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Budget

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# **Basic services in Ohio continue to be weakened in the 2018-19 state budget**

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# Introduction

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Adequate funding is necessary for decent public services. Conversely, failure to provide necessary resources can diminish the quality and quantity of important public services, causing backlogs, deteriorating assets or outright elimination of some services. People may not understand the cause of the dwindling service and blame the program employees, local government officials, or the public sector itself.

In this issue brief, we look at reductions in state support of basic operational funding in five diverse state programs: The Ohio Civil Rights Commission, the State Library, the Ohio History Connection, the Board of Tax Appeals, and the Ohio Department of Natural Resources Parks and Recreation and Wildlife divisions. These entities have seen declining state support that has eroded programs, services and infrastructure over time. In some cases there has been some restoration, but all lag behind funding levels of a decade ago. The budget bills approved in the Ohio House and proposed in the Ohio Senate would continue this pattern, threatening services that Ohioans rely on.

Ohio has already slashed many essentials. Our local governments are making do with a billion dollars less per year than they had in 2010. State investments in K-12 schools decline, adjusted for inflation, at a time when employers are demanding more skills and education. And Ohio's underfunding of higher education means that Ohio community colleges and public universities cost 11.5 percent and 14.5 percent more than the national average. Our previous research documents all of that. But alongside that deep disinvestment, we've also seen myriad examples of cuts to smaller parts of the public sector. This report documents those less visible but still terribly damaging cuts.

The services we describe here are small, relatively speaking. Larger programs face far deeper cuts. However, the ongoing erosion of state support across hundreds of programs over time diminishes public services in a way that affects us all.

# The state library board

The State Library Board provides library and information services to Ohio's state government, local libraries, educational institutions, and residents. It maintains, provides, and disseminates information and library materials; promotes collaboration between local, academic, and governmental libraries; and acts as a depository for state and federal government documents. The State Library Board also oversees the Ohio Public Library Information Network (OPLIN).<sup>1</sup>

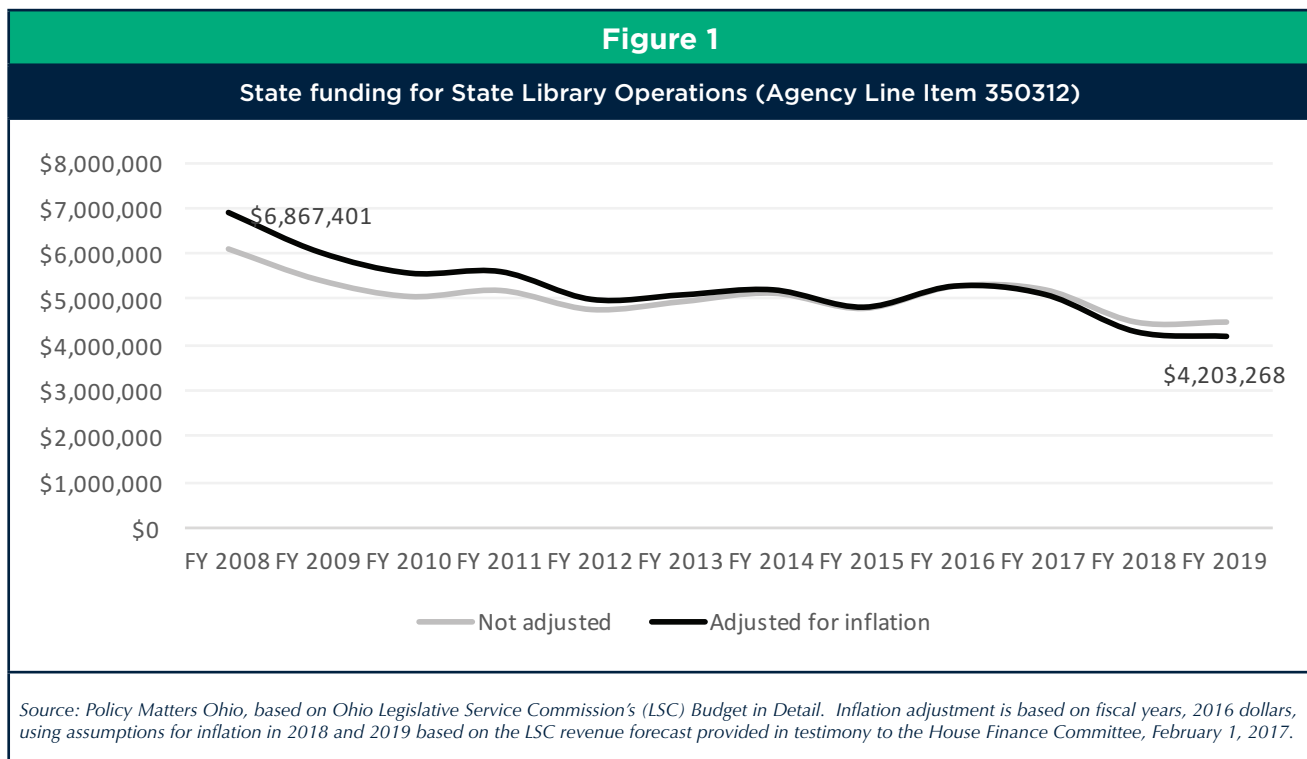
In the State Library Board budget letter to Director Keen, State Librarian Beverly L. Cain summarized long-term reduction in state funding:

