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Four copies of the manuscript should be submitted to the appropriate Editor. Clear photo copies are acceptable. The manuscript should be clean copy and typed double-spaced. Materials oriented on computer wordprocessing systems are acceptable.

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Notes and references should be on separate pages rather than in the text. Consult this issue of the Ohio Journal of Economics and Politics for the style used in attribution of references.
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Neither the editors and their institutions, nor the Ohio Association of Economists and Political Scientists, assumes responsibility for the views expressed by the authors.
PARTY, POLICY, AND ROLL-CALL VOTING IN THE OHIO HOUSE OF REPRESENTATIVES

James W. Lindeen, The University of Toledo

As a ranking member of the Ohio House of Representatives has put it, the General Assembly makes more decisions of greater importance to the daily life of Ohioans than does the United States Congress. Yet the literature on Congress and our understanding of that institution both surpass our knowledge of the legislative process at the state level. This is not to deny that a number of fine studies of individual legislatures are to be found. The multi-state study that culminated in The Legislative System was at the cutting edge of the behavioral movement almost three decades ago (Wahlke, Eulau, Buchanan and Ferguson, 1962); and a series of manuals sponsored by the American Political Science Association presented worthwhile material on California (Fisher, Price, and Bell, 1971), Iowa (Wiggins, 1971), Pennsylvania (Wise, 1971) and a dozen other state legislatures. Then too, the standard textbooks on legislative process have come to devote more attention to state level politics than once was the case. (E.g., Jewell and Patterson, 1986; Keefe and Ogul, 1985.) More recently, there have been insightful monographs on California (Muir, 1982) and Illinois (Van Der Slik, 1986), as well as the excellent comparative work by Alan Rosenthal (1981). The pages of Legislative Studies Quarterly also enrich a growing literature in the field. Nevertheless, in comparison to the attention that the U.S. Senate and House of Representatives receive, the literature on American state legislative politics seems undernourished when seen in the light of the importance of the topic.

The level of scholarly attention given to the Ohio General Assembly reflects the national picture. Textbooks on Ohio government have offered chapters on the legislature that tend toward the legalistic and the structural in their accounts of the body's powers and status. (E.g., Aumann and Walker, 1956, pp. 63-85, 95-99; Rose, 1974, pp. 313-339.) This is true also of the very useful book by Thomas Manual, which is the Ohio volume in the A.P.S.A. state legislative studies series. (Manual, 1985.)

Yet, while there is no book-length post-behavioral study of Ohio legislative politics in its own right, a number of provocative shorter analyses are in print. Many of them concentrate on political processes within the General Assembly itself. The outdated but still interesting studies by Harvey Walker in the 1920s and '30s found that interest groups were more likely to be sources of bills than were either individual members or the administration, and that interest group-originated measures closely trailed those of the administration in terms of their rate of enactment. (Walker, 1929a, 1929b, 1939, as cited in Aumann and Walker, 1956.) In our own time, Thomas Flinn has examined the relatively high levels of competition and cohesion in Ohio legislative parties (Flinn, 1960); and explored the mitigating effect of constituency on the state's legislative partisanship (Flinn, 1964). High marks have been given to the Assembly in terms of its patterns of recruitment, voting bloc structures, roles, group attachments, and opportunity for the majority to work its will (Flinn, 1972). This same scholar also has examined the legislature's development across the period 1949-1969 (Flinn, 1973). Spratley examined the legislative role in constitutional change. (Spratley, 1972.) Doctoral dissertations have used cluster block and multidimensional scaling methods to examine the factors affecting party cohesion in the Ohio House of Representatives (Chance, 1970), and to compare party and constituency as predictors of roll-call voting behavior (Basehart, 1972).
What of the relationship between the legislature and other institutions of state government? H. Kenneth Hibbeln has contended that legislative decision-making in Ohio, with one important exception, tends to be diffuse. This is because Ohio's administrative structures are fragmented into departments that reflect the socio-economic divisions of the state. Since its committee structure reflects those same social structures and is designed to interface with each administrative unit, legislative decisions also are fragmented. A major exception was found, however, in the budget process as it has evolved since 1973. The biennial omnibus appropriations bill requires the two chambers to take a broader perspective on policy-making than usually is the case. "In this legislative mode the more important decision-makers are the House and Senate leaders who have perspectives that bear more resemblance to those of the governor. . . . [and some of whom] consider themselves in training for the governorship." (Hibbeln, 1983, p. 200.)

The purpose of this study is to examine the importance of partisanship on the policy process in the 1985 session of the Ohio House of Representatives. In addition, it compares the impact of party with that of other factors that might make for the more "diffuse" decisional process that Hibbeln has discerned.

I. CONTRASTING HYPOTHESES ON PARTISANSHIP

Party has always been significant in American legislatures; but students of congressional politics agree that constituency pressures, committee recommendations, executive leadership, cues from valued colleagues, and lobbying all vie with partisanship as determinants of legislative behavior. (E.g., Clausen, 1973; Matthews and Stimson, 1975.) Nevertheless, the homily persists among political scientists that "party may not explain all that much about legislative behavior, it is still more important than whatever else is in second place." The importance of party in legislative life also varies from one state to the next.

At the one extreme, there are ten to fifteen states where party conflict plays an important role in legislative politics. Often these are the more populous, urbanized and industrialized places like California, New York, Illinois and New Jersey. At the other, there are one-party systems where partisan division is replaced by intra-party factionalism, the politics of personality, and intra-state sectionalism. (Jewell and Patterson, 1986, pp. 140-143.)

Two opposing views can be deduced about the degree of partisanship in the Ohio House of Representatives. On the one hand, Hibbeln's analysis suggests a heterogeneity of voting interests and a lack of partisan contention. If committee structures in the House do reflect administrative heterogeneity, and if those committees have been able to develop an institutional significance of their own from long-serving members or staff expertise, then party discipline should suffer. As Jewell and Patterson have put it in the national case, the "weakness of the party system in Congress results directly, although not entirely, from the independent strength of committees." (Jewell and Patterson, 1986, p. 142.) Strong committees represent a force that diffuses the ability of party leaders to live up to their titles. Beyond this, one might anticipate finding political cleavage based upon a Cleveland-Columbus-Cincinnati "axis," a split along urban-suburban-rural lines, factions based upon intra-party conflict within both the Republican and Democratic parties, or disagreements based upon legislative organizational considerations.

A competing view leads us to expect a high degree of party regularity that would subdue local interests. John Fenton, in writing many years ago about midwest politics, regarded Ohio (together with Indiana and Illinois), as possessing a partisan tradition that can be traced to the Civil War era. (Fenton, 1965.) Much more
recently, Jewell and Patterson have concluded that Ohio has been one of the three or four most legislatively partisan states over the period 1965-1986. (Jewell and Patterson, 1986, p. 114.)

Roll-call analysis can help us to reconcile these conflicting points of view. In the present study it allows us to measure the degree of partisanship in the House and to examine the dimensionality of voting that existed among the major issues of 1985. Correlates between Member voting patterns and their constituency, political, and personal characteristics can also be seen. Before proceeding to any analysis, however, it is imperative to consider the sorts of issues that confronted the House of Representatives at that time.

II. ISSUES AND PARTISANSHIP IN THE OHIO HOUSE, 1985

Many issues came before the House in 1985. Some 776 bills were introduced that year, or just under eight per member; and one is struck by their diversity. Usually the most important piece of legislation in any biennium is the omnibus appropriation bill—in 1985 it was H.B. 238—for it is the sine qua non of spending for most state agencies. This traditionally contentious measure was "a piece of cake" in 1985, however, because it was overshadowed by the financial crisis brought on by the collapse of Florida-based ESM Securities. The financial crisis that ensued reverberated throughout Ohio and threatened the investments of thousands of depositors in certain savings and loan institutions. The crisis also raised questions about a major financial supporter of the Governor and the adequacy of Ohio's independent savings-and-loan guarantee fund. The final plan to remedy the situation opened the way for the political acceptance of reciprocal interstate banking. Major attention was directed also to the politically volatile issue of notice of juvenile abortion—a bill that Governor Celeste permitted to become law without his signature.

Some 432 roll-call votes were taken in the Ohio House of Representatives in 1985. Figure 1, reported below, shows that the preponderance of the votes were decided by lopsided majorities in which nearly all of those voting were on the winning side. Because analysis is best performed on roll-calls having the closest divisions and as many members voting as possible, the Riker Index of Significance was used to rank-order the roll-calls in descending order of salience. (Anderson, Watts and Wilcox, 1986.) Owing to statistical problems in treating tables with few cases per cell, only roll-calls with more than ten members on the losing side were considered for inclusion.

FIGURE 1
PERCENTAGE OF MEMBERS ON WINNING SIDE

<table>
<thead>
<tr>
<th>Percentage of Members Voting On Winning Side</th>
</tr>
</thead>
<tbody>
<tr>
<td>51-60</td>
</tr>
<tr>
<td>50</td>
</tr>
</tbody>
</table>
The final constraint in selecting items was that, in order to avoid flooding the analysis with votes from bills that might be subjected to repeated voting, only the single most salient vote on any one bill was included in the dataset. An Appendix to this paper summarizes the topics of the sixty-three roll-calls that were included in the dataset, their marginal outcomes, and their Riker indexes of salience.

One approach to assessing levels of legislative partisanship is at the aggregate level, where one determines the proportion of votes that are party opposition roll-calls—those where a majority of Democrats vote in opposition to a majority of Republicans. In the U.S. House of Representatives this proportion ranged between thirty-three and fifty-six percent in the nine years before 1985, with a mean of forty-one percent. For the Ohio House in 1985 it is estimated that only eleven percent of the 432 record roll-calls were party unity votes.2 According to this criterion, then, the level of partisanship is far lower in Columbus than in Washington. Congress, however, employs a Consent Calendar that allows it to avoid voting on the many non-controversial, non-partisan measures that must receive a recorded vote under Ohio law. Nevertheless, it may be that there are more non-controversial issues at the state level than there are nationally.

A much more partisan picture of Ohio House politics appears at the individual level of analysis. Following the method of Congressional Quarterly, party unity and party opposition scores can be computed for members of each party based on the twenty-four party unity roll-call votes found in the dataset. (See, for example, Congressional Quarterly Almanac, 1984, p. 26-C.) Party unity scores for each member are simply the percentage of times that they vote "yea" or "nay" in agreement with a majority of their party. Conversely, party opposition scores are the percentage of times that members vote against their party on those same twenty-four part unity roll-call votes. In both cases, failure to vote lowers the member's score. As Table 1 shows, Ohio state representatives were from six to nine percent more loyal in 1985 (and from seven to eight percent less disloyal) to their party groups than were members of Congress on average during the time span 1976-1984.

TABLE 1
COMPARISON OF PARTY UNITY AND OPPOSITION SCORES,
OHIO AND U.S. HOUSES OF REPRESENTATIVES

<table>
<thead>
<tr>
<th></th>
<th>Ohio (1985)</th>
<th>United States (Mean, 1976-84)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Party Unity Scores</td>
<td>79</td>
<td>77</td>
</tr>
<tr>
<td>Party Opposition Scores</td>
<td>13</td>
<td>17</td>
</tr>
</tbody>
</table>

https://collected.jcu.edu/jepl
DOI: 10.59604/1046-2309.1083
III. PARTISANSHIP AND THE DIMENSIONALITY OF ISSUES IN 1985

Partisanship is important in at least eleven percent of the votes in the Ohio House, and certainly too in more than a third of the 63 roll-calls that were selected for this analysis. But partisanship cannot be the only factor in House voting, for we know from Figure 1 that nearly nine out of every ten roll-calls are not party unity votes. Principle components analysis was used in order to discern more clearly the additional bases for division among the members. (Norusis, 1985, pp. 125-163.) Although nine of the 101 members on the roster of the 116th House were deleted because of missing responses, voting participation for those who remained was ninety-eight percent. Dichotomous coding was used ("Yea" = 1; "Nay" = -1), with missing responses reported as zeroes. The measure of association was Cramer's V. (The table of factor loadings of the sixty-three items, after orthogonal varimax rotation, is available from the author.)

Although sixteen factors with eigenvalues greater than 1.00 were extracted, the overall solution was dominated by a single factor with an eigenvalue of 19.84. This first dimension accounts for 31.5 percent of the variance in the data matrix. Ten votes have factor loadings in excess of .70 and eight more load at levels between .50 and .70. Many of these items are among the most salient votes at the top of Table 3. Two of the three roll-calls that load most heavily on this dimension are items V15 and V17--votes on parliamentary rulings--where party-as-institution promotes Member party loyalty. Other votes that load heavily on this first factor involve either appropriations (V5) or the regulation of financial institutions (V10, V13, V11, and V34).

The interpretation of factor loadings is always problematic; and it is advantageous to calculate factor scores for individual members and to correlate these with the legislators' constituency and political characteristics. The results of this work are shown in Table 2, which displays correlations between Member scores on each of the four dimensions and various constituency and individual characteristics.

TABLE 2
CORRELATIONS BETWEEN FOUR PRINCIPLE COMPONENT SCALES AND SELECTED CONSTITUENCY AND MEMBER CHARACTERISTICS

Here again the primacy of party identification is seen clearly. Party membership perfectly splits Factor I. No Member with a scale score of more than .14 is a Republican, and none with scores below that are Democrats. The other significant correlations are owing to the fact that districts represented by Democrats have lower levels of formal education, lower income, and more racial minorities. Among the Members themselves, all of the Blacks are Democrats, and Democrats are somewhat more supportive of their party and are more likely to regard themselves as "full-time legislators."

Factor II shows a different sort of partisanship. Only six roll-calls load at .50 or more on it, and only two exceed .707. They concern later corrections to the omnibus budget bill (V43) and an appropriation for housing for the poor (V50), as well as economic development, emergency medical service accreditation, tenants' rights, and competitive bidding. Although the items that define this second factor are drawn from the less contentious votes, separate analysis of the two party delegations shows Republican party loyalty for the forty Republicans alone to correlate with Factor II at a level of -.40--clearly the strongest correlation found anywhere and at any level for Scale II. And just as Factor II reflects Republican party unity, re-examination of the first factor shows that it also assessed party unity for the Democrats.
These initial two factors offer an interesting juxtaposition. Both reflect partisanship. But while Factor I specifies party opposition between the two parties, it also assesses party unity for the Democrats. Factor II lacks the party opposition thrust—the opposition of Democrat to Republican—but it adds the concept of intra-party loyalty for the G.O.P. Apparently the two parties are attracted to different aspects of policy conflict. It is as though each appeals to a different public or to a different constituency. Hauge's study of voting in the 1986 Michigan legislature shows a similar attraction of Democrats and Republicans to somewhat different sets of issues in that state as well.

