

New Policy Matters' budget button provides quick budget basics

Policy Matters Ohio's web page will make it easier to find information as the 132nd General Assembly debates the budget for fiscal years 2018 and 2019. A "budget watch" button will take you directly to the latest analysis of Ohio's tax and budget policy issues.

The button features a new trendline analysis of state spending and revenue policy which shows that spending has not risen on an inflation-adjusted basis over the decade. Deep cuts in the fiscal 2012-13 budget have been restored, but not in all areas.

"The decade started with recession and rising needs," said Wendy Patton, Policy Matters Ohio Senior Project Director and report author. "Legislators have not made the investments needed to build for the future. As a result, college tuition is too high, too few Ohio toddlers can go to preschool and deep cuts in state aid to local governments has slowed the economic recovery."

The state's mix of revenues have changed as well, weighing more heavily on those of moderate or low income while the richest earners on average pay thousands of dollars less every year. Cuts to personal income taxes and business taxes have removed \$3 billion dollars a year from revenues since the cutting began in 2005.

"Families in the middle fifth of earners were actually paying more on average in state and local taxes in 2014 than they were in 2005," Patton said. "Meanwhile, the top 1 percent saw annual tax cuts of more than \$20,000."

The state slashed its own revenue, relying on claims that the private economy will grow only if the public economy shrinks. Many Ohio families lost public sector jobs and earnings as the state cut services. Ohio began cutting income taxes in June of 2005. Between then and October of 2016, Ohio's net employment growth of 1.2 percent lagged far behind the national rate of 8.2 percent.

The budget for 2018-19 presents the opportunity to change policies and start rebuilding. New investment in public transportation can widen the labor pool for employers and lower costs for working families. Better funding for education -- from pre-school to college -- can expand opportunity and boost competitiveness. Restoring local government funds can help communities slow the drug epidemic and restore blighted neighborhoods and property values.

"The state could restore investment in Ohio's people and communities by eliminating ineffective tax breaks, restoring top income-tax rates and modernizing tax policy to reflect new and emerging sectors," Patton said.