*The State Library has changed dramatically over the past decade in terms of staffing, physical size, and funding level. When the State Library submitted its budget request for the FY 2008-2009 biennium, funding was requested for 91 positions. Today, the State Library has a staff of just 71 positions. This represents a staffing reduction of 22% over the past ten years. The dramatic decline in State Library staffing is even more apparent when considering that in FY 2002, the State Library received funding for 130 positions. The current level of 71 positions represents an overall reduction of 45% since FY 2002. These reductions in staffing and physical space have come about due to the significant, ongoing reductions in funding for the State Library... This reduction has [also] meant that the State Library has been unable to purchase resources frequently requested by state government agencies such as the Columbus Dispatch backfile, access to American Society for Testing and Materials (ASTM) standards, frequently requested training videos, and JSTOR, digital access to academic journals, books, and primary sources to help support state government agencies and their efforts to better serve Ohioans. Additionally, access to library resources is no longer a matter of only purchasing print books and subscribing to print journals. Providing direct access to additional resources for state employees would entail significant price increases for licensing and maintaining electronic access. The State Library has also been unable to move forward with plans to preserve and increase the accessibility of some of the unique items in its collection, such as the Ohio Centennial books. More significantly, funding at the Activity A level for FY 2018-2019 will require dropping important, heavily-used subscription resources such as HeinOnline, an online research product with more than 70 million pages of legal history, ReferenceUSA, a leading resource for consumer and business research that many state employees depend on to do their jobs, and Gale Courses, instructor-led, educational training courses in subjects such as human resources, management,*

<sup>1</sup> Ohio Legislative Services, Redbook for the State Library Board, 132nd General Assembly, at <http://www.lsc.ohio.gov/fiscal/redbooks132/lib.pdf>

*marketing, technology, and health and wellness.”* – Letter from State Librarian Beverly L. Cain to Ohio Budget and Management (OBM) Director Tim Keen, October 24, 2016.

Figure 1 shows that between 2008 and 2019, the last year of the pending budget, operational funding for the State Library as proposed in both houses of the legislature will have been reduced by 38.8 percent (adjusted for inflation; 2016 dollars).