The remaining two factors are small by any definition. The only zero-order correlations of significance for Factor Scale III are for urbanization (r = .23) and pre-House political experience (−.20). With one exception, all women members were from urban areas; and generally these representatives ranked somewhat lower in terms of previous political office-holding. Separate analyses of the party delegations, however, shows a correlation of .39 between scale scores and being female among the Democrats. Here is evidence that women members—particularly Democratic women—are attracted to the issues of retirement, long-term nursing care, and assault prevention that are included in this third principal component. Their representation of more manufacturing-related districts may explain their concern with “Buy Ohio” and import quota issues.

That sixteen factors with eigenvalues greater than 1.00 were obtained points up something else about the Ohio House. A number of roll-calls attract the support of only a few members who identify strongly with one or two specific votes. Factor IV appears to be one of these and has something to do with the regulatory process. A sixth factor (not reported above) pertains to alterations in the criminal law and attracted a half-dozen advocates. This fragmentation of member support across a wide range of non-partisan issues may be a characteristic of strongly partisan legislatures like Ohio's.

IV. PARTY STRENGTH AND PUBLIC POLICY IN OHIO

It is easy both to underestimate and to overvalue party conflict in legislative politics. Most issues lack a party label or a natural partisan identification. They may be mundane or ministerial in nature, and they may be decided solely on the common sense judgments about which reasonable men and women can agree. The requirement that there must be a record roll-call generates large numbers of votes that only show unanimous approval. Visually, we see this consensus represented in the upward-sweeping J-curve of Figure 1. At the same time, on those issues in which partisanship does surface, party conflict in the Ohio House rivals and even surpasses that in Congress.

There are several reasons that might be advanced to explain why the Ohio House is as partisan as it is. For one thing, Ohio has the characteristics of strong party states in general—urbanization, industrialization, high levels of education, and high income—and the literature on comparative state politics has taught us to expect states like these to be partisan. Beyond this there is the tradition of party rivalry and the fact that existing partisan structures are able to perpetuate themselves through elite socialization. Still, one must be wary of making too much out of party conflict when party lines are not followed on eighty-nine percent of all votes.

Given Ohio's relatively high level of party conflict, it seems more likely that partisanship will diminish than that it will increase in the House. There are several reasons to foresee this. One might be a strengthened role for legislative committees. Congressional research shows that a strong committee system
diffuses power. As committees grow stronger, both the formal leadership and the political parties that they personify suffer a loss of authority. Generally, there are few state legislatures that display strong systems of committees, however; and we would not expect strengthened committees to develop in a vacuum. Speakers of the House, and most certainly strong ones like Vernal Riffe (D-89th), are not likely to promote institutional changes that will undermine their own power.

A second factor could be a change in the nature of the rank-and-file. The appearance of the full-time legislator who sees public service as a profession may undercut partisan loyalties. On the other hand, canny young politicians may appreciate the value of in-place party organizations that can be real assets in the electoral process. If young, professional, full-time legislators develop policy specialties through their committee positions, however, there might be an interaction between member type and the committee system that could reduce party conflict.

If the costs of running for the House continue to escalate, if television becomes the factor in more House elections that it already is in some of them, and if the members themselves get proportionately less financial support from the party, then this too would diminish party loyalty in the legislature. At present, the ability of Speaker Riffe to raise large sums of money (and to augment the campaign dollars of selected Democrats) is an important factor in maintaining party discipline. Whether his successors in the years to come can mount this same sort of fund-raising effort is an open question.

Fourth, it is conceivable that new growth in professional staffs could diminish partisanship by enhancing the independent judgment of members and of legislative committees. It has been argued in the case of Congress that the protection of committee "turf" is not so much owing to the jealousy of chairmen as it is to zealous staffers who seek to expand the power of their legislative panels.

Perhaps the strongest potential for altering the level of partisanship is the emergence of a new set of policy issues. Economic development is one of these. Ohio has been among the hardest hit of the northeastern industrial states in terms of the decline of its manufacturing base. The demise of the steel industry has had a major impact in Youngstown. Problems in tire manufacturing have affected Akron. Toledo is keenly aware of the need to retain the manufacturing base that it has, and to induce new industry into its metropolitan area. Columbus, perhaps alone among major Ohio cities, is enjoying sustained growth and a bright future.

There is evidence that the struggle over economic redevelopment causes some unlikely alliances. It may be the nature of the politics of industrial decline that labor comes to believe that competitiveness is harmed by inefficiency and that salaries and fringe benefits must be tied in to increased productivity. Labor becomes less likely to strike and more interested in accommodation. Business, for its part, points to what it sees as high levels of taxation, as well as to labor relations, then goes to government for tax abatement schemes. The politics of reindustrialization may be seen as the "politics of cooperation" among labor, business, and government. To the extent that Democrats reflect a union orientation and the G.O.P. speaks for business, one should expect lessened partisanship in this post-industrial era.

ENDNOTES

1. The author would like to thank Vincent Hauge and Beverly Nelson for their comments on an earlier version of this paper, which was presented at the Michigan Political Science Association, Gull Lake, Michigan, October 22-24, 1987. He is grateful
also to Thomas A. Flinn for his bibliographic guidance and insightful comments on Ohio legislative politics.

2. This estimate is based on having found 24 party opposition votes among the dataset of sixty-three retained items. All of these were among the 37 most highly contested roll-calls. Proportionality suggests that there would be 24 more party opposition votes among the other thirty-seven significant divisions of the house that were "redundant" votes on those same bills. In all, it is estimated that there were 48 party opposition roll-calls out of the 432 votes taken, or that eleven percent of all roll-call votes were party unity votes.

REFERENCES


34. ___ Who Writes Our Laws?" State Govt., (Nov., 1939), 12(11), pp. 199-200; 208-209.


TABLE 2
CORRELATIONS BETWEEN FACTOR SCALES AND SELECTED CONSTITUENCY AND MEMBER CHARACTERISTICS

<table>
<thead>
<tr>
<th>Independent Variables</th>
<th>Principal Component Scales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>I</td>
</tr>
<tr>
<td>Constituency Characteristics</td>
<td></td>
</tr>
<tr>
<td>Economic development</td>
<td></td>
</tr>
<tr>
<td>Urbanization</td>
<td>.19*</td>
</tr>
<tr>
<td>Industrialization</td>
<td>-.28**</td>
</tr>
<tr>
<td>Education</td>
<td>-.41**</td>
</tr>
<tr>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Ethnicity: pct. population non-white</td>
<td>.28**</td>
</tr>
<tr>
<td>Electoral competitiveness: pct. incumbent victory, 1984</td>
<td>.02</td>
</tr>
<tr>
<td>Member Characteristics</td>
<td></td>
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<tr>
<td>Demographic characteristics</td>
<td></td>
</tr>
<tr>
<td>Sex: female</td>
<td>.09</td>
</tr>
<tr>
<td>Age: older</td>
<td>-.09</td>
</tr>
<tr>
<td>Race: black</td>
<td>.25**</td>
</tr>
<tr>
<td>Formal educational level</td>
<td>.03</td>
</tr>
<tr>
<td>Partisan characteristics</td>
<td></td>
</tr>
<tr>
<td>Party: Democrat</td>
<td>.92**</td>
</tr>
<tr>
<td>Party loyalty: net party support score</td>
<td>.28**</td>
</tr>
<tr>
<td>Pre-House political experience</td>
<td>-.07</td>
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<tr>
<td>Legislative participation</td>
<td></td>
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<tr>
<td>Full-time legislator</td>
<td>.31**</td>
</tr>
<tr>
<td>Tenure level</td>
<td>.12</td>
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<tr>
<td>Committee leadership</td>
<td>-.09</td>
</tr>
<tr>
<td>Overall leadership rank</td>
<td>-.01</td>
</tr>
</tbody>
</table>

Data source: Constituency data are from Profile Report: House District Profile Series, compiled by the Northern Ohio Data and Information Service, College of Urban Affairs, Cleveland State University.

Note: * indicates significance at the .05 level. ** indicates significance at the .01 level.
### APPENDIX: ROLL-CALL VOTES ANALYZED

<table>
<thead>
<tr>
<th>Roll-Call</th>
<th>Outcome</th>
<th>Win</th>
<th>Riker</th>
<th>Pg.</th>
<th>Bill</th>
<th>Description (Sponsor)</th>
</tr>
</thead>
<tbody>
<tr>
<td>RC1</td>
<td>46-50</td>
<td>52</td>
<td>.95</td>
<td>800</td>
<td>HB 173 Fire dep't promotions (Skeen)</td>
<td></td>
</tr>
<tr>
<td>RC2</td>
<td>52-44</td>
<td>54</td>
<td>.92</td>
<td>800</td>
<td>SHB 220 Living wills (Nettle)</td>
<td></td>
</tr>
<tr>
<td>RC3</td>
<td>54-42</td>
<td>56</td>
<td>.89</td>
<td>220</td>
<td>HB 344 Ag.-linked deposits (Boggs)</td>
<td></td>
</tr>
<tr>
<td>RC4</td>
<td>49-44</td>
<td>53</td>
<td>.89</td>
<td>1052</td>
<td>ASHB 500 Auto inspection/maint. (Orlett)</td>
<td></td>
</tr>
<tr>
<td>RC5</td>
<td>56-40</td>
<td>58</td>
<td>.86</td>
<td>401</td>
<td>SHB 238 Biennial appropriations (Hinig)</td>
<td></td>
</tr>
<tr>
<td>RC6</td>
<td>48-43</td>
<td>53</td>
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Submission to The Journal of Economics and Politics

Note: Roll-Call: Roll-call vote sequence number
Outcome: The number of yeas and nays on the vote
Win Pct: Percentage of members on the winning side
Riker Index: Riker's index of salience
Pg. No.: Page in Ohio House Journal (Daily Edition) where the vote is to be found

Bill Number:
HB House Bill
AHB Amended House Bill
SHB Substitute House Bill
ASHB Amended Substitute House Bill
HCR House Concurrent Resolution
HJR House Joint Resolution

RC41 77-16  83 .51  764  ASB 158 Sunset/Skiing Safety (Sen. St'r)
RC42 76-16  83 .51  310  HB 186 Lower Gold Buckeye age (Hickey)
RC43 81-14  85 .50  1044  AHB 724 Budget bill corrections (Hinig)
RC44 85-12  88 .49  550  HB 276 Lib'z liquor permit elects (Doyle)
RC45 81-13  86 .48  642  SHB 197 Bus. opp'tunity plans (Czar'ski)
RC46 78-14  85 .48 1086  SHB 222 St.Bd.Ed. accredit EMS's (Guthrie)
RC47 88-10  90 .47  288  SHB 160 Cong. districting (Tranter)
RC48 86-11  89 .47  190  AHB 28 Teach self-def., K-6 (PJones)
RC49 79-13  86 .47 1163  HB 257 Students/Univ. trustees (Stinz'o)
RC50 77-14  85 .47 1096  SHB 515 Approp/shelter homeless (Mallory)
RC51 81-12  87 .46  749  AHJR 14 Estab Erie Shore board (Bara)
RC52 80-12  87 .46  244  HB 9 Deadly force/break-ins (Hughes)
RC53 80-12  87 .46 1152  ASB 192 Utility school taxes (Sen. Cupp)
RC54 77-13  86 .46 1095  HCR 16 "Hang On Sloopy" (Unknown)
RC55 75-14  84 .46  623  ASSB 62 Nursing home defibrilators (Sen.Ney)
RC56 85-10  89 .44  412  SHB 8 Admit suppressed evidence (Hughes)
RC57 85-10  89 .44  415  HJR 9 Mach. tool import quotas (Colonna)
RC58 75-13  85 .44  505  SHB 237 Buy Ohio/local gov'ts (Skeen)
RC59 73-14  84 .44  255  SSB 113 Guaranty funds/S&Ls (Sen. Finan)
RC60 79-11  88 .43  463  HB 338 Accomplice testimony (Suster)
RC61 79-11  88 .43  661  SHB 434 Dog & kennel regulation (Guthrie)
RC62 77-12  87 .43  691  AHB 265 Boat license/licor tests (Bara)
RC63 77-11  88 .42  777  HB 5603 % lodging tax/Toledo (Czar'ski)
PUBLIC OPINION IN METROPOLITAN TOLEDO AND THE
REAGAN ADMINISTRATION POLICY TOWARD THE DISADVANTAGED

Ronald Randall, The University of Toledo

INTRODUCTION

President Reagan won over 50 percent of the 1984 presidential vote in Lucas County (Toledo), a remarkable showing for a conservative Republican candidate in a Democratic stronghold. Despite his strong electoral showing and his tele­
genic skills of communication and per­
suasion, President Reagan has been largely unable to develop support there for his social-welfare philosophy.

Scholars will long debate the degree to which the Reagan administration suc­ceeded in fundamentally restructuring our federal system of government in pursuit of its twin goals of privatization of governmental responsibility and devolu­
tion of much of the remaining domestic governmental responsibilities from the national to state and local levels of government. However, there can be little argument about the success of the Reagan administration in gaining major budget cuts in domestic programs, espe­cially those that are designed to assist the poor and disadvantaged. Congress has gone along with about half of the domestic cuts recommended by the Presi­dent. Of course, many of the budget cuts came early in the Reagan administration, particularly with the passage of the Omnibus Reconciliation Act of 1981. Palmer and Sawhill estimate that in FY 1985, federal spending for social programs will be about 9 percent or $38 billion less than under prior policies.

President Reagan has struck a responsive chord in the American public with his criticism of programs aimed at improving the lot of the poor and disad­
vantaged. He seems to have tapped an enormous reservoir of resentment against the national government policy dating back to the New Deal of providing succor to those who suffer the ravages of unemployment, disability, and even old age. It might appear that there is a broad base of support for a fundamental reordering of governmental and private sector responsibilities toward the poor and disadvantaged.

However, a growing body of survey data suggest that many Americans do not share President Reagan's hard-line conservative policies on controversial social issues. Exit polls in 1984 showed a clear coolness toward many Reagan positions—for example, a Los Angeles Times exit poll discovered that only 23 percent of the voters approved of the Reagan-endorsed constitutional amendment to prohibit abortion. Of those who had voted for President Reagan, only 32 percent approved of the proposed amendment. Louis Harris' election-period surveys show that by a 56-40 percent split, Americans agree that "under the Reagan administration the elderly, the poor, and the handicapped have been espe­cially hard hit, while the rich and big business have been much better off."

From survey results, it appears that President Reagan draws his electoral support less from his policy stands than from his persona and from the state of the economy. Declining economies assist, and improving economies hinder, presidential challengers. The U.S. economy in both 1980 and 1984 were good for candidate Reagan, respectively, as both chal­lenger and incumbent.

