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Revenue & Budget

## **Ohio's family budget**

Budget and policy solutions to improve the quality of life for children and families

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**All Ohioans, no matter what we look like or where we live, want strong, safe and vibrant communities where we can put down roots and provide for our families.** We've pooled our shared resources to build world-class universities, a great state park system, and some of the nation's best libraries. These institutions and many others make Ohio a better place for families. Ohioans know that we all do better when everyone does well.

Yet today, hundreds of thousands of Ohio families struggle to afford food, rent and utilities. Four of the 10 most common jobs in Ohio don't pay enough to feed a family of three without food assistance. Corporate price gouging makes it harder for parents to buy groceries, fill up their cars and heat their homes. A lack of affordable child care makes it harder for parents to work, and means fewer children are ready for kindergarten when they start out. High tuition and limited financial aid put college out of reach for many.

These and other challenges are in no small part the result of nearly two decades of tax cuts. These cuts drain resources from communities and families and shift them to boost corporate bottom lines and the bank accounts of the richest 1%.

In his 2022 state of the state speech, Gov. Mike DeWine said, "There is simply no better place to raise a family than Ohio!" In this report, we explore that claim by comparing Ohio with the rest of the nation on 15 indicators. We use state-by-state data to assess how Ohio is doing in terms of the cost of child care and college tuition, access to broadband, infant mortality, health insurance, child hunger, and child economic security. The data clearly show that Ohio is not the best state for families. As state lawmakers embark on the 2024-25 state budget process, we have a chance to use our shared resources to make our state a better place to live, work and raise a family.<sup>1</sup> In this report, we outline state budget and policy recommendations to build a foundation for health, opportunity, economic security and thriving communities in Ohio.

We organized our data into four sections: health and wellness, learning and growth, connection and community, and dignity and opportunity. Each section includes a list of budget and policy priorities to improve Ohio's standing in metrics that matter to families.

# How does Ohio compare to other states?

## Health & Wellness

-  Child food security 35th
-  Infant mortality rate 42nd
-  Opioid overdose death rate 46th
-  Population without health insurance 20th

## Learning & Growth

-  4-year olds enrolled in public preschool 36th
-  K-12 Funding equity 47th
-  Cost of college tuition 30th
-  Cost of childcare 19th

## Connection & Community

-  Households without broadband access 23rd
-  Jobs within 30 mins on public transit 22nd
-  Proximity to a park or playground 27th
-  Library resources per capita 3rd

## Dignity & Opportunity

-  Child economic security 37th
-  Median wage 24th
-  Workers covered by state unemployment compensation 42nd

 Ohio ranks above most other states



 Ohio ranks below most other states

**The same old strategy isn't working.** Since 2005, a group of Ohio lawmakers have changed who pays for the shared institutions, services and programs that help make Ohio a good place to live. As a result, the wealthiest 1% of Ohio households are taking home, on average, over \$50,000 every year in tax cuts. Meanwhile, Ohio households making less than \$65,000 — a full 60% of Ohio taxpayers — are paying more on average in taxes today compared to what they did in 2005.<sup>2</sup> Not only are most Ohioans, on average, paying more, they also must contend with eroded state services. In total, the tax shift removes an estimated \$8 billion a year out of Ohio's budget that could instead be invested in the health and well-being of children and families in Ohio and in our future.

This change in the tax code benefits a small wealthy minority and hasn't led to better outcomes for the vast majority of families, regardless of race or place. The consequences of spending too little to support the health, education, stability and security of Ohioans show up in nearly every facet of life, perhaps most starkly in health outcomes. On average, Black Ohioans are expected to live six years less than white Ohioans and Black infants die 2.5 times as often as white babies.<sup>3</sup> We all benefit from strong, inclusive public schools, a health care system that provides care for all of us, and public institutions and programs that connect people to information and resources to live a decent life. These improvements are designed to build a robust infrastructure for family security and stability for all Ohioans. Further, because more than 400 years of discrimination and exclusionary policies mean a larger share of Black Ohioans could benefit from the priorities outlined in this report, the recommendations also help close equity gaps in access and outcomes.

**Together, we can make Ohio the best state for families.** We must come together to rewrite the rules so everyone can live a good life. The work to make Ohio the best state for families is bigger than any one state budget. It's the job of our elected leaders to expand opportunity in all communities and for all Ohioans, regardless of race, gender or ZIP code. In this budget, they can start building a brighter future for everyone.

## Health & wellness

Good health is critical to our quality of life. Yet the quality of our health often depends on factors beyond our individual control. In many key health indicators, Ohio underperforms the nation. This is even more concerning considering that the United States itself compares unfavorably with most other wealthy nations. By certain measures, like infant mortality, the U.S. more closely mirrors developing nations.<sup>4</sup> Public policy choices are at the root of many of Ohio's poor health outcomes. In the 2024-25 state budget, lawmakers can make better choices to set more Ohio families up for happy, healthy lives.

### Child Hunger

All of us deserve to live with stability, economic security, and dignity. All families in Ohio should have the resources to put food on the table so children have what they need to learn and thrive.

Figure 1

## Child food insecurity: Ohio ranks 35th in the nation.

Percent of children experiencing food insecurity in 2019, by state (rank).



Source: Feeding America, [https://bit.ly/ChildFoodInsecurity\\_OH](https://bit.ly/ChildFoodInsecurity_OH)

In Ohio, 19% of children — an estimated 489,160 — experienced food insecurity in 2019: They didn’t consistently have enough food for an active, healthy life.<sup>5</sup> Children in Ohio are more likely to go without food than children in most other states. According to census data collected between November 2 and November 14, 2022, an estimated 425,000 Ohio adults with kids reported that they “sometimes” or “often” did not have enough to eat in the last week.<sup>6</sup> In December, the Ohio Association of Foodbanks reported record demand for emergency food relief due to months of high costs for groceries, housing, utilities, gas and other basic expenses. The food banks served 38% more households in the third quarter of 2022 compared to the same quarter in 2021.<sup>7</sup>

One reason so many families struggle to put food on the table is because too many jobs in Ohio pay poverty-level wages. Four of Ohio’s 10 most common jobs — employing nearly 453,000 Ohioans — don’t pay enough for a typical worker to support a family.<sup>8</sup>

Hundreds of thousands of Ohioans will have fewer resources to keep food on the table in early 2023. Congress recently passed legislation that will soon end emergency allotments for people participating in the federal Supplemental Nutrition Assistance Program (SNAP). All participating households have been receiving the maximum SNAP benefit. But after February, congress will cut households’ food assistance by \$90 per person per month, on average. This will be a substantial cut for Ohio families with low incomes, especially given high food price inflation.

Hungry children are more likely to face toxic stress and have worse educational, health and employment outcomes compared to their peers from more economically secure families.<sup>9</sup> These outcomes do not have to be the norm for kids from families with low incomes in Ohio.

Research shows that when children have economic stability and enough good food to eat, they are healthier, do better at school, and are better positioned to take advantage of future economic opportunities.<sup>10</sup> School meals improve school attendance, academic achievement, standardized test scores, and overall cognitive function. Having meals at school is also linked with greater food security and improved physical and mental health outcomes.<sup>11</sup>

Together, we can improve the health and well-being of Ohio's students, end child hunger, and make sure kids can focus on learning at school. If Ohio wants to be the best state for food security for children and families, state lawmakers should pass a budget that helps families keep food on the table and ensures no child goes to school hungry. That budget would:

- **Help families pay for the basics.** A state thriving families tax credit would help nearly 986,000 families and 1.8 million children with an average tax refund of roughly \$1,000 a year.<sup>12</sup> This tax credit would help more families pay for groceries and reduce hunger and insecurity. It would cost roughly \$1 billion per year, about the same as the [LLC loophole](#).
- **Provide healthy school meals for all Ohio children.** When students get regular healthy meals, they have more energy and focus in the classroom.<sup>13</sup> Like textbooks, transportation, and supportive teachers, school meals are a critical part of a child's education and future success. State lawmakers must provide necessary funding to supplement federal meal reimbursement to make sure all students at public schools in Ohio have access to healthy meals during the school day, at no cost.
- **Fund Ohio's emergency food relief network.** Some working families are not paid enough to get groceries and have regular meals. Ohio's food banks face increased demand because wages aren't keeping up with the increasing costs of food and other necessities. State lawmakers can help meet the needs of families and food banks across Ohio by allocating more resources to the Ohio Foodbanks through the Ohio Food Program and Agricultural Clearance Program in the state budget.
- **Make WIC work for parents.** Parents in Ohio are still required to go to a local office every month to have benefits from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) added to their Electronic Benefits Transfer (EBT) card. Most other states automatically load WIC benefits onto participants' EBT cards each month.<sup>14</sup> In 2023, people don't have to take a bus or drive to their bank every time they need more cash. WIC participants shouldn't have to make that trip either. State lawmakers can save families some time and make life a little easier by bringing the system online and making it more modern and efficient.
- **Provide more families with federal food assistance.** State lawmakers can change the rules to make more families that need food assistance eligible for SNAP. The current gross income limit for Ohio families to be eligible for SNAP is 130% of the federal poverty level (FPL); lawmakers can direct the Ohio Department of Job & Family Services to raise that limit to 200% of FPL. In other words, a family of three with gross monthly income at or below \$2,495 (\$14.39 an hour at 40 hours a week) is currently eligible for SNAP. Our recommendation would make SNAP available to a family of three with a gross monthly income at or below \$3,838 (\$22.14 an hour at 40 hours a week). This change would not require new state spending. It would bring in federal funds to help working families keep food on the table and alleviate some of the strain on Ohio's statewide food bank network.

### Infant Mortality

The Ohio legislature has continued to restrict access to family planning and abortion health care, despite public opposition and a growing body of research that shows that states with more restrictions have worse outcomes for both babies and mothers. Policymakers would better serve their constituents by addressing the state’s dismal infant mortality rate.

Figure 2

## Infant mortality: Ohio ranks 42nd in the nation

Number of infants who die before their first birthday, per 1,000 live births, 2018-19, by state (rank)



Source: America’s Health Rankings, [https://bit.ly/InfantMortality\\_OH](https://bit.ly/InfantMortality_OH)

In 2019, Ohio families lost their children at a higher rate than families in most other states. Nearly seven of every 1,000 babies born in Ohio died within the first 30 days of their lives.<sup>15</sup> The national average for the same period was 5.6.<sup>16</sup> Black babies die at a rate over 2.5 times that of white babies in their first year.<sup>17</sup>

The health of the baby and the health of the mother are intimately connected. Of all the infants that died in 2019, nearly two-thirds were preterm, and over 60% had a low birth weight.<sup>18</sup> Research shows that economic and food insecurity negatively impacts the health of pregnant women and babies.<sup>19</sup> Mothers who experience poverty, are in their teens or are people of color are more likely than others to lose an infant, due to socioeconomic health effects.<sup>20</sup> State policymakers must focus on budget and policy strategies to boost the economic security of children and families, along with strategies that expand access to quality health care.

