



**PRESS RELEASE**  
**JULY 11, 2018**

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## **Budget surplus should be invested in Ohio**

### **Transfer of \$657 million into rainy day fund ignores needs of state residents**

The Kasich administration today transferred \$657 million into the state's rainy day fund. But instead of banking this money, the state should have used it to make lives better today for millions of Ohioans by strengthening public libraries, expanding bus service, extending broadband, sending more toddlers to preschool, making public college more affordable, restoring support to local governments and meeting the many needs of people and communities across the state.

A state needs a rainy day fund, but Ohio already had two billion dollars in reserve. Since the last recession, Governor Kasich and the General Assembly approved major tax cuts, including a billion-dollar tax break for business income (the "LLC Loophole") that disproportionately benefitted the wealthiest 1 percent of Ohioans. At the same time, they slashed funding to communities and counties, allowing the rainy day fund to be replenished. They have not restored aid to local governments to boost recovery in those places where the recession never ended.

Ohio's rainy day fund, called the [Budget Stabilization Fund \(BSF\)](#), was funded at 6 percent of the 2017 General Revenue Fund (GRF) revenues, at \$2 billion. In 2014 Kasich [criticized](#) local governments for seeking restoration of big state cuts, pointing to local budget surpluses in excess of 5 percent. Things have changed. Today's deposit boosts the state rainy day fund close to the maximum, 8.5 percent of 2018 GRF revenues.

As the fiscal year drew to a close, the General Assembly passed bills that will invest in Ohio: in voting machines, remediation of Lake Erie, and several smaller programs. Counties and transit agencies lost more than \$200 million a year in the last budget as the state reconfigured a Medicaid provider tax in the sales tax base and left them out of the permanent fix: Along with some previous one-time funds, they now will get the \$30 million promised in the case of a surplus.

Lawmakers should have gone further. Most of the \$200 million to halt the drug crisis in the current two-year budget was taken from local government funds or earmarked from existing programs, but new money is needed for many approaches to stop the rising number of deaths across the state. Adult protective services have never been adequately funded in Ohio: several million dollars could boost protection of vulnerable elders at risk from fraud, physical and emotional abuse and self-neglect. Public transit has been cut by 75 percent since 2000, leaving it [37.5 million](#) rides short of annual market demand. At minimum, the state should make up the more than \$120 million that counties and transit agencies are losing this year because of the change in Medicaid funding last year.

The 2018 surplus funds should be used to enhance safety, health, quality of life and opportunity today for Ohioans and Ohio communities. If the next governor and General Assembly were to tighten up Ohio's \$9 billion in tax breaks and [rebalance the tax code](#) to be more fair and adequate, such investments could be sustained.

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