

# Management Council Ohio Educational Computer Network

A Time for Sharing: Local  
Government Innovation Fund –  
Challenge & Opportunity

September 30, 2011

Presenter: Hugh Quill



# Let's Forego the Fire Alarms



## Fire Alarms

The fire alarms are not working in some central Ohio schools.

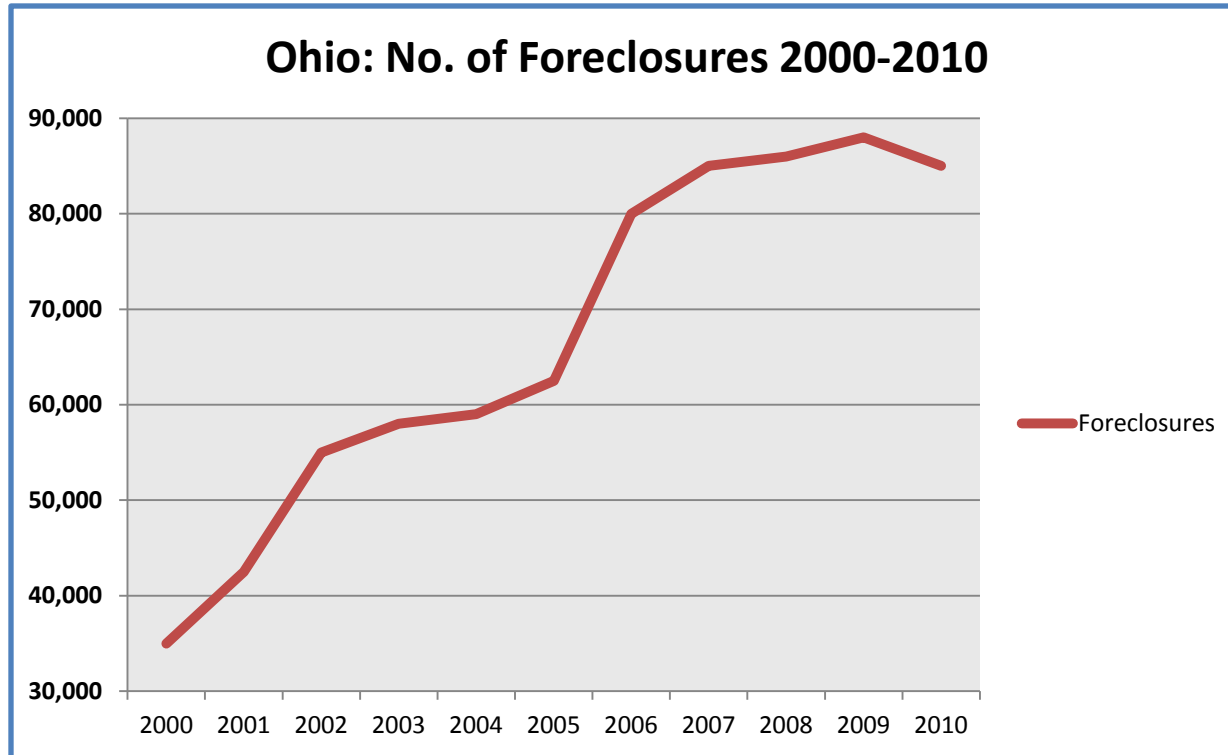
Two elementary and two middle schools in the Groveport Madison School District began classes in late August unable to activate fire alarm systems due to budget issues.



