Paglia said, adding that those savings would translate into \$1.2 billion statewide.

“We started the dialogue last year and we got a lot of pushback, as you might expect,” Mr. Paglia said. “There is a big concern about local control, with people asking, ‘How are you going to have local control when there is one county superintendent?’”

So far, he said, the chamber and the school district leaders have “agreed to disagree.”

Links to the database are available at [www.futurefundneo.org](http://www.futurefundneo.org) and at the web site of the Greater Cleveland Partnership, [www.gcpartnership.com](http://www.gcpartnership.com).

PRINTED FROM: <http://www.crainscleveland.com/apps/pbcs.dll/article?AID=/20080714/SUB1/742388416/1008&Profile=1008&template=printart>

---

© 2008 Crain Communications Inc.

---