



# PRESS RELEASE

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## Policy Matters Ohio responds to Senate budget proposal

*Today, Ohio's Senate leadership released its state budget proposal. Policy Matters Ohio Executive Director Hannah Halbert issued the following statement:*

The Substitute Bill produced by the Senate majority continues to rely on failed tax strategies at the expense of education and family economic security. Legislators have been cutting taxes for more than two decades, yet Ohio's share of employment and businesses has declined relative to the nation, our annual growth has typically been slower than the national average, and recessions have hit harder and lasted longer in Ohio than in the rest of the country. These cuts siphon off \$8 billion a year that could otherwise be spent on urgent needs like making education world-class and available to all through the public system, reducing infant and maternal mortality, improving mental health services, expanding child care and feeding kids.

The proposed income tax changes would land another blow to the state's fiscal foundations. The budget would eliminate two of Ohio's tax brackets, reduce the rates for the remaining brackets, and suspend inflation adjustment for brackets and exemptions. These tax changes will cost the state about \$1 billion dollars per year from FY 2025 into perpetuity. It would be the 13th income tax cut since 2000, and it is accompanied by a 25% cut in Ohio's already low business tax, the Commercial Activities Tax. It all leads to the same results: cuts to public institutions and countless missed opportunities to invest in the long-term prosperity of the state.

The proposal would remove people from critical public economic security programs by increasing barriers and limiting eligibility. The Senate bill eliminates a provision that would expand Medicaid to 300% of poverty during pregnancy and for children under 19, and ends continuous coverage for newborns, infants and toddlers.

It cuts a provision that would have provided an estimated 15,000 children with child care. It restricts public child care support to families by reducing income eligibility from 160% of the federal poverty rate — as proposed by the governor and passed by the House — to just 145%. The proposal also imposes

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

a universal voucher program that will send public money to wealthy families whose kids are already going to private schools.

Even the changes that help people with low incomes are so poorly targeted that they too will benefit Ohio's economic elite. The proposed sales tax holiday easily could have been targeted to those who aren't already wealthy. Instead, some state Senators made sure the rich got their taste of that cut too.

The Senate majority's proposal shows us who they are willing to sacrifice to pay for these cuts: Children, families, pregnant people and working parents, public school teachers and communities, and any Ohioans who can't afford their own lobbyists.

Policy Matters will continue our analysis of the proposal, which should be significantly revised before passage, and improved in conference committee and by the governor's line-item veto.