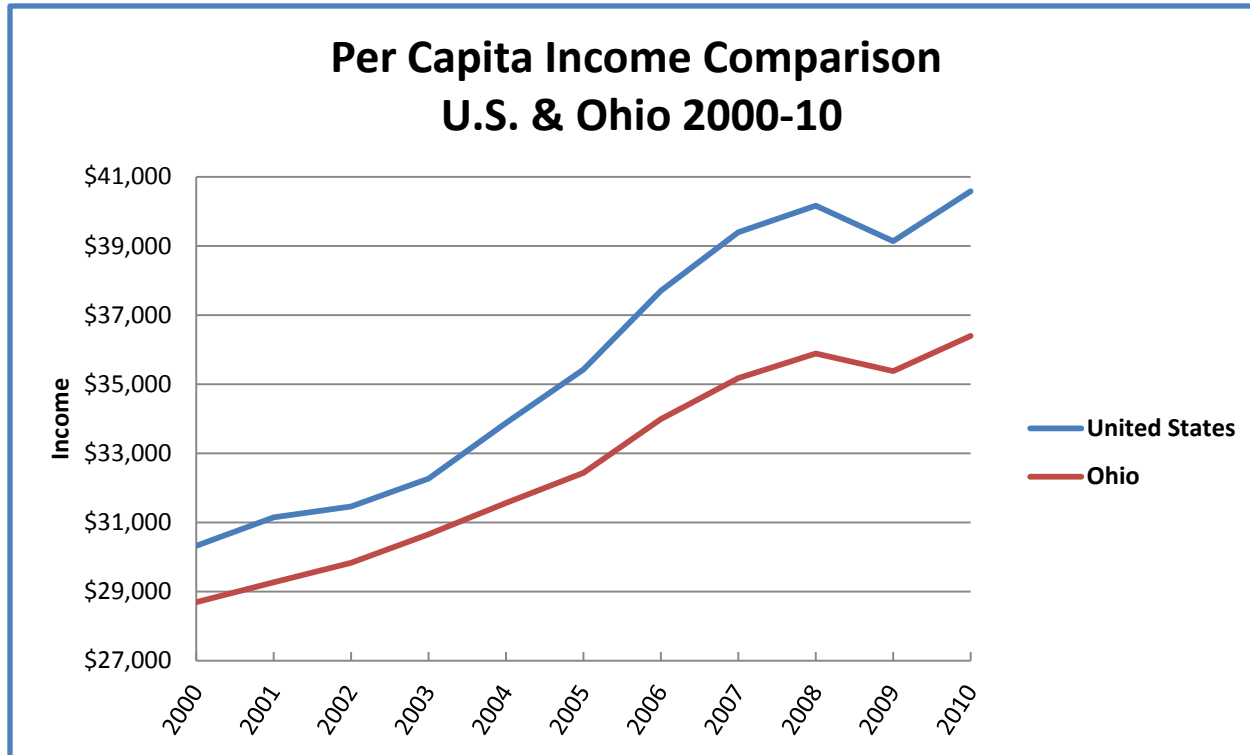
# *The Great Recession*



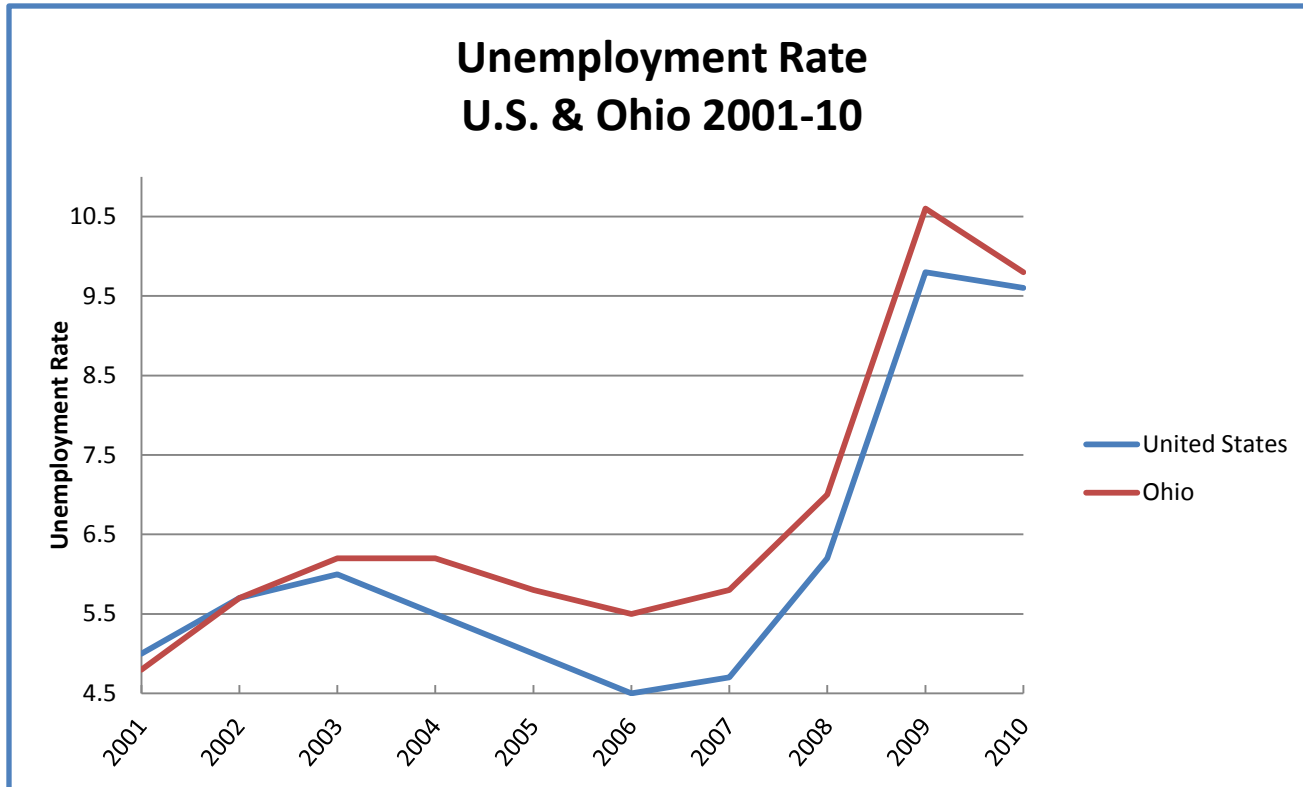
# *Tough Economy: Foreclosures*



# Stagnant Income

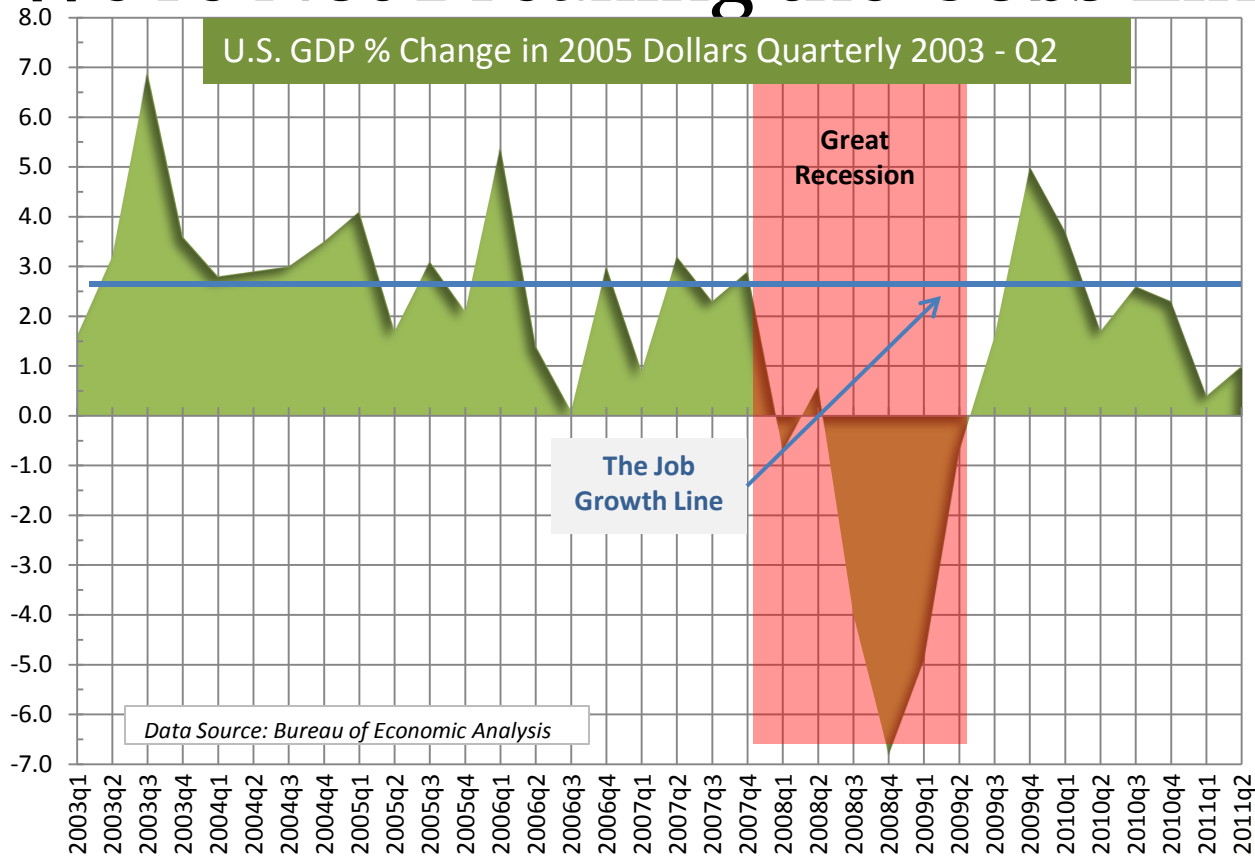


# Persistently High Unemployment



# Is This Recovery?

## We're Not Breaking the 'Jobs Line'



*New Day, New Way*

***State of Ohio***

***Budget***

***H.B. 153***

# *Budget Items of Note*

- State & Local Govt. Fund Reduced 25%/50%
- Eliminates Tangible Personal Property Tax
- Eliminates Estate Tax
- Creates Local Govt. Innovation Fund
- Construction Reform
- Sentencing Reform
- Medicaid Reform
- Privatizations – Prisons, Liquor, Jobs Ohio



# *Ohio Compared ...*

- Ohio's local government payroll is 10% above the national average and 17.5% above the peer state average (IN, MI, PA, KY, WV, and IL)
- Ohioans have the 6th highest local tax burden in the U.S. and the 33rd highest for state taxes, as a percent of income
- Ohio ranks 46<sup>th</sup> in the U.S. in spending for instruction and 12<sup>th</sup> in administrative spending in our schools
- Ohio's spending on school district administration is 49% higher than the national average