Lawmakers in Ohio have taken steps to help pregnant people and children get health care. In the last state budget, they expanded postpartum coverage from just 60 days to the first 12 months after birth, so that people can get the health care they need after pregnancy.<sup>21</sup> As of January 2022, Ohio only covers children up to 211% of the federal poverty level.<sup>22</sup> Gov. DeWine recently outlined his plan to provide more health coverage for babies and mothers by increasing eligibility for Medicaid up to 300% of FPL for pregnant women and children. Ohio lawmakers should make this recommendation a priority in the next state budget. Ohio has initiatives that are designed to give parents information about their children’s health and how to keep their children safe and healthy, but more needs to be done to provide stable access to health care for families. The Medicaid redetermination process after the end of the public health emergency should prioritize the importance of healthy moms.

If people can decide when to grow their family, they and their babies tend to be healthier.<sup>23</sup> In a study conducted using data from 2010 to 2011, researchers were able to identify and examine the relationship between state laws that restrict abortion access and infant mortality risk. The results were clear: The more barriers in place to prevent or discourage mothers from having the freedom to choose, the greater the risk of infant mortality.<sup>24</sup> State lawmakers need to give pregnant people the freedom to make decisions regarding their body, health and future.

Cities and counties have pursued strategies at the local level to improve infant and maternal health.<sup>25</sup> State lawmakers also need to prioritize budget and policy solutions to do the same:

- **Improve food and economic security.** Research shows that when families have financial stability and the resources to pay for the basics — like groceries, baby formula, housing and health care — children are healthier. Lawmakers can change the tax code to help more families pay for the basics by passing a state thriving families tax credit. See more solutions in the child food insecurity and child economic security sections.
- **Provide more health care to moms and children.** Ohio can provide more health coverage for newborns, children and mothers by increasing eligibility for Medicaid up to 300% of FPL for pregnant people and children.<sup>26</sup> This would help more families get prenatal, delivery and postpartum care without the financial stress that goes along with pregnancy and major health procedures.
- **Fund the Bold Beginnings Initiative.** Gov. DeWine recently announced his goals for the future of the Bold Beginnings Initiative.<sup>27</sup> Several of the goals outlined are necessary steps to combat maternal and infant mortality. The Comprehensive Maternal Care Program and others are designed to provide support and resources for Ohio families. The General Assembly should fully fund these programs to improve the health of babies and new moms.<sup>28</sup>
- **Expand and diversify the perinatal workforce.** State lawmakers should use the budget to expand Medicaid coverage for doula services and midwives to ensure culturally appropriate care for Black and brown pregnant people, many of whom have reported experiencing discrimination in traditional birthing environments. During the last session, the House passed HB 142 to expand Medicaid coverage to include doula services.<sup>29</sup> This policy change should be included in the 2024-25 state budget.
- **Equip pregnant Ohioans with medically-sound information and resources so they have the knowledge and freedom to make their own health choices.** In the 2022-23 state budget, the Ohio legislature allocated \$6 million for the Ohio Parenting and Pregnancy Program, which funds crisis pregnancy centers in Ohio. In 2022, the state provided an additional \$4.5 million through executive order<sup>30</sup> and last minute, lame duck legislation.<sup>31</sup> Crisis pregnancy centers discourage people from getting abortions. They are often religiously affiliated and located in low income and predominantly Black or brown communities. Rather than using public funds to undermine people's freedom to make their own health decisions, state policymakers should dedicate these funds to programs that give people the full range of medical options to deal with and prevent pregnancy. Columbus-based Restoring our Own Through Transformation (ROOTT), Birthing Beautiful Communities of Cleveland and CRADLE Cincinnati not only offer doula programs — which are proven to help babies and mothers survive and thrive — they also provide comprehensive reproductive health education.<sup>32</sup>

### Opioid overdose death rate

People with substance use disorder should be able to get the treatment they need, no matter where they live or how much money they have. Yet Ohio has one of the highest rates of death by drug overdoses in the nation.

Ohio, greater Appalachia, and states with strong manual-labor sectors were targeted by Purdue Pharmaceuticals in the late 1990s as places to inundate with their drug, Oxycontin. Marketing the drug as non-addictive, Purdue and others, like Johnson & Johnson, CVS, Walmart, and Walgreens misled doctors, pharmacists and patients, flooding the market with a dangerous narcotic. Countless people died because of corporate greed and incompetence. Financial settlements, mostly without admissions of wrongdoing, are how these corporations are responding.<sup>33</sup>

Figure 3

## Opioid overdose death rate: Ohio ranks 46th in the nation.

Fatal opioid overdoses per 100,000 people, age-adjusted, in 2020 by state (rank)



Source: Kaiser Family Foundation, [https://bit.ly/OpioidDeaths\\_OH](https://bit.ly/OpioidDeaths_OH)

Ohio’s opioid-related death rate has been exponentially increasing since 2000, hitting an all-time high of 40.1 deaths per 100,000 people in 2020.<sup>34</sup> This number doesn’t scratch the surface of the amount of people truly affected by the crisis. Often, grandparents or other relatives are called upon to care for the children of parents with substance use disorders, through either temporary or permanent arrangements. The children themselves are not likely to have received neonatal care, and similarly are likely to have experienced prenatal drug exposure, and to witness traumatic events, neglect or maltreatment.<sup>35</sup>

Ohio is building a network to offer treatment and preventative care. However, there is still a lack of prevention and treatment capacity in many parts of the state. People in rural communities often cannot get services they need with the same ease as people in urban or suburban communities.<sup>36</sup>

Ohio took the necessary first steps to combat the opioid crisis and substance use disorders by expanding Medicaid and embracing both naloxone and “Good Samaritan” laws. But there is more for Ohio to do to support residents who struggle with addiction. These programs can be supported by the massive settlements that Ohio has recently received from drug manufacturers and pharmaceutical companies. Of

the settlement money that Ohio is receiving, 30% goes to local governments, 15% to the state, and the rest goes to the OneOhio Recovery Foundation, a private nonprofit group tasked with distributing \$440 million in opioid settlement funds.<sup>37</sup> In addition to prioritizing funds from settlements, state lawmakers should develop long-term strategies to make sure that all people, regardless of their race or ZIP code, can receive the treatment they need to live a full, happy life.

- **Establish drug courts in every county.** Research shows that drug courts help keep people with substance use disorders from recommitting crimes by connecting them with treatment and other supports.<sup>38</sup> Ohio has drug courts in about 78% of counties.<sup>39</sup> In the last budget, lawmakers prioritized increasing drug courts and specialized court dockets.<sup>40</sup> Gov. DeWine should establish drug courts in every county to divert people struggling with addiction from doing time in prison or jail. Lawmakers allocated \$10.25 million in each fiscal year of the current budget to support specialized dockets. Lawmakers should increase funding in FY 2024 and 2025.
- **Expand MAT access.** Medication Assisted Treatment (MAT) is a proven strategy for preventing overdose and death in people with substance use disorder.<sup>41</sup> The Ohio Department of Mental Health and Addiction Services (OhioMHAS) allocated \$2 million in FY 2022 and 2023 to reimburse counties for providing MAT in county jails.<sup>42</sup> Ohio MHAS is also working with the Ohio Department of Rehabilitation and Correction to expand MAT to all state prison facilities.<sup>43</sup> While these efforts are a good start, increased support for expanding access is needed to address the scale of the problem. State policymakers should work with MAT providers to reach Ohioans in every county and expand treatment in state prisons and county jails. The less people travel for treatment, the more they can focus on getting their lives on track. Additionally, not all drug courts provide MAT. The state should work with the drug courts to ensure that all people have access to the same life-saving treatments.
- **Strengthen Ohio's crisis response with additional federal funds from Medicaid.** The American Rescue Plan Act (ARPA) has a community mobile crisis intervention services provision. Ohio has already pursued a model focused on adolescents through its Mobile Response Stabilization Services (MRSS) program.<sup>44</sup> ARPA includes \$15 million in grants to develop a state plan amendment or waiver request to build more capacity for mobile crisis intervention.<sup>45</sup> This option includes additional federal dollars from Medicaid to pay for health-related services for individuals in crisis, including transportation to treatment for Medicaid-eligible people. State lawmakers could work with the Ohio Department of Medicaid to support and expand mobile crisis response for adults at the local level.<sup>46</sup> Rather than primarily relying on law enforcement to respond to people experiencing behavioral health crises, this approach, also known as care response, deploys teams that include nurses, social workers, psychiatrists, trained peers with lived experience or emergency medical professionals associated with a community mental health agency, hospital, or a governmental agency such as a health department.

### Share of residents without health insurance

Everyone should be able to see a doctor for regular checkups and to receive the care they need. Medical coverage improves people's health and saves lives. In this measure, thanks in large part to the decision to expand Medicaid, Ohio outperforms much of the nation. Governor Kasich's decision to listen to Ohioans halved the number of uninsured by 2015.

Continued improvements to the program have continued to improve health outcomes for Ohioans. Ohio now provides postpartum coverage for the first 12 months after birth, so that mothers can get the health care they need after pregnancy.<sup>47</sup> These changes ensure more Ohioans access to medical care they need. Medicaid expansion also alleviates financial troubles for many.<sup>48</sup>

These policy decisions make Ohio a better place to set down roots than many other states, but more can be done. Ohio should extend coverage for doula services and midwives to ensure culturally appropriate care for Black and brown pregnant women, many of whom have reported experiencing discrimination in traditional birthing environments. During the last session, the House passed HB 142 to expand Medicaid coverage to include doula services.<sup>49</sup> This policy change should be a priority in the 2024-25 state budget.

Currently, Ohio only covers children up to 211% of FPL.<sup>50</sup> Gov. DeWine has committed to provide more health coverage for babies and mothers by increasing eligibility for Medicaid up to 300% of FPL for pregnant women and children.<sup>51</sup> This expansion would extend much needed health insurance coverage to single pregnant women with incomes up to \$54,900 under 2023 guidelines, or just over \$69,000 for a household of three. For context, 414 Ohio occupations in Ohio pay an average annual salary of less than \$54,900. More than 3 million Ohioans are employed in those job categories.<sup>52</sup> Only 22% of workers in the lowest paid quarter of the nationwide workforce participate in an employer-provided plan.<sup>53</sup> Expanding coverage for this working population at a critical time of life is a sure and necessary step toward better outcomes and coverage for Ohioans, since a very small share of these workers will have the option of affordable employer-provided coverage.