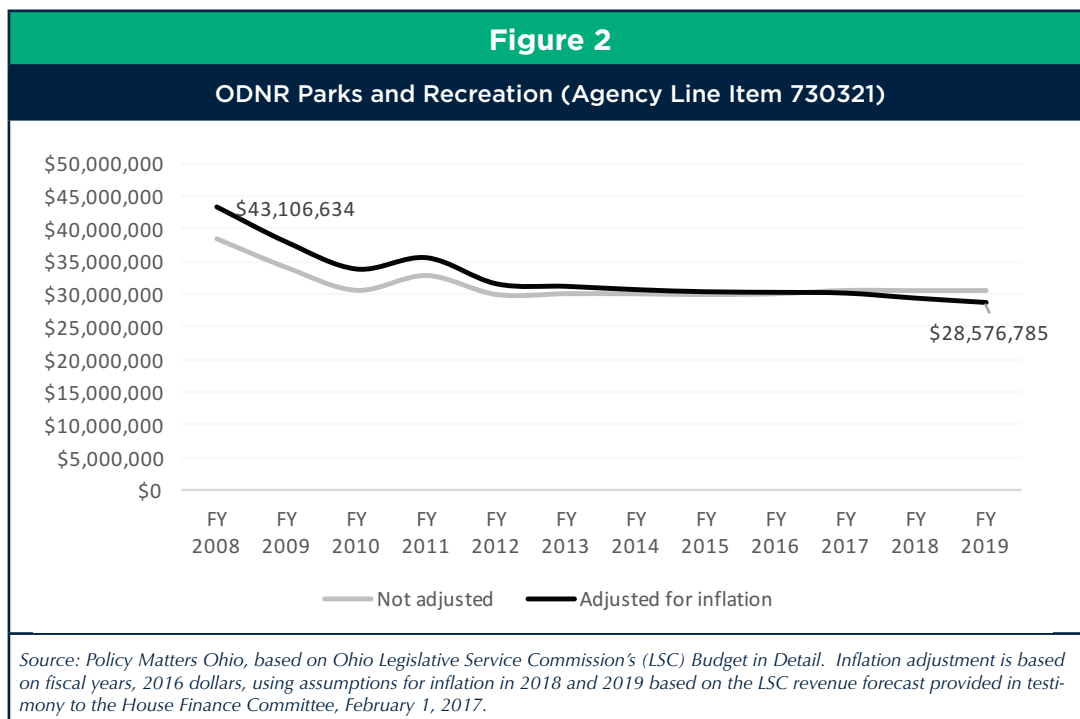
The Senate has concurred with the House's proposed reductions in funding for the State Library. The proposed budget for 2018-19 will reduce operational funding by \$1.5 million over the two-year budget period. This is a 14.2 percent reduction compared to the current budget for 2016 and 2017 (which ends June 30, 2016). State Librarian Cain testified on June 15, 2017: "Deeper cuts would jeopardize the State Library's ability to meet federal requirements for match and MOE ("maintenance of effort") for the receipt of LSTA funds and have a devastating impact on libraries and library services for Ohioans across the state."<sup>2</sup>

<sup>2</sup> Testimony to the Senate Finance Subcommittee on General Government and Agency Review, June 15, 2017 at <http://ohiosenate.gov/committee/finance-general-government-and-agency-review-subcommittee#>. Maintenance of effort is a term used to describe the required state match to access a certain pot of federal dollars.

# Ohio Department of Natural Resources

In his October 14, 2017 budget letter to Ohio Budget and Management Director Tim Keen, Ohio Department of Natural Resources (ODNR) Director James Zehringer pointed out that the agency is the largest land-holding department in the state, with management responsibilities for over more than 120,000 acres of inland waters; portions of Lake Erie and the Ohio River; 640,000 acres of land; 74 state parks; 7,000 miles of streams; 14 state scenic rivers; 21 state forests; 136 state nature preserves; 144 wildlife areas; and almost 200 dams statewide. ODNR also licenses all hunting, fishing and watercraft in the state – in addition to overseeing natural resource mining and inspections and providing services related to natural resource extraction industries.

