

THE TAX ATTACK

Chapter XXII

Late in May a new report from the Fund for Our Economic Future, "Advance Northeast Ohio", highlighted the per capita cost of local government in Northeast Ohio (16 counties) during the decade that ended in 2002. The report points out that during that period the growth in government more than doubled the rates of both inflation and economic output and somewhat exceeded the growth of developed land. The report suggested that the 70% increase during that period accounts for the feeling among taxpayers that they are getting less service while paying increased taxes. The Fund argues that our fragmented governance (868 governments including school districts) and sprawl are the culprits and that collaboration would reduce those costs.

Reflecting on that report, I wondered how our community measured up during that period and in the subsequent decade. A safe assumption is that a large portion of the per capita cost increase reflects the labor-intensive nature of municipal government, general inflation and the population decline that has characterized our area for some time. For instance, available census data reflects a decrease in Village population of almost 3% and 7% respectively during those decades, demonstrating that operating costs are not linear.

What really peaked my interest was to compare growth in Village operating costs with the data reported by the Fund. In evaluating what follows please remember that my conclusions are drawn from randomly gathered data, which I believe reflect trends generally. But because assumptions had to be made to normalize the information that is available, it is highly unlikely that what I now suggest is exact.

In the decade ended in 2002, Village operating costs increased approximately 37%, which compares very favorably with the report of the Fund. The Fund offers no comparable calculation for the decade that will end in six months and my calculation of growth for the Village costs assumes that budget estimates will be substantially accurate. During recent times the Village has lived within its budget and through five months of 2011 is on track to repeat that performance. Based on those caveats, Village operating costs in the decade soon ending will increase by slightly less than 30%, a compound rate of about 2.6 % per year. Given that 57% of Village general operating expenses are attributable to labor and knowing what we do about purchased items such as vehicles, motor fuel, risk insurance, etc., it would seem that our managers and volunteer officials are doing a good job.

Having said all that and assuming for argument's sake that my observations are accurate, we cannot deny that for the vast majority the recent years have been periods in which operating cost growth has outstripped operating income growth. This fall we likely will be called upon to approve continuation of our expiring 3.5 mill operating levy and the 1.0 mill land conservation levy. Each of us owes it to ourselves to reflect on those issues, the value received from our tax dollars, and their effectiveness.

If you have questions concerning either of these, now is the time to contact any councilmember, the Mayor, the Clerk or me and let us address your concerns.

Bob Reitman
Treasurer and Tax Administrator