President Reagan's dramatic social-welfare cuts and his more modest gains in privatization and devolution invite analysis about maintain­ing or furthering these cuts and restruct­uring once he has left office. In other words, do the cuts reflect President Reagan's personal success with the U.S. Congress or do they reflect a larger discontent in the American public with the federal government domestic involvement over the past two generations which will sustain the changes he has begun?
Data for this study come from the December, 1984 UT Metro Poll\textsuperscript{sm}. This survey included a number of questions about President Reagan's social-welfare budget cuts, perceptions about their local effects, and the respondents' assessment of changes in their own behavior which President Reagan's policies of privatization and devolution of federal social-welfare responsibilities seemingly require of American citizens.\textsuperscript{5}

TOLEDO ECONOMY

The Metro Poll was conducted during a period when metropolitan Toledo was still recovering from the recession of 1981-82, which was particularly severe in this area. Unemployment reached levels far above the national rate. Although the national economy enjoyed a robust recovery in 1983 and 1984, the metropolitan Toledo area continued to experience economic problems. Unemployment and welfare levels remained high; the homeless remained visible and of great concern to governmental, religious, and other non-profit social agencies; and other social problems vexed the community.

RESPONSIBILITY FOR ASSISTING THE POOR

Financial assistance and other services for the poor and disadvantaged have traditionally been a responsibility shared by governmental and private, non-profit or charitable organizations. The President has made his preference for reduced governmental activity and greater charitable activity abundantly clear. Early in his administration, he named a Presidential Task Force on Private Sector Initiatives, composed of citizens from business, philanthropy, and religious and civic organizations. The panel was described by a special assistant to the President as part of the Administration's effort "to see that at least some services that will be curtailed by the budget cuts will be maintained with non-Governmental help."\textsuperscript{6}

The sample of metropolitan Toledoans indicated their views on the appropriate balance between the public and private sectors for assisting the poor and disadvantaged. Based on the initial distribu-

tion of attitudes of these respondents, a politician would have trouble altering the existing balance. In Table 1, somewhat less than half the respondents (43.5 percent) feel the present balance between government and the private sector is about right. A tiny group of respondents (1.1 percent) want no welfare at all. Of the remaining respondents, there is an even split (27.7 percent each) between those who think government should assume more responsibility and those who agree with President Reagan that non-profit or charitable organizations should provide assistance and services to the poor and disadvantaged.

Those who have suffered the trauma of unemployment are less likely to share President Reagan's philosophy of privatization than those who have not. Breaking out responses by whether or not respondents have been unemployed during the past 10 years (in Table 1), fewer of those experiencing unemployment feel that the present governmental-private sector balance is about right (34.3 percent) than do their more fortunate counterparts (48.5 percent). Most of the dissatisfaction with the present balance among those who have been unemployed translates into a desire for a greater governmental share of the burden--35.0 percent of this group desires a shift toward greater governmental responsibility for providing services to the poor and disadvantaged, compared to 23.6 percent of those who have experienced no unemployment during this period.

In any breakout separating those who are better off from those who are worse off, there is a larger proportion of the worse-off who favor greater governmental over greater private provision of aid to the poor and disadvantaged. The second breakout in Table 1 depicts this clearly. Those who are satisfied with their financial situation prefer to shift more service delivery to the private sector than to the public sector. A clear majority, however, favor the present balance or a shift to government than favor President
Reagan's preference for a shift to the private sector (34.5 percent). Those who are not at all satisfied with their financial situation prefer to shift more service delivery to the public sector (30.6 percent) than to the private sector (22.2 percent).

Those who favored greater privatization of services to the poor and disadvantaged were asked a follow-up question about funding for privatized services. Results appear in Table 2. For those who favor greater privatization, there is greater consistency with the Reagan administration philosophy among those who have suffered unemployment or whose financial situation is unsatisfactory. They were more insistent than were their better-off counterparts that the private agencies should raise their own monies rather than receive governmental support.

Respondents who favored greater governmental responsibility for services to the poor and disadvantaged were asked a follow-up question about the appropriate level of government to assume the greater responsibility. From Table 3, more than half (58.3 percent) pointed to the federal government; 20.8 percent and 15.6 percent respectively thought that state or local government should assume that greater responsibility.

When we break these responses down by satisfaction with financial situation or experience with unemployment, we find that those who are least satisfied with their financial situation or who have experienced unemployment are more likely to favor the federal government over lower governmental levels to provide services than those whose finances and employment are more secure.

Thus we have a seemingly anomalous set of findings: in the group of respondents facing the most grim financial situation or having experienced a month or more of unemployment during the past 10 years we find one subgroup showing consistency with the Reagan administration philosophy and one subgroup showing opposition to it. The greatest support for the Reagan administration philosophy comes from the subgroup of respondents which is least satisfied with its financial situation or which has experienced unemployment and which favors greater privatization. On the other hand, the subgroup furthest from the Reagan philosophy is the one least satisfied with its financial situation or which has experienced unemployment and favors a shift to greater governmental provision of services for the poor and disadvantaged. This subgroup generally asserted that the federal government should assume greater responsibility for providing services to the poor and disadvantaged.

CHARITABLE CONTRIBUTIONS

In pursuit of his goal to reduce governmental responsibility for the poor and disadvantaged, President Reagan has encouraged religious and other private, non-profit agencies to step up their efforts. He urges Americans to give more generously to their churches and other charitable organizations.7

If Americans fail to increase their giving substantially, his vision of private organizations in the community taking care of the poor will go unfulfilled. When we asked respondents if they are giving more to charitable organizations, 35.8 percent responded affirmatively; however, a substantially larger group (45.6 percent) is giving less (Table 4). Overall, 64.2 percent of the respondents were failing to heed President Reagan's call for greater charitable giving (18.6 had made no change in their giving).

There is an expected relationship between increased giving and family income in Table 4. For respondents with family income over $40,000, 55.4 percent claimed to have increased their charitable giving, compared to 25.5 percent of the respondents with family income under $15,000.

Whether or not respondents had experienced unemployment made no perceptible difference in changes in charitable giving. However, there is a curious relationship between respon-
dents' views about the economic future of Toledo and changes in charitable giving. Those most optimistic about Toledo's economic future were more likely to have decreased their charitable giving (51.4 percent) compared to those least positive about the city's economic future (36.4 percent). It does appear strange that the respondents most optimistic about the community's future would be the very ones to take the action (decreased giving) to make their prophesy self-denying. Either that or their optimism is so unrestrained that they see Toledo's future improving even in the face of their decreased charitable giving. In any event, it is not good news for the Reagan administration when those with the most optimistic view about the economic future of their community are least responsive to the President's grass-roots philosophy of local, charitable contributions in lieu of federal, state or local taxes.

We asked those who increased their charitable giving for their reasons. From Table 5, only 2.9 percent did so because they were responding to the Reagan administration philosophy that the private sector should offset a reduction in spending on social programs by the government. Most people who were giving more explained that they could afford the increased contributions (51.8 percent) or had other reasons (45.3 percent). When we break out this response by family income, the wealthy (over $40,000 family income) tend to be doing so more because they are able to afford it and the less well-off for other reasons. These, however, are minor differences. At no income level do substantial numbers of respondents give in response to Reagan philosophy.

IMPACT OF SOCIAL-WELFARE CUTS

As President Reagan won major social-welfare reductions in the federal budget, he argued that a social safety net continues to protect the "truly needy." Respondents shared their views of the impact of the social-welfare cuts in this community. In Table 6, a small proportion (8.2 percent) assert that this area has not experienced any major federal cuts. Of the remaining respondents, there is a fairly even split among those who feel that the cuts have hurt the poor and disadvantaged in this community (47.1 percent) and those who feel that the cuts have been a blessing in disguise, by forcing able-bodied persons who had become dependent on welfare to enter the labor market (44.7 percent).

Interestingly, the experience with unemployment makes no apparent difference in the perception about the impact of the social-welfare budget cuts. Those having experienced unemployment respond the same as those who have not.

Major differences in perceptions about the impact of social-welfare cuts appear when we break out this issue by the respondents' views of the economic future of Toledo. Those who are most optimistic about Toledo's economic future also feel that the cuts have hurt the poor. Those least optimistic about the economic future of Toledo disagree, saying instead that the cuts are a blessing in disguise.

Thus, the respondents who are most optimistic about the future of Toledo feel that the cuts have hurt the poor, and they are less likely to have increased their own charitable giving. Moreover, they do not show any overwhelming desire to have government pick up a larger portion of the burden of providing services to the poor and disadvantaged.

The breakout by family income reveals another interesting pattern. Our wealthiest respondents (over $40,000 family income) were most likely to assert that the poor had been hurt (56.0 percent) and least likely to assert that the cuts were a blessing in disguise (34.0 percent). In contrast, respondents with a family income in the lower-middle to middle class range ($15,000 to $24,999 family income) were least likely to assert that the poor had been hurt by the cuts (40.8 percent) and most likely to believe that the cuts had been a blessing in disguise (52.6 percent). This pattern is particularly interest-
ing in view of the general belief that President Reagan's greatest support comes from the wealthy. At least on the policy issue of domestic-welfare cuts in the metropolitan Toledo area, the greatest agreement with the President's views are found in a less-well-to-do segment of the population.

SUMMARY

President Reagan’s efforts to privatize and devolve federal government responsibility for assisting the poor and disadvantaged represents a radical attempt to reverse public decisions taken in the 1930s to 1970s. The President justifies his policy efforts with a conservative philosophy of government that includes a heavy emphasis on voluntarism and activity by the private, non-profit sector to compensate for the federal government retreat from more than two generations of responsibility.

The degree to which a fundamental restructuring of governmental and private responsibility for assisting the poor and disadvantaged has occurred is not yet clear. The President has achieved remarkable success with Congress in obtaining major budget cuts in social-welfare programs. This raises the central question about the long-run impact of the Reagan administration upon domestic policy. Is there public support to retain the changes already made and to sustain the momentum necessary to insure the radical restructuring of governmental and private responsibility which President Reagan envisions?

Comparing 1980 and 1984 election results with survey responses in metropolitan Toledo indicates a greater enthusiasm for President Reagan personally than for his governmental philosophy and policies toward the poor and disadvantaged. Although 43.5 percent of our sample feel that the present balance between government and the private sector is about right, only 27.7 percent agree with President Reagan that even more responsibility for the poor and disadvantaged should be shifted from government to the private sector. Of those who feel that government should assume greater responsibility, the overwhelming majority had the federal government in mind.

President Reagan, who has enjoyed great success in persuading the U.S. Congress to devolve social-welfare functions to the states, has had less success in persuading metropolitan Toledoans about the virtues of devolution. Moreover, while he has emphasized the need for religious and other charitable organizations to assume more responsibility for the poor and disadvantaged (financed through increased charitable giving), more respondents are reducing contributions than are increasing them. Of those who have increased their giving, only a small percentage do so at the President’s behest.

On the impact of social-welfare cuts, respondents are about evenly split on whether or not the poor and disadvantaged have been hurt. President Reagan draws the greatest support for his approach from lower-middle-class to middle-class respondents and the least support from our wealthier respondents.

To the extent that we can generalize from one major community of the industrial heartland of America, it is highly dubious that public support exists to maintain the changes made by the Reagan administration, let alone sustain the momentum to achieve anything like the President's final vision of the federal government responsibility in domestic policy areas. At bottom, the survey results from this community add additional evidence to the argument that President Reagan has been extraordinarily successful in changing governmental funding and somewhat successful in his efforts to privatize and devolve national governmental responsibility in domestic-program areas. His success is due in part to adept leadership and in part to luck. Lacking wide-scale public support, the Reagan domestic-government revolution will be sustained only if his successors are endowed with similar charm, political skill, and luck.
ENDNOTES

1. The author acknowledges the assistance of Neil Palmer, former director of the University of Toledo's Opinion Research Institute, in crafting the questions in the survey instrument and for his helpful suggestions.


5. The UT Metro Poll is conducted by the Opinion Research Institute (ORI) of the University of Toledo's Urban Affairs Center. The target population consists of households located within what the U.S. Bureau of the Census defined in 1980 as the "urbanized area" of the Toledo (Ohio-Michigan) Standard Metropolitan Statistical Area.

In its telephone surveys, ORI uses a random-digit-dialing method of sampling. ORI staff have developed a computer program to generate random exchange and subscriber numbers. Based on the Haines Criss-Cross Directory, large blocks of unused subscriber or commercial numbers are excluded from the initial listing of random numbers. The initial sample is subsequently screened for additional commercial listings which are then deleted from the sample.

A listing is made of all members of the household who are 18 years of age or older. Each person is assigned a "person number" based on sex (males first) and age (oldest first). The interviewer is referred to one of twelve selection tables to determine which person is to be interviewed. No substitutions are permitted.


7. Given some of its actions and proposals, there is good reason to question the sincerity of the Reagan administration in its efforts to encourage the private sector to compensate for spending cuts in social programs in the public sector. For example, the 1985 Department of Treasury tax proposal included provisions that the private, non-profit sector considered disastrous. The Treasury plan allowed taxpayers who itemize to deduct only charitable contributions that exceed two percent of their adjusted gross income; it let lapse the 1981 law which allows non-itemizers to deduct charitable deductions; and it limited the value of charitable contributions of property to the original cost (plus some factor for inflation) but excluded any appreciation in value. The first two provisions of the Treasury plan would hurt the non-profit organizations which concentrate in social-welfare services and the latter one would hurt the "rich-person" charities like museums. The nation's charities were said to be "outraged" over the Treasury plan. Jeffery H. Birnbaum, "Plan to Reshape U.S. Tax Code on Contributions May Pit 'Rich' Against 'Common Man' Charities," Wall Street Journal (March 26, 1985), p. 64. The major tax code revision of 1986, which President Reagan actively supported, will require more time before the effects on charities are fully known, but it is clear that the lowering of tax rates increases the cost to the giver of charitable contributions.

