

Cleveland  
MAGAZINE

# COMMUNITY LEADER

NORTHEAST OHIO'S VOICE FOR COMMUNITY PROGRESS

AUGUST 2016




**AUGUST NAPOLI**  
UNITED WAY OF  
GREATER CLEVELAND



**MARY FRANCES  
BISSELLE**  
HATHAWAY BROWN



**JON PINNEY**  
KOHMAN,  
JACKSON & KRANTZ

A large photograph of Joe Hinrichs, President of The Americas at Ford Motor Company, smiling and standing in a factory. He is wearing a dark suit, a light blue shirt, and a red patterned tie. Behind him is a red Ford vehicle on an assembly line. In the background, there are industrial lights, a speed limit sign for 5, and some digital displays.

# WHAT FORD MEANS TO CLEVELAND

**JOE HINRICHS**

President, The Americas  
Ford Motor Company

**PLUS**

THE ART MUSEUM'S  
**NEXT 100 YEARS**

THE CASE FOR  
**REGIONAL  
PARTNERSHIPS**

SPECIAL REPORT  
**LAKEFRONT 2016**



# Town Hall

Town Hall is a forum for ideas, opinions, proposals and trial balloons designed to stimulate thought and promote a better Northeast Ohio. All submissions are the responsibility of the authors alone; Community Leader is agnostic on the subjects expressed — unless, of course, we decide to weigh in with our own two cents. Get a conversation going by sending your submissions to [townhall@glpublishing.com](mailto:townhall@glpublishing.com).

## Warning: Economic Erosion Weakens Shores of Lake Erie

By Jim Trutko and Doug Magill

Cuyahoga County hosts two-thirds of metropolitan Cleveland's business base, encompassing more than 37,000 firms and 620,000 workers.

Unfortunately, those numbers represent a 10 percent decline from 2001, and the county loses 100 companies per year.

Election season engenders much talk about jobs but little discussion of what it takes to create and sustain employment in our county. Each company employs an average of 18 workers, and an increase of 1 percent in employment would require 350 new businesses hiring 6,000 workers.

The Kauffman Foundation ranks metropolitan Cleveland 35th of 40 areas in startup activity. This is an acute problem as over the last 10 years annual business creation has dropped from 2,800 to 2,300.

Local governments do not create economic activity and meaningful jobs. They do create disincentives, which discourage business formation and drive companies away. These losses and the

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low rate of startup activity indicate that within Cuyahoga County we are failing to create a safe, predictable and dynamic environment that nurtures entrepreneurship and encourages enterprise formation and growth.

There are national headwinds that are hurting our region right now: The slowest recovery from recession in history, the complex and job-killing mandates of Obamacare, increased financial regulation resulting in lower lending to startups, the highest corporate tax rate in the world, increased taxes on dividends and capital gains and an explosion in regulation that increases business costs.

Adding to that burden, Mayor Jackson wants to raise the city income tax to 2.5 percent, which would make Cleveland in the top 5 percent of the 600 Ohio cities with income taxes. Cuyahoga County also has the highest sales tax in Ohio with a property tax burden in the top 10 percent nationally.

Other regions have shown that high taxes ameliorated by good services can enable business development, but Cuyahoga County provides mediocre services delivered by indifferent, well-paid public employees with job security and little incentive to improve.

Cuyahoga County's budget of \$1.4 billion (over \$2,600 per household), has theoretical goals and performance metrics buried in its 246 pages. Yet no attempt has been made to evaluate the



county's performance to goals, and there is little systematic effort to improve services. It has excessive real estate holdings and is involved in other extraneous activities, such as parking garages, which should be sold to allow it to focus on its essential mission.

Some regional assets are not well managed, including three badly run and money-losing airports. We have a port that exports only 3 percent of its tonnage capacity and can't manage dredging operations. The Global Center for Health Innovation costs the county over \$20 million per year without any major accomplishments. Our convention center does not appear to have attracted the promised number of events, but this



can't be verified as it does not publish statistics on occupancy and utilization.

We have more than 30 miles of lake-front, an asset having incredible potential but little current job-creating value. Cliffs and private ownership limit some access, but the remaining areas are barricaded by five local governments, county and state bureaucracies, the sewer district, the port authority and federal agencies including the EPA, FAA and Army Corps of Engineers. County government has not proposed wading into that thicket of conflicting jurisdictions to clarify and develop one of the most strategic and defining assets in the country.

