

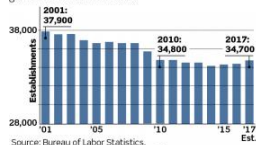
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Personal view: Was reform successful in Cuyahoga County?

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Cuyahoga County private establishments

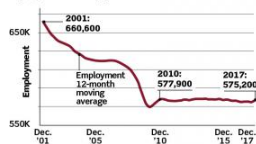
Number of private business establishments in Cuyahoga County has not increased since county government reform in 2010.



Source: Bureau of Labor Statistics, Quarterly Census of Employment and Wages. Note: Establishments are individual locations, like manufacturing plants, warehouses, offices or retail locations.

Cuyahoga County employment

Average county resident employment has fallen slightly since county government reform in 2010.



Source: Bureau of Labor Statistics, Local Area Unemployment Statistics. Data analysis by James M. Trutko.

At a superficial level, it appears the county has recovered somewhat from its recessionary trough and received more favorable publicity. It is more difficult to see real long-term progress in two key metrics for measuring the success of economic development: the number of businesses and the number of persons employed.

On Nov. 3, 2009, two-thirds of Cuyahoga County voters approved a reform of Cuyahoga County government. Voters hoped fundamental reform would stem rampant county corruption, strengthen political accountability and improve the county's economic growth. Nearly a decade later, it's time to assess how successful the reform was.

On the corruption front, some of the worst offenders — former county commissioner and Democratic Party chairman Jimmy Dimora and former county auditor Frank Russo — were convicted and some progress has been made. At the same time, however, some warning signs have emerged. Sharon Sobol Jordan, the first chief of staff for Cuyahoga County Executive Armond Budish, received a sweetheart deal to complete her executive MBA and left the Budish administration soon after completing her degree to take over a nonprofit. The county's economic development and IT departments are both being investigated by local corruption investigators.

Voters also imagined the reform would lead to more competitive county elections and greater political accountability. Unfortunately, in the most recent primary, Budish was unopposed, and only two of the seven county council seats were contested. In the upcoming general election, none of the seven county council races are contested and Budish will be contested by a last-minute candidate, Peter J. Corrigan.

Has the reform effort been successful in terms of jobs and economic development? At a superficial level, it appears the county has recovered somewhat from its recessionary trough and received more favorable publicity. It is more difficult to see real long-term progress in two key metrics for measuring the success of economic development: the number of businesses and the number of persons employed. Cuyahoga County has performed poorly relative to other areas and is not getting its share of business or employment growth.

The number of private business establishments in Cuyahoga County decreased from 38,000 in 2001 to 34,800 establishments in 2010, according to the Bureau of Labor Statistics. In 2017, despite the national economic recovery, the completion of the convention center, the Republican Convention and the Cavs championship run, the number of business establishments in Cuyahoga County was still about 34,700. To put the business establishment numbers in perspective, the

number of private business establishments in Cuyahoga shrunk by 8% over the 2001-2017 period, while the rest of Ohio grew by 5% (and Ohio is not a fast-growing state.)

The story is slightly worse when the success of reform is measured by job creation for county residents. In 2001, Cuyahoga County had an average of 660,600 residents employed. The county averaged 577,900 in 2010 and 575,200 in 2017. From 2010 to 2017, the "reform" resulted in a continued job loss in Cuyahoga County, while employment in the rest of the state grew by 5%.

It might be unfair to pin Cuyahoga County's poor performance on county government when major structural changes are occurring in the national economy. The reality is that local governments do not create economic activity and meaningful jobs themselves. However, Cuyahoga County employs 7,500 employees, owns \$800 million in public facilities, and spends \$1.5 billion to create an environment that supports entrepreneurial activity, business formation and job growth. The employment losses and low rate of startup activity indicate that reform has failed to create the economic climate that creates economic opportunities for businesses and individuals in Cuyahoga County.

What does Cuyahoga County need to do to recapture the promise of reform and its benefits?

First, voters must restore political accountability by rejecting candidates with checkered records of political opportunism and supporting new candidates with new ideas. When candidates are re-elected without opposition and no political punishment is meted out for incompetence or failure, government is unlikely to improve. In this November election, the only countywide race in which voters can make a statement is the race for county executive. A sizable vote against Budish might be interpreted as a vote for change and encourage more challengers in the next election. It might also energize council incumbents, the county bureaucracy and the plethora of boards and commissions to avoid tax increases and demand better job performance from well-paid public employees with job security and little incentive to improve.

Second, the county's new economic development plan must be radically different from the last one by focusing on actions needed to create an entrepreneurial climate, rather than on workforce development. The county needs more entrepreneurs and business owners to invest in businesses in Cuyahoga County, thus creating a strong job market that will make workforce development initiatives more successful. In addition, the county needs to improve retention and expansion services to engage with businesses directly rather than to delegate business contact to a hoped-for "collaboration" of other nonprofit organizations and foundations.

Only if Cuyahoga County elevates new leadership and takes a different path will it begin to create a safe, predictable and dynamic environment that nurtures entrepreneurship, encourages enterprise formation and creates economic opportunities.

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