Medicaid expansion has been instrumental in combatting the opioid epidemic,<sup>54</sup> but could do more. The American Rescue Plan Act created new supports for state Medicaid programs that provide mobile crisis intervention services to people in mental or behavioral health crisis. This support includes \$15 million in planning grants to develop a state plan amendment or waiver request to build more capacity for mobile crisis intervention. Twenty states participated, but Ohio did not.<sup>55</sup> Additionally, ARPA provides states with enhanced federal matching rate of 85% for the first three years of the program and is available until March 31, 2027.

Ohio could use the enhancement to support health-related services for individuals in crisis, including transportation to treatment for Medicaid eligible people. State lawmakers could work with the Ohio Department of Medicaid and support this change through the budget to expand the impact and reach of the existing Mobile Response Stabilization Services program that serves adolescents<sup>56</sup> and open support for local efforts.<sup>57</sup> This approach uses nurses, social workers, psychiatrists, and emergency medical professionals associated with a community mental health agency, hospital, or a governmental agency such as a health department.

Figure 4

## Percent of residents without health insurance: Ohio ranks 20th in the nation.

Share of people without health insurance, as of 2021, by state (rank)



Source: Kaiser Family Foundation, [https://bit.ly/InsCoverage\\_OH](https://bit.ly/InsCoverage_OH)

Ohio legislators must also work to prevent a potential crisis: hundreds of thousands of Ohioans losing their health insurance. Over 3 million Ohioans were enrolled in Medicaid last September.<sup>58</sup> The Kaiser Family Foundation estimated between 5 and 13% of Medicaid enrollees are at risk of losing coverage.<sup>59</sup> Applied to Ohio, those estimates put 150,000 to 400,000 Ohioans at risk of losing health care.

Congress passed a bill at the end of 2022 that ended a pandemic emergency rule, which kept people enrolled in Medicaid through the public health crisis. This continuous coverage requirement during the pandemic helped keep Ohioans insured and able to get health care during the pandemic. It also meant that people on Medicaid were not at risk of getting kicked off.

On April 1, 2023, Ohio must begin the process of determining whether Ohioans are still eligible for Medicaid. Hundreds of thousands of people could lose coverage. Some will lose coverage because they are no longer eligible. Others could lose coverage due to a procedural issue or an administrative barrier. For instance, if the Ohio Department of Medicaid and the Ohio Department of Job and Family Services have the wrong address for someone, that person may not get the information they need to go through the eligibility redetermination process.

Uninsured people are more likely to forgo preventative care, to receive an initial diagnosis in the advanced stages of a disease, to have poorer medical outcomes following accidents or sudden-onset conditions, and to live with a chronic condition that could otherwise be controlled with a diagnosis.<sup>60</sup> Ohio lawmakers must do all they can so that regardless of race, educational attainment, or income, people can get the health care they need to live well. That includes supporting outreach, navigator assistance, and sufficient staffing so Ohioans are not deprived of health insurance due to administrative shortfalls or barriers. Policymakers should consider continuous eligibility to decrease the burdens of program administration, avoid the loss of needed coverage, and support healthy outcomes for Ohioans. Oregon has successfully expanded continuous coverage for kids from birth to age 6.<sup>61</sup>

In the upcoming budget Gov. DeWine has a fresh opportunity to make progress on the recommendations of his “Minority Health Strike Force.”<sup>62</sup> Beyond basic health insurance coverage, the budget can make progress on many of the social determinants of health identified by the strike force and incorporated into this report as recommendations, including access to high-quality K-12 education and child care, eliminating the digital divide, and providing better (and better-enforced) workplace protections.<sup>63</sup> The state budget should include policy direction and funding for data collection and analysis to monitor progress on strike force recommendations to improve the social determinants of health and quality of life for Black and brown Ohioans. The social determinants of health identified in the report disproportionately harm Black and brown Ohioans but reach all communities. Establishing an office to develop the blueprint operations plan to implement at both the state and local levels, funded at \$8 million in the first two years of start-up operations, would be an important step toward ensuring all Ohioans can live healthy, fulfilling lives.

If Ohio wants to be the best state in terms of health care coverage and health outcomes, lawmakers should:

- **Extend coverage for doula services and midwives** to ensure culturally appropriate care for Black and brown pregnant women, many of whom have reported experiencing discrimination in traditional birthing environments. During the last session, the House passed HB 142 to expand Medicaid coverage to include doula services.<sup>64</sup> This policy change should be a priority in the 2024-25 state budget.
- **Expand health care coverage to moms and babies in Ohio**, particularly for people who are paid low wages, by increasing Medicaid coverage for mothers and babies up to 300% of the federal poverty level. By extending coverage, more women will be able to afford and receive necessary pre- and post-partum care.
- **Make sure children from birth to age 6 have the health care they need to thrive.** Continuous early childhood Medicaid eligibility would enable children from birth through age 6 to maintain Medicaid coverage regardless of their parent’s income changes. This would allow children to have consistent pediatrician visits, vaccinations and specialty care.
- **Leverage state, local and federal supports to end the addiction crisis by connecting people to care.** Lawmakers should instruct the Department of Medicaid to develop a state plan amendment or waiver request to build more capacity for mobile crisis intervention. Broader intervention at points of crisis, transportation supports in rural areas without options, and continuing to treat behavioral and mental health as urgent public health needs are foundational for making Ohio the best place to build a future.
- **Continue advancing the recommendations of Gov. DeWine’s Minority Health Strike Force Blueprint.** Establishing an office to develop the blueprint operations plan to implement at both the state and local levels, funded at \$8 million in the first two years of start-up operations, would be a major step toward health justice.

# Learning and growth

Public school pioneer Horace Mann once called education the “great equalizer in the conditions of men.”<sup>65</sup> Yet Ohio’s unequal educational opportunities begin as soon as a baby is born, when families with low incomes are less able to afford high-quality, enriching child care. The inequality continues through preschool, which is less accessible for Black and brown families and Ohioans living in rural communities. It persists in how the state funds K-12 education, which has advantaged mostly white, wealthy communities. Lastly, this education opportunity gap culminates in public institutions of higher education that are unaffordable for many Ohio families. By most of the learning and growth measures we examined, Ohio underperforms the nation. State lawmakers can take steps in the 2024-25 budget to realize Mann’s vision, and make sure it includes Ohioans of all races and genders.

### Share of 4-year-olds enrolled in public pre-K

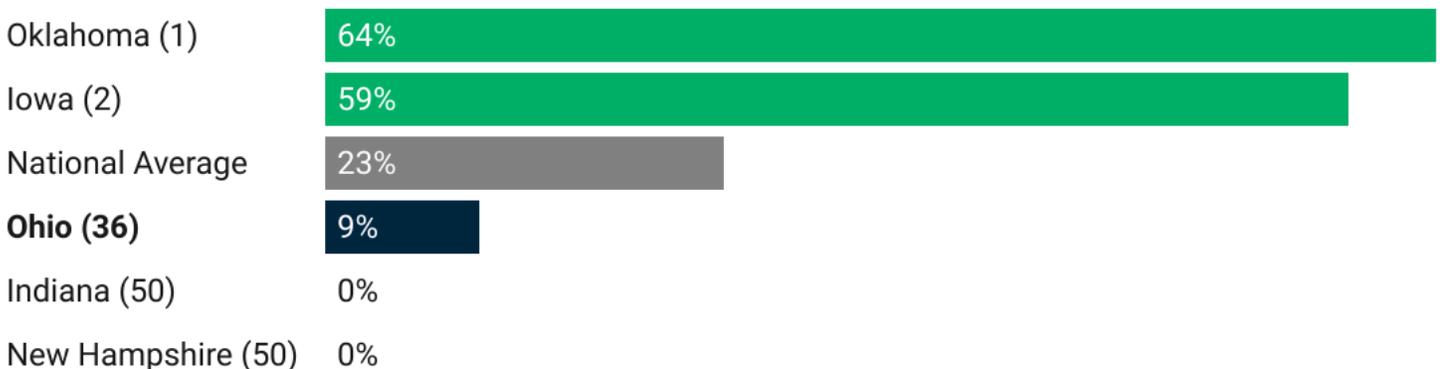
High-quality preschool is fundamental in setting up kids for future success. When students start kindergarten ready to learn, they have a much better chance of doing well in school and in the workforce. Ohioans value early education: A recent poll sponsored by Groundwork Ohio found that 74% of Ohio voters and 80% of parents with children under 5 agree that early childhood learning is the most important educational experience of a child’s life.<sup>66</sup>

But only 9% of 4-year-olds were enrolled in public preschool in Ohio in 2020-21 school year.<sup>67</sup> Most children in our state aren’t prepared to start kindergarten, in part because so few 4-year-olds can go to preschool.

Figure 5

## Percentage of 4-year-olds enrolled in public pre-K: Ohio ranks 36th in the nation.

Percent of 4-year-olds enrolled in public pre-K, 2020-2021 school year, by state, (rank).



Source: National Institute for Early Education Research, [https://bit.ly/PreK\\_OH](https://bit.ly/PreK_OH)

Oklahoma leads all 50 states with 64% of 4-year-olds enrolled in public pre-K during the 2020-21 school year.<sup>68</sup> Since 1998, Oklahoma has funded a pre-K program that's free for all 4-year-olds, regardless of income. Public preschool in Ohio is available to 4-year-olds and some 3-year-olds from families with income at or below 200% of the Federal Poverty Level (about \$55,500 a year for a family of four). Only 9% of Ohio 4-year-olds were enrolled in public preschool for the 2020-21 school year.<sup>69</sup> Unlike Ohio, where public pre-K is offered for just 12.5 hours a week, most of the programs in Oklahoma operate for a half day or full day, giving working parents more flexibility.<sup>70</sup>

The early years of life impact a child's entire future. During the first five years, a child's experiences and relationships — both positive and negative — build the foundations of their brain architecture. Research shows that children who experience stress and trauma in the early years are more at risk for toxic stress during childhood and into adulthood. Extended toxic stress impairs parts of the brain that are responsible for learning, memory, and executive functioning. Children who experience several adverse experiences, such as racism, abuse, community violence, and the stress of living in deep poverty are more likely to have learning, behavioral, and health problems.