8. Of course, one can raise the question about the economic rationality of making charitable contributions. The rational person will follow the philosophy of "Let thy neighbor give charitably so that I may enjoy both my money and the greater-level of services created by thy
neighbor's giving." See the persuasive expression of this argument in Mancur Olson, The Logic of Collective Action:

### Table 1

Attitudes About Government or Private Sector Responsibility for Assisting Poor and Disadvantaged (percent)

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<th>Assistance and Services to Poor and Disadvantaged</th>
<th>Total (N=368)</th>
<th>Unemployed for 1 Month in Last 10 Years</th>
<th>Satisfaction with Present Financial Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes (N=137)</td>
<td>No (N=229)</td>
</tr>
<tr>
<td>Shift more responsibility from government to the private sector</td>
<td>27.7</td>
<td>29.9</td>
<td>26.6</td>
</tr>
<tr>
<td>The present balance is about right</td>
<td>43.5</td>
<td>34.3</td>
<td>48.5</td>
</tr>
<tr>
<td>Shift more responsibility from the private sector to the government</td>
<td>27.7</td>
<td>35.0</td>
<td>23.6</td>
</tr>
<tr>
<td>Should not have any welfare (volunteered)</td>
<td>1.1</td>
<td>0.7</td>
<td>1.3</td>
</tr>
</tbody>
</table>
Table 2

Attitudes About Funding Source for Private Organizations Which Provide Assistance to Poor and Disadvantaged (percent)*

<table>
<thead>
<tr>
<th>Funding Source for Private Organizations Providing Services to Poor and Disadvantaged</th>
<th>Total (N=101)</th>
<th>Unemployed for 1 Month in Last 10 Years</th>
<th>Satisfaction with Present Financial Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes (N=41)</td>
<td>No (N=60)</td>
</tr>
<tr>
<td>Continue federal government funding of private organizations</td>
<td>50.5</td>
<td>53.7</td>
<td>48.3</td>
</tr>
<tr>
<td>Require private organizations to raise their own funds</td>
<td>49.5</td>
<td>46.3</td>
<td>51.7</td>
</tr>
</tbody>
</table>

*Includes only respondents who believe that more responsibility for assistance to the poor and disadvantaged should be shifted from government to the private sector.
Table 3

Attitudes About Level of Government Responsible for Service to Poor and Disadvantaged (percent)*

<table>
<thead>
<tr>
<th>Level of Government That Should Assume Biggest Share of Responsibility for Service to the Poor and Disadvantaged</th>
<th>Total (N=96)</th>
<th>Unemployed for 1 Month in Last 10 Years</th>
<th>Satisfication with Present Financial Situation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Yes (N=44)</td>
<td>No (N=52)</td>
</tr>
<tr>
<td>Federal</td>
<td>58.3</td>
<td>63.6</td>
<td>53.8</td>
</tr>
<tr>
<td>State</td>
<td>20.8</td>
<td>15.9</td>
<td>25.0</td>
</tr>
<tr>
<td>Local</td>
<td>15.6</td>
<td>15.9</td>
<td>15.4</td>
</tr>
<tr>
<td>Federal-State Government combined</td>
<td>1.0</td>
<td>---</td>
<td>1.9</td>
</tr>
<tr>
<td>State-Local Government combined</td>
<td>1.0</td>
<td>---</td>
<td>1.9</td>
</tr>
<tr>
<td>Federal-State-Local Government combined</td>
<td>3.1</td>
<td>4.5</td>
<td>1.9</td>
</tr>
</tbody>
</table>

*Includes only respondents who believe that more responsibility for assistance to the poor and disadvantaged should be shifted from the private sector to government.
## TABLE 4

Change in Charitable Giving (percent)

<table>
<thead>
<tr>
<th>Change in Past Few Years, in Charitable Giving as Portion of Income</th>
<th>Family Income ($)</th>
<th>Unemployed for 1 Month in Last 10 Years</th>
<th>View About Economic Future of Toledo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Over 40,000</td>
<td>25,000-40,000</td>
<td>15,000-24,999</td>
</tr>
<tr>
<td>Larger portion now</td>
<td>35.8</td>
<td>55.4</td>
<td>44.8</td>
</tr>
<tr>
<td>No Change</td>
<td>18.6</td>
<td>7.1</td>
<td>9.5</td>
</tr>
<tr>
<td>Smaller portion now</td>
<td>45.6</td>
<td>37.5</td>
<td>45.7</td>
</tr>
</tbody>
</table>
### Table 5

**Reason for Increased Charitable Giving (percent)**

<table>
<thead>
<tr>
<th>Reason</th>
<th>Total (N=137)</th>
<th>Family Income ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Over $25,000-$40,000 (N=32)</td>
</tr>
<tr>
<td>Better Able to Afford It</td>
<td>51.8</td>
<td>65.6</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$40,000-$40,000 (N=52)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>$15,000-$24,999 (N=23)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>47.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Under $15,000 (N=26)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>42.3</td>
</tr>
<tr>
<td>Responding to President Reagan's Request</td>
<td>2.9</td>
<td>3.1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>---</td>
</tr>
<tr>
<td></td>
<td></td>
<td>4.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>3.8</td>
</tr>
<tr>
<td>Some Other Reason</td>
<td>45.3</td>
<td>31.3</td>
</tr>
<tr>
<td></td>
<td></td>
<td>50.0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>47.8</td>
</tr>
<tr>
<td></td>
<td></td>
<td>53.8</td>
</tr>
</tbody>
</table>

*Includes only those respondents who said that they had increased their charitable giving in the past few years.
Table 6

Perceived Impact in This Area of Social Welfare Cuts of Reagan Administration (percent)

<table>
<thead>
<tr>
<th>Impact of Federal Government Cuts</th>
<th>Family Income ($)</th>
<th>View About Economic Future of Toledo</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Over 40,000</td>
<td>25,000- 40,000</td>
</tr>
<tr>
<td>No Major Cuts</td>
<td>Total (N=340)</td>
<td>10.0</td>
</tr>
<tr>
<td>Hurt the poor and disadvantaged</td>
<td>(N=50)</td>
<td>56.0</td>
</tr>
<tr>
<td>Blessing in disguise, forcing able-bodied to enter labor market</td>
<td>(N=76)</td>
<td>34.0</td>
</tr>
</tbody>
</table>
CITIZEN ATTITUDES TOWARD A HOME RULE COUNTY CHARTER

REX M. ROGERS THE KING'S COLLEGE

I. INTRODUCTION

County government organizational structure in the state of Ohio has remained virtually unchanged since the state constitution was ratified in 1851. With the exception of Akron's Summit County, Ohio's 88 counties are politically circumscribed with very specific grants of power and no "implied powers" permitting them to respond to new or unforeseen problems.

However, governments of all levels have experienced tremendous increases in the number and complexity of the demands they have been asked to service. Counties have not been immune to this phenomenon, particularly those within whose borders are found large cities surrounded by several smaller municipalities and densely populated residential areas. The result has been a group of urban counties attempting to act like municipalities without the enabling legislation or the organizational apparatus to do so.

In an attempt to mitigate these problems, county government reorganization has been suggested by many interested "reformers." Reorganization involves a fundamental restructuring or "modernization" of county government so that counties may respond to twentieth-century problems in a more efficient and effective manner. A now lengthy list of creative reorganization models have been offered by would-be "reformers" and political scientists.

Reorganization suggestions seem logical and well-intentioned, but citizens throughout the United States have repeatedly rejected proposals designed to reorganize, consolidate or alter the organizational structure of county governments. This pattern is so strongly entrenched that scholars consider voter acceptance the deviant case and rejection the norm. With the exception of Summit County, voters in Ohio have also typically rejected county reorganization plans.

Political scholars have gradually begun to recognize that local residents differ in basic values, and therefore attitudes and priorities, from many proponents of reorganization. Some students of local government reorganization note that citizens fear potential reallocations of political and economic power, some fear sociodemographic changes involving race and ethnicity, others fear "big government," and many are simply apathetic.

Despite these studies, however, reasons for citizen resistance to reorganization remain obscured. Most political science analysis has been conducted with data gained from city/county consolidation efforts, while little is known about citizen attitudes toward more incremental and less comprehensive local government reorganization proposals. Research has typically focused upon metropolitan issues rather than upon county government. And, political science research has been limited almost entirely to voting statistics or surveys administered after elections. Very few efforts have been made to measure citizen perception prior to a local government reorganization campaign.

The purpose of this study is to address some of these deficiencies in political science scholarship by focusing upon citizen attitudes toward an Ohio home rule county charter campaign. County home rule charters are generally less ambitious efforts than city/county consolidation, threatening fewer local interests and therefore theoretically entertaining a greater chance of success. As less comprehensive and more incremental reorganization proposals, charters would seem to offer citizens a reasonable response to county government problems.

II. METHODOLOGY

Several questions guided this research. First, is there any perception on the part of the general public of a "crisis" in local government? Second, do demographic variables influence citizen attitudes toward local government change? Third, are the attitude of citizens toward a home rule charter the same or similar to those that have repeatedly been expressed toward consolidation? In other words, will citizens respond differently toward incremental political change than they typically have responded toward more comprehensive change?
The research reported draws upon data from a survey of Hamilton County (Cincinnati), Ohio residents in November 1981. A set of ten questions were administered via the Greater Cincinnati Survey (GCS), which is conducted semi-annually by the Institute for Policy Research of the University of Cincinnati. The GCS involved approximately 1,100 cases representing a random sample of Hamilton County residents 18 years of age or older.

In each section that follows, the data first exhibited details the responses of all Hamilton County residents, followed by crosstabulations of citizen responses with demographic and political variables. Only the most noteworthy demographic and political variable tables have been included; all others have been omitted to conserve space.

III. FINDINGS

A. COUNTY GOVERNMENT AND QUALITY OF LIFE

Earlier research has indicated that a "crisis" may be necessary before citizens would seriously consider changing the structure of local government. To assess the degree to which citizens in Hamilton County perceive any crises in county government and therefore a need for reorganization, respondents were asked a series of three questions about county government before any mention was made of a proposed home rule charter. Table 1 details the responses to the question of how important residents believe Hamilton County government is to the quality of their life. Just slightly more than one-half indicate they believe county government is fairly or somewhat important while 43.1% responded even more strongly saying it was extremely important.

<table>
<thead>
<tr>
<th>Importance to Quality of Life</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Extremely Important</td>
<td>43.1%</td>
</tr>
<tr>
<td>Fairly Important</td>
<td>34.0%</td>
</tr>
<tr>
<td>Somewhat Important</td>
<td>16.2%</td>
</tr>
<tr>
<td>Not Too Important</td>
<td>6.6%</td>
</tr>
</tbody>
</table>

As was evidenced in the pretest, county government is not a well-known nor often discussed part of the average citizen's life. Several researchers have noted this distinct lack of interest or outright apathy on the part of voters toward county government and believe that it acts as an anti-reform influence in local campaigns. In this respect, the rather high percentage of respondents rating county government as important to their quality of life is somewhat surprising. Even when the known tendency of respondents to inflate their interest is taken into account, the high rating remains formidable.

Table 2 illustrates the strongest demographic influences. Race is particularly interesting in that this issue might be regarded as a difficult one with which Blacks and other minorities must cope. Blacks have realized most of the gain in their quality of life in the last two decades by appealing to the national government. Through federal legislation and court decisions Blacks have accomplished many of their goals as a group, bypassing local and state levels in the process. Consequently, any reference to local levels would seem to be less meaningful to Blacks. Also, it may be argued that larger and less parochial governments like the county may be more responsive to Blacks and other minorities than municipalities. But Blacks have exercised more political "clout" within cities than in city hinterlands. Scholars have noted that minorities have been chary toward reform for a variety of reasons.

In view of these considerations, it is especially interesting that Blacks in Hamilton County rate the county government as significantly more important to the quality of their life than do Whites. A difference of some 13% indicates a fair divergence of opinion between the two groups, 54.4% versus 41.4%. Perhaps Blacks feel government is their ally regardless of the level.

Older respondents are more likely to feel county government is extremely important to the quality of their lives. Earlier research has revealed a more imbalanced relationship. Young voters must be convinced county government is important, and older voters must be persuaded that there exists a problem sufficiently troublesome to require change.
TABLE 2. County Government Quality of Life by Demographics

<table>
<thead>
<tr>
<th>AGE</th>
<th>EXTREMELY IMPORTANT</th>
<th>FAIRLY IMPORTANT</th>
<th>SOMEWHAT IMPORTANT</th>
<th>NOT TOO IMPORTANT</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>18 to 29</td>
<td>34.0%</td>
<td>39.8%</td>
<td>18.6%</td>
<td>7.6%</td>
<td>383</td>
</tr>
<tr>
<td>30 to 45</td>
<td>44.6</td>
<td>32.0</td>
<td>16.4</td>
<td>6.9</td>
<td>328</td>
</tr>
<tr>
<td>46 to 64</td>
<td>50.5</td>
<td>29.8</td>
<td>14.5</td>
<td>5.2</td>
<td>281</td>
</tr>
<tr>
<td>65 and Older</td>
<td>52.1</td>
<td>29.4</td>
<td>12.4</td>
<td>6.2</td>
<td>105</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RACE</th>
<th>EXTREMELY IMPORTANT</th>
<th>FAIRLY IMPORTANT</th>
<th>SOMEWHAT IMPORTANT</th>
<th>NOT TOO IMPORTANT</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black</td>
<td>54.4%</td>
<td>23.9%</td>
<td>15.6%</td>
<td>6.0%</td>
<td>161</td>
</tr>
<tr>
<td>White</td>
<td>41.4</td>
<td>36.0</td>
<td>15.7</td>
<td>6.9</td>
<td>921</td>
</tr>
</tbody>
</table>

B. COUNTY GOVERNMENT BETTER OR WORSE

To further assess the possibility of political change in Hamilton County, respondents were asked to consider whether the way county government was run over the past three or four years had gotten better, gotten worse, or stayed about the same. Table 3 lists the results.

TABLE 3. County Government Better or Worse?

<table>
<thead>
<tr>
<th>Better</th>
<th>40.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Worse</td>
<td>15.8</td>
</tr>
<tr>
<td>Stayed About the Same</td>
<td>21.8</td>
</tr>
<tr>
<td>Don't Know</td>
<td>21.7</td>
</tr>
</tbody>
</table>

(N = 1130)

Only 15.8% believe the way the county is run has gotten worse along with an even greater amount, 21.7%, who do not know. These results would seem to lend credence to the belief that county residents did not actively desire change, nor was there any perception of a crisis in the politico-administrative aspects of county government. Demographic and political variables did not substantially alter these relationships. Any number of plausible reasons might account for this phenomenon, ranging from a lack of knowledge about county government, to apathy, to an inertia and status quo orientation typical of American citizens.14 Clearly, anxiety about county government was not high.

C. "WHY" COUNTY GOVERNMENT BETTER OR WORSE

Following the respondents' indication that they believed county government operation is better or worse, they were asked "why" they believed this to be so. Table 4 reveals a broader range of responses among those believing county government is better run than those feeling it is worse.

Not surprisingly, of those residents indicating they believe county government is run better, most (13.9%) could not offer a detailed and specific reason when given the opportunity. If those offering only "general impression" responses, either better or worse, are taken collectively, it becomes apparent that more do not know why they feel as they do toward county government than otherwise. Responses like "seems better," "it's not worse," "it's not better," or "seems worse" are not deeply substantive comments.

Some 21.7% had earlier indicated they did not know whether county government is run better or worse (Table 3). Together these figures seem to cast a shadow over the previous discussion regarding the importance of county government to one's quality of life. Whether the public believes county government is important or not, a sizeable proportion do not know much about it. A finding such as this would seem to further strengthen the contention that no real crisis existed in terms of the public's perception of county operations.

