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Revenue and budget

Review of Ohio's 2022-23 budget

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2022-23 budget overview

We come together and pool our resources for clean water, safe streets and roads, good public schools and other essential public services. As the pandemic and its economic consequences play out, lawmakers will need to use those resources to repair damage and rebuild. Federal aid has played and will continue to play a big role in that process. With a cushion of federal funds, Ohio’s lawmakers used the post-recession rebound in state revenues on historically large income tax cuts that overwhelmingly benefit the wealthiest people. When the federal aid ends, the unmet needs that existed before will remain — underfunded public schools, insufficient state support for many health and human services, inadequate aid to local governments, among other eroded public services.

In this report, we highlight changes in lawmakers’ spending through the budget and through the tax code (in tax breaks) and examine the big tax cuts that will reduce resources for basic public services. We look at the federal funds that have played a critical role in public finance for the past 18 months and will continue to do so for the next two to four years. We highlight policy changes in the budget bill and the expected outcomes for Ohioans.

Background on the state budget

There are several different ways to look at the state’s two-year budget:

- **\$162 billion:** The “all-funds” budget, including all federal funds, fees, special purpose funds and various fiduciary (passthrough) funds will total just under \$162 billion over 2022 and 2023. It will be \$80.8 billion in 2022 and \$81.1 billion in 2023.
- **\$74 billion:** The General Revenue Fund (GRF) contains flexible taxpayer dollars lawmakers allocate for public services. It will total \$74 billion over the two-year (biennial) budget period: \$34.8 billion in 2022 and \$39.2 billion in 2023. Like only a handful of other states, Ohio includes billions of federal (Medicaid) dollars in the GRF.
- **\$50.2 billion:** State taxpayer dollars alone in the GRF — not including the federal Medicaid dollars — will total \$50.2 billion: \$24.2 billion in 2022 and \$26.1 billion in 2023.

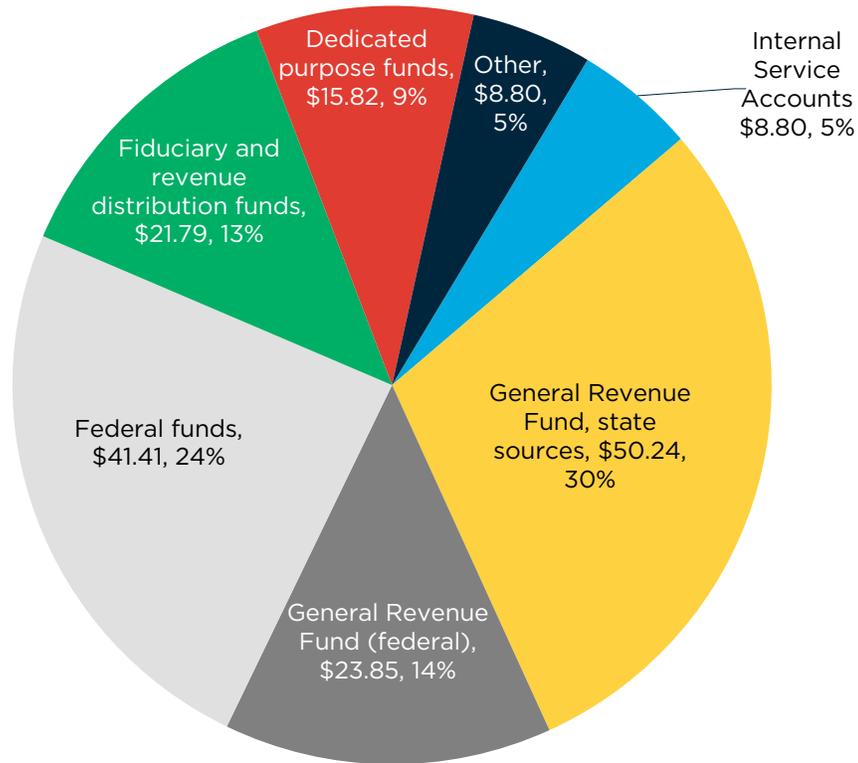
Figure 1, below, shows the primary funds that make up Ohio’s budget: General Revenue Fund *state* dollars, General Revenue Fund *federal* dollars, other federal funds, dedicated purpose funds, fiduciary and revenue distribution funds (money

that passes through the state to other entities), internal service accounts (which account for internal uses of appropriated funds) and a few other funds (like lottery money). Many important public services like unemployment compensation benefits, funds for highway building and repair and the Bureau of Workers Compensation, do not show up on this graph because they are independent systems that operate from separate budgets that are not included in the state operating budget.

Federal dollars make up the biggest share of the all-funds state operating budget: 38% in 2022-23. State funds in the GRF account for just 30% of the “all-funds” budget, but this is where attention is focused because it is where legislators make their decisions about use of state taxpayer dollars.

Figure 1

Federal funds make up 38% of 2022-23 all-funds budget
 The 2022-23 Ohio all-funds budget in billions of dollars



Source: Policy Matters Ohio based on Ohio Legislative Service Commission Appropriation Spreadsheet for 2022-23 budget with 2021 actuals.

The General Revenue Fund

Figure 2 shows how lawmakers decided to use state taxpayer dollars in the General Revenue Fund. (Figure 2 does not include the federal Medicaid dollars Ohio puts into the GRF). You will see that K-12 education is the biggest state-funded service. In fact,

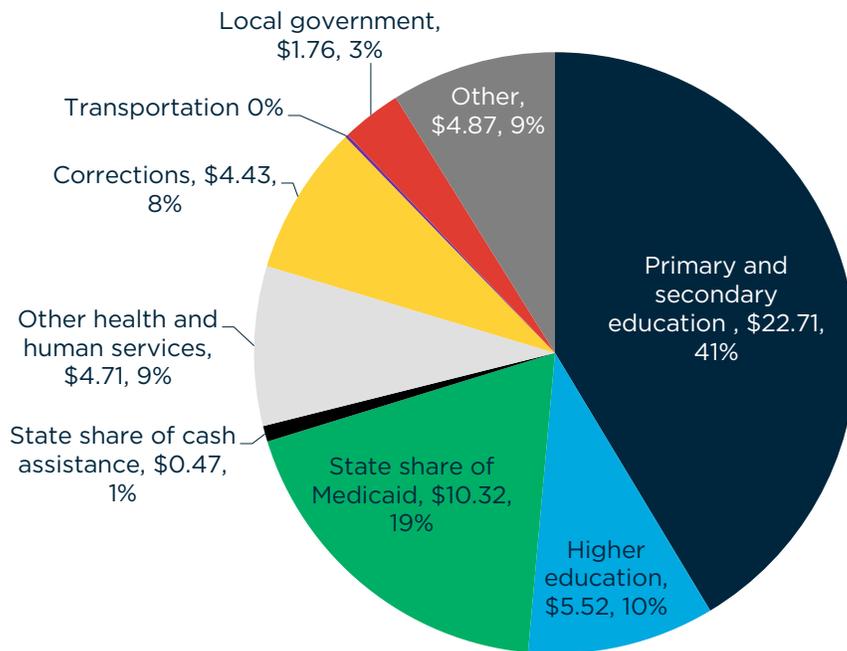
over half (51%) of the state dollars in the GRF fund primary, secondary and higher education.

The next largest category is the state share of Medicaid, accounting for about 19% of state GRF funds. Ohio’s Medicaid program provides care to over 3 million Ohioans. Most of Medicaid – 70% in 2022 – is paid for by the federal government. Other health and human services use 10% of the state GRF dollars. Altogether, health and human services make up 29% of the state GRF budget.

Eight percent of the GRF, or \$4.4 billion, will go toward the Ohio Department of Rehabilitation and Correction and the Department of Juvenile Justice; 3%, or \$1.8 billion will be spent on local government aid. All other services – Departments of Agriculture, Environmental Protection, Commerce, Natural Resources, Budget, Taxation, Administration and the rest – will account for 9% or \$4.9 billion of state GRF funds.