When children have positive experiences and relationships with caring, reliable, safe, compassionate adults in their first five years of life, this supports their ability to learn, their behavior, and their overall health. These experiences and relationships can also help children heal from the effects of toxic stress. This is why high-quality early child care and preschool is so important for young children, particularly for children from families that are paid low wages or have sporadic income. Children who have high-quality child care and preschool do better in school and have better employment options compared to their peers who don't get high-quality early child care and learning opportunities.<sup>71</sup>

The Ohio Department of Education (ODE) estimates that 46,000 preschool-aged children living at or below 200% of FPL aren't being served by a public preschool program, a high-quality child care program or the Federal Head Start program.<sup>72</sup> The Fair School Funding Plan put forward by Reps. Cupp and Patterson recommended providing every 4-year-old living in poverty an opportunity for at least one year of high-quality preschool.<sup>73</sup> However, lawmakers didn't provide funding to accomplish this goal in the last state budget.

While ODE's operating budget request to the governor doesn't call for providing pre-K for all 4-year-olds, the department asked for an additional \$10 million in FY 2024 to serve an additional 2,500 students and \$20 million in FY 2025 to serve an additional 5,000 children compared to FY 2023.<sup>74</sup> The early childhood education program currently serves an estimated 17,870 4-year-olds. If included in the final budget, this would mean more Ohio children will get the opportunity to go to a high-quality preschool. The department also recommends piloting and studying the impact of full-day pre-K. If lawmakers wanted to make sure all preschool-aged children from families with low incomes have the chance to go to preschool, ODE estimates the cost for half-day preschool would be at least an additional \$184 million each fiscal year.<sup>75</sup>

Cleveland, Dayton, and Cincinnati have all funded expanded access to pre-K and high-quality child care. If we want to make sure more Ohio children start school ready to learn, state lawmakers must make early education a priority in the budget.

- **Make public pre-K available for all 4-year-olds in Ohio.** State lawmakers should support ODE’s request to expand preschool to an additional 5,000 students by state FY 2025, and go further. Lawmakers can follow through on providing every 4-year-old from low-income families an opportunity for at least one year of high-quality preschool.
- **Transition to full-day pre-K to better meet the needs of working families.** At a minimum, lawmakers should support ODE’s request to pilot and study the impact of full-day pre-K. More hours in pre-K would mean more play, exploration, and growth for children and it would give parents and caregivers more flexibility to stay in the workforce.

### Education funding equity

Ohio’s public schools set the foundation for students’ future success. School is where children learn to read, write and do math, make friends, and explore their interests and passions. But in our state, the resources available to students and educators are tied closely to the racial make-up and wealth of people living in their school district. Based on EdWeek’s nationwide performance rankings in 2021, Ohio ranked 46th in K-12 funding equity.<sup>76</sup>

Figure 6

## Equitable distribution of educational resources: Ohio ranks 46th in the nation.

EdWeek Research Center score (out of 100) for equitable distribution of educational resources in 2021, by state (rank)



Source: EducationWeek, <https://bit.ly/EdFundEquity> | Methodology available at <https://bit.ly/EdWeekMethod>

Although the framers of Ohio’s constitution required the state to provide a “thorough and efficient system of common schools” for all students, for many years Ohio lawmakers provided neither sufficient nor fairly distributed state support.<sup>77</sup> Even as policymakers have expected public schools to do more, they have allowed state aid for public schools to be eroded over time by inflation and diverted funds to charter schools (called “community schools” in Ohio law) and vouchers (scholarships to private schools).

The pandemic and its aftermath took a toll on Ohio's schools. Students are struggling to catch back up after closures and remote learning. Many are suffering from increased mental health issues. Teachers are burnt out and leaving the profession in record numbers. Students from families with low incomes bore the brunt of the pandemic: They were more likely to have lost a loved-one to COVID and had fewer resources and support to adjust to remote learning. Meanwhile, many of the same politicians who drained resources from our public schools are seizing the opportunity to pit parents against teachers and school administrators — aiming to further undercut public education.<sup>78</sup>

The Fair School Funding Plan (FSFP) helps move Ohio toward a more adequate and equitable system of school funding, so both students and teachers can get the support they need to succeed. After pressure from parents, students, teachers, school administrators and community leaders, state lawmakers included the FSFP in the 2022-23 budget.<sup>79</sup> The overhaul addresses four failures of the old formula:

1. It provides aid based on actual costs of education in each district.
2. It measures local funding capacity more equitably, ensuring that more dollars go to schools serving high-needs students.
3. Once it's fully phased in, the plan will eliminate the caps on aid for some districts and guarantees for others, so each district gets a fair share of what it needs.
4. With full state funding, dollars from local levies will not be redirected to private and charter schools.

In the 2022-23 budget, lawmakers only provided enough funding to cover about one-third of the FSFP. State lawmakers did not commit to full funding over six years. At the same time, lawmakers increased support for the expensive parallel education system of private and charter schools, which drain substantial resources from public schools without producing better outcomes for children.<sup>80</sup> A Cincinnati Enquirer investigation found that in 88% of the cities in its analysis, a public school district achieved better state testing results than private schools in the same city.<sup>81</sup>

How we fund our public schools will be the key factor in how well Ohio will be able to educate students for generations to come. In the upcoming budget lawmakers should be focused on making sure we offer educational opportunities across Ohio that will give all young people the opportunity to pursue their dreams, whether that's higher education or a good job directly out of high school. Students should have a diverse set of course offerings — the arts, athletics, math, history, government and science — to help them think about and prepare for life after high school. Lawmakers also need to make sure schools are ideal learning environments and that teachers are supported and paid adequately for the difficult job they do educating our children. Finally, we must make sure students can get to school and participate online if classes can't happen in person. No student should have to miss out due to a lack of transportation or access to technology or broadband. Fair funding should not be up for debate. Our students need resources right now. There's work to be done to make sure lawmakers continue the promise into the next biennium and beyond.

To strengthen our public K-12 schools and improve outcomes for children, lawmakers need to:

- **Fully fund the Fair School Funding Plan** to ensure a great public school in every ZIP code, so all kids can get the education they need to thrive. Estimates made during the last budget cycle estimated that fully funding the plan would cost \$2 billion. The state made progress toward that total in the last budget, but it's time to fulfill the promise of giving every child the kind of education that enables them to live their dreams. The state has sufficient revenue to make this change. The revenue lost to the last round of income tax cuts is estimated to be \$1.7 billion. Together with new and expanded tax loopholes in the prior budget, overall tax cuts easily exceed the \$2 billion needed for kids.

- **Prioritize funding and finish the economically disadvantaged student cost study** so the formula can be based on updated costs, particularly for kids in most need.
- **Protect public schools**, which are the heart of many rural and urban communities, by reducing or eliminating transfer payments to people already enrolled in alternative education via expanded voucher programs.
- **Make sure more kids are ready to learn and engage when they start kindergarten.** See recommendations regarding expanding access to preschool and on making high-quality child care more affordable for more working parents.

**Annual cost of tuition for a public, in-state, four-year university**

We can all thrive when every Ohioan, no matter their race or income, can pursue learning after high school according to their interests and needs. But higher education in our state is unaffordable for too many students and their families. Ohio ranks 30th for the cost of in-state tuition to a four-year university, meaning it’s more expensive to attend college here than in most other states. The high cost means that some students start college only to drop out, burdened with debt for a degree they didn’t even finish. While a four-year degree is only one postsecondary option — two-year degrees, certificates and credentials also provide valuable opportunities — analysis of funding for public four-year schools shows that Ohio policymakers have not provided the kind of support students need to reach their goals after high school. In the 2020-2021 academic year, in-state tuition at a four-year public higher education institution in Ohio averaged \$10,049 per year.<sup>82</sup> Ohio needs to do more for its students, so they can get the education they want and need.

Figure 7

**The cost of college tuition: Ohio ranks 30th in the nation**

The average annual cost of undergraduate tuition for an in-state, public, four-year college or university, for the 2020-2021 academic year.



Source: National Center for Education Statistics, [https://bit.ly/InStateTuition\\_OH](https://bit.ly/InStateTuition_OH)

Wyoming — now ranked 2nd-best in the nation for higher ed cost — and Ohio both cut public higher education funding following the 2008 recession. Wyoming has subsequently increased its funding per full-time student enrollment from about \$10,000 in 2010 to over \$15,000 in 2019.<sup>83</sup> This increased Wyoming's higher education funding to the highest in the country per student, and its tuition is one of the lowest, at an average of \$4,785 per year during the 2020-2021 school year.<sup>84</sup> Ohio's situation is the inverse: Tuition costs here are twice the amount the state provides per student. The State Share of Instruction (SSI) is the main way Ohio funds public higher education, and that has declined in real dollars, since FY 2006, when legislators allocated \$1.95 billion; the legislature allocated \$1.93 billion in inflation-adjusted dollars in FY 2023, the current academic year.<sup>85</sup>

For several years, policymakers maintained a tuition freeze for Ohio's public colleges and universities, although they allowed schools to add new fees for things like health or career services. Under the freeze, for example, six of the state's 14 university main campuses added fees for academic year 2018-2019 (FY19), for an average increase of less than 1% in the combined cost of tuition and fees compared to the previous year, a rise of less than \$50. The state's community and technical colleges added fees for an average increase of more than 10%, or just over \$400, in tuition and fees. Policymakers lifted the freeze for the 2019-2020 and 2020-2021 academic years, allowing 2% increases from year to year for public universities and \$5 per-credit-hour increases at community and technical colleges.<sup>86</sup> Lawmakers continued these caps in the 2022-23 budget.<sup>87</sup>

Imposing cost restrictions has had some impact, but it hasn't solved the problem. Ohio policymakers need to increase per-student funding so schools can more easily hold down tuition costs to ensure all Ohio residents can access postsecondary education if they want it.

From 2007 to 2022, the average cost of tuition and fees at Ohio's public universities increased nearly 35% in nominal dollars (i.e., not adjusted for inflation), just below the inflation rate of 38.2% for the same period; tuition and fees at community colleges outstripped inflation, increasing nearly 51% during the same period, according to the Ohio Department of Higher Education (ODHE).<sup>88</sup> ODHE's operating budget request to the governor calls for a funding increase of 3% each year for the FY 2024-25 budget. The document acknowledges that SSI increases have not kept pace with inflation and that the proposed increase would still fall short.<sup>89</sup> The governor and legislators must provide a bigger boost to ensure affordability.

