

Time for Ohio's Leaders to be Bold

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Ohio cannot afford more nibbling at the margins of our problems. We should heed the words of Ronald Reagan, who demanded "a banner of bold colors - no pale pastels."

For too many years, Ohio politicians have painted in pale pastels. This timidity has led them and news media to characterize minor changes as big reforms. It is time to be bold.

Reports suggest that Republican leaders in Ohio prefer maintaining "defined benefit" plans for government employees to the "defined contribution" 401(k) plans that the vast majority of Ohioans have.

Is "reform" tweaking the pension system by raising the retirement age for some public employees from 52 to 57? Basing pension formulas on the average of the highest five years of earnings instead of the current three years? Continuing to allow workers to double-dip by collecting concurrent paychecks from government-funded sources? That isn't reform.

Michigan instituted real reform when it eliminated defined-benefit pensions for all new state workers in 1997. A similar change in Democrat-led Illinois took effect this month.

There is talk of reforming Ohio's collective-bargaining law to eliminate public employees' right to strike and engage in binding arbitration. Both reforms are solid steps, but neither will bend down the cost curve to the degree needed to realign government pay packages.

About one-third of government contracts in Ohio involve bargaining units, generally in the area of public safety, that already are prohibited from striking. Since 2000, units that represent just 3 percent of all contracts have issued notices of intent to strike. And of those, a mere 43 units - about one-half of 1 percent - actually struck. Eliminating a right that is not used won't result in significantly reduced compensation.

Likewise, only about 2 percent of contracts went to binding arbitration over the past decade (among the 14 percent that went to fact-finding). Ending binding arbitration is a good idea: Government can't afford an arbitration decision that forces it to raise taxes or cut programs to fund compensation packages.

But real reform - similar to what Wisconsin's new governor, Republican Scott

Walker, seeks in his state - would be full repeal of Ohio's collective bargaining law, which was passed in 1983 on sheer Democratic muscle.

Some critics call repeal a right-wing idea. But no less a stalwart liberal-progressive than President Franklin Roosevelt opposed giving government workers the right to bargain, realizing the cost-driving problem it created.

In Ohio, pay cuts for public employees should be one of the first acts at the state and local level. Without such cuts, the compensation cost curve will bankrupt governments or require large tax hikes.

Five-year budget projections for Ohio's 613 school districts suggest a combined shortfall of more than \$7.6 billion. By 2015, compensation costs are on track to eat up 96 percent of all revenue in these districts.

But if districts reduced pay packages by 10 percent this year, and limited future increases to the historical inflation rate of 3.2 percent, the \$7.6 billion shortfall would become a \$1 billion surplus. That would enable school districts to soften the impact of expected cuts in state aid to education.

Supporting the economic freedom of workers not to join a union appears low on Ohio's priority list. But business owners will tell you that giving workers their freedom would do more to revive Ohio's job market than any other policy change.

From 1990 to today, Ohio's private sector netted a pathetic 113,500 new jobs, the fourth-worst rate of increase among all states. Of 10 major industries in our state, five have fewer jobs today than in 1990, and four have fewer jobs than in 2000.

The 15 states with the worst percentage job growth in the past two decades are all forced-unionization states. We must realize it is 2011, not 1911.

If Ohio politicians enact nothing else this year but these changes, they will be remembered as leaders who saved our state. If they act timidly, they will be forgotten.

More immediately, the Ohioans who donated millions of dollars to elect them and the voters who gave them power last November will seek accountability in 2012. Our leaders need to paint boldly, or Ohio will remain a pale patient in the intensive-care ward of states.

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