Figure 2

2022-23 General Revenue Fund
Use of funds over the next two years in billions of dollars



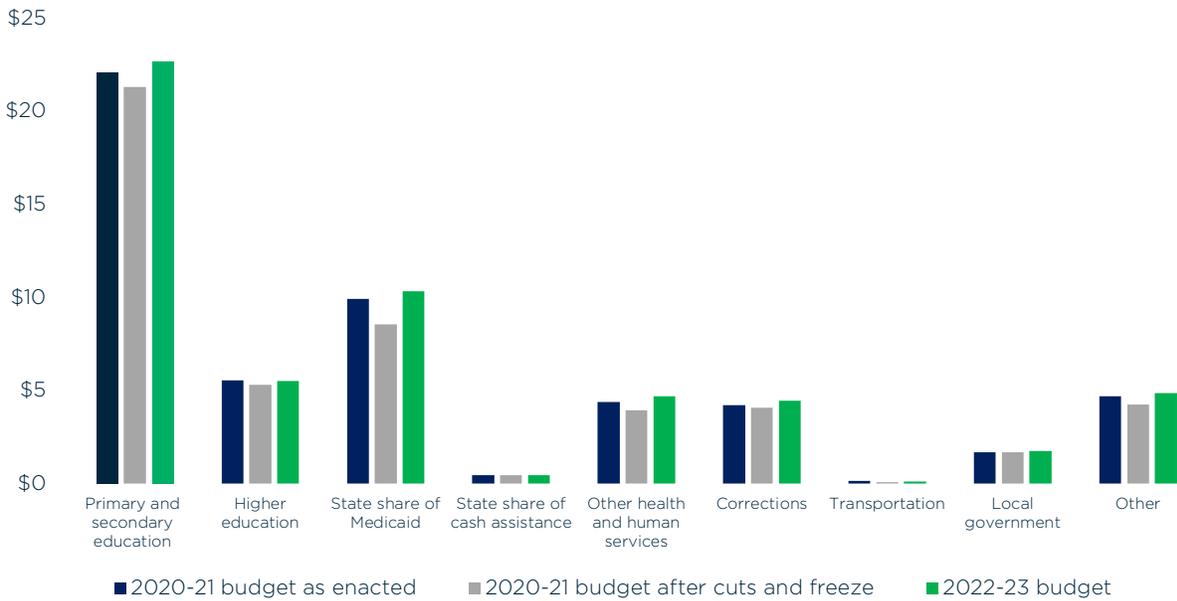
Source: Policy Matters Ohio based on Ohio Legislative Service Commission historical expenditure tables.

Lawmakers boosted state dollars in the GRF by about \$5 billion (10.7%) in the new budget bill compared to the last, two-year budget bill. The increase reflects a

rebound in revenues after lawmakers made cuts and freezes during the last budget period. However, compared with state spending in the prior budget *before* the cuts and freezes,¹ lawmakers only increased GRF spending in the new budget bill by 2.4% — which amounts to a cut, because it is less than the rate of inflation (Figure 3).

Figure 3

2022-23 budget restores services that were cut or frozen; Increase in services is not much bigger than the last budget as enacted
 Billions of dollars; not adjusted for inflation



Source: Policy Matters Ohio based on Ohio Legislative Service Commission historical expenditure tables: 2020-21 as enacted and 2022-23 as enacted.

The next section reviews how public services are paid for and changes in the revenue structure and policy in the 2022-23 budget. Specific information on agencies and issues are presented in the following section.

Tax policy in the 2022-23 budget

Tax cuts and tax breaks in the 2022-23 budget bill will eliminate over \$1 billion a year in resources needed to build strong, resilient communities and prepare Ohioans for a better future. Instead, members of Ohio’s General Assembly approved income-tax cuts that favor the very wealthiest Ohioans, while providing only modest benefits for

¹ State GRF spending appropriated for 2020 and 2021 was \$48.7 billion; the GRF appropriation for 2022-23 is \$49.8 billion — not 10.7% more, just 2.4% more. Actual spending of state funds was \$3.4 billion under appropriated levels in 2020-21 because of reaction to the pandemic and recession, including cuts and spending freezes.

moderate-income Ohioans and nothing at all to the Ohioans with the lowest incomes. Benefiting especially from the elimination of the top tax bracket, the most affluent 1% of Ohioans would get an average \$5,400 annual tax cut, adding up to well over a third of the total cuts.² Key changes include:

- \$1.7 billion income tax cut over the next two years.
- Across the board 3% income tax cut for most Ohioans.
- Eliminates the top tax bracket and reduces the top rate to 3.99% from 4.797%.
- An increase in the threshold at which the income tax must be paid from \$22,150 to \$25,000.

The table below shows how tax filers in different income groups would fare under the fully phased-in budget bill. The bulk of taxpayers receive barely noticeable cuts. This is how the income tax works: As income grows, it is taxed at a higher rate. That’s why upper-income taxpayers are the big winners from income-tax rate cuts. And they certainly are here: The wealthiest 5% of taxpayers, with income over \$228,000, will get nearly three-fifths of the tax cuts. Lawmakers increased the average annual cut for the top 1% from \$612 in the House bill and \$1,712 in the Senate bill to \$5,400 in the final budget bill. The biggest part of this is the elimination of the top bracket, which alone will cut taxes on the top 1% by an average \$2,260.

Figure 4

Estimated impact of tax cut by income group							
More than one-third of HB 110 income tax cut goes to wealthiest 1%							
Income grouping	Lowest 20%	2nd lowest 20%	Middle 20%	Fourth 20%	Next 15%	Next 4%	Top 1%
Income range	\$0- <\$23K	\$23K- <\$42K	\$42K- <\$65K	\$65K - <\$107K	\$107K - <\$228K	\$228K - <\$551K	\$551K or more
Average income	\$ 14K	\$ 32K	\$ 53K	\$ 83K	\$ 146K	\$ 327K	\$ 1.447 M
Average change from Senate cut	\$0	-\$42	-\$49	-\$79	-\$186	-\$811	-\$5,400
Average share of tax cut	—	6%	7%	11%	19%	22%	36%

Source: Institute on Taxation and Economic Policy, June 2021. Covers Ohio residents based on estimated 2022 income levels.

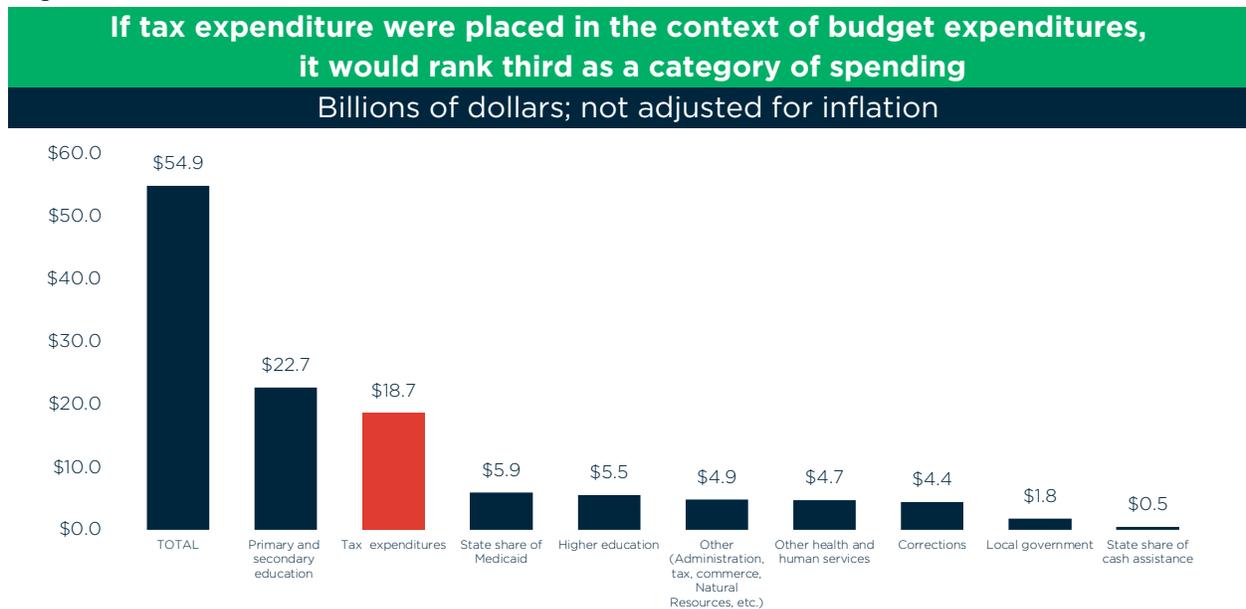
Lawmakers passed a budget that reduced tax revenue on top of 16 years of huge tax cuts for the richest Ohioans. While by 2019 lower- and middle-income Ohioans on

² Those are the key conclusions of an examination of the tax changes prepared for Policy Matters Ohio by the Institute on Taxation and Economic Policy (ITEP), a Washington, D.C., nonprofit with a sophisticated model of state and local tax systems. Meanwhile, the budget created or expanded tax breaks worth hundreds of millions of dollars and eliminated the Tax Expenditure Review Committee (TERC), which was created in 2016 to review such breaks.

average paid the same or more in state and local taxes; the wealthiest 1% received more than \$40,000 a year in tax cuts.³

In this budget bill, legislators asked 80% of Ohio taxpayers to forget about the past 16 years of tax cuts and to ignore this latest generous giveaway in exchange for an average tax cut of \$43. In addition, lawmakers added eight new tax breaks to the existing 138, and expanded others — some starting immediately, some in later years. Total spending on new tax breaks to state government will be between \$300 and \$400 million dollars.⁴ If the pie chart illustrating GRF spending in Figure 2 included the \$18.7 billion in public resources spent on tax breaks, it would be the second largest use of state taxpayer funds over the biennium — as illustrated in Figure 5.

Figure 5



Source: Policy Matters Ohio based on Ohio Legislative Service Commission historical expenditure tables: 2020-21 as enacted and 2022-23 as enacted.