Among those offering specific answers, there is evidence of some
TABLE 4. Why County Government Better or Worse?*

<table>
<thead>
<tr>
<th>BETTER</th>
<th>WORSE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seems Better</td>
<td>Handling Finances Poorly</td>
</tr>
<tr>
<td>Better Officials</td>
<td>Nothing Being Done</td>
</tr>
<tr>
<td>Improved Roads</td>
<td>It's Not Better</td>
</tr>
<tr>
<td>More Being Done</td>
<td>Poor Police Protection</td>
</tr>
<tr>
<td>Approved Police Protection</td>
<td>Officials Don't Care</td>
</tr>
<tr>
<td>It's Not Worse</td>
<td>Seems Worse</td>
</tr>
<tr>
<td>More Active - Visible</td>
<td>Officials are Unqualified</td>
</tr>
<tr>
<td>Doing Good Job</td>
<td>Bad Roads</td>
</tr>
<tr>
<td>Building Jail</td>
<td>No Jobs</td>
</tr>
<tr>
<td>More Attention Given to Needs</td>
<td>Too Much Bureaucracy</td>
</tr>
<tr>
<td>Better Representation</td>
<td>Playing Politics</td>
</tr>
<tr>
<td>Crime Down</td>
<td>More Crime</td>
</tr>
<tr>
<td>Good Service</td>
<td></td>
</tr>
<tr>
<td>More Efficient</td>
<td></td>
</tr>
<tr>
<td>Good Schools</td>
<td></td>
</tr>
<tr>
<td>No New Taxes</td>
<td></td>
</tr>
</tbody>
</table>

(N = 368)                                       

*Entries in this table represent responses given by 5 or more individuals.

knowledge about county government's functions. "Better" comments are more often related to the actual performance of county government than to any other possible observation. People feeling county government is run "worse" also relate certain failures in specific performance of services. Residents apparently think of county government in terms of service delivery.

D. HEARD OF HOME RULE CHARTER

Respondents were asked whether they had heard of "Home Rule" or the "County Charter" in order to introduce a possible control on the issue questions following. Only 26.2% indicated they had heard of the charter. This figure is consistent with the generally low salience citizens assign to county government and comports well with the findings of earlier research. Proponents of change face a greater challenge than do change opponents.

A check of respondent demographic characteristics revealed differential effects upon whether the respondent had heard of the charter. Expected patterns emerged with the older, higher educated and income groups, and males more likely to have heard of the document. Slightly more Whites than Blacks indicated they had heard of the charter, but this relationship moderates when the effects of education or income are controlled.

Socio-economic status significantly influenced respondent positions with 80% of those earning less than $25,000 per year indicating they had not heard of the charter while only 66% of those earning more had not heard of the charter. In this it is consistent with previous research. However, since it later made little difference on their selection of the charter or present form, it would appear that information alone is not enough to convince voters to change.

E. HOME RULE - BIG GOVERNMENT

Table 5 details the responses of three questions regarding perceptions about the likely effect of a charter upon the business of government. Citizens are divided almost evenly, 46.7% agreeing and 51.5% disagreeing, that the charter will bring big government.

Education, followed closely by race, exercises the greatest impact upon whether a respondent believes the charter is big government. Higher education groups are less likely to perceive the charter in big government terms, while Blacks are much more likely than Whites...
to see it as big government.

Whether or not citizens perceive the charter as big government has considerable influence upon their choice. Those who strongly agree that the charter is big government are much more likely to opt to keep the present structure of government in place, 25.3% versus 7.8%.

With respect to the possibility of political change, a big government issue would appear to be a dangerous one. The experience of previous research has been that the more comprehensive and far-reaching the proposed change is conceived to be by the voter, the less likely he or she is to vote for it.\textsuperscript{15}

It would appear that the burden of proof in this instance lies with the proponents of change. Big government arguments and analogies need not necessarily be made by opponents for them to be effective. Apparently citizens are capable of generating this view on their own.

F. HOME RULE - MORE EXPENSIVE

The second issue of interest in Table 5 involves the degree to which respondents believe county government would become more expensive after a charter adoption. Clearly, Hamilton County residents associate higher costs with county government change. Demographic and political breakdowns revealed similar feelings.

Any governmentally-related suggestion that even hints of more costs is not likely to be greeted with open arms. Some 77% of those who agree the charter would be more expensive chose to stay with the present form of government. Interestingly, though, 58.1% who agreed the charter would be more expensive still opted for change, possibly on the strength of other issues.

G. HOME RULE - MINORITY REPRESENTATION

Table 5 also illustrates citizen attitudes toward the degree to which the proposed charter would increase minority representation. An overwhelming percentage of voters believe the charter will increase minority representation, 80.9% agreeing to 17.6% disagreeing.

Generally, the same pattern of agreement responses is apparent among all demographic and political attribute groups with the exception of race. Blacks are more likely to strongly agree minority representation will increase than are Whites, 57.4% versus 39.9%, and are slightly more prone to agree in general, 82.3% versus 80.9%, respectively.

Increased representation for minorities appears to be an attractive argument for the charter. Among those voting to adopt a home rule charter, 52.8% strongly agree that minority representation would increase compared to 32.7% among those choosing to maintain the traditional governmental structure.

Some studies have demonstrated that increased representation was indeed attractive to voters. The strongly favorable response of Hamilton County citizens to this issue appears to support the contention that the general public more often responds to representation and responsiveness arguments than to reformers' claims of efficiency and operational effective-
ness.16 Since representation lies at the heart of the home rule concept, it represents a key issue for supporters of this type of political change. For opponents of change, it is a very difficult issue to be "against."

H. HOME RULE - COMMISSIONERS' POWERS

A substantial majority of respondents, 68.1%, believe that giving county commissioners the power to create new programs and administrative procedures while not permitting new taxing power is a good addition. This majority support is held among all demographic groups although with some variation. Some support for new program powers declines with age from 72.8% among those less than 29 years of age to 56.7% for those over 65 years of age. Likewise there is a marked difference between Blacks and Whites, with Blacks more supportive of new program powers, 80.6% versus 65.7%. And attitudes toward new program powers are unquestionably influencing respondents' choice of form of government. Among those who opted to keep the present form of government, some 43.9% believed new programs with no new taxes would be a good development. Among those preferring a home rule charter, 87.4% believe new programs with no new taxes is a good development.

Many past campaigns have shown that the simple logic of a new governmental system is not enough to convince voters to accept change. In Hamilton County, however, there appeared to be a strong predisposition to accept a change that would give local representatives more administrative alternatives. The campaign burden lies both with opponents of the charter who must convince voters that new powers would not be a good thing to have, and with proponents of the charter who must convince voters that new powers would not increase taxes.

I. PRESENT OR HOME RULE FORM

Respondents were asked whether they thought the present form of government or the proposed home rule form would be better for their quality of life in Hamilton County. Table 6 reveals that 17.9% indicated they could not make a choice at the time the survey was administered. A plurality of respondents indicated they favored the proposed home rule charter form over the present form of county government, 44.2% versus 36.2%.

**TABLE 6. Vote for County Government's Present Form or Home Rule Forms?**

<table>
<thead>
<tr>
<th></th>
<th>Present Form</th>
<th>Home Rule Form</th>
<th>Both Equally Good</th>
<th>Don't Know</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>36.2%</td>
<td>44.2</td>
<td>1.7</td>
<td>17.9</td>
</tr>
<tr>
<td>(N = 1119)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Previous research has indicated that people in high education and income groups tend to support reform efforts.17 In Hamilton County, citizens with a B.A. or more opted for the charter in 62.7% of the cases thus supporting these earlier findings. However, the other educational categories did not reveal a linearly supportive pattern. Income revealed an equally volatile pattern quite unlike that found in research examining more extensive efforts at local government change. In income and education there were internal differences between groups, but both were of lower predictive value than previous theory suggested.

Professional/technical groups have tended to be the most supportive of comprehensive change while skilled operatives and craftsmen have less often opted for comprehensive change.18 Hamilton County was again much more inconclusive. Professionals in Hamilton County gave the charter its greatest support among occupational groups at 56.9%. This percentage, however, is not that different from all the other occupational categories.

Some previous studies have found that those under 30 and over 65 are the most apt to oppose governmental reform.19 In Hamilton County there is clearly an inverse linear relationship between age and support for a charter with 60.4% of those under 29 years of age preferring Home Rule to 41.2% of those over 65 years of age preferring home rule.

Scholars have noted that Blacks are not enthusiastic supporters of change.20 But in Hamilton County some 63.0% of Blacks and 53.3% of Whites opt for a charter. Blacks apparently have responded to some of the issues presented
TABLE 7. Why Choose Home Rule Form or Present Form of County Government?*

<table>
<thead>
<tr>
<th>HOME RULE</th>
<th>PRESENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Freedom From State</td>
<td>No Complaints</td>
</tr>
<tr>
<td>Close to People</td>
<td>It Works</td>
</tr>
<tr>
<td>Equal Representation</td>
<td>Home Rule Expensive</td>
</tr>
<tr>
<td>Good Impression</td>
<td>Used to System</td>
</tr>
<tr>
<td>More People in Decisions</td>
<td>Don't Know Home Rule</td>
</tr>
<tr>
<td>Power Returned to People</td>
<td>Need State Supervision</td>
</tr>
<tr>
<td>Less Big Government</td>
<td>Changes Bring Problems</td>
</tr>
<tr>
<td>Minorities Better Represented</td>
<td>HR - Too Many People</td>
</tr>
<tr>
<td>No Tax Increases</td>
<td>HR - More Taxes</td>
</tr>
<tr>
<td>Work Better</td>
<td>HR - Programs But No Taxes</td>
</tr>
<tr>
<td>More Jobs, Opportunities</td>
<td>HR - Big Government</td>
</tr>
<tr>
<td>HR - Name Sounds Good</td>
<td>HR - Too Powerful</td>
</tr>
<tr>
<td>More Local Control</td>
<td>Don't Need More County Gov't</td>
</tr>
<tr>
<td>More Interest in People</td>
<td></td>
</tr>
<tr>
<td>More Commissioners is Better</td>
<td></td>
</tr>
<tr>
<td>Commissioners Can Do a Better Job</td>
<td></td>
</tr>
</tbody>
</table>

N = (453)

Entries in this table represent comments given by 5 or more respondents.

and the possibility of increased representation for minorities and are voting accordingly.

Suburbanites and rural dwellers have consistently been found to oppose local government structural change.21 In Hamilton County, however, there was virtually no difference in the perspectives of suburbanites and city dwellers toward the charter.

J. "WHY" PRESENT OR HOME RULE FORM

Respondents were asked why they opted for the present form of government or the home rule charter to determine what issues or values might be the most pertinent in influencing their choice. Among those choosing the charter, Table 7 demonstrates that representational issues clearly are the most often cited. Consistent with the support found earlier in Table 5, representation continues to strike a responsive chord among citizens.

For those opting to maintain the present structure of government, the feeling is one of complacency. "No complaints, it works, used to the system, (and) change brings problems," all reflect a lack of desire to change. The largest single issue is again consistent with the findings of Table 5. Some 15.3% believe that a home rule charter will result in a more expensive county government.

IV. SUMMARY AND CONCLUSION

Local government reorganization efforts have more often been defeated than passed. Citizens consistently resist suggestions for local government change even in the face of well-conceived alternative governmental forms and well-planned and implemented campaigns. The results of this research, though providing some interesting new insights, seems nevertheless to support earlier findings.

Although the local government reform proposed to the respondents in this study was a county home rule charter that called for less change than is typical for more comprehensive city/county consolidation campaigns, residents still preferred the status quo. Residents did not perceive a "crisis" in county government and consequently were content to allow local government to proceed "unreformed."

Residents clearly require more reasons to change than promises of improved efficiency or service effectiveness.

Political and demographic characteristics did influence citizen perception,
but not nearly as clearly or uniformly as earlier studies have contended. Political variables in particular demonstrated little predictive capacity.

Demographic variables exercised expected influence upon citizen attitudes toward county government change. Higher education and income groups, males, voters, and older residents had heard of the charter more often than their counterparts. Support for the charter came from the same groups with the exception of older residents; in this case, younger residents more often favored a charter. Blacks endorsed a charter more often than Whites, perhaps because it promised increased minority representation.

Respondents were fairly evenly divided over whether they felt a home rule charter would result in bigger government. Virtually all groups believed a charter would increase minority representation and increase government expense. While the promise of better representation helped Blacks decide for the charter over the present form of county government, the charter's big and expensive government image clearly deterred voter support.

These data suggest that political change at the local level is likely to be rare, incremental, and reactive (that is, dependent upon some "crisis"). County government reorganization is therefore, like all politics, a struggle of values. Choosing a new local government structure is not a simple decision identifying the "one best method" of government. Reformers bear the burden of proof; citizens must be convinced. Tactical advantages in campaigns would seem, therefore, to lie with opponents of change.

ENDNOTES

1. The author wishes to thank The Stephen H. Wilder Foundation for generously providing two grants funding the survey research. The foundation's purpose is "to provide research in the field of public affairs affecting the Cincinnati area." Considerable appreciation is also due to Alfred J. Tuchfarber and W. Donald Heisel, at the time both of the Institute for Policy Research at the University of Cincinnati, who read earlier dissertation versions of this manuscript and offered valuable editorial advice. Errors of fact and judgement are the author's own.

2. Home Rule Charter by a 62.5% margin in November 1979. Although several other county home rule movements have been attempted, Summit remains Ohio's only home rule example. For an update on Summit County's experience, see Carl Lieberman, "Ohio's First Charter County: Three Years of Change in Summit," National Civic Review, 73 (September 1984), pp. 382-389. See also Frank J. Kendrick, "A Charter For Summit County (or, How to Challenge the Status Quo, and Win)," pp. 293-328 in Carl Lieberman, ed., Government and Politics in Ohio (Lanham, MD: Press of America, 1984).


7. A pretest of some thirty respondents indicated an even lower general knowledge of county government issues than even the researcher had anticipated. Questions were, therefore, reworded, simplified, and in general made as understandable as possible.

Two other surveys were also used but are not reported here. Both were conducted in February and April 1981 by Market Opinion Research (MOR) of Detroit, Michigan, on behalf of the Coalition to Draft a County Charter. Each survey was administered to 500 randomly selected Hamilton County residents 18 years of age or older.
Four of the questions included in the GCS replicated questions asked in the MOR polls. In addition, twenty-six area "elites" were also identified and questioned. These elites' attitudes were compared with those of the citizens reported here. For a full discussion of these findings, see Rogers, op. cit.

8. Each question was crosstabulated with the following variables: education, occupation, age, race, income, residence (Cincinnati or outside Cincinnati), sex, ideology (Liberal, Moderate, Conservative), political party identification, whether or not the respondent voted in the previous election, and whether they preferred the present form of county government or the home rule charter form.

