

Executive Summary

How we raise and spend money reflects what we value. Ohio's leaders say they want all children to have access to good schools. They want to help working people get ahead. They want to provide treatment to people struggling with mental illness or addiction. Most Ohioans also want these things, but without sufficient state support, we can't live up to our values.

In recent years Ohio's state lawmakers cut the state income tax, gave more and bigger tax breaks, slashed revenue sharing with local governments and stashed the savings in the bank. Budget cuts and inflation eroded public services. At the same time, need across the state, while better than during the recession, has grown since before the last recession. Manufacturing companies that paid well left the state and left their work forces behind; new companies in the service sector have taken their place with low-wage, non-union jobs. More families struggle.

The new state budget makes substantial investments in a few key areas, and small investments in many more, a welcome development. But it falls short of meeting needs in the low-wage economy and continues cutting the income tax, worsening Ohio's upside-down tax structure.

KEY FINDINGS: OHIO'S 2020-21 STATE BUDGET

- 1** Lawmakers appropriated \$48.8 billion in the 2020-21 General Revenue Fund (excluding federal), an increase of \$3.7 billion compared to 2018-19.
- 2** The overall effect of tax policy in the new budget was to further slant the state and local tax system against low- and middle-income Ohioans in favor of the very affluent, continuing a long-term trend.
- 3** Investment in the broad category of health and human services catches up to 2006 levels (adjusted for inflation) in 2021. Funds for human services other than Medicaid remain 11.5% below 2006 levels although the poverty rate is higher.
- 4** Formula funding for K-12 is lower than in 2005, adjusted for inflation and changes in enrollment. By 2021 it will have fallen by 5% compared to 2017.
- 5** Local governments will get hundreds of millions of dollars more in 2020-21, largely because of the hike in the gas tax. This restores state cuts to some rural counties and small communities, but urban counties and big cities are still hurting.