

THE REPORT

Less than a decade ago, a “bigger is better” campaign alleged that Ohio’s local government structure was too fragmented and needed to be made more efficient through consolidation into larger units of government.

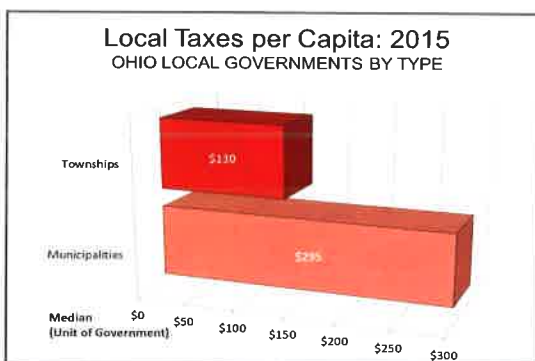
In response, the Ohio Township Association commissioned a report in 2012 by international researcher Wendell Cox. The report detailed the value of smaller local governments and showed that townships are more efficient and effective than their counterparts. A new study, the highlights of which are below, concludes that Ohio’s townships continue to save taxpayers money.

IMPORTANCE of Townships

Ohioans rely on local governments, particularly the 1,308 townships, for essential services, which include: roads, fire protection, emergency medical services, police protection, waste management, senior centers, parks and recreational programs, street lighting, cemetery maintenance and zoning. To provide these essential and quality-of-life services to 35 percent of Ohioans, townships rely almost exclusively on local property tax for their funding and, unlike municipalities, are not permitted to collect income tax.

Townships are closer to the people, and therefore, more responsive. Townships have fewer employees than larger governments, and thus have more direct oversight of financial and administrative matters. This can facilitate better and more rapid decisions in response to changing needs.

EFFICIENCY of Townships



municipalities and townships) in Ohio. Township taxes are considerably lower per capita than other local governments, as townships only accounted for 4.8 percent of local government taxes statewide.

The lowest median current expenditures per capita is in smaller governments with a population of 1000 to 2,499 (\$230). In almost all categories, townships have current expenditures per capita less than one-half that of other local government entities.

The data in this updated report once again demonstrates that townships spend less, tax less and borrow less than other local governments. In 2012, townships accounted for only 3 percent of all local government expenditures (school districts, special districts, counties,

Similarly, smaller governments also tend to have lower median taxes per capita. The current report compares townships of all sizes with cities and villages of comparable populations. The data shows, just as it did in 2012, that median taxes per capita are considerably lower in townships than in municipalities.

Only one-third of Ohio’s general-purpose local governments (2,245 entities) had long-term debt at the end of fiscal year 2015. Approximately 51 percent of municipalities had long-term debt compared to 22 percent of townships.

Among governments with 1,000-24,000 residents, municipalities are one-third more likely than townships to have long-term debt. In larger entities (25,000-49,999 pop.), cities are 60 percent more likely to have long-term debt than townships of similar size, including those townships that have adopted limited home rule, which permits a higher debt capacity.

FISCAL RESPONSIBILITY of Townships

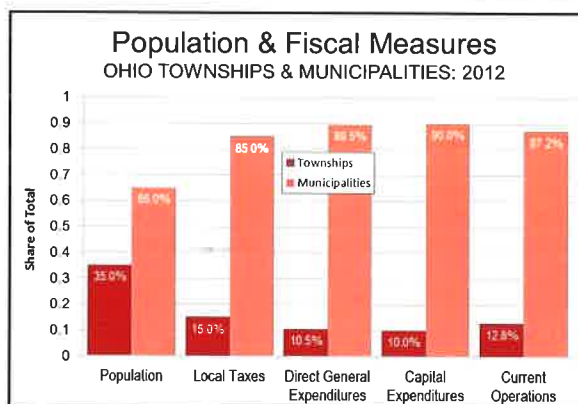
Townships are more fiscally responsible. The 2012 report found that financial distress generally occurred much less frequently among the state’s smaller municipalities, and that financial distress in townships was even more rare. The new data shows that the same remains true today.

