



**PRESS RELEASE**  
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Contact: Katie Fallon  
kfallon@policymattersohio.org  
614.221.4505

## **State budget slams local governments, transit agencies**

After years of draining resources from Ohio's local governments and transit agencies, the 2018-2019 state budget slashes funding for counties and transit agencies by nearly \$200 million a year after this budget period ends.

In two new Budget Bites, Policy Matters examines how the 2018-2019 state budget affects county governments and public transit agencies. To comply with federal law, lawmakers moved services of Medicaid managed care organizations (MCOs) from sales tax base to the insurance tax. They protected the state budget but failed to safeguard transit agencies and counties that raise revenue by levying a local sales tax on the state base. Sales tax revenues from MCOs were distributed based on where Medicaid enrollees lived, so areas where many low-income Ohioans live, work and depend on public transit are hurt most.

"Legislators attempted to fix this problem and protect counties and transit agencies, but Governor Kasich vetoed their proposal," said Policy Matters Ohio Researcher Katie Fallon. "Counties provide important services such as case management for foster children or adults with disabilities. Public transit helps millions of Ohioans get to work, school and important appointments. Everyday people across Ohio will be harmed by these funding losses."

The 2018-19 budget includes a temporary transition fund while localities decide how to cut services or replace lost revenues. During the two-year budget period, the state will provide \$207 million to counties and impacted transit agencies. Negotiations conducted after the budget bill was enacted promise an additional \$50 million, and possibly up to \$30 million more at the end of fiscal year 2018 if state revenues come in above estimates. But these measures do not fully replace the loss of MCO tax funds over the next two years. After 2019, the revenue stream is lost altogether.

The loss of MCO funding puts even further strain on local governments and transit agencies that have endured years of budget cuts and tepid funding. Despite ranking 14<sup>th</sup> for transit ridership, Ohio spends less on transit than most other states. Since 2010, lawmakers have cut \$1.2 billion a year - adjusted for inflation - from local governments. This year, lawmakers redirected \$35 million from the fund to address the drug crisis - further draining resources for local governments which are on the frontlines of the epidemic. Fallon said in their weakened state, transit agencies and counties will struggle to weather funding losses.

"Instead of spending resources on expensive tax breaks that don't create jobs and tax cuts for Ohio's wealthiest, the state should invest in transit and local governments," Fallon said. "That's a far better way to grow the economy and make Ohio a better place to live."

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute  
with offices in Cleveland and Columbus.*

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