While they greatly expanded spending through the tax code on tax breaks, lawmakers eliminated the legislative “Tax Expenditure Review Committee,” which they created in 2016 to ensure each of the 146 tax breaks was thoroughly reviewed once in an eight-year review cycle. While this legislation was passed unanimously on a bipartisan, bicameral basis, the committee failed to invest time and money into a rigorous review in the one year they met,⁵ and then failed to hold any subsequent

³Patton, Wendy, “Rebalance the income tax to build a better Ohio for everyone,” Policy Matters Ohio, October 2020 at <https://bit.ly/2XSpZB4>.

⁴ Patton, Wendy and Jenny Driscoll, “More public money to private interests,” Policy Matters Ohio, August 24, 2021 at <https://bit.ly/3kcJav6>.

⁵ Patton, Wendy and Zach Schiller, “Weak review: Tax Expenditure Review Committee should balance tax breaks against Ohio’s needs,” Policy Matters Ohio, June 4, 2018 at <https://bit.ly/3AcSnyf>.



reviews at all. Now they have abolished the committee. While all other public spending is scrutinized during the biannual, budget process, lawmakers will continue to spend public resources on special interest tax giveaways without accountability.

More about tax policy changes in the 2022-23 budget may be found at <https://www.policymattersohio.org/files/assets/taxpolicy.pdf>

Quality education

The biggest share of the state budget supports education — from preschool to college, with the most dollars provided to K-12 schools. Great public schools build a foundation of opportunity for children, their families, communities and the entire state. All children, regardless of ZIP code, race or family income deserve to be educated in fully and fairly funded schools. For many years Ohio lawmakers have provided neither sufficient nor fair distribution of state support, forcing communities to rely heavily on local property taxes to fund schools, which advantages wealthier districts.⁶ In the 2022-23 budget, Ohio lawmakers adopted a new school funding formula, the Fair Schools Funding Plan, that starts to fix the problems of the old system. Unfortunately, they did not commit to sustaining the system in the long run.

Ohio lawmakers have whittled away at other educational resources over the past two decades. Gov. George Voinovich made Ohio a leader in number of children and funding per child in public early education, but now Ohio ranks among the bottom half of the states in funding and serves relatively few children.⁷ Ohio's magnificent system of public colleges and universities, expanded under Gov. James Rhodes, has become too expensive for many students from families of low or modest income. Lawmakers have kept funding for the state's share of the cost of instruction from keeping up with inflation. Little progress is made in either of these areas — early education and higher education — in the 2022-23 budget.

K-12 education

After more than two decades with an unconstitutional K-12 funding formula, Ohio lawmakers responded to the input of parents, teachers, school administrators, community leaders and other Ohioans and adopted the Fair School Funding Plan (FSFP) to fairly serve students with low incomes, students of color, and rural students. The plan also provides fair funding to other types of districts that received

⁶ Patton, Wendy, "All in for Ohio Kids," Policy Matters Ohio, April 28, 2021 at <https://bit.ly/3Cdv2uF>.

⁷ US News and World Report rankings of states in terms of education: Ohio ranks 31st (<https://www.usnews.com/news/best-states/ohio>); lags the national average on all measures in the Education Week 2021 assessment of the states: overall, chance for success, school finance and K-12 achievement (<https://bit.ly/3Ae7eGt>); ranks 30th in the Wallethub assessment of schools in each state (<https://wallethub.com/edu/e/states-with-the-best-schools/5335>).



insufficient funding because of changes in the student body, changes in property values or because of the way funding was capped for some districts.

Lawmakers appropriated \$9.2 billion in fiscal year (FY) 2022 and \$9.4 billion in FY 2023 to fund Ohio's primary and secondary schools, for a total of \$18.6 billion over the two-year budget period. This was about \$1 billion more than comparable line items for K-12 education in the 2020-21 budget, an increase of 6.3%, which is greater than the projected rise in inflation.

The FSFP was a key pillar of Policy Matters Ohio and Ohio Organizing Collaborative's "People's Budget," a vision for how state lawmakers can leverage public resources to expand opportunity and increase well-being for all Ohioans, regardless of where they live, their household income or what they look like.⁸ The People's Budget called for a great education, including an excellent public school in every ZIP code. OOC and Policy Matters joined with two unions, Ohio Federation of Teachers and Ohio Education Association, to pass the FSFP.

Until lawmakers passed the 2022-23 budget, Ohio had been without a school funding formula since 2019; lawmakers simply froze school funding at 2019 levels. Before that, local school districts had to foot more than half of the cost of K-12 education, which caused inequities in the quality of education. Because local schools rely primarily on property taxes, places with higher property values — wealthier communities — could offer a better quality of education than poorer communities. FSFP will help ensure all districts get the resources needed to properly educate their students. The formula changes the way that the share of school funding that must be paid by local resources will be evaluated. The new approach includes measures of income as well as property values as a standard part of the formula.

The greater the funding by the state, the greater the equity across race and income levels. Equally important, this improvement does not come at a cost to other districts. All districts will receive more funding from the state under the FSFP. The new, better-funded system benefits all districts in several ways, bringing stability and predictability as well as better and more equitable funding.

The full promise of the FSFP will not be achieved unless lawmakers fully phase it in over the next six years. Yet lawmakers did not commit to the long-term implementation of the new formula. They said they could not make future commitments on behalf of future lawmakers — but this was hypocritical, because in the same budget bill they committed future General Assemblies to certain tax breaks, reducing future revenues by hundreds of millions of dollars.⁹

⁸ All In for Ohio: The People's Budget at <https://www.allinforohio.com/peoples-budget>.

⁹ Patton, "More public money to private interests," Op.Cit.

Another positive step lawmakers took was separating funding for charter (“community”) schools and subsidies for private school tuition (vouchers) from local school districts’ budgets. This removes that expense for those state programs from local levy resources, which communities pass to fund public schools. Policymakers arranged instead for the state to pay that share of private school funding previously borne by local levy dollars. They also dramatically expanded eligibility for such assistance, making state subsidy for charters and vouchers available anywhere in the state, not just where public schools have poor outcomes. The danger is that the public school system, mandated in the constitution and serving most of the students in the state, will be weakened by growth of a private school sector, which would weaken the promise of the new public school funding formula.

More information on school funding in the 2022-23 budget may be found at <https://www.policymattersohio.org/files/assets/k-12.pdf>

Public preschool

During the first five years of life, a child’s experiences and relationships — both positive and negative — build the foundations of brain architecture. This development supports their ability to learn, their behavior and their overall health. High quality early child care and preschool can provide children with a strong foundation to thrive in school and throughout life.¹⁰

The Ohio Department of Education will fund roughly 17,700 preschool seats in state fiscal years 2022 and 2023 compared with 17,500 slots in the previous two-year budget.¹¹ Ohio spends just \$4,000 per child on preschool (29th nationally), compared to the national average of \$5,499 per child.¹² Ohio’s spending per child is not keeping pace with inflation. State lawmakers allocated \$204 million for public preschool across three primary line items in the 2022-23 budget; 67% comes from GRF. Funding increases by 1.5% from the prior biennium.

Much more funding is needed to make sure all 4-year-olds have access to high-quality preschool and to better align public preschool hours with the needs of working families.

¹⁰ Heckman, James, “Early childhood education strengthens families and can break the cycle of poverty.” Perry Preschool: Intergenerational Effects, The Heckman Institute, accessed on September 17, 2021, <https://bit.ly/3lwOsnS>.

¹¹ Glover, Jason, Dan Redmond, and Alexandra Vitale, “Greenbook: LBO Analysis of Enacted Budget, Ohio Department of Education,” Early childhood education grants, Ohio Legislative Service Commission, September 2019, <https://bit.ly/3hHut4Q> and Redmond, Dan, Nick Ciolli, Sarah Anstaett and Sarah Darnell, “Greenbook: LBO Analysis of Enacted Budget, Ohio Department of Education,” Early childhood education grants, Ohio Legislative Service Commission, September 2021, <https://bit.ly/3zmCe6l>.

¹² Friedman-Krauss, Allison H., W. Steven Barnett, Karin A. Garver, Katherine S Hodges, GG Weisenfeld, and Beth Gardiner, “State of Preschool 2020: State Preschool Yearbook,” National Institute for Early Education Research, Rutgers Graduate School of Education, accessed on September 14, 2021, Ohio’s spending per child at <https://bit.ly/3kkiNKZ>, national average per child at <https://bit.ly/2VSd0ia>.

