**Budget**

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Contact: Zach Schiller, 216.361.9801

**Ohio needs more investment, not more tax shifts**

Governor Kasich’s proposed budget shortchanges key programs

In his proposed budget released today, Governor John Kasich calls for tiny increases in spending on key programs, such as K-12 education, when more investment is needed. At the same time, he once again calls for a major reduction in income taxes, paid for mostly with other taxes that will fall more heavily on low- and middle-income Ohioans.

Ohio does not need another income-tax cut paid for in part with a sales-tax increase. Years of such policies have shifted taxes from the most affluent to everyone else, while jobs have continued to grow at a slower pace than in the country as a whole. Meanwhile, tax reductions over the past dozen years cost $3 billion annually in revenue, helping create a budget crunch that could have been avoided.

Local governments, which are working with $1.2 billion less in 2017 than seven years ago due to changes in state revenue-sharing and tax policies, do not get the restoration they need. The governor’s budget also doesn’t do enough to replace revenue that counties and transit agencies will lose with the end of a sales tax that covered Medicaid Managed Care Organizations. While the governor’s budget provides some temporary aid, it’s only a partial replacement and not permanent funding.

Governor Kasich proposes a modest increase in funding for the overall K-12 budget, but not enough to keep up with inflation. Struggling school districts that experienced enrollment declines from 2011 to 2016 may lose funding because of changes to the previously guaranteed amounts. The Ohio College Opportunity Grant, Ohio’s only need-based grant for low-income students, was modestly increased, but not enough to meet the needs of low-income students. There is new investment in early childhood education, but across all Department of Education early childhood line items, new investment does not keep up with inflation.

There are some positive elements in the budget. Additional investment in children’s services should help the rising numbers of children who need assistance as the drug epidemic ravages many areas of the state. We congratulate the Kasich administration for maintaining the Medicaid expansion with eligibility at 138 percent of poverty. Close to 700,000 Ohioans continue getting health care as a result.  Those in the program last year reported GET better physical, emotional and financial stability: With better health, it was easier for them to work and easier to look for a job. However, we are sorry to see Medicaid premiums reappear in the Kasich budget. Research shows for people with low incomes, premiums discourage seeing the doctor, especially for the poorest and the sickest.

We need a stronger restoration of state support to enable kids to be better educated, to advance economic security, and to maintain and improve our infrastructure. Policy Matters Ohio enumerated a number of these needed initiatives in a recent report. We will study the budget and produce additional analysis.

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute*

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