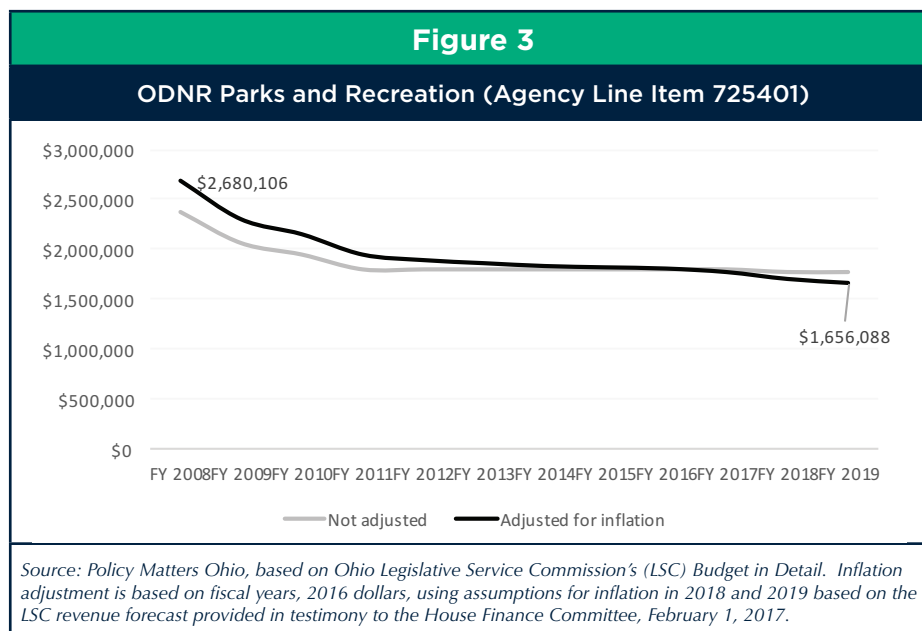
State funding for recreational functions overseen by ODNR have not been sustained over time. According to the November, 2010, budget request letter of former budget director Sean Logan, the funding request for ODNR from General Revenue Fund resources for fiscal years (FY) 2012-13 matched the request for 1988. State funding for parks and recreation operations has fallen further since then. Figure 2 shows that state funding for the ODNR parks and recreation operations will have declined by \$14.5 million (adjusted for inflation) between 2008 and 2019 (based on the FY 2018-19 budget proposals of the legislature), a decline of almost 34 percent.





The executive budget recommended an increase of \$1.3 million over the current biennium, but revenues have fallen since then and funding has been reduced. Both houses of the legislature trimmed the executive budget increase back to \$443,418, which provides a 0.7 percent increase over the current biennium. This increase does not keep pace with inflation projected by the Ohio Legislative Service Commission revenue forecast for the budget,<sup>3</sup> allowing further erosion of resources for Ohioan’s recreational opportunities.

Stakeholders appealed for improved funding for the ODNR division of wildlife in the current budget period. Here, too, state funding has been eroded by inflation and cut over time. Figure 3 illustrates the 38 percent decline in funding (adjusted for inflation) between 2008 and 2019, based on proposed funding in the legislative version of the budget.



The Sportsmen’s Alliance urged lawmakers to increase hunting and fishing fees. The group pointed out that fish hatcheries are not operating at full capacity and a backlog of shooting ranges are not maintained.<sup>4</sup> The Administration and the legislature have not heeded their request. Governor’s office advisor Mike Budzik resigned because of the issue, stating in his resignation letter: “At this moment, the agency [ODNR] is short 25 officers because it cannot afford their salaries, or the cadet classes to recruit them. Five counties are vacant, having no wildlife officer at all. Issues like this are what has convinced many sportsmen that the administration is trying to financially starve the Wildlife Division to force consolidation of law enforcement.”<sup>5</sup>

<sup>3</sup> Inflation was forecast by the Ohio Legislative Service Commission to be to be 2.4 percent in each year of the biennium at the beginning of budget deliberations – see Ohio Legislative Service Commission, Baseline Forecast of GRF Revenues and Medicaid Expenditures for the FY 2018-FY 2019 Biennial Budget, Testimony before the House Finance Committee, February 1, 2017 <http://www.lsc.ohio.gov/fiscal/revenueforecasts/forecasts132/Lscforecasttestimony-hf.pdf>

<sup>4</sup> Ohio’s wildlife chiefs call for increased fees, Sportsman.com at <https://www.ohiosportsman.com/threads/license-increase-debate-with-a-link-to-ohio-senate.71075/>

<sup>5</sup> Bill Bush, “Conservation Advisor to Governor Kasich resigns, saying hunters, anglers, get short shrift, The Columbus Dispatch, June 14, 2017 at <http://www.dispatch.com/news/20170614/conservation-adviser-to-gov-kasich-quits-saying-hunters-anglers-get-short-shrift>

# The Ohio Civil Rights Commission (OCRC)

The Ohio Civil Rights Commission is charged with enforcing an Ohio statute (R.C. Chapter 4112) which prohibits discrimination in employment, places of public accommodation, housing, granting of credit, and higher education on the basis of certain characteristics. The Commission's services and activities can be categorized into two distinct programs:

- Investigation and enforcement (receiving, mediating and investigating complaints, and adjudicating discrimination charges) and
- Public affairs/community service (conducting educational and public outreach programs).<sup>6</sup>