Higher education

Ohio policymakers have highlighted the importance of postsecondary education to our state's future by setting the ambitious goal that by 2025, 65% of Ohioans aged 25 to 64 will have a degree, certificate, or other postsecondary workforce credential of value.¹³ The most recent data, however, show that Ohio is falling short with only 49.5% of Ohioans achieving this level of education as of 2019 (the most recent data available).¹⁴ Insufficient aid for classroom instruction has driven up tuition while state support for financial aid grants has fallen over the past dozen years — adjusted for inflation or not. According to the Education Trust, Ohio has the ninth largest affordability gap — more than \$8,300 — at public four-year universities among states.¹⁵

Legislators appropriated just over \$5.6 billion on higher education over the biennium, a decrease of \$62 million (1.1%, not adjusted for inflation) from actual spending during the previous biennium. All but about \$113 million in higher education funds comes from the GRF, appropriations for which increase in both years of the current biennium, by 2.7% in FY22 and .01% from FY22 to FY23. The increase goes primarily to State Share of Instruction (SSI), which is the main state support to higher education operations; the Ohio College Opportunity Grant (OCOG), which provides financial aid to low-income students; and scholarship programs.

The new budget increased appropriations for SSI by 3.9% for the new budget over the previous biennium. When adjusted for inflation, SSI funding remains below 2006 levels. The 2020-21 budget increased OCOG funding by nearly \$9 million over the previous biennium to \$219 million, a 4.2% increase (not adjusted for inflation). Need-based aid — grant aid, without required repayment — remains far below what it was before the 2008 recession.

More information on higher education in the new budget can be found at <https://www.policymattersohio.org/files/assets/highered.pdf>

Broadband

As schools were shuttered in the past year of pandemic and education went on-line, far too many Ohio students without wireless could not participate. In this budget, lawmakers provide \$250 million in funding to create and expand broadband services to address a critical, basic need for children in school — as well as for families, health

¹³ The Case for Ohio Attainment Goal 2025 at <https://bit.ly/3CVLD6R>.

¹⁴ The Lumina Foundation, "A Stronger Nation: Learning Beyond High School Builds American Talent." <https://bit.ly/3zzD53z>.

¹⁵ This gap is calculated as the net price of a public university education minus income from working ten hours a week. For more information, see the Education Trust, "How Affordable are Public Colleges in Your State?" December 17, 2019. <https://bit.ly/3EtRLF3>.

care providers, businesses and everyone else. Access to broadband is now a basic necessity in America, and too many Ohioans lack it or cannot afford it.

The 2022-23 budget establishes the “Residential Broadband Expansion Program,” which will help expand wireless services to unserved households. Grants will be awarded to broadband providers completing “last mile connectivity” projects, or projects that directly connect residences to Internet services. Additionally, \$2 million will be used to support behavioral telehealth services in schools.

A working health care system

The second largest share of state dollars in the GRF goes to the health care system. When federal and other dollars are included, Medicaid is revealed as the largest share of the all-funds budget. There’s a good reason for this. As American philosopher Ralph Waldo Emerson said, “Health is the first wealth.” All Ohioans deserve a chance to live a healthy life.

COVID caused a sharp spike in illness and death across the state and the nation as many people were laid off and lost health coverage during the recession. Medicaid closed the gap and ensured people had health care during the pandemic. Efforts to combat the pandemic revealed the weaknesses of Ohio’s underfunded public health system.¹⁶ Behavioral health problems rose and remain high with financial loss, social isolation, and death. The drug crisis, which lessened somewhat in Ohio in 2018, is raging again, with overdose deaths rising steeply: At least 5,215 Ohioans fatally overdosed on drugs in 2020, a nearly 22% increase over 2019 numbers.¹⁷

This year, federal funds increased health services and access, but much of that aid ends soon, when the federal public health emergency ends. This section tracks some of the key changes in funding for services that help Ohioans stay healthy as the pandemic subsides, with an uncertain future ahead.

The Minority Health Strike Force Blueprint

The pandemic hit Black and brown Ohioans harder than others. The increased risk was — and is — caused by policies and practices that pushed more Black Ohioans’ into high-risk, often underpaid, “essential jobs.”¹⁸ The virus had a head start with these workers, their families and communities.

¹⁶ Filby, Max, “Ohio spends less per capita on public health than nearly every other state, Columbus Dispatch, April 2, 2020 at <https://bit.ly/3EflA7m>.

¹⁷ Zuckerman, Jack, “New data: fatal overdoses leapt 22% in Ohio last year, Ohio Capital Journal, July 15, 2021 at <https://bit.ly/3AckUgv>.

¹⁸ Jan-Lim, Clarissa, “The Other Victims Of The Pandemic: Workers Killed In Fights Over Masks,” BuzzFeed, July 15, 2021 at <https://bit.ly/3z62aCU>.

Black, brown and Indigenous Americans have poorer health, more illness and shorter lifespans compared to other racial groups. This is in part due to a historical and ongoing lack of access to health care and poor treatment within the health care system.¹⁹ Grievous danger and damage from these conditions has been compounded by segregation; lack of affordable, safe and decent housing; lack of access to healthy food; and lack of opportunity due to employment discrimination, among other factors.²⁰

Gov. DeWine established the Minority Health Strike Force to recommend ways of reducing the health disparities. The strike force released a blueprint with 34 recommendations for combatting disparities and inequities in communities of color.²¹ These recommendations directly address ways to improve the health of Black and brown Ohioans, and they offer a roadmap to improving the lives of all Ohioans.

Policy Matters Ohio made 16 budget recommendations based on the blueprint. Lawmakers made modest progress in the 2022-23 budget on seven of our recommendations:

- They provided new funding to collect sentencing data, a first step toward solving the problem of mass incarceration.
- They restored and expanded services to combat infant mortality and reduce Black maternal mortality.
- They boosted programs to mitigate lead poisoning.
- They expanded eligibility for public child care assistance (but not to the level promised in the DeWine campaign).
- They increased the student financial aid grant under the Ohio College Opportunity Grant.
- They provided \$250 million to build broadband service where there is none, or none that people can afford.
- They adopted the Fair School Funding Plan — although they did not commit to fully funding it.

All these services are available to all Ohioans. None specifically targeted Black and brown Ohioans.

Progress (and lack thereof) in the 2022-23 budget is described at <https://www.policymattersohio.org/files/assets/mhsf.pdf>

¹⁹ Bridges, Khiara, “Implicit Bias and Racial Disparities in Health Care,” The American Bar Association at <https://bit.ly/3m1dCLv>; see also “Overcoming Roadblocks to Health,” Policy Matters Ohio at <https://bit.ly/2XOz8uu>.

²⁰ Patton, Wendy, “Ohio after COVID-19: Looking to the future, learning from history,” Policy Matters Ohio, May 14, 2020 at <https://bit.ly/3k9hpqu>.

²¹ More than a Mask: COVID 19 Minority Health Strike Force Blueprint, Ohio Department of Health, at <https://coronavirus.ohio.gov/static/MHSF/MHSF-Blueprint.pdf>.

Medicaid

The pandemic has taught us that everyone's health is interconnected. We all need care when we are ill or injured. Medicaid is the national program that makes sure people with very low incomes have access to health care. It is the largest single insurer in the state, covering 3.3 million Ohioans.²² Across all sources of funds supporting Medicaid in Ohio, about one in five dollars is from state taxpayer dollars. The balance is from the federal government, fees or charges, or other sources.

The Ohio Department of Medicaid will provide \$71 billion for health care services over the coming two-year budget period: almost \$35 billion in 2022 and \$36 billion in 2023. The federal government pays 70% of this cost,²³ providing \$50.3 billion for Ohio health care over the biennium, an increase of \$6.9 billion (15.9%) compared to the prior, two-year budget. The increase reflects both the ongoing pandemic and stepped-up federal Medicaid funding, as well as the fact that many households remain eligible for, and need, Medicaid health care coverage at this time, and will into the future.

Ohio puts both federal and state Medicaid funds into the GRF. Lawmakers allocated \$5.3 billion in state dollars for Medicaid in the GRF for 2022 and \$7 billion for 2023, an increase of 19.8% or \$2 billion compared to the prior biennium. The 2023 increase is largely due to the federal requirement that prevented the state from removing people who no longer needed Medicaid coverage from the system.

This year, policymakers directed additional Medicaid funding for maternal and infant health and for behavioral health services, paid for in part by savings from the agency's overhaul of private managed care services, which provide much of Medicaid's services in Ohio. Lawmakers also inserted policies to hastily reduce Medicaid enrollment as the pandemic ends, putting thousands of people at risk of losing coverage.

Details about key initiatives may be found at <https://www.policymattersohio.org/files/assets/medicaid.pdf>

Mental Health and Addiction Services

The other epidemic in Ohio is substance use disorder, a behavioral health illness primarily addressed through the Ohio Department of Mental Health and Addiction Services and the Ohio Department of Medicaid. In 2018 Ohio ranked 4th among the states in opioid related deaths,²⁴ and such deaths have surged since then. Attorney General Yost reported that the death rate in Ohio from opioid overdose in the

²² Lindgren, Nelson V., "Greenbook: LBO Analysis of enacted budget, Ohio Department of Medicaid," Ohio Legislative Budget Office, August 2021 at <https://bit.ly/2Xh0kSt>.

²³ Ibid.