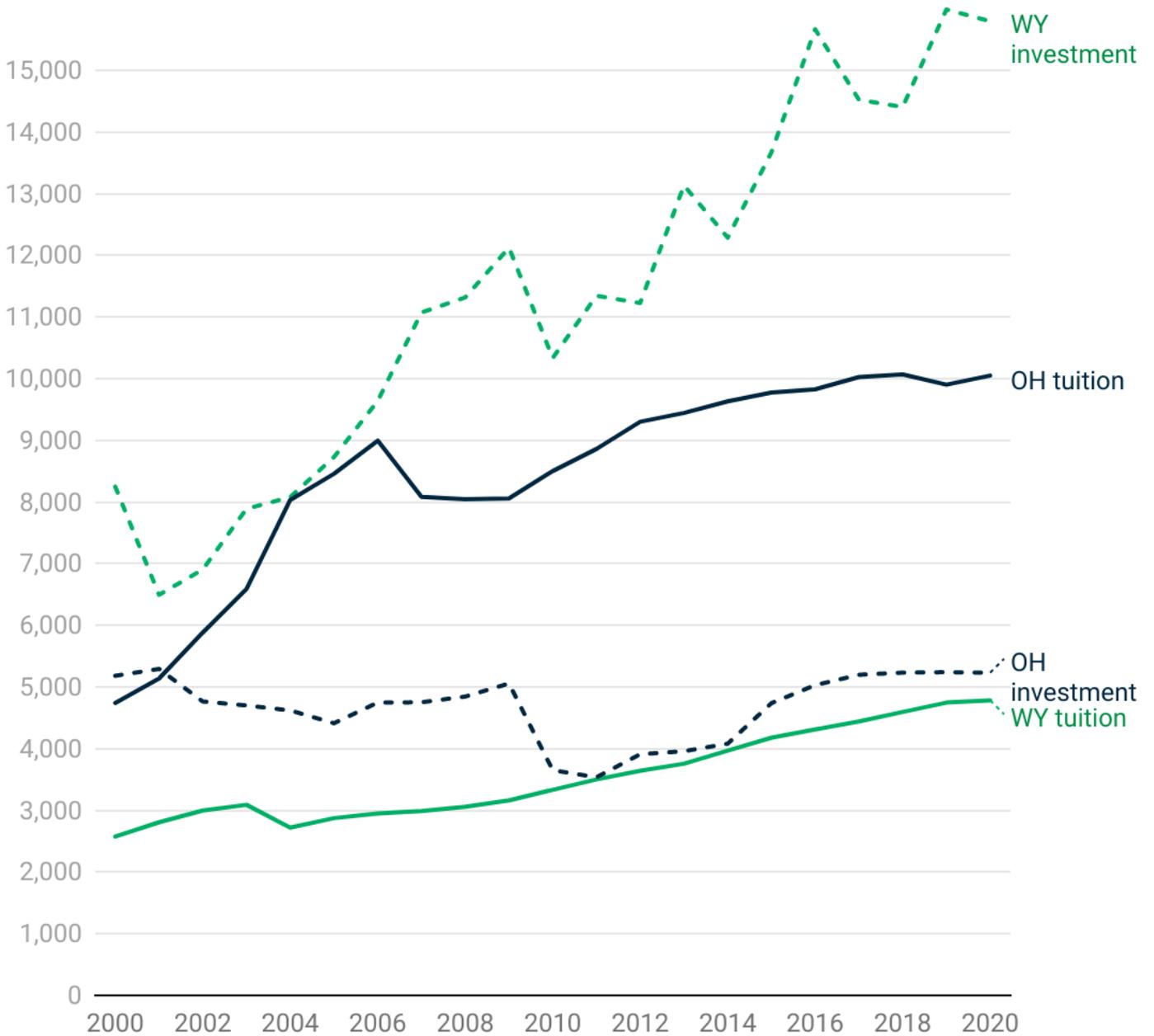
Ohio legislators should also ensure support for Ohioans choosing community colleges, the most affordable public option, where they can work toward associate degrees, get vocational training, and participate in certificate programs. A simple structural fix that Ohio lawmakers can make is to reform the Ohio College Opportunity Grant (OCOG), which is now limited to tuition and general fees, unlike the more flexible federal Pell grant. Legislators should allow qualifying students to use OCOG funds for housing and other education-related costs outside of tuition. Reforming OCOG would give more students the funds they need to pursue their desired education or career, without incurring debt.

While it stops short of calling for this kind of restructuring, ODHE's operating budget request to the governor takes important steps to support Ohioans with lower incomes who may struggle to achieve their goals for education and training beyond high school. The request calls for significant increases to OCOG — 52% in FY 24 and 43% in FY 25 — and an increase in individual grant amounts. If included in the final budget, these long-overdue changes would expand postsecondary options for Ohioans of modest means.

**Figure 8**

**Wyoming increased funding, tuition costs stayed low. Ohio kept funding low, tuition costs increased.**

Student annual tuition and each state's investment per full time student



Source: State Higher Education Executive Officers Association, State Higher Education Finance Report, <https://shef.sheeo.org/report/> National Center for Education Statistics

The request also creates a new line item, “Two-Year Sector Need-Based Aid,” to provide grants of \$1,000 to Pell-eligible students attending Ohio’s community colleges and regional campuses.<sup>90</sup> The proposal acknowledges that the grant amount is likely not sufficient to meet students’ needs, so the governor and legislators should consider raising the grant amount and working to determine the true costs of higher education so this new grant can meet the needs of Ohioans. Also encouraging in the ODHE request is the “Access Challenge” line item, which would “allocate \$40 million to fund colleges and universities based on their relative share of at-risk students and ... provide funds to enhance student services for at-risk students.”<sup>91</sup>

Lawmakers can build on work from the last General Assembly, when policymakers passed a provision requiring the release of transcripts required to apply for jobs, and ODHE issued guidance encouraging institutional flexibility on debt collection. They should eliminate [collection practices for institutional debt](#) that still make it more difficult for Ohioans to access transcripts for jobs and continue their education and training. Ohio lawmakers can do more not only with funding, but by changing the structure of already existing processes to make postsecondary education more equitable and accessible.

- **Increase funding for the SSI for higher education in Ohio beyond ODHE’s request for the upcoming budget.** ODHE’s request, while a step in the right direction, does not keep up with inflation. Since SSI is the main source of public funding for higher education, increasing this line item to at least match inflation and restore previous cuts is essential to ensuring strong public colleges and universities in Ohio.
- **Support ODHE’s request to increase funding for OCOG, and add other support for students from families with lower incomes.** Lawmakers should also restructure OCOG so Ohioans attending the most affordable postsecondary options can use it to achieve their goals in education and training. OCOG is Ohio’s main source of need-based financial aid for students and needs an infusion of funding to reach more students from low-income families. This is the best way state policymakers can make postsecondary education more accessible and affordable for every Ohioan, no matter what they look like, how much money they make, or where they live.
- **Prioritize enrollment and education over debt collection.** Ohio can change how it addresses the hundreds of thousands of students and former students who are stuck educationally and in their jobs because of outstanding debt. Allowing schools more flexibility and requiring them to release transcripts when students and former students need them to apply for jobs was a good first step, but Ohio must do more to build a stronger Ohio.

### Average annual cost of child care for an infant and a 4-year-old

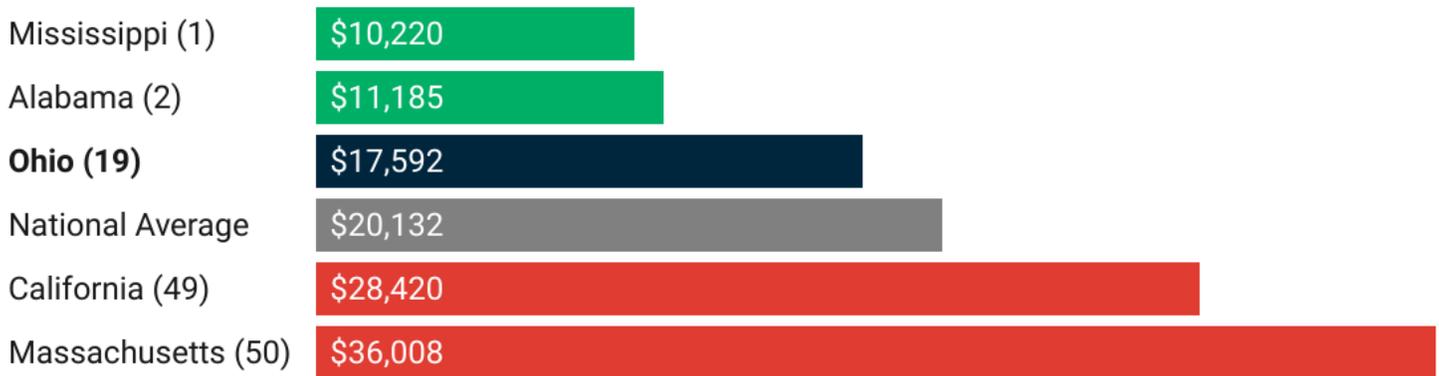
All parents deserve to go to work knowing their kids have a safe, nurturing place to go. High-quality child care should be affordable for all who need it. While child care is less expensive in Ohio than in most other states, it’s still out of reach for many working families.

The average annual cost of child care for an infant and a 4-year-old in Ohio is \$17,592. That’s not affordable for thousands of parents across the state. The reality in Ohio is that a single mother of two making \$16 an hour spends half her income on child care and doesn’t have enough left over to pay for groceries, rent, health care, and other basics. Yet she earns too much to qualify for publicly funded child care.

Figure 9

## Annual cost of child care: Ohio ranks 19th in the nation.

The average annual cost of child care for an infant and four-year-old, by state, as of 2018 (rank).



Source: Economic Policy Institute, <https://www.epi.org/child-care-costs-in-the-united-states/#/OH>

To be the best state for families, Ohio lawmakers must make sure child care is affordable for all parents and caregivers who need it.

The average annual market rate cost doesn't capture the full story, because states also offer subsidies to help parents and families afford child care. In the last state budget, the Ohio legislature made child care more affordable for more working families by increasing initial eligibility for publicly funded child care (PFCC) from 130% up to 142% of the federal poverty level (FPL). The budget also expanded access to PFCC to families with children who have special needs from 130% up to 150% of the FPL.<sup>92</sup>

Even with these small expansions, Ohio still does less than most states when it comes to helping parents afford high-quality child care. In Ohio, a family of three that makes more than 142% of FPL, \$32,703 annually (or \$15.72 an hour), won't initially qualify for subsidized child care. In South Carolina, a family of three can make up to \$65,160 (\$31.33 an hour) and still qualify for support from the state to help pay for child care. California helps families who make up to 336% of the federal poverty level (up to \$73,885 for a family of three) afford child care.<sup>93</sup> If lawmakers want Ohio to be one of the most inclusive and supportive states for families, they should boost initial eligibility up to 300% of FPL.