"Our services are free to people of all levels of income," Executive Director G. Michael Payton pointed out to Policy Matters Ohio 2011. "Wealthier earners can hire a lawyer if they like. But our services ensure that no citizen of Ohio needs to suffer unlawful discrimination without a means of redress, regardless of their income level – or lack of income. Our services ensure that."<sup>7</sup>

Those services have been diminished over time. In FY 2000, the Ohio Civil Rights Commission had 199 employees; there were 94 in 2011 and 75 full time equivalent workers today. In the budget letter for the 2018-19 budget, Director Payton wrote:

"The agency has experienced a reduction of 119 FTE's or 60% of all employees over a 16-year period, during which time the agency endured the losses through efficiency measures and reengineering its work... The agency is concerned about its obsolete computer system. Agency staff is now using computers purchased during 2007. DAS recently agreed to provide hand-me down, used salvaged computers to the OCRC that were turned into DAS for public auction sale by a sister agency. But using salvaged computers is not a sound long term plan for meeting the ITS needs of our agency. The cost for replacing our computers and laptops is approximately \$100,000. We are hopeful of somehow securing funding for new computers in the future." – Budget letter of G. Michael Payton, Executive Director, to Tim Keen, Director of the Ohio Office of Budget and Management, September 14, 2016.

The budget passed by the House and proposed by the Senate reduce the Ohio Civil Rights Commission's funding by \$613,449 over the two-year budget period, a cut of 5.5 percent relative to the current budget.

<sup>6</sup> This paragraph is taken from the Ohio Legislative Service Commission's Redbook for the Ohio Civil Rights Commission for the 132nd General Assembly at <http://www.lsc.ohio.gov/fiscal/redbooks132/civ.pdf>

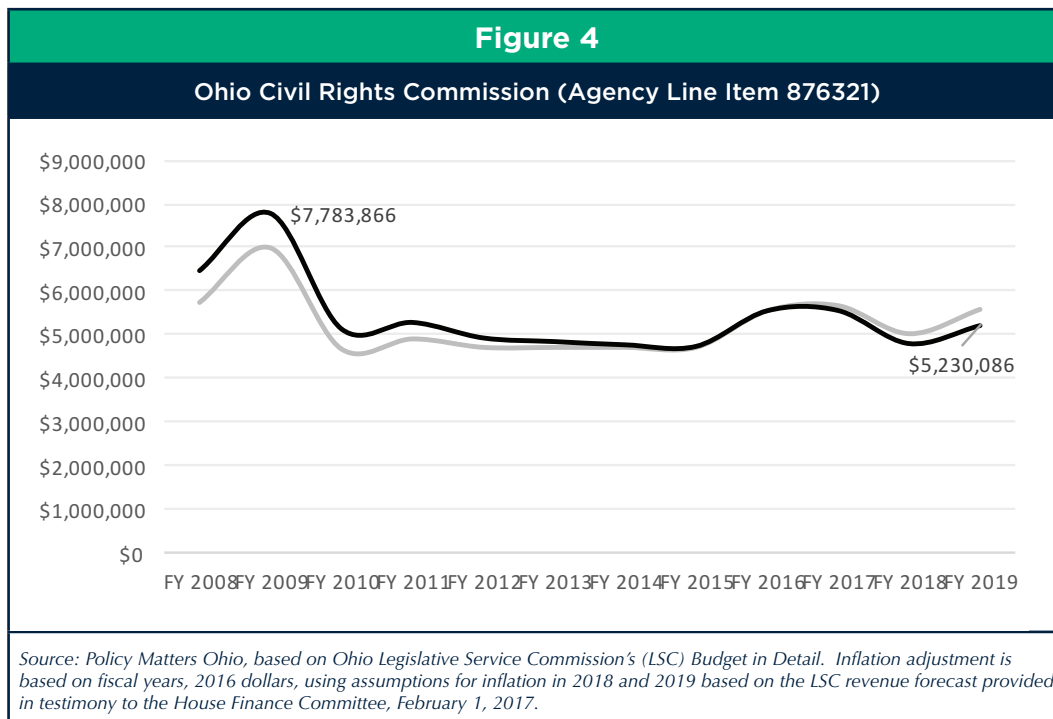
<sup>7</sup> Policy Matters Ohio, "Weakened State: Ohio Falls Short on Basic Services," March 2011 at <http://www.policymattersohio.org/wp-content/uploads/2011/10/WeakenedState2011.pdf>



Figure 4 shows the trend in operational funding (Agency Line Item 876321) between 2008 and 2019. It fell by 33 percent in inflation-adjusted dollars (2016 dollars) between 2009 and 2019 (based on concurring budget proposals for 2018 and 2019 from the House and the Senate).