²⁴ National Institute on Drug Abuse, Opioid Deaths by State at <https://bit.ly/3izHGNg>.

second quarter of 2020 — 11.01 per 100,000 population — was the highest in 10 years.²⁵ Dramatic increases in federal funds as well as substantial increases in state funds will help combat this ongoing crisis.

Ohio's Department of Mental Health and Addiction Services administers six regional psychiatric hospitals and provides funding for 51 Addiction and Mental Health Services (ADAMHS) boards that cover all 88 counties and fund community mental health and substance abuse treatment, crisis centers, networks, housing, and other services. Lawmakers authorized \$2 billion in state funds during the 2022-23 budget period for this agency, an increase of \$254.4 million (16.1%) compared to the 2020-21 budget period. Growth is supported by a 74.9% increase in federal funding, primarily due to a substantial increase in the Mental Health Block and Substance Abuse Block Grants. In addition, state lawmakers boosted state GRF dollars for mental health and addiction services by \$127.8 million (14.6%). Increases in state funds look big compared to the prior budget, but much of it is just backfilling for budget cuts and the spending freeze in the prior (2020-21) budget period.

Medicaid is a critical player in mental health treatment, serving over 900,000 Ohioans in 2020. Lawmakers directed substantial resources — an estimated \$1.3 billion — to behavioral health treatment and related services in the 2022-23 Medicaid budget.

Details on the 2022-23 budget for the Department of Mental Health and Addiction Services can be found at <https://www.policymattersohio.org/files/assets/mhas.pdf>

Services for seniors

Ohio seniors play a crucial role in their communities, anchoring families, culture and history, buoying the economy and supporting many services through volunteer work. The public sector helps them if they need nursing home care but cannot afford it. Public services are also offered to help seniors stay in their homes as they age and to protect them from abuse.

The Ohio Department of Aging supports regional agencies (Area Agencies on Aging) that assist elderly Ohioans in the community and oversee Medicaid assisted living programs, which pay for people to age in their communities instead of nursing homes. It oversees some elements of quality of nursing home care. The Ohio Department of Medicaid pays for the home and community-based services or nursing home care for very low-income seniors.

The all-funds budget of the Ohio Department of Aging is \$104.4 million in 2022 and \$100 million in 2023; it drops over the two-year budget period as the federal government tapers off coronavirus assistance. However, lawmakers increased state

²⁵ Record Surges in Opioid Overdoses Prompt AG Yost to Urge Vigilance, January 11, 2021 at <https://bit.ly/2ZMR1uv>.

GRF support to expand some important services. The agency will receive \$22.5 million in GRF funds in 2022 and 2023, an increase of \$11 million (33%) over the prior budget.

In this budget, lawmakers increased funding for the Senior Community Services program, which provides funding to local organizations that provide meals and other services for seniors living at home. Advocates requested an increase in funding to \$10 million a year, and lawmakers granted their request, boosting funds for the Senior Community Service program by \$6.5 million over the biennium (49%).

The Department of Job and Family Services provides funding for Adult Protective Services, which helps seniors who cannot take care of themselves or who are in danger of physical, emotional or financial harm. Lawmakers expanded these services by \$3.6 million over the biennium (46%) compared to the prior two-year budget period. The annual allocation will be \$5.7 million (\$65,000 per county). Advocates had requested \$10 million a year.²⁶ Policy Matters Ohio found the cost of adequate services is more than \$20 million a year.²⁷

Infant and maternal mortality

Black babies in Ohio are less likely to make it to their first birthday than in other states²⁸ and far too many Black mothers in Ohio die from childbirth-related causes.²⁹

Ohio's lawmakers increased funding to prevent infant and maternal mortality in the 2022-23 budget, spending at least \$281.1 million. The Ohio Minority Health Commission's "Infant Mortality Grants" fund a rigorous, evidence-based approach to reducing infant mortality through a coordinated focus on the issue throughout the medical community and with skilled, culturally competent health care and social workers. Gov. DeWine cut the program in the recession.³⁰ Lawmakers restored the cuts and boosted funds by \$2.6 million to \$6.7 million over the biennium in the new budget.

They also boosted funding for the Ohio Department of Health's Help Me Grow program over the biennium by \$20.3 million compared to the prior two-year budget, expanding the services to more families. Help Me Grow — as well as the Department of Developmental Disabilities companion program Early Intervention — provides home visiting services by nurses and social workers to help families with babies and very young children. Lawmakers also increased the Infant Vitality Program, which funds other programs to reduce infant mortality, by \$16.6 million (125.6%).

²⁶ Testimony to the Ohio Senate Finance Committee, Sylvia Pla-Raith, Chair, Ohio Coalition for Adult Protective Services, May 13, 2021.

²⁷ Patton, Wendy, "Protecting Older Ohioans," Policy Matters Ohio, November 1, 2018 at <https://bit.ly/3k8tHiG>.

²⁸ Infant Mortality Rate by Race/Ethnicity, Kaiser Family Foundation at <https://bit.ly/3lrvCyt>.

²⁹ Jarvis, Jade, "Advocates working to address high infant, maternal mortality rates in Ohio," News 5 Cleveland, May 8, 2021 at <https://bit.ly/3hxBhBH>.

³⁰ Patton, Wendy, "Cuts, costs and CARES Act funds," Policy Matters Ohio, August 26, 2021 at <https://bit.ly/3tGBTKO>.

The Ohio Department of Medicaid provides many direct services for mothers and babies. In this budget, lawmakers direct significantly more funding that can improve the health of Black mothers and babies compared to the last budget. Policymakers expanded coverage to a full 12 months postpartum for women with Medicaid health coverage, instead of just 60 days. They directed additional Medicaid resources to expand pregnancy consultation groups and home visiting services through managed care organizations; gave additional funding services to help mothers breast feed; established policy to expand the use of the Pregnancy Risk Assessment forms and started to fund doula services.³¹

Additional information on this topic is available at <https://www.policymattersohio.org/files/assets/infantmortality.pdf>

Lead poisoning

There's a third epidemic in Ohio, in addition to COVID and substance use disorder: lead poisoning. It is a serious public health threat — especially to children — in communities across the state. The 2020-22 “State Health Improvement Plan” prioritizes reduction of chronic diseases including lead poisoning, which comes from lead paint in older homes and from water lines that contain lead.³² The Minority Health Strike Force Blueprint highlighted the need for state policy and funding to reduce the chronic, disabling effects of lead poisoning.³³

Lawmakers added \$5 million in the budget for 2022-23 to mitigate lead poisoning, bringing dedicated funding for lead abatement, assessment and mitigation to \$25 million as well as continuing a tax credit for lead abatement. This is a minuscule allotment for a huge problem that is harming thousands of Ohio children and families. Ohio has more tap water service lines suspected of being polluted with lead than any state other than Illinois;³⁴ the estimated cost to make meaningful progress on the problem in Cleveland alone is greater than \$100 million.³⁵ The Ohio EPA has programs in place to help communities, but they pale in the face of the need.³⁶

More information on Ohio's lead poisoning problem can be found at <https://www.policymattersohio.org/files/assets/lead.pdf>

³¹ Spreadsheet of Medicaid initiatives in the 2022-23 budget as enacted (Copy of adjustments and policy change final info as passed SFY 2022-23 8-12 revision shared), provided by Brooke O'Neill of the Ohio Department of Medicaid to Wendy Patton, 8/30/2021.

³² State Health Improvement Plan 2020-22 at <https://odh.ohio.gov/static/SHIP/2020-2022/2020-2022-SHIP.pdf>.

³³ More than a mask: Minority Health Strike Force Blueprint, Ohio Department of Health at <https://bit.ly/2VFcoMK>.

³⁴ Harvilla, Beth, “Ohio has second most lead water-supply pipes in U.S.; infrastructure plan would replace them,” Columbus Dispatch, July 30, 2021 at <https://bit.ly/2Y2eEvl>.

³⁵ Dissell, Rachel, “Cleveland lead-safe law could drive up rents, cost property owners \$128.5 million to comply, analysis says,” Cleveland.com, August 8, 2019 at <https://bit.ly/3n7P5DP>.

³⁶ E-mailed information from Mary McCarron, Manager, Public Involvement, Ohio EPA Public Interest Center to Wendy Patton, August 30, 2021.

Safe and healthy communities

We all deserve to feel safe in our homes and communities, but too many families — particularly in Black and Latinx communities — suffer from the many factors that bear on safety, from a lack of access to healthy food, affordable housing and physical and behavioral health care to a justice system that weighs heavily on people of color.