9. "Crisis" is operationally defined as any problem sufficiently serious to require structural change. For discussions of "crises" in local government change see Dolbeare, Rosenbaum and Kammerer, Sofen, Marando (1975), op. cit.


11. See the research on survey research such as George F. Bishop, Robert W. Oldendick, and Alfred J. Tuchfarber, "Effects of Question Wording and Format on Political Attitude Consistency," Public Opinion Quarterly, 42 (1978), pp. 81-92.


15. Advisory Committee, op. cit.; Scott, op. cit.


18. Greer; Roth and Boynton, op. cit.

19. Hawley and Zimmer; Lyons op. cit.

20. See Hawkins (1966), op. cit. for a case in which race had little influence. See the following studies wherein race played a key role: Greer, Martin; Sloan, op. cit.

I. INTRODUCTION

In recent years, scores of studies estimating the elasticity of the demand for labor have been written (for a review see Hamermesh, 1976). Some studies have focused on the elasticity of demand for labor in the economy as a whole (Hamermesh 1986). Others have focused on particular industries (Cottrell 1975 and Ashenfelter and Ehrenberg 1975). A third group of studies has investigated the elasticity of demand for particular skill groups (Nadiri and Rosen 1974). Finally, a fourth group of studies has drawn attention to differences in the elasticity of demand for labor between different race/gender/age groups (Grant and Hamermesh 1981).

One area that has been virtually ignored has been specific estimates of elasticity of demand for labor at the state level. One possible explanation for the lack of attention to state demand variations is that analysts have implicitly assumed that the elasticity of demand was roughly the same for the nation as for individual states. While this assumption may be valid for some states, it does not seem to be a tenable generalization. Specific comparisons between state and national labor demand models are necessary to determine whether state employment is affected by the same factors and to the same degree as national employment. Differences in industrial mix and demographic composition could contribute to differences in demand elasticity. The purpose of this study is to examine the elasticity of demand for labor in Ohio's manufacturing sector and to compare the estimate with national studies.

Labor demand estimates have important implications for policy formation (Hamermesh, 1976; Hamermesh and Grant, 1979; and Killingsworth, 1985). For example, if one wished to analyze Ohio's employment impact from a change in Old Age, Survivors, Disability and Health Insurance (OASDHI) taxes, employment tax credits, the taxable base for unemployment insurance, or tax on employer group health insurance premiums, one needs to know the elasticity of demand for labor.

Knowledge of possible differences between the demand elasticity for labor between Ohio and the U.S. could be extremely important to policy makers. At the federal level, knowledge of differences in state demand elasticities will allow more detailed estimates of the impact of a variety of programs that affect wages and output. This would allow policy makers to target job creation programs using discretionary policy. In addition, knowledge concerning the impact of wage subsidies and taxes in the state would be extremely useful given Ohio's active role in formulating economic development policy. (Blair and Premus 1987). In particular it would give state officials a better idea of the job creating potential of various economic development policies.

In the second section, a theoretical framework for analyzing the demand for labor is presented. In Section III, this framework is used to develop a model that is well suited to analyze the elasticity of demand for labor in Ohio and the United States. In Section IV, the data is discussed and empirical estimates of the model are presented. The Ohio and United States demand models are compared. We show that the demand estimates for Ohio and the United States are very similar.

II. THE DEMAND FOR LABOR

Following Hamermesh (1976) and Killingsworth (1985), we assume that the supply of labor and capital is infinitely elastic at prevailing input prices and that labor and capital are both normal goods. The demand for labor and the marginal cost in the aggregate are given as follows:

\[ L = F(w, r, q) \]
\( \mu = M(w, r, q) \)

where \( L \) is labor, \( w \) is the wage rate, \( r \) is the cost of capital and \( q \) is output. Furthermore, it is assumed that \( F_w < 0 \) holding \( r \) and \( q \) constant; i.e., the substitution effect is negative and \( F_r > 0 \), so an increase in the price of capital causes an increase in the demand for labor. \( F_q > 0 \) so increases in output necessarily increase the demand for labor, and it is also assumed that \( \mu \), marginal cost, increases as \( w \) and \( r \) increase holding output constant.

The demand for market output is given by:

\( P = H(q) \)

where \( H_q < 0 \), implying that the demand curve is downward sloping.

In equilibrium, it is assumed that price is equal to marginal cost, thus:

\( H(q) = M(w, r, q) \).

Totally differentiating equations 1 and 4 holding \( r \) constant we obtain:

\[ \frac{dL}{dw} = M_w dw + M_q dq \]
\[ H_q dq = M_w dw + M_q dq \]

Dividing both 5 and 6 by \( dw \) and substituting 6 into 5 we obtain the following:

\[ \frac{dL}{dw} = M_w + M_w/M_q (H_q - M_q) \]

To simplify, we assume that production takes place under constant returns to scale, i.e., that \( M_q = 0 \). Next, we multiply both sides of 7 by \( w/L \), multiply the right hand side by \( P_q/P_w \) and rearrange terms to obtain the following elasticities:

\[ \frac{EL}{EWr} = \frac{EL}{EWr} \cdot \frac{[EL/EQ|w, r]}{[EQ/EP]} \cdot \frac{[EP/EWr]}{[EP/EW]|r} \]

where \( \frac{EL}{EWr} \) and \( EQ/EP < 0 \) and \( EL/EQ|w, r \) and \( EP/EW|r > 0 \).

The first part of equation 8 represents the substitution effect caused by a change in the wage rate, other things being equal. The second part of equation 8 represents the scale effect which contains three components: the change in the demand for labor caused by the change in the demand for output, the change in the quantity demanded resulting from the price change, and the change in price caused by the change in wages. Unfortunately, the empirical data necessary to measure \( EQ/EP \) and \( EP/EW|r \) are not available for Ohio. Following other studies on the demand for labor (Hamermesh, 1976; and Clark and Freeman, 1980), we will estimate only the substitution elasticity, \( [EL/EQ|q, r] \), and the output elasticity, \( [EL/EQ|w, r] \). Our findings will be of interest as long as \( [EL/EQ|w, r] \) is not perfectly inversely correlated with \( [EQ/EP] [EP/EW|r] \) across regions.

III. THE EMPIRICAL MODEL

In order to estimate the partial elasticity of demand for labor with respect to wages and output, we used the following model:

\[ \ln L_t = \beta_0 + \beta_1 \ln w_t + \beta_2 \ln q_t + \beta_3 \ln np_t \]

where,

\( \ln L_t = \log \) of production workers employment in the 1th state in year \( t \),
\( \ln w_t = \log \) of the real wage in the 1th state in year \( t \),
\( \ln q_t = \log \) of real output in the 1th state in year \( t \), and
\( \ln np_t = \log \) of the ratio of nonproduction to production workers in year \( t \).

If the demand for labor is inelastic, a 1 percent increase in the real wage rate, other things being equal, will cause less than a 1 percent decline in the quantity of labor demanded. Since most studies have shown that the demand for labor is inelastic (see Hamermesh 1986), we expect \( 1 < \beta_1 < 0 \) where \( \beta_1 \) is a direct estimate of the substitution elasticity, \( [EL/EW]|q, r \).

An increase in output, other things being equal, will cause an increase in the demand for labor. If the demand for labor, with respect to output, is inelastic, \( \beta_2 \) should be positive but less than one. Again, the partial elasticity of the demand for labor with respect to output \( [EL/EQ]|w, r \) will be directly estimated by \( \beta_2 \).
Finally, the ratio of nonproduction to production workers was included in the estimating equation. Clark and Freeman (1980) suggested that nonproduction workers might be included in a labor demand equation for production workers. This is done because the labor demand equation being estimated is based on a two-factor production function when in reality there are other inputs which must be held constant. Ideally, one would like to specify a complete system of factor demand equations, but unfortunately the data needed for such a specification is unavailable. Since nonproduction workers are a substitute for production workers, as the ratio increases, we expect the demand for production workers to decrease. Thus, we expect $\beta_3 < 0$.

Unfortunately, data on interest rates, taxes, depreciation and the cost of capital equipment, which is needed to directly measure the price of capital, is unavailable for Ohio. Therefore, it is impossible to develop a measure of the cost of capital for Ohio. Hamermesh (1976) has argued that failure to include the cost of capital in empirical models imparts a downward bias in estimates of the substitution elasticity but appears to have no impact on the estimate of the output elasticity. However, Clark and Freeman (1980) argue that this result is an artifact of estimating a constrained model where the wage rate and the price of capital are constrained to have equal and opposite signs. Specifically, they have shown that, in the presence of measurement error, the price of capital should be entered as a separate variable in labor demand equations. When this is done, the substitution elasticity appears to be of the same magnitude in studies which include or exclude the price of capital in labor demand questions. Therefore, we believe that the bias caused by omitting this variable will be minimal.

IV. DATA AND EMPIRICAL FINDINGS

The model was estimated using annual data for 1954-83 for Ohio and the United States. Data on value added, wages, hours, production workers, nonproduction workers, and the cost of materials were obtained from the Annual Survey of Manufactures and The Census of Manufacturers. For the years 1979-81, individual state data was unavailable and was estimated. The consumer price index and the implicit price deflator for manufacturing were taken from the Economic Report of the President.

Equation 9 was estimated using generalized least squares (Harvey 1981). The result for Ohio are presented in Equation 10 and Equation 11 shows the estimate for the United States.

\[
\begin{align*}
\ln L_t & = -1.489 - 0.508 \ln W_t + 0.615 \ln q_t - 0.603 \ln npt \\
& \quad (-1.396) \quad (-3.703) \quad (8.502) \quad (-8.080) \\
R^2 & = .91 \quad DW = 1.46 \\
\ln L_t & = 1.49 - 0.321 \ln W_t + 0.504 \ln q_t - 0.535 \ln npt \\
& \quad (1.204) \quad (-2.046) \quad (8.600) \quad (-8.355) \\
R^2 & = .90 \quad DW = 1.52
\end{align*}
\]

Both models explain about 90 percent of employment variations and are consistent with theoretical expectations. For both the Ohio and U.S. models, the estimated coefficient on the wage variable is less than one and statistically significant. The results are consistent with economic theory since they imply that the demand for labor is downward sloping. The estimated coefficient on the output variable was positive and statistically significant at the .01 level for both models. Again, this result is consistent with economic theory, since it implies that increases in output increase the demand for labor. Finally, although the ratio of production to nonproduction workers is not a direct component of demand elasticity, it was a significant determinant of production worker employment in both models.

The substitution elasticity for Ohio appears to be slightly greater than the typical national estimate. The Ohio
estimate of \([EL/\text{Eq}]_{q,r}\) was -.508, indicating an inelastic substitution component. Our estimate of the national coefficient -.321 also indicates an inelastic substitution effect. Previous national studies of the employment wage elasticity ranged from -1.09 to -.04 with all but one study showing that the substitution effect was inelastic. In fact, the average value of the substitution elasticity for the fourteen articles (using different model specifications) reviewed by Hamermesh (1976) was -0.37. Clark and Freeman (1980) estimate the substitution elasticity to be between -0.55 and -0.33 depending on the particular measure of the dependent variable used and the inclusion of other independent variables. Thus, our findings seem to be consistent with the literature.

The estimate of Ohio’s output employment effect \([EL/\text{Eq}]_{w,r}\) is .615. A 1 percent increase in Ohio’s manufacturing output will cause employment to increase by .615 percent. The comparable estimate for the nation was .504. Thus, Ohio’s output employment effect appears to be very close to our national estimate. Hamermesh (1976) reported that previous studies estimated the employment output elasticity to be between .49 and 1.46. Again, Clark and Freeman (1980) estimate the output elasticity to be between 0.53 and 0.77 depending on the specification of the model. Thus, our estimates for both Ohio and the nation appear to be consistent with the previous studies. Finally, there was strong similarity between the Ohio and the nation regarding the coefficient on the ratio of production to nonproduction workers. The coefficient for the Ohio model indicates that a 1 percent increase in nonproduction workers will decrease employment among production workers by .603 percent. The comparable coefficient for the U.S. was -.534. As with the wage and output coefficients, the Ohio and national coefficients are similar.

V. CONCLUSION

Previous studies measuring the substitution and output elasticities have used national data. This approach implicitly assumed that the demand elasticities did not differ among states. This paper examined the substitution and output elasticities for manufacturing production workers in Ohio. The substitution elasticity appears to be only slightly greater in Ohio than the typical national estimate. The output effect also indicates an output elasticity very close to the national estimate. In general, the differences between our estimates of the substitution and output elasticities for Ohio and a variety of similar national studies indicate that Ohio is similar to the nation as a whole. At this time we can only speculate about the reasons for the similarity between the elasticity of demand for labor in Ohio and the U.S. One possible explanation might be the diversified nature of the state’s manufacturing base. Another might be the similarity between the demographic composition of Ohio and the nation. Clearly, this is a area for future research.

References


For a variety of reasons, organizations - both public and private - have at times adopted programs to encourage voluntary, early retirement among their employed personnel. If the organization has experienced zero or negative growth, it may wish to reduce the number of personnel, and an increase in voluntary attrition is perhaps the least controversial means to accomplish this objective. Even a growing organization may, on the other hand, desire to bring in "new blood" by changing the age composition of its work force, which in turn requires the exiting of older members. In many institutions, salaries constitute a significant proportion of total operating costs, often in the range of seventy to eighty percent of these costs. Since length of service correlates highly with salary, the replacement of many long-service employees with younger, lower salaried ones, can reduce significantly the salary budget of the organization. Similarly, an increase in the rate of attrition of older employees in the job hierarchy of the institution can open up promotional opportunities for younger and, perhaps, more vigorous employees.

In higher educational institutions, mandatory retirement ages have been common, but these mandatory rules will become, by Act of Congress, invalid on January 1, 1994. Hence, the opportunity of faculty to continue their employment well pass the age of seventy can reduce the rate of retirement and negate the institutional benefits derived from such turnover. Consequently, programs to encourage early retirement voluntarily may well receive increased attention in the next several years. Indeed, studies at Pennsylvania State University and the University of Virginia, as well as at Brandeis University have confirmed that one of the most important determinants of the actual retirement age is the liberality of their retirement plan. In Ohio, both the State Teachers Retirement System and the Public Employees Retirement System have had operational early retirement incentive plans (ERI) since 1983, and in April 1986, some 292 public schools and institutions of higher learning in Ohio had implemented an early retirement plan, and 3967 teachers had elected to participate in the plan. Among the institutions were 279 public schools, three 2 year technical colleges, two community colleges, seven state universities and one medical college (see Table 1). More than two-thirds of these institutions purchased three years or less of service credits for participants in the early retirement program, although six of the seven state universities purchased up to five years of service credit for participants, the maximum allowed by STRS. Some one hundred seventy (over fifty-eight percent) of the participating institutions only allowed their faculties a one-year time interval in which to select the ERI program. Of the sixty-six institutions that ran the program for more than one but less than two years, the interval of the plan spanned at least two academic years, which allowed participants the option of retiring in either of the years. Of the fifty-two institutions that have committed themselves to operate the plan from two to four years, teachers have had more extended opportunities to elect to participate in the ERI program. Only four institutions have committed themselves to continue to operate the program for an extended period of time, and of these only one state university (Toledo) has made this commitment. However, during the three-year interval from 1983 to 1986, some forty-seven institutions have elected to renew or reinstate their programs. (See Table 2). Consequently, of the 122 institutions in 1986 which have had programs continuing for two retirement years or more, almost thirty-nine percent had extended their originally scheduled duration of the plan. In terms of the number of years of purchased service credits, seventeen of the continued programs were upgraded, twenty-four were unchanged, and six were downgraded.

