

HB 487 proposes new cuts, little re-investment

Savings should be directed to needed services, group says

Ohio Gov. John Kasich and House Republicans propose squeezing \$95 million out of Ohio's current budget without using the money to restore critical services, according to a new analysis by Policy Matters Ohio. The bill does not include a defined plan for use of the funds cut from various agencies.

House Bill 487, one of the first bills out of the chute in the new Mid-Biennium Review process, contains a number of policy proposals and will likely be broken into separate pieces. While the bill includes budget corrections expected at this time in the budget cycle, the cuts are unusual because they would come at a time when the state is not facing a budget gap. While most of the savings come from debt service reduction and downsizing in federal lines, even agencies that would end up in the black contain programs that have been cut. The cuts are relatively small: in a \$112 billion biennial budget, \$95 million is about a tenth of 1 percent. However, the funds that would be cut in this bill could go far in meeting critical needs. Examples of important uses of these funds include:

- \$8 million to draw down federal matching funds requested by stakeholders for developmental disabilities services so they can provide services to a waiting list of 14,000;
- \$20 million to incentivize counties without a levy to raise local resources for children's welfare services, suggested by advocates for children;
- Just over \$6 million to restore FY 2013 funding for addiction services to 3,800 Ohioans as the opiate epidemic rages.
- Restoring a share of the \$1.8 billion cut to K-12 schools.
- Restoring a share of the \$1 billion cut to local governments.

Key findings

- \$123 million in cuts and \$28 million in new investment yields net cuts of \$95 million.
- Savings in debt service and federal lines drive most of the downsizing, but cuts hit GRF programs large and small.
- Casino revenues and changes in liquor control functions drive new investment.

"Savings from HB 487 should be directed toward rebuilding services," said Wendy Patton, report author and director of Policy Matters Ohio's fiscal analysis project. "Legislators should engage in a serious discussion of how to bolster the state's revenues and ensure that last year's cuts do not become a new baseline for public services."