State support for local government

Cities and municipalities struggled long before the pandemic to pay for services residents need, in part because lawmakers made deep cuts to state aid over the past decade. The state of Ohio provides among the lowest shares of aid in the country for services like child and adult protective services, public transit, and domestic violence services. Historically, this is because needs vary widely across Ohio's dense urban centers, rural farmlands, wooded hills and marine communities along the lake. Instead, the state provided flexible revenue sharing funds which communities could use to address their unique needs. Lawmakers slashed revenue sharing and tax reimbursements and abolished some local tax sources like the estate tax, reducing overall flow of funds to local governments by over \$1 billion a year, compared to the level in 2010.³⁷

The total sum of state aid to local governments rises in the 2022-23 GRF because some funding reflects a percentage of total tax collections. The Local Government Fund, which provides a share of state general revenue funds to local governments, lost ground in this budget as lawmakers let the share of GRF funds drop from 1.68% to 1.66% of state GRF revenues.³⁸

Lawmakers passed new laws that require municipalities to give refunds on the commuter tax in 2021 for people who chose to work at home during the pandemic. An analysis from the Regional Income Tax Authority (RITA), which collects municipal income tax for 330 Ohio jurisdictions, found 85% of cities analyzed would be net losers if 20% of employees worked from home. Municipalities would lose between \$35 million and \$105 million in that scenario.³⁹ The Greater Ohio Policy

³⁷ Patton, Wendy, "Budget bite: Local government funding in the budget," Policy Matters Ohio, April 19, 2019 at <https://bit.ly/39boQXU>.

³⁸ E-mailed correspondence from Gary Gudmundson of the Ohio Department of Taxation communications office to Wendy Patton, September 1, 2021.

³⁹ Patton, Wendy, "Municipal Income Tax Shift Could Hurt Most Ohio Communities," Policy Matters Ohio, October 2020 at <https://www.policymattersohio.org/files/news/103020ritaestimate.pdf>.



Center estimated Ohio's six largest cities could lose \$306 million annually because of the change in tax collection.⁴⁰

Additional information is available at

<https://www.policymattersohio.org/files/assets/localgov.pdf>

Public transit

Robust public transit systems are essential for a healthy and equitable Ohio. A 2015 analysis by the Federal Reserve Bank of Cleveland found that half of the region's top 10 employment centers were accessible to just 15% or less of the regional workforce. And only one-third of the jobs in the region could be reached by public transit in 90 minutes or less.⁴¹ As we continue to weather the effects of the pandemic, it is crucial that we ensure unemployed and low-income Ohioans can get to well-paying jobs, essential workers can get to work, patients can get to doctor's appointments, and more.

For the 2022-23 biennium, lawmakers provide \$140 million over two years for public transit. The appropriation was made in the transportation budget, not the operating budget. Of the \$70 million annual appropriation, \$37 million is from state taxpayer dollars in the GRF and the other \$33 million from Federal Highway Administration funds. The budget also stipulates that if public transit agencies receive additional federal funding during the budget period that is not specifically tied to coronavirus relief, the DeWine administration can "claw back" up to \$29.6 million per year in appropriated GRF funding.

The state's contribution in this budget falls far short of recommendations made by the 2015 Ohio Department of Transportation's Transit Needs Study (2015), which found that the state should contribute least 10% of the overall transportation budget to meet Ohio's public transit needs, amounting to \$185 million per year by 2025.⁴² In 2023, Ohio lawmakers will provide less than half of the recommended amount.

Services for domestic violence survivors

In Ohio, domestic violence services are mostly funded through local levies and fees on marriage licenses. Funding for services is uneven across the state. Members of the Ohio Domestic Violence Network report these services lost \$7.7 million in annual federal Victims Of Crime Act (VOCA) funding in recent years. Policy Matters Ohio recommended that lawmakers increase state funding to cover this loss entirely.⁴³ In

⁴⁰ A Mortal Threat to Ohio's Economic Competitiveness: SB352, HB754, and the Buckeye Institute Lawsuit, Greater Ohio Policy Center, September 2020 at <https://www.greaterohio.org/publications/income-tax-rebuttal>.

⁴¹ Barkley, Brett and Alexandre Gomes-Pererii, "A long ride to work: Job access and public transit in northeast Ohio," Federal Reserve Bank of Cleveland, November 23, 2015 at <https://bit.ly/3zbFNMF>.

⁴² Transit Needs Study, Ohio Department of Transportation at <https://bit.ly/2YZvRpb>.

⁴³ Patton et al., "A budget for everyone," Op.Cit.

the 2022-23 budget lawmakers provided just \$7.5 million over the two years — less than half of what was needed to cover the loss.

Federal coronavirus funding has helped provide services, but with one-time money. State lawmakers should ensure sufficient and sustainable funding for ongoing services. The increase in funding this year is a good start, but more is needed.

Courts and incarceration

Ohio has more prisoners than most states and incarcerates a disproportionate number of Black men. Lawmakers will spend 4.1 billion GRF dollars on incarceration, halfway houses, parole and other activities through the Ohio Department of Rehabilitation and Correction in the 2022-23 budget. This backfills for cuts and a spending freeze in the last budget period. Lawmakers boost spending on the Department of Youth Services by \$34.2 million to \$480 million over the two-year budget period, also backfilling for losses during the past budget period, particularly in RECLAIM Ohio, a successful, community-based program that bore the brunt of the 2020 spending cuts.

Ohio officials have lacked necessary data on how different courts sentence people for different offenses — which probably drives the problem of mass incarceration.⁴⁴ Lawmakers boosted investment in the State Criminal Sentencing Commission by \$1.7 million (162%) to \$2.8 million, to collect sentencing data on a statewide basis, across jurisdictions and court systems; the hope is that this data can drive fair and equitable sentencing reform to correct the crisis of mass incarceration of Black and brown Ohioans.

Targeted Community Alternatives to Prison offers an alternative path for some offenders to serve time in 60 Ohio counties. The program is designed to reduce the state's prison population by incentivizing counties to keep low-level offenders in their communities. Lawmakers expanded the existing program from fifth-degree felony offenses to also cover felonies of the fourth degree.

Economic dignity

No matter our differences, we all need peace of mind that we can have a roof over our heads and can put food on the table for our families. But for years now, far too many Ohio parents work hard at two or three jobs and barely make ends meet. The pandemic made it so much worse for so many Ohioans. Today, Ohio remains 200,000 jobs short of where we were before the pandemic, pushing us back to the

⁴⁴See Cleveland.com at <https://bit.ly/3Cii7Wa>.

level of employment of 2014.⁴⁵ While federal aid has been a lifeline, much of that aid is ending for families. Yet Ohio lawmakers gave a \$1.7 billion tax cut which primarily benefitted the wealthiest people,⁴⁶ while skimping on funding to meet the dramatically increased need for food, shelter, emergency aid and more. This section describes several programs where more was — and is — needed.

Everyone must eat

No Ohioan should have to worry about where their next meal comes from. But hunger is a reality for far too many children and families across Ohio. Data collected between August 4 and August 30, 2021, by the Household Pulse Survey of the U.S. Census shows that roughly 634,000 adults reported that their household sometimes or often didn't have enough to eat in the last seven days.⁴⁷

Policy Matters Ohio, in support of the Ohio Association of Foodbanks, called for \$45 million per year to support food banks across Ohio.⁴⁸ Lawmakers allocated \$24.55 million per year in the budget to support the Ohio Food and the Ohio Agricultural Clearance Program, which both help make nutritious food available to folks who need emergency hunger relief. State lawmakers also allocated \$12 million in one-time federal coronavirus relief funding to support foodbanks and their emergency food relief efforts in state fiscal year 2022. Together, these funds total about two-thirds of what food banks estimated they needed.

The Senate Republican leadership included several harmful provisions that would have made it harder for children, adults and families to access food assistance through the Supplemental Nutrition Assistance Program (SNAP), formerly known as food stamps. Certain lawmakers pushed to impose asset tests, which would have forced people to give up their home or their car to get enough to eat and stay on SNAP. The conference committee removed these provisions from the final budget.⁴⁹

The final budget includes the creation of a “Public Assistance Benefits Accountability Task Force” which will continue to scrutinize SNAP and other public programs that help provide security and stability to adults and families with low incomes.⁵⁰

⁴⁵ Shields, Michael, “State of Working Ohio 2021,” Policy Matters Ohio, September 6, 2021 at <https://bit.ly/398eCaz>.

⁴⁶ Schiller, Op.Cit.

⁴⁷ Policy Matters Ohio analysis of Household Pulse Survey, Table 1. Food Sufficiency for Households, in the Last 7 Days, Week 35 (August 4 – August 16) and Week 36 (August 18 – August 30), United States Census Bureau, number of adults in Ohio reporting sometimes not enough to eat and often not enough to eat in the last 7 days, <https://bit.ly/3h6RZYs>.

⁴⁸ Patton, Wendy, Will Petrik, Michael Shields, and Piet Van Lier, “A budget for everyone,” Policy Matters Ohio, January 14, 2021, <https://bit.ly/3DD0Drh>.

⁴⁹ Department of Job and Family Services Comparison Document, Main Operating Appropriations Bill, H.B. 110, JFSCD69 Supplemental Nutrition Assistance Program eligibility, Ohio Legislative Service Commission, Legislative Budget Office, July 2021, <https://bit.ly/3iX4Ka5>.

⁵⁰ Blaine, Nicholas J., Sherrock, Ryan, “Greenbook: LBO Analysis of Enacted Budget, Department of Job and Family Services,” Program Integrity, Ohio Legislative Service Commission, August 2021, <https://bit.ly/2YBnMdk>.

