



Trustees and Consolidation: Doubtful Savings, Real Costs



## Op-Ed Release

*For immediate release (687 words)*

**by Ron Reinking, CPA**



The coming Indiana legislative session will be historic in that it takes up the founding structure of government itself. Legislation will be introduced that would meld the township functions into a uniform structure governed solely by County officials — an idea that promoters would like you to believe is a simple matter of efficiency.

This would follow the recommendations of the Kernan-Shephard Commission. The prevailing wisdom of this move is the hope that centralization would “improve efficiency and reduce costs.” This presumption, central to the purported change, is dubious at best and has little, if any, meaningful and definitive empirical support.

Moving from a concept to a significant change in government structure is difficult. Overcoming legislative hurdles are formidable. To assist in this endeavor, the services of a public relations firm, MySmartgov, was employed and is supported by the Chamber of Commerce, the Board of Realtors, economic development partnerships, unions and other interested institutions promoting consolidation. Their website publication would tend to substantiate the lack of serious study supporting the contention of efficiency and reduced costs with consolidation.

In the FAQ portion of the promotion the question was posed: “What cost savings are expected as a result of the recommendations?” The answer: “There simply was not time to produce cost estimates given the short time frame allowed to develop the commission’s recommendations.”

This is a devastating admission considering the hundreds of thousands of dollars spent in support of this proposal.

In 2005, the state legislature commissioned the Indiana Policy Review, a publication devoted to the financial and economic workings of Indiana governments, and Dr. Sam Staley, a published authority on state and municipal governments, to conduct a survey of experts in the field of urban planning. They were asked to respond to the financial implications of consolidating city/township/county governments with specific attention to be given Indianapolis and UNIGOV.

Of the academics responding, based upon their studies, there was no consensus there would be cost savings resulting in merging governmental units, and it was unlikely there would be any tax savings. In addition, several of the respondents expressed concern that "cost(s) would increase significantly as lower paid county and small town personnel were merged into the larger departments and salaries adjusted upward". This is known as the "negotiating up syndrome" and it is and will be prevalent throughout the state in any consolidation process.

UNIGOV is commonly believed to be a progressive move to incorporate efficiencies and cost savings by the consolidation of governmental units in Indianapolis and Marion County. In fact, the 1970 measure should be understood as a minimal consolidation of city and county governments, one that did not attempt to combine complex services or those requiring large numbers of employees.

Nonetheless, In 2004 a study was undertaken called "Indianapolis Works" that attempted to show savings that could be realized by completing the consolidation of the remaining services. The report concluded that it would result in \$36 million in savings for the taxpayer.

Suspecting a political bias, however, the state legislature commissioned a municipal consulting firm, Reedy & Peters, CPA's, to examine the conclusions of the "Indianapolis Works" report. The firm concluded that the original report grossly overstated the savings of consolidation as reported to the legislature and the media. They could only document about \$5 million in real savings, much of which was comprised of basic sharing of services previously known.

A finding regarding townships was particularly revealing. The original report prepared for the legislature and media purported savings of \$5.6 million. The actual documented saving of township consolidation, however, was \$650 thousand, a fraction of that advertised. It is unlikely statewide consolidation of townships would produce a different result.

While the UNIGOV experiment is heralded as a model of efficiency resulting in taxpayer relief, a recent article in Forbes Magazine concluded differently. A study of all major U.S. cities reports that consolidated Indianapolis is the fifth most taxing city in the nation using standardized criteria.

Legislators should be aware that the consolidation of township services will result in minimal or even dubious savings for taxpayers at the expense of personal attention and accountability — a reckless restructuring of government that men of community responsibility should find untenable.

*Ronald R. Reinking, a CPA an adjunct scholar with the Indiana Policy Review Foundation, owns an accounting firm in Fort Wayne and has written extensively on the topic of consolidation and economic development. He serves on his county's consolidation study commission.*

---

**EDITORS AND REPORTERS** who need access to the foundation's archive of journals and research papers should register [here](#) .

The Indiana Policy Review Foundation, Inc.  
Mailing address: PO Box 5166, Fort Wayne, IN 46895  
Telephone: 260.417.4094

Copyright (C) 2009 The Indiana Policy Review Foundation, Inc. All rights reserved.

The Indiana Policy Review Foundation is a nonprofit education foundation focused on state and municipal issues. It is free of outside control by any individual, organization or group. It exists solely to conduct and distribute research on Indiana issues. Nothing written here is to be construed as reflecting the views of the Indiana Policy Review Foundation or as an attempt to aid or hinder the passage of any bill before the legislature or to further any political campaign.