Meanwhile, parents are also struggling to find child care options because there aren't enough good jobs to attract more early educators and child care workers into the sector. According to an October 2022 survey of child care providers from the National Association for the Education of Young Children, roughly 54% of Ohio child care center directors reported that they are serving fewer children than they would like to serve. The most common reason reported was "not enough staff." 62% of Ohio respondents reported that their program is currently experiencing a staffing shortage.<sup>94</sup> A November 2022 Action for Children report came to a similar conclusion. Four out of five center-based child care providers reported staff shortages and trying to hire more early educators.<sup>95</sup>

The low wages for work in child care and the emergence of more competitive job opportunities are major reasons why many child care providers are struggling to recruit and retain early educators. The child care system has been built on low-paid labor primarily performed by women and disproportionately Black women. Women make up 95% of the child care workforce, making a median wage of just \$11.17 an hour in Ohio.

Figure 10

## Child care workers and preschool teachers are paid poorly in Ohio

	Median Hourly Wage	Mean Annual Wage
Child Care Workers	\$11.17	\$26,040
Preschool Teachers	\$13.89	\$32,020
Kindergarten Teachers	NA*	\$60,600
Elementary School Teachers	NA*	\$67,850

Source: U.S. Bureau of Labor Statistics, Occupational Employment Statistics, "May 2021 State Occupational Employment and Wage Estimates: Ohio," <https://bit.ly/3tQWJqj> \*Occupational Wage Survey data do not give median hourly wage for kindergarten and elementary school teachers because teachers' summer sessions - in which work responsibilities vary across districts - make it difficult to calculate hours worked.

Child care providers in Ohio have used federal COVID-relief funds to attract and retain more workers through wage increases, but those federal funds are temporary. When the stabilization grants end, 58% of respondents reported that they would have to raise tuition and 38% of the child care directors said they would have to cut wages or would be unable to sustain wage increases.<sup>96</sup>

The shortage of workers means child care providers serve fewer families and parents are now getting on longer waitlists. Fewer options for care have forced parents, particularly mothers, to work fewer hours or leave the workforce entirely. A 2021 Public Opinion Strategies poll on behalf of Groundwork Ohio found that 60% of non-working or part-time working mothers say they would go back to work if they could find affordable, quality child care.<sup>97</sup>

State lawmakers must do more to prepare Ohio's children for the future, support the workforce, and help families thrive by pursuing the following strategies:

- **Help more parents afford child care and participate in the workforce.** Long-term, Ohio can make child care affordable for working families by increasing initial eligibility for PFCC up to 300% FPL. In the 2024-25 state budget, lawmakers should expand initial eligibility for publicly funded child care from 142% FPL to 200% FPL (which would support a family of three making \$46,040 or less) to help parents afford child care and ensure more children are ready for kindergarten.
- **Stabilize the child care sector and increase compensation for child care workers.** State lawmakers should protect current levels of state and federal funding to stabilize the child care sector. Poverty-level wages lead to high turnover, which increases costs for child care providers and reduces the quality of child care. Lawmakers should adjust reimbursement rates to child care providers in the state budget to reimburse child care providers at a true market rate that enables them to recruit and retain child care workers and pay at least \$15 an hour.

## Connection and community

The best communities for families are places where people feel supported, safe and connected. Good public policies can foster connection by creating inviting common spaces or an efficient public transportation network. Public policies can help people connect with others from across the state or around the world through the internet. State leaders have prioritized funding some programs that help build community connections such as Ohio’s excellent network of libraries and by expanding infrastructure and access. In other important areas, however, Ohio falls short.

Local governments provide many of the direct services that make communities across Ohio good places to live. Ohio is unique because compared to other states, local governments fund a far greater share of basic health and human services like child protective services, public transit, domestic violence services and senior services. Some counties support these services with property tax levies. Others support them directly from their general fund budgets.

The Local Government Fund (LGF), which traces back to the advent of the sales tax in 1934,<sup>98</sup> is the only general-purpose state revenue received by localities. Starting in 2012, lawmakers cut the LGF in half. They also eliminated the estate tax (which mostly supported cities) and phased out tax reimbursements promised in 2005. These moves have cost Ohio’s local governments over \$1 billion a year in state aid, adjusted for inflation,<sup>99</sup> taking a toll on local budgets and harming quality of life for people across the state. In Cuyahoga County recently, fewer than half of the calls to Job & Family Services about food aid, Medicaid and other key programs were answered—and of those that were answered, it took nearly 43 minutes on average to get to them.<sup>100</sup> Lack of resources isn’t the only reason for this dismal performance — which is only a tad better in Franklin County — but it’s certainly a contributor. Federal support from the American Rescue Plan Act and the Infrastructure Investment and Jobs Act have helped cities and counties, “but these funds are one-time resources that will not last forever,” noted the Ohio Mayors Alliance in a recent release.<sup>101</sup> And hanging over the head of cities and villages is uncertainty over the long-term effects of remote work, which could reduce municipal income tax revenue in many municipalities.

- **Build stronger communities by replacing state support for the Local Government Fund.** In the current state budget for FY 2022-2023, the LGF accounts for 1.66% of GRF tax revenue. That amounted to \$459.9 million in calendar year 2021, not much more than half what it was in 2008, adjusting for inflation.<sup>102</sup> In the 2024-25 state budget, lawmakers should restore state revenue-sharing through the Local Government Fund to its previous level of 3.68% of GRF tax revenue.

### Share of households without internet

Access to the internet is access to information, health care, education, job opportunities and more. The internet is too important to modern living for people to be without it.

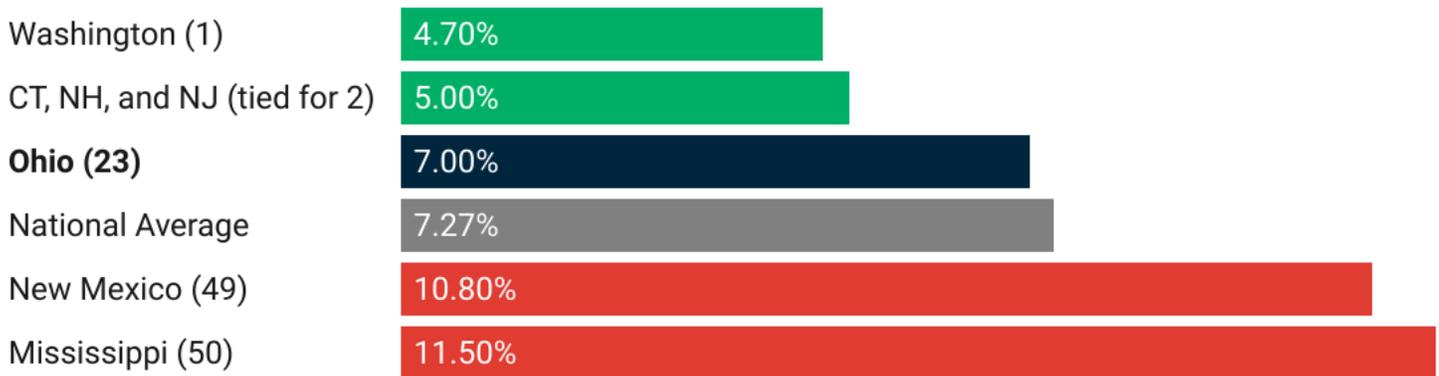
Yet for many Ohioans, broadband coverage is either not available at all, prohibitively slow, or simply too expensive. According to Innovate Ohio, more than 300,000 households – representing nearly 1 million people in Ohio – don’t have access to high-speed internet.<sup>103</sup> Compared to the rest of the nation, Ohio is in about the middle of the pack for internet access, but the problem is especially acute in cities and rural areas.

Telecommunications corporations like AT&T underserve and exclude many people with low incomes who live in cities through “digital redlining” which creates virtual deserts without quality coverage and services.<sup>104</sup> Nearly 18% of households in Cuyahoga County lack internet access, and for families with incomes less than \$20,000 that number is 40%.<sup>105</sup> Digital redlining exacerbates racial and income inequality by preventing people from access to health care, job opportunities and being able to take virtual classes.

Figure 11

## Households without internet: Ohio ranks 23rd in the nation

Percentage of households without an internet subscription as of 2019, by state (rank).



Source: Statista, [https://bit.ly/Internet\\_OH](https://bit.ly/Internet_OH)

Many residents in Appalachian and rural counties have limited or no coverage at all. Only three in 10 residents have access to broadband in Monroe, Vinton and Noble counties.<sup>106</sup> Statewide, an estimated 7% of Ohio households didn’t have internet access as of 2019. State lawmakers must prioritize a plan that covers, connects and maintains quality service for all Ohio residents and families.

In 2021, Connecticut lawmakers passed legislation that helps shrink the digital divide. The law requires internet service providers to expand broadband wherever they already distribute cable programming and makes it easier for the state to map broadband access.<sup>107</sup> The legislation also gives the Public Utilities Regulatory Authority of Connecticut oversight of broadband infrastructure on public highways.<sup>108</sup>

Gov. DeWine and the Biden administration have both made bridging the digital divide a priority. The 134th General Assembly and the DeWine administration established the Ohio Residential Broadband Expansion grant program and allocated \$250 million to the program to develop broadband infrastructure in areas that do not have a provider that can provide high speed internet.<sup>109</sup> In March 2022, Gov. DeWine and Lt. Gov. Husted announced that the grant program had awarded \$232 million in grants to make affordable, high-speed internet available to nearly 100,000 households in Ohio that don't currently have access to a reliable broadband connection.<sup>110</sup> In addition, the federal Affordable Connectivity Program (ACP) provides \$30-per-month discounts for households below 200% of the federal poverty line.<sup>111</sup> The ACP program is currently lowering the monthly broadband bill for roughly 800,000 households.<sup>112</sup>

To help all Ohioans, regardless of where they live, have access to the same opportunities, Ohio lawmakers must keep making strides to close the digital divide by expanding accessibility and lowering costs.

- **Continue building Ohio's broadband network and expand access to high-speed internet for people across the state.** The Department of Development's (DOD) operating budget request to the governor includes \$136 million in federal funding to get more Ohioans online. The DOD proposes building infrastructure and expanding access to people and communities who don't currently have affordable, reliable high-speed internet. DOD also requested \$330 million in the next biennium (a 45% increase from the last biennium) to fund the operation of Broadband Ohio and provide continued funding for the Residential Broadband Expansion grant program.<sup>113</sup> State lawmakers should support DOD's request.
- **Lower the cost of high-speed internet for Ohioans through regulatory reform.** Like Connecticut, Ohio lawmakers can reform the state regulatory structure to require internet service providers to expand their services where they already have distribution of cable programming. This would benefit rural and urban communities alike and expand access. State lawmakers should also allow municipalities to provide internet service. Municipalities can provide high-speed internet service at a low cost and increase competition among internet service providers.

### **Average number of jobs accessible in 30-minute transit ride**

A person's life should not be constrained by whether they have a car. For many people, cars are simply too expensive. But without them, it can be difficult to get to work, the grocery store, or medical appointments. Strong transit networks not only increase the number of jobs available, but also provide means for people to get groceries, visit the doctor, or see relatives.