Ohio Civil Rights Commission Chair Leonard Hubert noted in his testimony to the Senate Finance Subcommittee on May 23, 2017, that there may be increased demand for the Civil Rights Commission's services. "House Bill No. 2, pending a vote on the House floor, would alter the employment law provisions of the Ohio Civil Rights Act and will require every grievant to administratively exhaust and first file their charge of discrimination with the OCRC who would then issue Notices of the Right to Sue," Hubert pointed out. "This would increase the workload of the agency. While the agency did not request or anticipate an increase in its budget due to the passage of House Bill No. 2, it likewise did not anticipate a cut in its budget upon the bill's enactment."<sup>8</sup>

In the past, a lack of capacity to meet demand for the services of the Ohio Civil Rights Commission caused quality problems, negative press and even lawsuits in the 1990s. Today, diminished funding raises the specter of these problems from the past.<sup>9</sup>



<sup>8</sup> Testimony of the Ohio Civil Rights Commission to the Senate Finance Subcommittee, May 18, 2017 at <http://ohiosenate.gov/committee/finance-general-government-and-agency-review-subcommittee#>

<sup>9</sup> Policy Matters Ohio, "Weakened State:" (Op.Cit.)

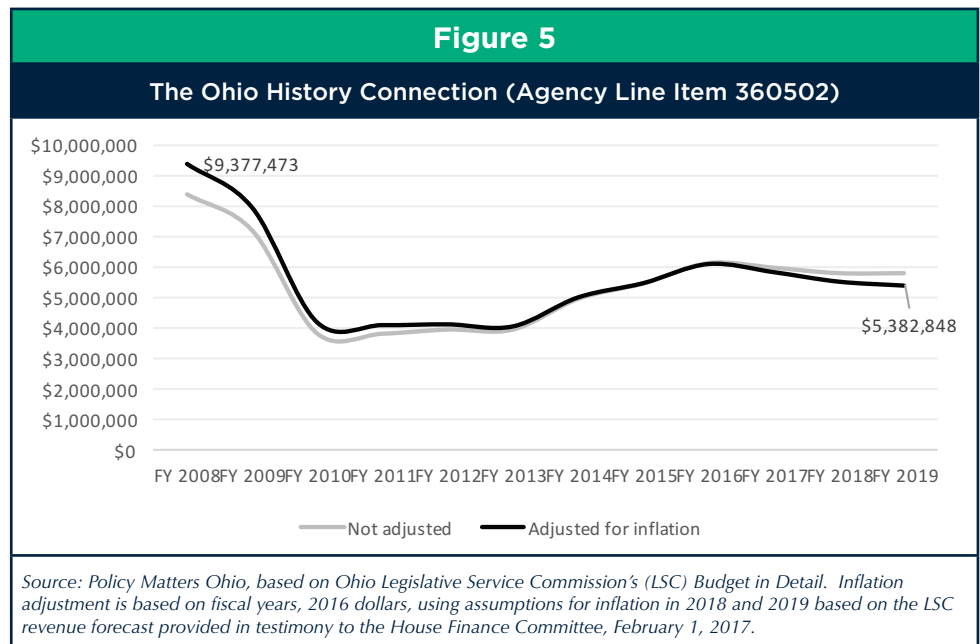
# Ohio History Connection

The Ohio History Connection (OHC) is a state-chartered non-profit dedicated to the preservation, interpretation, and study of Ohio's history. In May 2014, OHC changed its operating name from the Ohio Historical Society to the Ohio History Connection. While OHC is not a state agency, it receives GRF support for purposes prescribed in state law, including the operation of the Ohio History Center, the State Archives, the Ohio Historic Preservation Office, and the maintenance of the state's network of designated historic sites and museums. It acts as the state's lead entity for federal historic preservation programs delegated to the state through the National Historic Preservation Act.<sup>10</sup>

Figure 5 shows that between 2008 and 2019 (using the Senate version of the state budget bill, which cuts more deeply than the House), funding for the Ohio History Connection operations will have been reduced by 43 percent (adjusted for inflation). The biggest drop occurred with the recession, and significant restoration never occurred.