Quality, affordable housing

We need more affordable housing so more Ohioans can live with security and dignity. Housing is typically the biggest monthly expense for families. The cost of housing is out of reach for far too many Ohioans, particularly for people who are paid low wages. According to the Ohio Housing Finance Agency, more than 70% of renters in Ohio earning at or below 30% of the Area Median Income experience severe housing cost burden, which means they are spending at least 50% of their income on housing-related expenses.⁵¹ A recent report found that only four of the 10 most common jobs paid people enough to afford a basic two-bedroom apartment in Ohio.⁵² The number of Ohioans experiencing homelessness increased dramatically over the past decade.⁵³

One of the primary programs the state funds to support affordable housing is the Ohio Housing Trust Fund. Policy Matters Ohio recommended increasing funding for the Ohio Housing Trust Fund to provide more affordable housing options to Ohioans with low incomes, to shelter people experiencing homelessness, and to help seniors and people with disabilities stay in their homes.⁵⁴

Lawmakers held funding for the Ohio Housing Trust Fund flat at \$55.25 million for state fiscal years 2022 and 2023, the same as the 2020-21 appropriation.⁵⁵

Help when help is needed: TANF

We all need stability and security. However, far too many Ohio families are struggling to put food on the table, pay the rent, and pay for necessities. Forty percent of Americans don't have enough savings to cover a \$400 emergency, which isn't surprising knowing that many of Ohio's most common jobs pay so little a full-time worker could not make ends meet for a family of three.⁵⁶

Temporary Assistance for Needy Families (TANF) is the federal block grant program that helps children and families with low wages. In Ohio, TANF program funds are used for cash assistance (Ohio Works First: OWF), one-time emergency assistance (Prevention, Retention, and Contingency: PRC), publicly funded child care, program

⁵¹ "Fiscal Year 2021 Ohio Housing Needs Assessment: Executive Summary," Ohio Housing Finance Agency, accessed on September 17, 2021, <https://bit.ly/3nKxIBI>.

⁵² "Report Highlights Gap Between Rising Rents, Tenants' Actual Wages," Coalition on Homelessness and Housing in Ohio and the National Low Income Housing Coalition, <https://bit.ly/3ixVMQ8>.

⁵³ "Homelessness in Ohio," Press Release, Ohio Housing Finance Agency, <https://bit.ly/3kHtMcm>.

⁵⁴ Patton, Wendy, Will Petrik, Michael Shields, and Piet Van Lier, Op.Cit.

⁵⁵ Based on appropriation line item 195638, Low- and Moderate-Income Housing in HB 110, Final Budget, Appropriation Spreadsheet (with FY 2021 actual expenditures), Ohio Legislative Service Commission <https://bit.ly/3xEoROu>; and HB 166, Final Budget, Appropriation Spreadsheet, LSC, <https://bit.ly/39e4oWn>.

⁵⁶ "Report on the Economic Well-Being of U.S. Households in 2018 - May 2019," Board of Governors of the Federal Reserve System, accessed on September 7, 2021, <https://bit.ly/3lIdPhq>.

administration through the county job and family service agencies, as well as for food pantries and a variety of earmarks.⁵⁷

Ohio lawmakers appropriated \$2.3 billion for TANF over the next two years. Ohio's TANF program is funded by an annual federal block grant of \$725.7 million (\$1.45 billion over the biennium). State GRF of \$298.5 million will “match” the federal block grant, along with another \$40 million from TANF-supported families who must assign any child support payments they receive to the state.⁵⁸

Policy Matters Ohio called on state lawmakers to use TANF funds to prevent homelessness and support Ohioans through the pandemic and recession with expanded, one-time emergency assistance to families in crisis. The Ohio Department of Job and Family Services (ODJFS) allocated \$33.9 million, made available through the American Rescue Plan, to offer one-time, emergency assistance to help families with low incomes pay for immediate needs, such as clothing, rental assistance, short-term homelessness assistance, short-term utilities payments, and back to school costs.⁵⁹ These resources will flow to families through county job and family services agencies through the PRC program.

In the past, appropriated TANF funds have not been fully used and instead have been placed in savings, for use in later years — primarily for the public child care program. Need is far too great this year to utilize these funds for budget reserves.

Kinship families

All children, no matter their family situation, need security and stability to flourish and thrive. Yet poverty, the ongoing opiate addiction crisis, and other structural inequities have resulted in thousands of Ohio children being separated from their family of origin. In Ohio, about 124,000 children live with relatives or trusted family friends, known as kinship caregivers.⁶⁰ The state of Ohio does not provide them with the resources needed to fully support the children in their care.⁶¹

In response to a lawsuit, lawmakers created the Kinship Support Program at the end of 2020.⁶² Lawmakers funded the Kinship Support Program at \$64.5 million over two years in the state budget through the GRF.⁶³ Even with the funding, Figure 6 shows that kinship caregivers and kids placed with kin continue to get less public financial

⁵⁷ Blaine, Nicholas J., Sherrock, Ryan, “Greenbook: LBO Analysis of Enacted Budget, Department of Job and Family Services,” TANF Spending Plan, Ohio Legislative Service Commission, August 2021, <https://bit.ly/3EzbyXM>.

⁵⁸ Ibid.

⁵⁹ “Fiscal Administrative Procedure Letter No. 91,” from Matt Damschroder, Interim Director, ODJFS, May 13, 2021, <https://bit.ly/2Z5Mldu>.

⁶⁰ “Ohio Kinship and Adoption Navigator Program: Subcommittee Updates,” presentation, ODJFS and Kinnect, May 2019, <https://bit.ly/36sSTZi>.

⁶¹ Petrik, Will, “Support Ohio children by funding kinship care,” Policy Matters Ohio, November 18, 2020, <https://bit.ly/3zp3ilh>.

⁶² Welsh-Huggins, Andrew, “Ohio sued over lower payments to relatives caring for kids,” AP News, November 19, 2020, <https://bit.ly/3kWOVzg>.

⁶³ Email from Scott Britton, Assistant Director of Public Children Services Association of Ohio, regarding the Family and Children Services line item (600523) within the ODJFS.

support compared to kids placed in licensed foster care settings. The Kinship Support Program provides just \$10.20 per child per day to approved kinship care providers. As of July 2021, 3,872 children were placed in an approved kinship care setting by a county children service agency.⁶⁴

Figure 6

Kids placed with kin get less public financial support than kids place in foster care				
Monthly public financial support for children comparison				
Number of Children	County	Support from Kinship Support Program	Minimum support for licensed foster care provider	Maximum support for licensed foster care provider
1	Cuyahoga	\$310	\$624	\$2,619
2	Cuyahoga	\$620	\$1,248	\$5,238
1	Scioto	\$310	\$836	\$4,258
2	Scioto	\$620	\$1,672	\$8,516

Source: Former monthly support for approved kinship caregivers is based on Ohio Works First payment standards as of January 1, 2021, Ohio Department of Job and Family Services (ODJFS), <https://bit.ly/2PXih52>. Minimum and maximum monthly support for licensed foster care providers are estimates based on [SFY 2020 foster care per diem rates](#), from Bret Crow, Office of Communications, ODJFS. Monthly support under the Kinship Support Program is based on a [\\$10.20 per diem rate](#).

The Kinship Support Program provides support to children involved in the child welfare system, and the support is time limited. State lawmakers didn't provide any additional support to the over 120,000 kids living in kinship families outside the child welfare system.

Lawmakers did continue to fund other programs that support kinship caregivers in the budget:

- The Kinship Care Navigator Program: \$8.5 million per year to connect kinship caregivers with resources and available services.
- The Kinship Permanency Incentive Program: \$1 million per year to help caregivers who commit to permanently care for a child.
- The Kinship Caregiver Program: \$10 million per year in TANF, a cut from \$15 million a year in the last budget, to help kin pay for short-term child care support and one-time stabilization expenses.

Officials also established policy in the new budget to draw down additional federal funds for kinship caregivers who become legal guardians. ODJFS anticipates spending \$5 million in state fiscal year 2023 from existing state funds, which can draw down matching federal funds.⁶⁵

⁶⁴ Ohio's Interactive Children Services Dashboard, Point in Time Count of Children in Care, ODJFS, filtered by month, July 2021, <https://bit.ly/2GKnaB8>

⁶⁵ Blaine, Nicholas J. and Ryan Sherrock, "Legislative Budget Office Analysis of the budget for the Ohio Department of Job and Family Services (Green Book), August 2021 at <https://bit.ly/3As5wSh>.



Additional analysis of the Kinship Care program may be found at <https://www.policymattersohio.org/files/assets/kinshipcare.pdf>

The dignity of work

Ohioans work hard. Our largest occupational groups are the lowest paid, where many workers aren't paid for all the hours they put in and are often exposed to dangerous conditions on the job. In many families, parents must work but cannot afford good child care for their children. There is much state lawmakers can do to make life easier for Ohio's working people by removing threats and challenges that create barriers to supporting a family and getting ahead. Lawmakers made some progress in the new state budget, but not enough.