In local governments, employee compensation represents the largest item of expenditure. Control of labor costs is important to local governments’ sustainability. Escalated costs have contributed to financial crises and ultimately, municipal bankruptcies. According to the 2015 Census Bureau survey of local government wages, township employee wages per capita are two-thirds less than those of municipalities for general functions, a factor that generally improves fiscal sustainability.

ECONOMIC VITALITY of Townships

Townships have 35 percent of the state’s population, yet account for less than 11 percent of the local general purpose (municipalities and townships) direct general expenditures and 15 percent of local taxes.

With their large inventory of land, lower tax rates and lesser expenditures, townships are well-positioned for growth. Ohio has among the lowest cost of living in the nation - 44th out of the 50 states. *Site Selection* magazine found that in 2017, Ohio had the second most new or expanded corporate facilities, following Texas.



Furthermore, townships account for a large portion of Ohio’s residential construction. According to the latest American Community Survey (2012-2016), 54.5 percent of the new owner-occupied housing units constructed in Ohio since 2010 have been in townships.

RURAL TO URBAN, SMALL TO LARGE

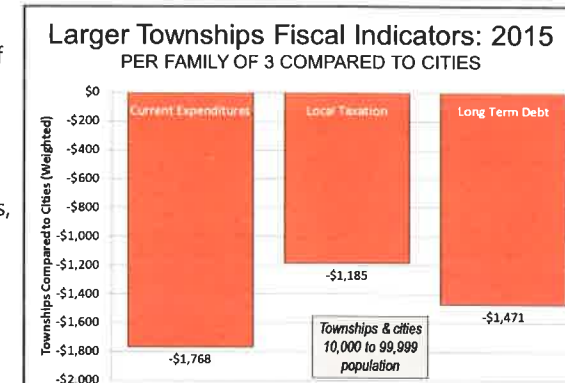
Townships are often associated with rural areas and smaller towns, yet nearly as large a percentage of residents in metropolitan areas live in townships as in the state as a whole. In metropolitan areas, townships provide services to 30 percent of the residents. Outside of metropolitan areas, townships provide services to 53 percent.

Current expenditures, local taxes and long-term debt tend to be lower in townships than in municipalities, both statewide and inside metropolitan areas.

The only exception is the smallest townships (populations under 1,000), which have higher current expenditures and local taxation per capita but lower than all other population categories and no long-term debt per capita.

There are 67 townships and 169 cities in Ohio with a population between 10,000-99,999. A more comprehensive examination of these townships indicates their considerable advantage to taxpayers. These 67 townships spend the equivalent of \$861 million per capita less annually and their taxation is 53 percent lower than the cities. For a family of three, this equates to the following:

- The lower current expenditure level converts to \$1,768 annually.
- The long-term debt is \$1,471 less per a family of three living in a city.
- The lower township taxation levels represent a savings of \$1,185 for a family of three compared to the cities.



CONCLUSION

Ohio’s efficient townships are saving taxpayers money, from the major metropolitan hubs to rural areas, and with the nation’s changing demographics, Ohio has the potential for a bright future. With the data demonstrating lower spending and taxing from townships than their municipal counterparts, townships across the state can be the epicenter of growth and economic development.

Did You Know?

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.

**4
MILLION**

Based on the 2010 Census, this is the number of Ohioans who reside in a township.

Township officials' intimate knowledge of community needs and their citizens enables them to offer more personal service than any other form of government, without wading through layers of bureaucracy.

MYTH:

Some reports have indicated 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.

20 The number of states in the U.S. that have townships.

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.

**OHIO HAS
1,308
TOWNSHIPS**

The township form of government **predates** Ohio's state government.

Ohio townships are required by the Revised Code to provide roads (townships maintain more road mileage than any other political subdivision in the state) and cemeteries.

They have permissive authority to provide police and fire protection, emergency medical services, waste management, senior centers, parks and recreation, street lighting and zoning.

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

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A research report by Wendell Cox for
THE OHIO TOWNSHIP ASSOCIATION
&
**THE COALITION OF LARGE OHIO
URBAN TOWNSHIPS**



OHIO'S TOWNSHIPS: SPENDING, TAXING & BORROWING LESS

