

A budget that works

Ten years of tax cuts have not helped Ohio's economy and have damaged schools, public health and other foundations of prosperity. Lawmakers need to do a U-turn, putting Ohio back on a path to long-term economic growth by ensuring we have the resources we need to invest in good schools, top-flight colleges, a sound transportation system, and healthy, productive families. They have the opportunity to do so, with the state budget for the next two years, fiscal years (FY) 2016 and 2017.

The budget is the two-year blueprint for the services Ohioans depend on. The current state budget continued a tax-cutting agenda begun in 2005 that has led to underfunding of important services. In our last budget report, we noted that Ohio, the seventh most populated state with the eighth largest Gross State Product, had joined states near the bottom quintile in rankings that measure quality of life and investment in residents. We remain too close to the bottom in too many areas, or are headed in the wrong direction. It does not have to be this way. This report contains many recommendations of how legislators can start to turn things around. A sample is highlighted here:

Health: In 2014 Ohio ranked 47th among the states in the Health Policy Institute's ranking of health value, which includes many measures of health outcomes and cost factors.

- *Legislators can reauthorize Medicaid, with the expansion population held harmless, allowing hundreds of thousands to see a doctor, control chronic disease and prevent illness.*

Infant mortality: Ohio ranks 48th in the nation for infant mortality and 50th in the nation for African-American infant mortality in 2011.

- *Legislators can provide better funding for public health to solve the many tough problems outlined in Director Richard Hodges's budget letter.*

K-12 education: Our scores fell from B to C in Education Week's report card for 2014. We got a 'B' on the national Chamber of Commerce's 'Leaders and Laggards' report card, but a D in implementing improvements since 2007.

- *Legislators can restore public school funding levels, provide better oversight and regulation, and eliminate public support for poorly performing charter schools.*

Higher education: In 2012 we ranked 36th in state support for higher education per \$1,000 of personal income and in 2014, we ranked 38th.

- *Legislators can restore funding in the Board of Regents State Share of Instruction agency line item and lower tuition and fees that students struggle to pay.*

Student aid/college loan burden: Between 2002 and 2012, state need-based grant aid declined in Ohio by 51.9 percent, the sixth largest decline in the nation.

- *Legislators can restore funding for the Ohio College Opportunity Grant (OCOG) and allow community college and branch campus students to participate in this aid.*

Protecting kids: Ohio is at the bottom among the states in providing *state* dollars for children's services.

- *Legislators can provide ongoing state funding for important protective service plans developed through one-time grant monies given in last year's minibudget.*

Public transit: Ohio's low level of funding means our populous state ranks among the lowest in the nation (38th out of 51), just below South Dakota.

- *Legislators can fund an initiative to develop strategies to meet the transportation department's projected transit needs – and start implementation in FY 2016-17.*

Employment: The nation has surpassed the level of employment before the recession, but Ohio still lags. We have fewer jobs now than we had before the recession, and less than before we started cutting the personal income tax in 2005.

- *Legislators can reverse tax cuts for the wealthy. This would support the necessary investments in the education, health and communities of Ohioans that really drive economic improvement.*

Reducing poverty: The share of Ohioans living in poverty is at 16 percent, very slightly higher than in 2010.

- *Legislators can make sure program rules in programs like public child care, which help people get and keep jobs, work for those in the hyper-flexible, low-wage labor market with its ever-changing schedules, shifts and hours.*
- *Legislators can better support and fund county departments of job and family services so case managers can focus on helping people who need help.*

Low-wage jobs: Eleven of Ohio's dozen largest occupational groups have median wages so low they leave a family of three in or close to poverty.

- *Legislators can raise wage rates in jobs that get public funding, like home health aides, boosting earning and enhancing care.*

Local Government: State budget cuts, elimination of taxes and reduced property tax relief has eroded the ability of local government to provide services.

- *Legislators should restore the property tax rollback for new levies and revenue sharing programs that Ohio's local governments have depended on to provide services, in particular, local health and human services.*

This report focuses on these and other investment opportunities, chosen because of their importance or because of they are a focus area of Policy Matters Ohio.

Tax policy is the key to restoration. Tax cuts over the past decade have slanted the tax system further against low- and middle-income Ohioans, while removing about \$3 billion a year from the resources available to invest in needed services. This policy must be reversed so we can again invest in Ohio and its future.