Industrial compliance

Wage theft is a pervasive problem. Employers steal wages from an estimated 217,000 Ohio workers each year through minimum wage violations alone. Ohio ranks second among the nation's 10 largest states in the share of workers reporting being paid below the minimum wage. Employers steal an average of \$2,800 from victims. This is underreported and underenforced due to limited capacity.⁶⁶

At \$54 million over 2020-21, funding for the Ohio Department of Commerce ended up \$3.5 million below originally appropriated levels. This year's rebound of \$7.9 million to \$60.9 million for the agency backfills for the loss and provides a small boost over inflation. However, lawmakers sent none of the funds to the Wage and Hour Division of the agency, which protects the paychecks of millions of Ohioans.

Ohio's Bureau of Wage and Hour Administration is funded at \$1.2 million through the Department of Commerce. It has just five investigators and a supervisor, who carried out just 404 investigations in 2020.⁶⁷ Effective enforcement requires better staffing that can target high-violation industries and develop relationships with community representatives connected with victims who are often too intimidated to come forward.

Child care

Every child deserves to be safe, healthy and cared for. All parents, no matter how much money they make, deserve to go to work with the assurance that their kids

⁶⁶ Cooper, David and Teresa Kroeger, "Employers steal billions from workers' paychecks every year," May 10, 2017, <https://www.epi.org/publication/employers-steal-billions-from-workers-paychecks-each-year/> annualized pooled data from CPS-ORG 2013-2015, cited in "A budget for everyone," Policy Matters Ohio, January 14, 2021 at <https://bit.ly/394MtRO>.

⁶⁷ Fiscal note for HB 47 of the 134th General Assembly at <https://www.legislature.ohio.gov/download?key=16226&format=pdf>.

have a safe, nurturing place to be. Child care helps parents — particularly moms — go to work while providing children with a strong foundation to thrive in school.

Lawmakers appropriated \$2.2 billion for child care in the 2022-23 budget, a 14.7% increase paid for with additional federal COVID relief funds and an increase in use of TANF funds for publicly funded child care.

The budget will make child care more affordable and accessible for working families by increasing initial eligibility for publicly funded child care from 130% to 142% of the federal poverty level.⁶⁸ Before the change, a family of three could make no more than \$28,548 (130% of the federal poverty level) to be initially eligible for subsidized child care; a family of three can now make up to \$31,183. This change will expand access to an estimated 6,000 children across Ohio whose families were ineligible for subsidized child care prior to the passage of the budget. The budget also expands access to publicly funded child care to families with children who have special needs making from 130% up to 150% of the federal poverty level.

Senate leaders removed the requirement for all providers to improve quality of care within the “Step Up to Quality” program by 2025. The General Assembly also created a study community to look at the Step Up to Quality and the publicly funded child care program. The committee will hold hearings and release a final report by December 1, 2022.⁶⁹

Lawmakers included some guardrails on federal COVID relief dollars for child care. They earmarked \$50 million from the Consolidated Appropriations Act (the federal aid bill passed in December 2020) to provide co-payment assistance for families participating in publicly funded child care. They earmarked federal COVID relief dollars that haven’t been appropriated to be used to stabilize child care providers, strengthen workforce recruitment and retention, and increase families’ access to child care.⁷⁰

The additional federal dollars for child care will be helpful in rebuilding a badly-eroded system. There was progress in that lawmakers slightly raised the cap on income level to get into the child care assistance program. However, affordable, high quality child care remains out of reach for too many Ohio families. There is much more work to be done.

Additional information about public child care in the budget may be found at <https://www.policymattersohio.org/files/assets/childcare.pdf>

⁶⁸ Blaine, Nicholas J., Sherrock, Ryan, “Greenbook: LBO Analysis of Enacted Budget, Department of Job and Family Services,” C1:2: Child Care, Eligibility, Ohio Legislative Service Commission, August 2021, <https://bit.ly/3iOJMKi>.

⁶⁹ Ibid.

⁷⁰ Ibid.

Care for caregivers

Many politicians give lip service to the value of caregivers and families, but when it comes to the state budget, not enough lawmakers walk the talk. Many Ohioans' jobs involve taking care of children, aging parents, disabled family members or other loved ones who need support. Women do most of the important work of caring for other people's families, mostly for poverty wages, and in positions supported by public dollars. Black and brown women do a disproportionately large share of this work.⁷¹ The state plays such an important role in the child care and home health markets that it could lift all wages in some caregiver positions simply by properly funding these services.

Pay for child care workers is low: The median wage in Ohio in 2020 was \$24,090, which is just over the federal poverty level for a parent with two kids. It is so low, at \$10.90 per hour, that centers find it difficult to keep qualified staff, which leads to high turnover and diminishes quality of care for children.⁷² State lawmakers did earmark federal COVID relief dollars from the American Rescue Plan to be used to sustain child care providers and strengthen workforce recruitment and retention. However, they didn't include additional state dollars to improve pay for child care workers.

Home health care workers, who often serve Medicaid patients, are also underpaid. Many home health care aides serve people supported by Medicaid. The median wage for a "home health and personal care aide" in Ohio is \$11.41 an hour (\$23,740 per year),⁷³ which is also too low to support a small family and too low to prevent churn in staffing and ensure consistency of care for patients. State lawmakers set the reimbursement rates for Medicaid home- and community-based care and could play an important role in stabilizing this sector.

The new budget bill contained language to increase reimbursement rates for care provided in the home to disabled and/or elderly persons under the budgets of the Ohio Department of Developmental Disabilities and the Ohio Department of Aging. The statutory language of the bill was vetoed, but the commitment to these increases remains, according to Governor DeWine.⁷⁴ A 6% increase in reimbursement rates is scheduled to go into effect in November of 2021.⁷⁵

⁷¹ Scales, Kezia, PhD, "It's Time To Care: A Detailed Profile of American's Direct Care Workforce," PHI, at <https://phinational.org/wp-content/uploads/2020/01/Its-Time-to-Care-2020-PHI.pdf>.

⁷² Petrik, Will, "You can't have high quality child care when caregivers live in poverty," Policy Matters Ohio, January 29, 2020 at <https://bit.ly/3A8AFtN>

⁷³ Ohio Labor Market Information at https://ohiolmi.com/Home/DS_Results_OES

⁷⁴ Statement Of The Reasons For The Veto Of Items In Amended Substitute House Bill 110, Op.Cit.

⁷⁵ Statement of Beth Kowalczyk of the Ohio Area Agencies on Aging to an Advocates for Ohio's Future meeting, September 14, 2021.

Summary and conclusion

The last two-year budget period was deeply impacted by the pandemic and recession. Governor DeWine cut the state budget and froze spending. In some areas, the pandemic shutdown meant Ohioans used fewer public services. Actual expenditures in the 2020-21 budget came in significantly below initial appropriations. The new budget rebounds, but what looks like a big increase in some cases is just restoration to about the pre-pandemic level of funding.

As federal stimulus and supplemental unemployment compensation benefits went into people's pockets and then into the local economy, spending and the resulting rebound also meant more revenues came into the state coffers. Ohio lawmakers used them for some badly needed services — like expansion of broadband services. However, the primary and largest single use was for tax cuts, which once again benefitted the richest people the most. They gave away \$2 billion in tax cuts, giving the average Ohioan less than \$1 per week but \$5,400 on average to the top 1% of earners. They lavished hundreds of millions on private and corporate special interests through tax breaks that encourage companies to use temp workers instead of making permanent hires and incentivize people to send their children to private and charter schools, weakening the public school system which serves most of the state's children.

Pressing needs remain in all areas of the budget. Lawmakers could make Ohioans' lives better by fully funding the new Fair School Funding Plan, which has the promise of providing fair funding to schools and creating an excellent public school in every ZIP code. They could prepare for future pandemics by providing the scores of millions our locally based public health systems need. They could help communities rebuild by restoring revenue sharing with local governments. They could help far more families access safe and quality child care so the parents can return to work. They could reduce the stiff cost of college tuition, give county human services departments enough money to fully protect the hundreds of thousands of seniors in danger of abuse, boost staffing in the Office of Industrial Compliance so fewer Ohio workers have their wages stolen by unscrupulous employers, and boost the wages of home health care workers who care for many of our most cherished loved-ones. They could restore funding for the Affordable Housing Trust Fund to reduce homelessness in the state. They could fully utilize TANF dollars to help more families get back on their feet after the pandemic. They could fully fund the oversight of the Minority Health Strike Force Blueprint, making good on the promise of making all Ohioans healthier, especially Black and brown Ohioans, who face the worst health outcomes.



Ohioans need lawmakers to create and fund a budget for everyone — not a budget that lavishes benefits on the wealthiest and corporations. It was the voice of the people that led to important changes in the way schools are funded, which means a brighter future for Ohio’s children. The people’s voice must continue to be sounded so lawmakers know what the pressing needs of the people really are.

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