As of April, 1988, only eight of the twelve major state universities have participated in the ERI program of STRS.
(See Table 3), and of these only one had at the time a program projected to continue beyond 1988. Ohio State University adopted for calendar year ending April 14, 1985 a plan providing for the purchase of three years of service credit. The plan was renewed for a three-year period ending October 31, 1988 and was upgraded to a purchase of five years of service credit. The plan is unique in that the cost of the purchased service credits must be absorbed by the department from which a participating faculty member retiree. Wright State University has adopted a plan to be operated for one calendar year, ending August 31, 1988. Although the University of Cincinnati has not participated in the ERI plan of STRS, it has operated an early retirement plan for AAUP members since A.Y. 1981-82 in the form of an annuity funded program. Akron, Central State and Youngstown have all not at this time participated in the program. Three state universities also permit faculty members to continue to teach one-terrn in each academic year for a specified period of time, subject to the income constraints established by STRS. These optional teaching programs had been introduced prior to ERI in order to encourage early retirement and to ease the transition of faculty into retirement.

The continuing opportunity of institutions to adopt, renew or reinstitute the ERI program and the existence of forty-seven plans that have been continued suggest the need for an economic feasibility analysis of the program. The continuing interest of teachers in early retirement options provides additional motivation to assess the economic impact of the ERI plan. About 83 percent of retirees indicated they retired when they did because of the availability of ERI. Their retirement income thereby became sufficient.

Bowling Green State University had instituted an ERI plan for a 13-month period in 1984-85, and this study appraises the economic feasibility of both the expired plan and of a possible continuing one.

The Bowling Green State University Early Retirement Incentive Plan (ERI) was an economically feasible program in that it represents a net savings to the University in its payment of salary to faculty. This net savings is demonstrated regardless of the method used to calculate the dollar benefits or costs. It is also true for programs instituted on a one-time basis or allowed to continue year by year, as is the practice at the University of Toledo. There are other non-economic attributes to the ERI plan, some of which have been identified above, but in this study only those elements which can be quantified with a dollar dimension are considered.

I. The ERI Plan of BGSU the "One-shot" or "Open-window" Approach. (1984-85)

Over a 13 month period in the years 1984 and 1985, faculty with given age and length of service characteristics were given the opportunity to retire under a program in which the University purchased up to five years additional service credit in the State Teachers Retirement System. These added years represented an increment to their retirement pay of up to ten percent of the retiree's base salary. According to a formula provided by STRS which made the System actuarially whole for the increased liability, the University "bought-out" the incremental cost to STRS for the participating retirees. For the 68 participating faculty retirees, this cost amounted to $3,857,602.82 payable to STRS by the University over a five year period. The total academic year salary for the 68 retirees was $2,580,796, or a buyout cost to A.Y. salary ratio of about 1.5 (actually 1.495).

A. The University's calculations of net savings.

The University is concerned primarily with annual payment flows, not with the true economic cost or savings of ERI. The calculations serve its budget planning purposes, and the Vice President of Academic Planning and Budgeting has acknowledged that no attempt was made to calculate the true economic savings. For budgeting purposes, the University's calculations are useful, but there are elements in both the calculated savings and costs that should be modified if the true economic impact of
the program is to be accurately estimated. Essentially, the University calculates as savings: (1) the academic year salary of all retirees -- increased annually by the average percentage salary increment given to all returning faculty. This constitutes the foregone salary retirees otherwise would have earned if they had not retired. (2) Fringes that these faculty would have earned also constitutes a saving. In addition to annual buyout payments to STRS, annual estimated costs include: (1) a one-time sick leave (unused) payment, not to exceed 30 days; (2) salary paid to retirees taking advantage of the Supplemental Retirement Program (SRP) in which the faculty teach one term per year and may earn up to one-third of their academic year salary, increased annually by the average percentage salary increment; (3) salary paid to replacements of retirees; (4) fringes paid to replacements of faculty. Not all retirees are replaced. The difference between the sum of the elements of savings and the sum of the elements of costs are the University's estimates of its net savings or net costs. They are as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings</th>
<th>Costs</th>
<th>Savings (E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>472,170</td>
<td>414,313</td>
<td>57,857 A</td>
</tr>
<tr>
<td>1985-86</td>
<td>3,105,570</td>
<td>2,867,516</td>
<td>238,054 A</td>
</tr>
<tr>
<td>1986-87</td>
<td>3,129,437</td>
<td>3,035,964</td>
<td>293,473 A/E</td>
</tr>
<tr>
<td>1987-88</td>
<td>3,547,845</td>
<td>3,210,246</td>
<td>337,599 E</td>
</tr>
<tr>
<td>1988-89</td>
<td>3,793,493</td>
<td>3,256,362</td>
<td>537,131 E</td>
</tr>
<tr>
<td>1989-90</td>
<td>4,056,332</td>
<td>3,145,753</td>
<td>910,597 E</td>
</tr>
</tbody>
</table>

TOTAL NET SAVINGS 2,374,694

B. An Economist's Calculations of the 1984-85 ERI Plan.

Although these are substantial reported savings, from an Economic perspective a number of modifications are necessary. The true savings or costs to the University must be based only on those outlays that the University would have incurred if ERI had not been implemented compared to those it did incur with the implementation of ERI. Obligations of the University that are the same with or without ERI are not true costs, and they must not be counted as costs of the ERI program. The University has counted sick leave payments and SRP payments in its cost calculations even though the University would incur these costs at the time when the early retiree would normally have retired. The only added cost to the University is the arithmetic difference between the amount the University actually expended and the amount of the present value of these future obligations. If the retirees had retired at a later date, their salaries would have grown by an annual increment approximately equal to the discount rate used to compute the present value of these future payments. Hence, the increment and the discount rates approximately offset one another, and the payment is about equal to the present value. Therefore, the difference between the two is very close to zero.

Whereas the University has incorrectly, in the economic sense, included sick leave and SRP payments as costs, on the other hand it has underestimated the costs of replacement salaries. (This underestimate is also contained in its estimate of savings on foregone salaries). The true salary base, both for salaries which are foregone and those which constitute replacements, are the A.Y. salaries increased by Summer School reimbursements plus fringe payments. We have increased replacement salaries by twenty percent to allow for Summer School payments; this adjusted salary has then been increased by seventeen percent to allow for fringe payments.

Therefore, we have adjusted and reduced the costs to the University by deleting sick leave and SRP payments, and we have increased costs by adding Summer School and fringe payments on the latter to the replacement costs estimated by BGSU. To these adjusted costs are added the full annual buyout payments.

In the same vein, the salaries of faculty who would have retired without ERI are not attributable to ERI. They are not in reality "foregone" salaries and they must not be counted as savings generated by the ERI program. Moreover, since the academic year salary forms the base upon which Summer School salaries are determined, and since it is the sum of the two upon which the bulk of fringe benefit payments must be made, then true
savings must also include these addenda to A.Y. salaries.

Using data provided by the Academic Vice-President's office, we have calculated the number who were induced to retire by the ERI program. Because faculty normally retire each year, we must allow for this over time among the 68 who participated in ERI. We must deduct each year the number who would have normally retired from the 68 to obtain the balance of those who were induced to retire. It is only those who have been induced to retire that the University saves on their foregone salaries. On the one hand by applying the savings to all 68 retirees for the entire buyout repayment period, the University has overestimated such salary savings. On the other hand, the University has underestimated the salary savings by failing to account for savings on Summer School salaries and the fringe payments that must be made on these additional salaries. We have corrected for the overestimates and underestimates to derive the more accurate annual flow of savings. The adjusted annual flow of savings and costs are given below:

<table>
<thead>
<tr>
<th>Year</th>
<th>Savings</th>
<th>Costs</th>
<th>Savings Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1984-85</td>
<td>376,822</td>
<td>310,372</td>
<td>66,450 57,857</td>
</tr>
<tr>
<td>1985-86</td>
<td>2,944,952</td>
<td>1,902,723</td>
<td>1,042,229 238,054</td>
</tr>
<tr>
<td>1986-87</td>
<td>2,631,405</td>
<td>2,017,402</td>
<td>614,003 293,473</td>
</tr>
<tr>
<td>1987-88</td>
<td>2,346,337</td>
<td>1,908,927</td>
<td>437,409 337,599</td>
</tr>
<tr>
<td>1988-89</td>
<td>1,936,735</td>
<td>1,667,152</td>
<td>269,584 537,131</td>
</tr>
<tr>
<td>1989-90</td>
<td>1,458,291</td>
<td>1,194,096</td>
<td>264,195 910,579</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,693.9</td>
<td>2,374.7</td>
<td></td>
</tr>
</tbody>
</table>

Our calculations show a net savings of about $320,000 greater than those calculated by BGSU. Our estimates also show a flow of savings that is greater in the earlier years of the buyout period than that shown by BGSU. Because both estimates show a substantial savings, the ERI program when viewed solely from a financial perspective, has clearly benefitted the University by providing it in the 1985-90 period with substantially lower faculty salary expense.

II. Savings of An Early Retirement Incentive Program Continued on an Annual Basis.

The University of Toledo has an ongoing Early Retirement Incentive Plan. In addition it permits retired faculty to teach one quarter per year up to age seventy with a stipend of one-third the A.Y. salary. In an interview with Assistant Vice-President for Academic Affairs Richard Perry and Institutional Planner Gwen Scott, both were very enthusiastic about the merits of their ongoing program, citing the net positive benefits both to the University and to the faculty community. The projected net savings from the program were calculated for presentation to their Board of Trustees, who approved the ongoing plan. Calculations were also made for the actual costs and savings for the first year of the plan, which is now in its fifth year of operation. The University of Toledo estimates that its continuing program has doubled its annual rate of retirement among the faculty. Its net savings are estimated to be about $300,000 per year, based upon this increased retirement rate and an estimated replacement salary of those faculty replaced (a discretionary decision of the Administration) equal to 60 percent of the retiree's A.Y. salary.

Although the University of Toledo's experience strongly suggests the economic viability of a continuing ERI program on an annual basis, more careful calculations are appropriate to estimate the savings and costs of such a program were it to be instituted at BGSU. It is fairly straightforward to develop a formula to obtain a break-even ratio for costs to equal benefits. The economic benefits to BGSU are the amount of the total foregone salaries plus fringe benefit payments from those faculty induced to retire. These benefits are reduced by salary payments to some proportion of replacements of these induced retirees. (There are no added savings from those who would normally retire and no added costs from their corresponding replacements). On the other hand, since BGSU must pay to STRS buyout payments for all retirees under ERI, whether they would normally have retired or would be induced to retire, these buyout costs must be applied each year to the total number...
of retirees. BGSU breaks even if the benefits equal the costs.

Hence, the viability of the program depends upon whether or not the ERI plan actually does induce a sufficient number of faculty to retire early on an annual basis to pay for itself. Our calculations show the following: Without an ERI plan, the present value of future take home income of a faculty member continuing in the full-time employ of BGSU exceeds the present value of take home income of a retiree where no ERI plan exists. Hence, without ERI an income maximizer would not advance his/her normal retirement date. However, with an ERI program, for a period of up to 3.5 years in the future the faculty member anticipating retirement would have a present value of take home retirement income equal to or in excess of the present value of the take home income from not retiring. An income maximizer would therefore be better off to advance his/her retirement plans accordingly. The point to this analysis is that an ERI plan on an annual basis should induce an added flow of retirees.

We have first estimated the retirement flow of BGSU faculty under an annual ERI program and also that flow which would occur were no such program instituted. We have used data from the one-time ERI program which BGSU had implemented, recognizing that not all BGSU faculty eligible to participate in the ERI plan actually did so. Using distributions of faculty by years of service at BGSU and by age, assuming an average number of three years of non-ERI purchaseable service, and by noting the ratios of those who did and did not retire under the previous ERI program, we have estimated retirement flows with and without ERI on an annual basis over a five year period beginning in 1988. These estimates give us the number of normal retirees, M; induced retirees, R; and total retirees, N = M + R.

For each group of retirees per year, BGSU is permitted by STRS to distribute the buyout costs over a five-year period. No interest is due on the first-year's payment, but interest is paid on the balance owed to STRS at the end of the second year at a seven percent annual rate. The compounding rate on retirees' salaries which would have been obligations of BGSU had they not retired would be equal to the annual percentage salary increment. Whereas under the original ERI plan, the annual salary increment rate was about equal to the interest charged by STRS, this is not necessarily true for future projections. Our assumption is that the annual interest charge exceeds the salary increment rate by one percent each year.

The replacement rate of retired faculty is given by "r". Replacement salary as a percent of retiree's salary is given by "g". The product of r times g is k, or the ratio of total replacement salaries to total retirees salaries. (Under the 1984-5 ERI plan, r = 0.647; g = 0.574 and k = 0.371). The break-even formula becomes, therefore:

\[ R/N = 0.218/(1 - k) \]

By varying either the replacement rate or the replacement salary, or both, the Administration may adapt k to the ratio of R/N in order to maintain the financial soundness of the ERI plan. If R/N exceeds the breakeven ratio, the ERI generates a net financial savings from the program. Hence, the University can minimize any financial risk from the implementation of the program by administratively varying k.  

The ratio of induced retirements to total retirements from 1988 through 1992 has been estimated to be as follows:

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>R/N</td>
<td>69.2%</td>
<td>67.0%</td>
<td>62.5%</td>
<td>65.1%</td>
<td>56.9%</td>
</tr>
<tr>
<td>(R)</td>
<td>(31.2)</td>
<td>(23.7)</td>
<td>(19.8)</td>
<td>(21.6)</td>
<td>(19.5)</td>
</tr>
</tbody>
</table>

Based upon an assumed average A.Y. salary of $50,000 per retiree and a k = 0.55 (which is approximated by a ninety-two percent replacement rate and a sixty percent replacement salary), total savings from an annual program for a five year period beginning in 1988 is estimated below. Savings occur because the ratio R/N shown above exceeds the break-even ratio of 0.484.