# *Layers of Government*

- Ohio has 8 governments per 100 square miles
- 86% of states have fewer governmental entities per 100 sq. miles than Ohio
- In 2002, Ohio had 41.3 local governments per county compared to the national average of 27.9



# *A Change in Thinking*

## **Previously ...**

- Cut (Police, teachers, etc.)
- Tax (Taxpayers fatigued)
- Consolidate (Identity issues)

## **Another Way ...**

- Cut
- Tax
- *Share (Shared Services)*
- Consolidate

## **Considerations:**

- **Cutting, Taxing & Consolidating are all nuclear options.**
- We can't start by attacking local sense of identity – It's why we choose to live where we live.
- We probably don't have the luxury in many cases to choose just one path.



# *Local Government Innovation Fund (LGI Fund)*

- \$45 million budgeted for FY 2013 (July 1, 2012 – June 30, 2013)
- Up to 20% of funds will be awarded as grants with remainder awarded through a revolving loan fund.
- By Sept. 30, 2011 the 15 member council that will determine awards will be named
- \$100k cap for solo projects; \$500k for joint proposals
- Funding divided into tiers by population
- Application review to begin by March 2012
- First awards by July 2012
- Awards made on a quarterly basis
- Local Government Innovation Council disbands on December 31, 2015



# *LGI Fund Award Criteria*

- Expected ROI, based on expected savings
- Number of participating entities in proposal
- Probability for success
- Percentage of local matching funds
- Ability to reproduce proposal in other places
- Whether proposal is to implement performance audit recommendations
- Has applicant had past success with an innovation project



# *Key Areas of Opportunity*



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- **Procurement**
- **IT Consolidation**
- **Health Care Pooling + Plan Design**



# *Capacity Partners*

- Ohio Education Computer Network
- Education Service Centers
- Ohio Community Colleges and Universities
- Counties and Municipalities



# *Devil in the Details*

- Competing public interests have created a new budget normal
- Governance
- Focus on Standards
- Task Discipline



# *How We Deliver Results*

The greatest influence of discipline is to repress the weaknesses which grow out of individuality.

C. BURNETT, *Training in Night Movements*

Some people regard discipline as a chore. For me, it is a kind of order that sets me free to fly.

JULIE ANDREWS

