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LET'S GET SOME "FREE MONEY" FROM THE FEDS

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One of the significant problems in getting the federal deficit under control is the many ways communities can obtain "free money" from the federal government. Of course, it really is not "free". We pay for it through our income taxes. Or, we simply add it to the deficit and let future generations worry about it.

The excuse for perpetuating these "gifts" from Uncle Sam is that they assist local governments in meeting their needs to fund development and various services. Unfortunately this federal largesse often has an unexpected impact, quite different from its intent.

Locally, we need look no further than the Northern Kentucky Airport. In the mid 'eighties the airport's ruling body – six of seven appointed by the Judge Executive of one small county – decided to roll the dice and expand the airport far beyond the needs of local travelers.

Their ability to obtain federal funding for as much as 90 percent of the cost of new runways allowed unnecessary expansion of the facility. Once their new runways were ready the Airport Board handed a virtual monopoly on local air travel to Delta Airlines. The "advantage" was that the airport was to be a "hub" for Delta with all the attendant "benefits".

For close to twenty years Delta was able to charge monopoly fares for local travelers, usually the highest in the nation. The Airport Board and its defenders dismissed complaints by citing direct flights to 140 cities and the supposed benefit to attracting business. One questionable study, paid for by the airport, touted the "economic advantage" to the area.

For over two decades there were about 600 flights a day in and out of Northern Kentucky Airport. Some 200 were locally originated. Assume there were just ten people on each flight paying only \$100 more for their tickets than at nearby airports. That's \$73 million a year. Over twenty years those very conservative numbers come to over \$1.4 billion – that's right, \$1.4 billion – in excess fares. All that money went to Delta, right out of the pockets of local travelers.

Now, having put all their eggs in Delta's basket, the Airport Board is coming up empty. Delta is leaving. They have reduced their flights here and competing airlines are pretty much set at nearby airports. You wonder if they will be doing a new study of the airport's "economic advantage" to the area – minus Delta.

Maybe the Airport Board still would have handed a monopoly to one major carrier without the new runways. But it is hard not to believe the rapid, mostly federally funded new runways set the stage for the arrogance which ignored the marketplace and the needs of local travelers.

"Free money" has a way of doing that. The federal government inspires the kind of risky behavior that usually leads to very bad results. Whether it's earmarks, grants or outright gifts the potential for waste, fraud and disaster far outweighs any short term advantage.

The Northern Kentucky Airport offers a perfect example. The area is left with an overbuilt "white elephant" airport and thousands of employees have been thrown out of work. Whether the City of Cincinnati's streetcars or the State of Ohio's railroad train become another sad story of federal "free money" gone bad remains to be seen.

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