



# EXECUTIVE SUMMARY

## NOVEMBER 2020

### Revenue & Budget

#### **Our state. Our community. Our budget.**

Why care about the state budget?

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Everyone, no matter where they live or what they look like, deserves safety, security and dignity. We pool our tax dollars to build the foundation: clean water, clean air, public schools, safe roads and bridges, public transit to get to work. We elect lawmakers to decide how to use our public dollars to make Ohio a great place to live.

State lawmakers will hammer out a state budget between January and June of the coming year. They face a daunting task: a global pandemic, a recession and a national reckoning on the historical and continuing unequal treatment of Black and brown people in America. There is no certainty on tax collections to support public schools, health care and other public services. The federal government sent funds, but some expired and others will end before the pandemic and recession are over.

There is certainty about the past, and the challenges remain. Before the pandemic, six out of 10 of Ohio's most common job groups paid so little that a full-time worker with a small family would need food aid to make ends meet. The recession makes it harder for many households. More Ohioans need public programs to help them get by: food pantries, SNAP, Medicaid, cash assistance. In the coming budget, lawmakers could lay the groundwork for a broad and inclusive recovery that helps all Ohioans, or they could support policies that push more Ohioans further behind.

This is why Ohio's budget matters. The state budget is a tool that can help make life better, eliminate inequities and boost opportunity for all Ohioans.

Decisions about budget priorities are made by the governor and elected state lawmakers in the General Assembly (made up of the Ohio House of Representatives and the Ohio Senate). For the past 15 years state lawmakers have prioritized tax cuts and tax breaks, boosting deductions, credits and exemptions to almost \$10 billion a year and cutting taxes so deeply that the annual state revenue system comes in \$7 billion a year below what it would have been under the tax laws of 2005. The tax cuts and tax breaks benefitted corporations and the wealthiest 1% of people, who pay



about \$40,000 a year less in Ohio taxes, on average, than they would have under the tax laws of 2005. Over time, middle income households got no benefit from all the tax law changes, and the poorest now pay more.

While state policymakers spent years cutting taxes for the wealthy and corporations, Ohio employers added jobs more slowly than the rest of the nation. Furthermore, too many Ohio jobs today pay low wages and lack benefits, like paid sick leave and health insurance.

Ohio entered the recession behind the curve: Outdated public health information technology hindered critical data collection. Skeletal staff in state agencies could not deliver timely unemployment checks to hundreds of thousands of Ohioans who suddenly needed them. The Minority Health Strike Force, appointed by the governor as it became clear that Black and brown Ohioans were getting sick with COVID at higher rates than white Ohioans, identified almost three dozen areas in which state policy changes could improve the health of communities of color.

Lawmakers can use the budget to fund the policy changes necessary to protect the health of millions of Ohioans, better safeguard their incomes and make Ohio more resilient in the health crises that are to come. They face a choice in the coming budget debate: to harness Ohio's public resources to support all families, improve all communities, reduce inequities and build a stronger, more resilient state — or continue to cut services and push for more tax breaks for the wealthiest and corporations.

This paper is about budget basics: how Ohio generates public revenue (taxes) and how our lawmakers chose to direct those resources (expenditures). It describes the budget process, public services funded by the budget, and changes in the support of those services over time. It talks about how you can get involved. Your knowledge, participation and voice can make Ohio a better place.