Transit boosts the economy, providing employers and employees with larger networks of opportunity.<sup>114</sup> Ohio ranks 22nd in terms of the average number of jobs accessible within a 30-minute public transit ride. But because some state lawmakers have refused to increase funding, Ohio's public transit system has been floundering. Of Ohio's 88 counties, only 31 have access to any jobs via a 30-minute transit ride.<sup>115</sup> Without a well-funded public transit network, state lawmakers are limiting Ohioans' opportunities. If Ohio wants to attract young professionals, support its aging, low-income, or disabled populations, and help everyone in between, it should prioritize its public transit service.

Figure 12

## Average number of jobs within a 30-minute ride on public transit: Ohio ranks 22nd in the nation.

Average number of jobs accessible in a 30-minute public transit ride by population density weighting, as of 2019.



Source: AllTransit, <https://alltransit.cnt.org/rankings/>

New Jersey leads the nation in support for public transit, connecting its population to its neighboring urban hubs of New York City and Philadelphia, while building out connections across the state. Including federal funds, New Jersey Transit Board approved a \$2.75 billion operating budget and \$2.64 billion in capital investments like repairs and maintenance for state FY 2023.<sup>116</sup> New Jersey encourages more residents to use public transit by embracing transit-oriented development programs. For example, the Transit Villages Initiative spans state agencies and rewards communities that dedicate funds to transit development.<sup>117</sup>

While New Jersey has dedicated a substantial amount of state funds and attention to its public transit, Ohio has largely ignored it.<sup>118</sup> In state FY 2020, Ohio budgeted just \$271 million in state and federal funds for public transit. Nearly 70% of Ohio’s total transit funding comes from local contributions.<sup>119</sup> Not only that, but state lawmakers have reduced state funding for local governments by over \$1 billion per year, adjusted for inflation, compared to the funding in 2011.<sup>120</sup>

If Ohio wants to develop its public transportation network for the benefit of all citizens, there are a few actionable steps state lawmakers can take:

- Use federal funds to modernize and expand public transit in Ohio.** Ohio has a history of rejecting federal funds that would have otherwise transformed the public transit network. In 2011, then-Governor Kasich rejected \$400 million in federal funds that would’ve established a rail service among Cleveland, Columbus and Cincinnati.<sup>121</sup> Thanks to the bipartisan Infrastructure Investment and Jobs Act of 2022, over \$259 million in federal funding has been granted to Ohio to modernize and expand its transit capabilities.<sup>122</sup> State lawmakers should work with Gov. DeWine to bolster and expand public transit opportunities through the transportation budget.

- Strengthen communities and reinvigorate previously disconnected areas of the state.** A connected state is a successful state, and transit projects lead to economic and community development. Policymakers have directed public funding to highways and roads while neglecting public transit. Of Ohio’s multi-billion dollar transportation budget, less than 2% is dedicated to public transportation.<sup>123</sup> In the next state budget, lawmakers should increase annual state funding to \$184 million by 2025, as recommended by the Ohio Department of Transportation.<sup>124</sup> This would improve transportation for people and develop communities and economies throughout the state.

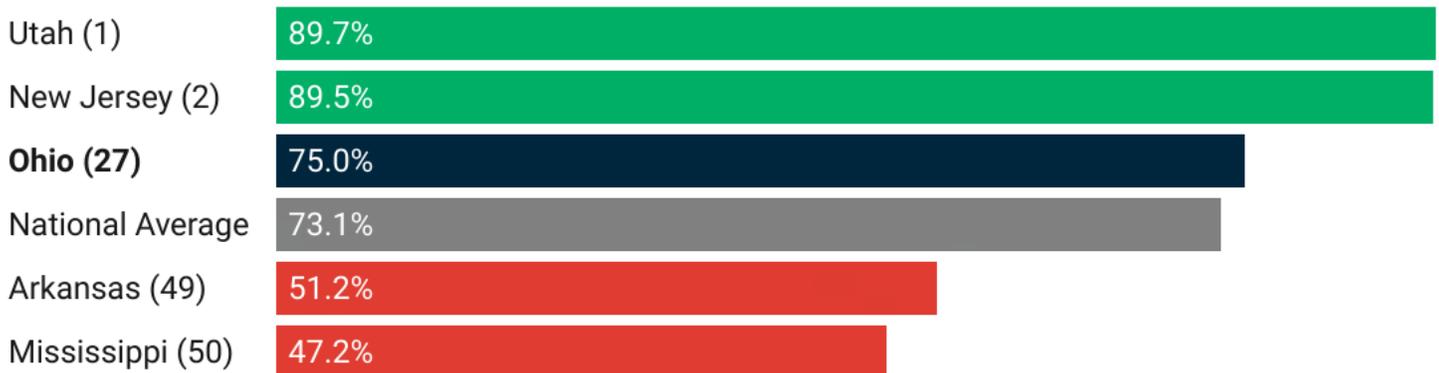
**Percent of children with neighborhood parks or playgrounds**

All adults and children deserve to relax and spend time outdoors. Many children are spending less time outside and getting less activity than previous generations.<sup>125</sup> Research has shown that going outside has many benefits for children, making them happier, less anxious, more active and more attentive.<sup>126</sup> Parks and playgrounds also promote a general sense of social cohesion. Despite the myriad benefits, Ohio slightly underperforms the nation when it comes to places for children to play outside. Only 75% of children in Ohio have a park or playground in their neighborhood.<sup>127</sup>

Figure 13

**Children living near a park or playground: Ohio ranks 27th in the nation.**

Percent of children living in a neighborhood with a park or playground, by state, as of 2019-2020 (rank).



Source: National Survey of Children’s Health, <https://www.childhealthdata.org/browse/survey/allstates?q=8797>

Utah has made recreation a priority. In 2013, Utah created an Office of Outdoor Recreation and in 2022 the Utah Outdoor Recreation Grant funded nearly \$11 million dollars in outdoor recreation education and infrastructure projects.<sup>128</sup> Programs like Every Kid Outdoors Initiative (EKO) and the Utah Children’s Outdoor Recreation and Education Grant (UCORE) get kids away from screens by providing low or no cost outdoor activities for children.<sup>129</sup>

In Ohio, local governments manage neighborhood parks and playgrounds. For example, in Cleveland, the Bibb administration released a comprehensive overhaul of its local parks, pools, and playgrounds for the betterment of the city.<sup>130</sup> While the Bibb administration’s efforts are notable, with support from the state government, all areas — not just specific municipalities — can extend the benefits of nature to their people.

At the state level, the Ohio Department of Natural Resources (ODNR) manages 76 state parks and over 170,000 acres of land and water resources. The Parks and Recreation program supports the staff that manage the parks, as well as over 9,000 campsites and 500 cabins, 75 swimming beaches, over 170 boat ramps and 5,500 boat docks, 44 marinas, 449 picnic areas and over 1,000 miles of trails. In ODNR’s budget request to Gov. DeWine’s budget director, ODNR Director Mary Mertz highlighted how the pandemic “led to recognition of the outdoors as a place for mental and physical well-being.” The department experienced record use of parks, forests and wildlife areas during 2020 and 2021 and the participation numbers last year remain well above numbers from 2019 and prior years.<sup>131</sup> In order to continue to meet the demand ODNR needs more resources for staffing and facilities.

To improve Ohioans’ health and preserve the natural environment, state lawmakers should:

- **Increase funding for parks and recreation statewide.** More people are using Ohio’s parks and outdoor recreation facilities. ODNR asked for a little over \$57 million in both state FY 2024 and 2025 to fund the Parks and Recreation program and the personnel and maintenance to keep our parks beautiful.<sup>132</sup> State lawmakers should support this request.
- **Dedicate funding for outdoor recreation programs for all Ohio children.** ODNR can lead and fund educational initiatives like Every Kid Outdoors or UCORE to get families outside, develop communities, and make sure all Ohioans can get out into nature.

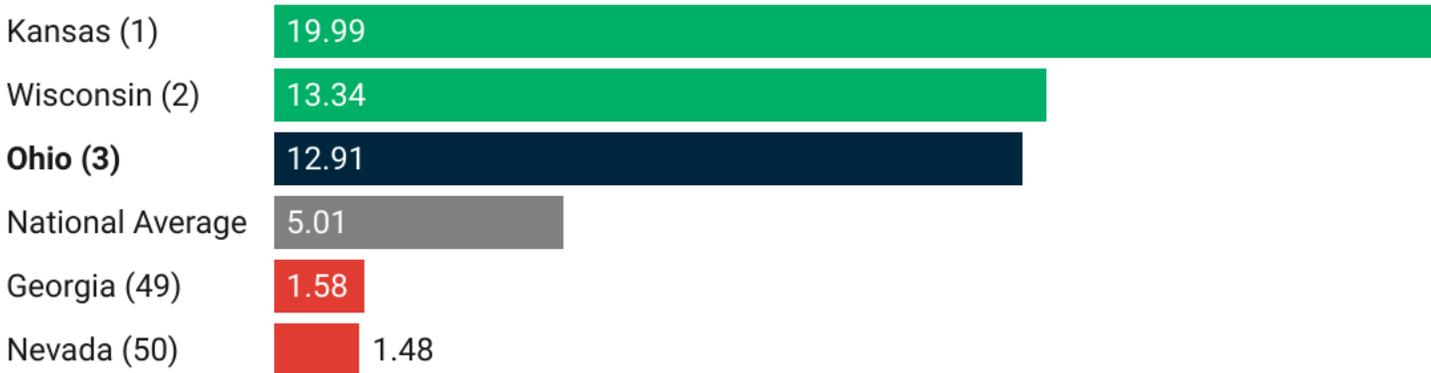
**Total library resources per capita**

Libraries help lay the foundation for strong communities across the state. Books are critical to a child’s cognitive development, but when a parent is struggling to provide food, rent, utilities and clothing, buying children’s books falls to the bottom of the list. Libraries do so much more than provide people with books. In many towns, they serve not only as sources of information, but as places where people without the internet can look for jobs or apply for public programs. They are sites of community connection and social cohesion.

Figure 14

# Number of library resources per capita: Ohio ranks 3rd in the nation.

Number of print and e-book resources available through public libraries per capita in 2020, by state (rank).



