

## Proponent Testimony Data Ohio

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“When you can measure what you are speaking about, and express it in numbers, you know something about it; but when you cannot express it in numbers, your knowledge is of a meagre and unsatisfactory kind” Lord Kelvin

Thank you for this opportunity.

I should inform the committee that I am appearing as a private citizen and not under employ or contract to anyone to discuss these issues. For me, this policy issue is a long time labor of love. When I began talking about this policy, it was an option, but at the end of this testimony you might see how this is soon to be a requirement.

If you can't measure it, you can't manage it. That statement applies to the taxpayers and voters who select our local governmental leaders, and those leaders whose job it is to manage our local governments.

Voters can't evaluate claims made by either incumbents or challengers that their local governments are or are not performing as needed. In addition, local elected officials are denied the opportunity to seek out examples of well-run communities of a similar size and demographic. This proposal will allow for a scientific analysis of government. As a “recovering local official” I am very aware of this hole in the fabric of our government.

Leaders and citizens concerned about quality of service, and our tax dollars, will embrace this proposal. I do want to commend the sponsors in putting forward this profound yet very subtle change in how we govern ourselves, and

the tools our citizens will have to improve their governance, using greater accountability and transparency.

The more I am around state policy, the more I appreciate subtle legislation, rather than legislation that hits citizens and the process over the head with a stick. Life is not linear, and legislation should also be non-linear.

How many of you have seen the movie or read the book “Moneyball”? The consistently second lowest payroll team Oakland Athletics, since adopting a rigorous statistical analysis of the players in 2001 as outlined in the movie and book, have won the Western Division in 2002, 2003, 2006, 2012 and 2013, plus making a wild card berth in 2014. The A’s defined value for the money. The premise of the movie and book is better data can tell you which players to sign. But you need to collect the data and keep it. How would we judge baseball if we didn’t use statistics? We would be like the old scouts who would prattle on about how so and so looked like a ball player. We do the same for local governments; we have no idea of any batting average or earned run average at the courthouse or city building. But we pay for it just the same.

Justice Brandeis once said that the states were living laboratories of democracy; that they were doing in effect public policy experiments that the other states could learn from. You have the same option to create a data base by which local governments can learn from each other. Which sheriff runs the leanest shop in Ohio? I don’t know, but if I did, if you did, if the county commissioners and the taxpayers did, we would all be beating a path to his or her door. Then arguing over where the new money would go; but at least we could have that discussion of where to invest in what we think matters the most; now we can’t.

But now, for the harsh reality; the bond markets soon may no longer allow all local governments to claim, like Lake Wobegon, to be above average. Every two months I organize a dinner for a group that is smarter than me; one of

those people is Dr. Ned Hill from OSU. At a dinner he mentioned that in the fall of 2015 the Governmental Accounting Standards Board (GASB) announced they were coming out with new rules that would change how governments kept their books. Like you all, I was of course aware of the new environment sweeping through GASB, but with a pending book on another topic, I just skimmed over the implications. My bad. It seems GASB is now heading down a path very compatible with Data Ohio, according to Ned. Basically, in the future, if local governments wish to borrow money, they may need a uniform chart of accounts. To quote here from the GASB web page:

“In September 2015, the GASB added a project to its agenda to reexamine the blueprint of state and local government financial reporting. The project is meant to result in improvements to the financial reporting model, including Statement No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments, and other related pronouncements.” with “Budgetary Comparison Information” being a major goal.”

<http://gasb.org/jsp/GASB/Page/GASBBridgePage&cid=1176166431214>

So...Ohio had better get on the “moneyball” and encourage our local governments to begin the process of developing, with the AOS, a uniform set of rules. Why AOS? Because we need GAAP rules that comply with a uniform chart of accounts across various government bodies of similar activity. According to U of Washington and Brookings we may, I emphasize may, be costing our taxpayers already anywhere from 15 to 20 basis points on bonds issued by their local governments, compared to local government that have a statewide standard chart of accounts that meets GAAP standards.

<https://www.brookings.edu/wp-content/uploads/2016/12/marlowe-slides.pdf>

These data sets will become a tool we can use in ways that we cannot imagine now.

If you want to see how this might look, take a peek at the “Cupp Report” on the ODE webpage, where it has a similar program for schools.

Thank you and I will answer any questions.