The executive budget recommended flat funding for the operational line item (360502), but that was reduced by both the House and the Senate. The Senate version, which cut more deeply than the House, proposed reduced funding for state and museum operations of \$506,466, a loss of 4.2 percent compared to the budget for FYs 2016-17.

The budget also reduces support of this agency in other ways, such as eliminating pass-through grants for local historical projects and institutions. The impact will be felt throughout the state with reduced grant funding for the Cincinnati Museum Center, Western Reserve Historical Society, Lake View Cemetery in Cleveland for maintenance of the James A. Garfield Monument, and the Murphy Theatre in Wilmington. In addition, the Governor's proposal discontinued use of General Revenue Funds (GRF) to provide free admission for Ohio veterans to the Ohio Veterans Memorial and Museum.



<sup>10</sup> Ohio Legislative Services Commission, Redbook for the Board of Tax Appeals, 132nd General Assembly, at <http://www.lsc.ohio.gov/fiscal/redbooks132/ohs.pdf>

# The Board of Tax Appeals

The mission of the Ohio Board of Tax Appeals, Ohio's administrative tax court, is to provide taxpayers and taxing authorities with an accessible, fair and efficient process to resolve tax appeals in a timely and judicious manner by issuing written decisions based upon Ohio statutes, case law and Board precedent. The Board of Tax Appeals resolves cases from 7 different types of governmental agencies and 62 different tax types. The agency relieves the overburdened state judicial system from having to adjudicate these appeals, and satisfies the constitutional requirements of due process. This process is conducted by an agency unaffiliated with any potential parties to a case. In addition, taxpayers are assured their appeals will be reviewed and considered by Board members and a staff of attorney examiners who focus exclusively on tax issues and have considerable expertise.<sup>11</sup>

In the past, homeowners and businesses that appealed property tax valuations sometimes had to wait more than two years for a hearing because of staff cuts and a rising volume of cases. The cause was inadequate state funding. Between FYs 2005 and 2010, cases nearly tripled, yet funding was cut by more than a million dollars a year between 2009 and 2011. The Board laid off 60 staff persons in 2009.<sup>12</sup>

In her October 14, 2016 letter to OBM Director Tim Keen on budget needs for 2018-19, Executive Director Kathleen Crawley described measures the agency had taken to better serve the taxpayer, and the resources needed to maintain those improvements:

*After experiencing budget decreases in FY2010 and FY2011 the board significantly reduced full time attorney and administrative positions, which resulted in increased resolution times for appeals and created a backlog of cases. The board took extraordinary measures to reverse course, and implemented vastly-improved processes and customer service tools. These tools include a cloud-based, online case management system which affords the board's customers immediate access to case information, filing services, and communications methods. With these improvements, staffing efficiencies were made available, reducing staff (by attrition) to optimally-low levels.*