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Savings From Each Year's Operation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>$1,477,125</td>
</tr>
<tr>
<td>1989</td>
<td>1,034,713</td>
</tr>
<tr>
<td>1990</td>
<td>701,821</td>
</tr>
<tr>
<td>1991</td>
<td>871,354</td>
</tr>
<tr>
<td>1992</td>
<td>471,287</td>
</tr>
</tbody>
</table>
Table 4 shows the annual pattern of savings from this simulation. Note that the savings and costs for each year of the program are calculated over a five-year interval, for that is the period over which the University distributes to STRS the buyout costs. Total savings summed over each five year cycle for each year of operation up through 1992 amount to $4.556 million.

Because the value of $k = 0.55$ used in this simulation is far above a more realistic value (probably of the order of 0.45), the actual savings most probably would be in excess of those estimated in this exercise. Therefore, the expected benefit - cost relationship is highly attractive to BGSU, and an ERI program on an annual basis may be attractive to other state universities.

**Post Script**

Since December 1986, an ad hoc Faculty Senate committee of which the author is a member, has been negotiating with the Vice Presidents of Academic Affairs and of Resource Planning to re-institute the Early Retirement Incentive Plan at Bowling Green State University. Faculty interest in a renewal of the plan on an on-going basis has been extremely high, and decisions to retire have been postponed until the issue has been settled. An average of only three faculty members per year have retired since 1984-85. In August, 1988 the Vice-Presidents have recommended to the President, and he has concurred with their recommendation, that the ERI be reinstated in January, 1990 with a maximum of four years of service credit to be purchased by the University. Moreover, to maintain a reasonable ratio of retired faculty teaching supplementarily for one-term to full-time faculty, the reinstated program would allow only up to three years of post-retirement teaching at the option of the faculty. The recommendation is under consideration by the Faculty Senate and modifications may be proposed.

**ENDNOTES**

1. The author wishes to thank
Drs. Bart Brennan, Chris Dalton,
Michael Doherty, Angela Lindlay,
Harold Lunde, Paul Mueller, Leo Navin
and William York, all of BGSU, for their advice and assistance in this study.
Errors and omissions, however, are the responsibility of the author.

2. A 1987 study of the Pennsylvania public university system, which in 1982 had moved back the mandatory retirement age to 70, revealed that the average retirement age was not affected by this change in the mandatory retirement age. About two-thirds of the faculty continued to retire by age 66. See "Personal and Professional," Chronicle of Higher Education, December 16, 1987, p. A11.


5. Ohio Revised Code, Sec. 3307.5.


7. Only Miami University purchased three years or less of service credit, as did the North East Ohio University College of Medicine. The purchase of even one or two years of service credit can induce early retirement for a teacher with twenty-nine or twenty-eight years of service, respectively. The Ohio retirement system carries a heavy penalty for a teacher retiring with less than thirty years of service or before age sixty-five. For example, a teacher age 58 with twenty-eight years of service who retires will receive as retirement pay only 50.4 percent of her final average salary. A purchase of two additional years of credit would allow her to retire at the same age with sixty percent of her salary. At age fifty-eight and with twenty-nine years of service, she would receive as retirement pay only 55.1 percent of her final average salary; a purchase of one year would increase her retirement pay to sixty percent. A five year purchase plan for
teachers fifty or over effectively converts the pension plan into a twenty-five year one in order for the retiree to receive the non-discounted, full benefit of two percent for each year of service. The 1987 STRS survey reported that 75 percent of the retirees would not have been eligible to retire if the ERI plan had not been offered, p. 22.

8. The 1987 STRS survey reported that more than 21 percent of responding employers may readopt another plan within five years and another 20 percent said they would implement another plan as needed. Hence, over 41 percent of employers would consider readopting ERI. (p. 7.)

9. Ibid., p. 23.

10. In October 1986, STRS increased the buyout rate by almost 20 percent. The 5-year buyout ratio under the new formula is estimated to be 1.75.

11. The annual percentage salary increments given for 1985-86 and 1986-87 were used for these years. For the remaining four years, annual increments were estimated at seven percent.

12. The University assumes all retirees taking advantage of SRP will teach for the full five years that they are eligible. Fifty-six of the 68 took advantage of SRP in 1985-86; 59 in 1986-87. The SRP plan has been in place since 1981. About 85 percent of those retiring elect SRP, and those on SRP have taught for an average of 3.5 years. (For all retirees, the average is 2.98 years.)

13. Replacements totaled 43 in 1985-86 and in 1986-87 (or 63.24%); 44 were replaced in 1987-88 (or 64.7%). With SRP, to maintain equivalent full-time faculty, only about 60 percent of retirees need initially to be replaced until the retiree expends his SRP option.

14. If a faculty member was motivated to retire early solely on the basis of monetary gain, my calculations under the pre-1987 tax law show that it pays the retiree to advance his retirement by about 3.5 years because of ERI. Because STRS payments, beginning in 1987 are no longer completely tax exempt in the first two years or so after retirement, the retiree’s take home income would be reduced, and the advancement of retirement may be reduced. There is some evidence that ERI induced teachers to retire early by as much as 3.66 years in A.Y. 1984-85 and by 4.5 years in A.Y. 1985-86.’ STRS 1987 Survey, pp. 4, 18.

15. The net cost may well be negative which would represent a savings to BGSU. Because the salary increment rate in 1985-86 was 8% and in 1986-87 was 8.5%, with an estimated increment of 7 percent for the remaining four years, the average compound rate of increments is 7.4 percent. The discount rate is 7%, which is the rate that the University must pay STRS on its deferred buyout payments. Thus, the present value of the amount that the University would have had to pay when the early retirees normally would have retired exceeds the amount it had to pay with early retirement -- a savings.

16. The University in subsequent calculations based on the model developed in this paper has estimated summer salaries to be 15 percent and fringe benefits to be 17.25 percent of A.Y. salaries.

17. The distribution between the 68 retirees who normally would have retired and the number who have been induced to retire by ERI for the applicable years is as follows: (18 retired in 1984; another 50 retired in 1985).

<table>
<thead>
<tr>
<th>Cumulative number normally retiring</th>
<th>84-85</th>
<th>85-86</th>
<th>86-87</th>
<th>87-88</th>
<th>88-89</th>
<th>89-90</th>
</tr>
</thead>
<tbody>
<tr>
<td>6</td>
<td>17</td>
<td>26</td>
<td>33</td>
<td>41</td>
<td>49</td>
<td></td>
</tr>
<tr>
<td>Cumulative number induced to retire</td>
<td>84-85</td>
<td>85-86</td>
<td>86-87</td>
<td>87-88</td>
<td>88-89</td>
<td>89-90</td>
</tr>
<tr>
<td>12</td>
<td>51</td>
<td>42</td>
<td>35</td>
<td>27</td>
<td>19</td>
<td></td>
</tr>
</tbody>
</table>


19. An alternate method is to use the average of two formulas to compute projected retirement age without ERI, which recognize that retirement either (a) before age 65 or (b) before 30 years of service in STRS has been accumulated carries with it substantial discounts in retirement pay. (In the BGSU case, thirty-two of the 68 retirees actually had 30 or more years of service at the
time of the ERI plan. Undoubtedly, since fourteen were in their fifties and another thirteen were between 60 and 65, retirement with thirty years of service is not automatic. Hence, many of the retirees were induced to retire early).

Formula A:
Age 65-(STRS years of service-30)

Formula B:
Current age+(30-STRS years of service)

In Formula A, if STRS service is 30 years or less, zero is taken as the value in parenthesis. In Formula B, age 70 is a maximum allowable age. The actual age at retirement is then subtracted from the average projected age of retirement to estimate the number of years of induced retirement. These induced years are summed and divided by the number of retirees. The result is 3.16 years of induced retirement per retiree under the 1984-85 program, which is undoubtedly a conservative estimate. See also note 14.

20. \( B = \frac{\text{Total buyout costs}}{\text{Retirees total A.Y. salaries}} \)

Let \( S \) = average retiree A.Y. salary
\( SS = S + \text{summer school (S x 1.2)} \)
\( SSF = SS + \text{fringes (SS x 1.17)} \)

Annual average savings less annual average costs equals net annual savings. This reduces to: \( R x(SSF - kSSF) = \frac{1.5SSF(1.01)^2N}{5(1.2)(1.17)} \)

which simplifies to:
\( R/N = 0.218/(1-k) \)

\[
\begin{array}{cccc}
r & g & k \\
0.9 & 0.6 & 0.54 \\
0.8 & 0.6 & 0.48 \\
0.7 & 0.6 & 0.42 \\
\end{array}
\]

"k" = \( \begin{array}{ccc} 0.55 & 0.48 & 0.42 \\
0.54 & 0.48 & 0.42 \\
0.54 & 0.48 & 0.42 \\
\end{array} \)

Breakeven ratios = \( \begin{array}{ccc} 0.484 & 0.419 & 0.376 \\
0.484 & 0.419 & 0.376 \\
0.484 & 0.419 & 0.376 \\
\end{array} \)

21. The Vice President of Academic Planning has used the formula to estimate the number of years of induced retirement (t) in order to permit the University to break even with a variety of assumed values of k. The reformulation divides the buyout cost B by t, the years of induced retirement. With \( B = 1.75 \) and \( S/SSF = 1/1.32 \), the formula for breakeven induced years of retirement (t) is:

\[
t = \frac{S (1.01)^2 1.75(1.0202) 1.353}{SSF (1-k) 1.32 (1-k) (1-k)}
\]

For example, for \( r = 75\% \) and \( g = 60\% \),
\( t = 2.46 \) years.

22. Since \( r = .92 \) is exceptionally high (an \( r = .75 \) or \( r = .65 \) are much more reasonable), the savings in Table I are conservative estimates.

23. Since the total number of years represented in Table 4 is nine, the average annual savings over this interval is about $500,000. Under the revised value of B and with a lower summer salary percentage, annual savings would be closer to $400,000.
### TABLE 1
NUMBER OF PUBLIC EDUCATIONAL INSTITUTIONS IN OHIO UTILIZING THE EARLY RETIREMENT INCENTIVE PLAN OF STRS, 1983-1986

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Number of</th>
<th>Length of Time Plan Was in Operation</th>
<th>Years of Service</th>
<th>Credit Purchased</th>
<th>Total</th>
<th>Less</th>
<th>Years</th>
<th>More</th>
<th>Years</th>
<th>Less</th>
<th>Years</th>
<th>Years</th>
<th>Years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1 Year or 1.1-1.99</td>
<td>2-2.99</td>
<td>3.0-4.9</td>
<td>To 1999</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public Schools</td>
<td>24</td>
<td>79</td>
<td>103</td>
<td>17</td>
<td>56</td>
<td>279</td>
<td>166</td>
<td>60</td>
<td>39</td>
<td>11</td>
<td>3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Inst.</td>
<td>1</td>
<td>1</td>
<td>3</td>
<td>2</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community Col.</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>2</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colleges &amp; Univ.</td>
<td>2</td>
<td>6</td>
<td>8</td>
<td>2</td>
<td>4</td>
<td>107</td>
<td>17</td>
<td>66</td>
<td>40</td>
<td>12</td>
<td>4</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>22</td>
<td>22</td>
<td>4</td>
<td>24</td>
<td>170</td>
<td>66</td>
<td>40</td>
<td>12</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


### TABLE 2
NUMBER OF STATE INSTITUTIONS THAT HAVE REINSTATED THE EARLY RETIREMENT INCENTIVE PLAN OF STRS, 1983-1986

<table>
<thead>
<tr>
<th>Type of Institution</th>
<th>Continuation of the Plan</th>
<th>Reinstatement of the Plan</th>
<th>Revision of Plan-Years of Credit Purchased</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change</td>
<td>Increased</td>
<td>Reduced</td>
</tr>
<tr>
<td>Public Schools</td>
<td>23</td>
<td>22</td>
<td>16</td>
</tr>
<tr>
<td>Technical Institute</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Community College</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>Univ. or College</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>25</td>
<td>22</td>
<td>17</td>
</tr>
</tbody>
</table>

TABLE 3
STATUS OF EARLY RETIREMENT INCENTIVE PLANS OF TWELVE STATE UNIVERSITIES IN OHIO, 1988

<table>
<thead>
<tr>
<th>University</th>
<th>Yes</th>
<th>No</th>
<th>Maximum Years Purchased</th>
<th>Yes-up to 5 Years or Age 70, which ever is first.</th>
<th>No</th>
<th>Yes</th>
<th>No</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akron</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bowling Green</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Central State</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cincinnati</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cleveland</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kent</td>
<td>X</td>
<td>X</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Miami</td>
<td>X</td>
<td>X</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ohio State</td>
<td>X</td>
<td>X</td>
<td>3</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ohio Univ.</td>
<td>X</td>
<td>X</td>
<td>4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toledo</td>
<td>X</td>
<td>X</td>
<td>3</td>
<td></td>
<td></td>
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<tr>
<td>Wright</td>
<td>X</td>
<td>X</td>
<td>4</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Youngstown</td>
<td>X</td>
<td>X</td>
<td>5</td>
<td></td>
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</tr>
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</table>


*Since 1981-82, University of Cincinnati has had an AAUP early retirement incentive plan for AAUP members. The University purchased annuity credit for 13 faculty in 1987.

**The President of BGSU has proposed on August 22, 1988 a reinstatement of the ERI plan with a buyout of service credit for up to four years on a continuing year to year basis.

^The original OSU plan for 1984-85 called for a purchase of 3 years of service credit. Faculty who elected this original plan numbered 151; another forty-one elected the renewed, upgrade plan in 1985-86; and 285 elected the plan in the two year period 1986-88.
TABLE 4

NET SAVINGS FROM ANNUAL ERI DISTRIBUTED OVER THE FIVE YEAR BUYOUT PERIOD FOR EACH YEAR OF OPERATION, 1988-1992*  

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>1988</td>
<td>308,071</td>
<td>301,751</td>
<td>295,443</td>
<td>289,048</td>
<td>282,770</td>
<td></td>
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<td>41,477,125</td>
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<td>1989</td>
<td>216,869</td>
<td>211,913</td>
<td>206,857</td>
<td>201,965</td>
<td>197,009</td>
<td></td>
<td></td>
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<td>1,034,713</td>
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<tr>
<td>1990</td>
<td>149,253</td>
<td>144,815</td>
<td>140,377</td>
<td>135,907</td>
<td>131,469</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>701,821</td>
</tr>
<tr>
<td>1991</td>
<td>183,580</td>
<td>178,932</td>
<td>174,284</td>
<td>169,603</td>
<td>164,955</td>
<td></td>
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<td>871,354</td>
</tr>
</tbody>
</table>

Totals $308,071  518,626  656,609  824,436  907,919  606,273  395,343  254,390  84,633  $4,556,300

*Estimated, December 11, 1986
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