To gain jobs we have to create an environment that encourages business formation and development. That requires not only lower taxes and a reduced regulatory burden but also a passion about the core mission of government, which includes acceptance and encouragement of enterprise.

Several years ago a world-class yacht manufacturer wished to expand and consolidate operations. The owners felt that their company would be a great symbol for the area and the location would enhance their marketing. Tax concerns and the incessant queries of the bureaucrats in government agencies wore the company's executives down with incessant demands for compliance to petty rules and the desire to dictate workforce composition and makeup. We lost a potential symbol of Cleveland's growing dynamism and international visibility.

In welcoming international guests and the media this summer, we should remember that they should leave feeling this is not only a great place to visit, but also a wonderful place to do business.

**JIM TRUTKO** is a local economist and market research professional.

**DOUG MAGILL** is the communications director for the Republican Party of Cuyahoga County.

# Partnerships are Key to Educational Success

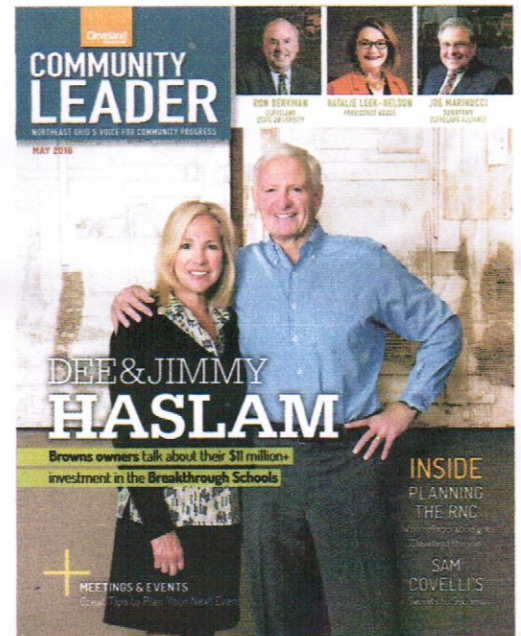
By Alan Rosskamm

**T**hank you for *Community Leader's* article highlighting Dee and Jimmy Haslam's incredibly generous investment in the children of Cleveland and Breakthrough Schools [May 2016].

The Haslams and other philanthropy-minded leaders across our city have been an integral part of extending Cleveland's renaissance to our neighborhoods through the transformative power of high-quality schools. They are investing in a bold strategy — the Cleveland Plan — that abandons the traditional charter versus district fractionalization and focuses on what's best for kids. Breakthrough Schools is honored to be a partner with Mayor Jackson, Cleveland Metropolitan School District CEO Eric Gordon and philanthropists across our city working to replicate Cleveland's best district and public charter schools to serve more children.

Since Breakthrough Schools was formed as a nonprofit organization in 2010 by the leaders of three of Cleveland's top-rated schools — Citizens Academy, the Intergenerational School and E Prep — we have grown to serve over 3,300 children in 11 schools across our city. This August, the opening of E Prep & Village Prep Willard in the Cudell neighborhood will help bring our student population close to 4,000. Since public charter schools receive much less public funding than traditional public schools and virtually no public funding for school buildings, generous contributions like the one Dee and Jimmy Haslam made are helping Breakthrough Schools partner with the Cleveland Metropolitan School District to ensure families in every Cleveland neighborhood have access to a high-quality school.

The closeness of Breakthrough Schools'



partnership with our local school district is unique, as is our structure. Breakthrough Schools offers four distinct approaches ranging from multi-age, developmental classrooms to a nurturing, structured model. While the approaches of our academic leaders are different, they are united in the belief that in the right school environment every child can thrive. Having a variety of options within a single public charter school network has allowed us to meet the diverse educational needs of different children, attract a wider range of quality teachers and open new schools more quickly. Our goal is to work in partnership with the district to grow to serve more than 7,000 children in 20 schools by 2020.

Thanks to the ongoing generosity of the Haslams and other civic leaders across Cleveland, we are well on our way toward realizing our vision of a high-quality school in every Cleveland neighborhood.

**ALAN ROSSKAMM** is the CEO of Breakthrough Schools.