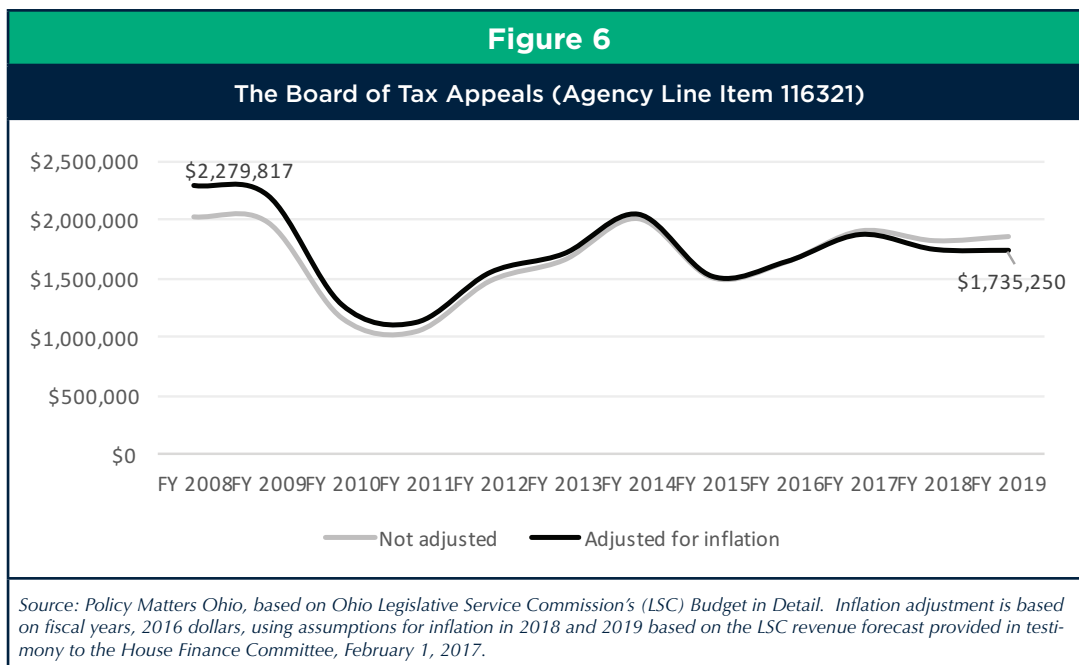
*However, if the agency is funded below the requested level of \$1,985.307, the board will likely be unable to sustain the new case management system, returning filers to a slow, antiquated paper process. – Board of Tax Appeals budget letter from Director Kathleen Crawley to Budget Director Tim Keen, October 14, 2016.*

<sup>11</sup> Ohio Legislative Service Commission, Redbook for the Board of Tax Appeals, 132nd General Assembly, at <http://www.lsc.ohio.gov/fiscal/redbooks132/bta.pdf>

<sup>12</sup> Policy Matters Ohio, Weakened State (Op.Cit.)

The executive budget did not fund the requested level, but recommended a 5 percent cut. The House cut even more deeply, and the Senate concurred. The cut over the two-year budget, compared to the current 2-year budget, is slated to be 9.3 percent, before inflation.

Figure 6 shows reduced and uneven funding trends for the Board of Tax Appeals operations between 2008 and 2019. Funding has been reduced by 24 percent since 2008 (adjusted for inflation; 2018 and 2019 budget figures are based on the legislative budget proposals).



Director Crowley said in testimony May 9 that the House budget cuts would force staffing cuts, bringing it down to 10 full-time positions from the 17 it had prior to the current biennium. "With a reduced staff, is it likely the board will return to previous multi-year backlogs, lengthy customer delays, and the unnecessary tie-up of homeowner and business funds," she told the lawmakers.<sup>13</sup>

<sup>13</sup> Testimony to the Senate Finance Subcommittee on General Government and Agency Review, May 9, 2017 at <http://ohiosenate.gov/committee/finance-general-government-and-agency-review-subcommittee#>

## Summary & Recommendations

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Important state programs are being starved of operational resources that would allow them to provide the level of service their mission requires. In some cases (ODNR Wildlife) we see stakeholders pointing to poorly maintained assets and asking to increase fees, only to be rebuffed. In other cases (Ohio Civil Rights Commission), we see a long-term threat of uncertain funding resulting in inadequate equipment to support services that benefit Ohio families of modest incomes. The State Library is less able to purchase the resources needed to support state agencies and the regional library needs. The Board of Tax Appeals fears a lack of capacity that will lead to backlogs and delays.

The civic, civil rights, environmental, recreational, intellectual and cultural services of the State of Ohio have been starved for too long, and the budget bill for 2018-19 continues the trend. We need to supply additional resources to reverse this—resources that are available through the cutback of unneeded tax breaks and restoration of a fair and adequate tax system, eroded over the past dozen years with tax cuts and tax breaks.<sup>14</sup>

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<sup>14</sup> Zach Schiller, The \$1 billion tax break burning a hole in Ohio's budget, June 2017 at <https://www.policymattersohio.org/research-policy/quality-ohio/revenue-budget/the-1-billion-tax-break-burning-a-hole-in-ohios-budget>; and Zach Schiller, Tax breaks should be reined in Suppliers to big distribution centers, for instance, reap huge gains, May 2017 at <https://www.policymattersohio.org/files/research/050417qdctaxbreakbudgetbite.pdf>

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