Source: Institute of Museums and Libraries, [https://bit.ly/Libraries\\_OH](https://bit.ly/Libraries_OH)

Ohioans are deeply committed to their libraries. Compared to the rest of the country, Ohioans visit their libraries the most, averaging nearly six library visits per person, per year.<sup>133</sup> Each of those people check out nearly 16 items annually — nearly twice the national average.<sup>134</sup> Ohio's total per capita library resources are the third highest in the nation.<sup>135</sup> Ohio has maintained funding for its libraries for nearly a decade while other states have not.<sup>136</sup>

Ohio's public libraries are funded through the Public Library Fund (PLF), which is currently set at 1.7% of the state's General Revenue Fund (GRF).<sup>137</sup> For state FY 2022 and 2023, this is estimated to be between \$439 and \$454 million per year.<sup>138</sup> This funding allows Ohio's libraries to continue to provide the resources and opportunities that so many people need and rely on.

Together, we must maintain and strengthen public support, so all Ohioans can continue to have access to the benefits and services provided by public libraries, both in person and online. State lawmakers should continue to prioritize state funding for libraries in the budget to make sure families across the state have great public libraries:

- **Maintain support for public libraries.** Lawmakers should make sure Ohioans can continue to enjoy great public libraries by maintaining state funding. Statewide, over 48% of total funding for libraries comes from the PLF. Lawmakers should maintain the PLF at least 1.7% of the GRF in the 2024-25 state budget.
- **Continue support for early childhood literacy.** Early childhood literacy helps lay the foundation for children and their future. The governor's Imagination Library was funded at \$8 million in state FY 2022 and 2023. Lawmakers should maintain in the 2024-25 budget to make sure families can get children's books for their children up to age 5.

## Dignity and opportunity

The success of a state should be measured by the quality of life of the residents. In Ohio, too many children live in economic precarity and too many working people are underpaid and exploited. Compared to other states, Ohioans who are laid off have a harder time getting support as they get back on their feet. For years, many public policies have made it harder for families to put food on the table. Too many politicians have chosen to prioritize the profits of wealthy corporations over the health and safety of families and workers. Lawmakers can pass a 2024-25 state budget that helps all Ohioans live with basic dignity while creating opportunities for all people to go as far as their talent and aspirations take them.

### Economic security for children

All children in our state, whatever circumstances they're born into, should have the stability and security they need to grow and flourish. But today, children in Ohio are less likely than their peers in most other states to live in a home that is economically secure. Nearly one in five Ohio children grow up living with economic insecurity, with an annual household income at or below \$27,479 for a family of four.<sup>139</sup> That's not enough for a family to get by without food and health care assistance.

Figure 15

## Child poverty: Ohio ranks 37th in the nation.

Percentage of children living in poverty, 2021, by state (rank)



Source: Annie E. Casey Foundation. Kids Count Data Center analysis of data from the U.S. Census Bureau, American Community Survey. [https://bit.ly/ChildPov\\_OH](https://bit.ly/ChildPov_OH) | Note: Child poverty refers to the share of children under age 18 who live in families with incomes below the federal poverty level.

Compared to their more affluent peers, children who grow up in poverty are more likely to do worse in school, have health problems or behavioral issues, and get involved with the criminal legal system as adults.<sup>140</sup> This deprives children of opportunities, and it costs us all. Nationally, the cost of childhood poverty is over \$1 trillion per year, with increased spending on social services, crime, and health care, and decreased economic productivity.<sup>141</sup>

Often kids whose parents are paid low wages have greater challenges. Their parents must work longer and irregular hours to make ends meet, which disproportionately impacts Black children and children in Appalachian counties. In 2020, the per capita income for people living in the Appalachian region was \$45,700 compared to \$53,641 statewide.<sup>142</sup> The median household income for Black Ohioans was \$39,144 compared to a statewide median household income of \$65,070.<sup>143</sup> State and federal lawmakers have made decades of policy choices that held down wages and limited opportunities for many Black, brown, and rural families. From 1979 to 2021, employers pushed down wages for Black men in Ohio by \$4.96 per hour.<sup>144</sup>

Research shows that when families have financial stability, children get better grades, are healthier, and are paid more during their lifetime. Ohio lawmakers must pursue budget and policy priorities to ensure that all families have economic security and stability.

The recent temporary expansion of the child tax credit (CTC) is one example of policy at the federal level that boosted the economic security of children and families. Under the expansion between July and December 2021, families received monthly payments, \$300 per child for each child under 6, and \$250 per child for children 6 to 7. In Ohio, over 1.2 million families and over 2.1 million children received the temporary monthly payments. In Ohio, 87% of households with incomes below \$35,000 used their CTC for basic needs like groceries, gas, clothing, rent, mortgage and utilities.<sup>145</sup> According to a survey conducted by the Brookings Institution, 70% of parents said the payments helped them better manage rising prices.<sup>146</sup> Nationally, child poverty fell to a record low of 5.2% in 2021.<sup>147</sup>

Today Ohioans are facing greater hardship because the expanded federal tax credits have expired. Without an expansion of the CTC, families will receive far less support and many families will no longer qualify at all. Prior to the expansion of the CTC, 27 million children, including an estimated 950,000 children in Ohio, received less than the full \$2,000 credit or no credit at all because policymakers structured the CTC to exclude families that are paid low wages.<sup>148</sup>

Although research shows direct cash payments to families reduces child poverty and increases economic security, Ohio lawmakers made it harder for families to get financial assistance through the federal Temporary Assistance for Needy Families (TANF) program. Since the beginning of TANF in Ohio, the state's cash assistance caseload declined from 549,312 in August of 1996 to 74,323 in September 2022.<sup>149</sup> This has serious consequences for families. A recent national study shows that states that have made it more difficult for families to get financial assistance through TANF had more kids placed in foster care and more cases of child neglect. An estimated 29,000 fewer children nationally may have entered foster care between 2004 and 2016 if states had made it easier to get cash assistance. Some 4,209 more children were removed from their homes and placed with a County Public Children's Service Agency in 2012 (12,386 children) compared to 2020 (16,595 children).<sup>150</sup>

Many of these children were placed with a relative or trusted family friend, known as kinship caregivers. Kinship caregivers nurture and support children in their care the same way non-relative foster parents do, but with fewer resources and less training.<sup>151</sup> Black children are overrepresented in kinship care settings in Ohio, where they receive less financial support than children placed with licensed foster care providers.<sup>152</sup>

State lawmakers can pursue several strategies in the 2024-25 budget to stabilize families with low incomes:

- **Re-write the tax code to boost the economic security of children and families.** A thriving families tax credit would help nearly 986,000 families and 1.8 million children with an average tax refund of roughly \$1,000 a year.<sup>153</sup> This tax credit would help more parents and caregivers pay for the basics to support their families.
- **Stabilize families in crisis.** Ohio can also support families facing an emergency by offering one-time assistance through the federal TANF program. ODJFS could allocate more resources among Ohio's 88 counties to provide one-time payments to help Ohio families with immediate, emergency needs through the Prevention, Retention, and Contingency (PRC) program. This will also move money directly into Ohio's economy. Lawmakers can also bring more economic security to some 482,000 Ohio workers and their families who aren't covered by unemployment compensation by expanding eligibility to workers who lack protection now.<sup>154</sup>
- **Keep families together and ensure kinship families can live with security and stability by providing financial assistance.** State lawmakers can provide children and kinship families with more support and prevent child abuse, neglect, and family separation by transforming the Ohio Works First (OWF) program, Ohio's TANF cash assistance program. Ohio lawmakers should repeal the punitive work requirements, extend the time limit for participating in the program, and provide more financial support to families who participate. State lawmakers should increase the monthly OWF payment to \$600 per child per month to better support kinship families and families with very low wages. ODJFS could also auto-enroll all OWF-eligible Ohio families who participate in SNAP.
- **Make sure no child in Ohio goes to bed hungry.** We outline five state budget and policy strategies to help families keep food on the table, including school meals for all, supporting Ohio's network of food banks, making the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) work for parents, and providing more families with federal food aid.

### Median wages

Everyone who works deserves a wage that values the time they put in and meets the cost of living. Ohio was once a destination where Americans came for a better life. For the children of formerly enslaved people drawn in the Great Migration, the people of rural Appalachian communities, and many others, Ohio factories represented opportunity.

Figure 16

## Median wage: Ohio ranks 24th in the nation.

Median hourly wages by state in 2021 (rank)



Source: Economic Policy Institute analysis of Current Population Survey microdata from the U.S. Census Bureau.

Since politicians allowed corporations to shutter Ohio factories in search of places where they could more easily underpay workers and avoid environmental and safety regulations, low-paying service industry jobs are a large segment of the state’s economy. Ohioans are no longer among the best-paid workers in the nation. Today, the median hourly wage in Ohio is \$20.17 an hour. Ohio workers making the median wage take home \$1.18 less an hour than the median worker in the U.S. (\$21.35). Ohio now ranks 24th among all 50 states. In 1979, Ohio ranked 9th.<sup>155</sup>

For decades, corporations — with some policymakers’ help — have attacked working people’s right to join or form a union. This ongoing, nationwide effort has driven down the number of people who belong to unions. The share of Ohioans in a union fell from about 23% in 1990 to 13% in 2021.<sup>156</sup> This has not only driven down wages but made working people more vulnerable to being taken advantage of on the job. Wage theft is a serious problem in Ohio, particularly for workers who are paid low wages. An estimated 213,000 Ohioans have wages stolen by their employers each year through minimum wage nonpayment alone. The typical victim loses a quarter of their take-home pay; about \$2,900 if they stay on the job for the full year.<sup>157</sup>

Better wage enforcement would make sure working people aren’t victimized by employers that steal from them. It would also make it harder for employers who cheat to get an advantage over honest business owners who play by the rules.

Outside the budget, state lawmakers should raise the minimum wage to make sure families make enough to afford the basics. In the state budget, lawmakers should protect Ohio workers and make sure workers can keep more of the wealth they produce by pursuing the following strategies:

- **Re-write the tax code to boost the financial security of Ohio workers.** Adding a 10% refundable option to Ohio’s Earned Income Tax Credit (EITC) would put more money back in the pockets of workers who are paid low wages. A refundable EITC would also help stabilize families, give children more opportunities for a better life, and build a more equitable Ohio.<sup>158</sup>

- Protect working people by funding wage and hour enforcement.** Ohio’s Bureau of Wage and Hour Administration investigates workers’ complaints when they claim their employer has not paid the wages owed to them. The bureau enforces Ohio’s minimum wage, overtime, prevailing wage, and labor laws that protect workers. But with too little funding, Ohio’s bureau must rely on a complaint-response approach. In FY 2022 and 2023, state policymakers funded Ohio’s Bureau of Wage and Hour Administration at just \$1.2 million per year — a level that supported five investigators and a supervisor as of March 2022.<sup>159</sup> As of November 2022, Ohio had 5.5 million jobs.<sup>160</sup> That means Ohio has about one staff person per 920,000 Ohio workers. In the 2024-25 state budget, lawmakers should at least double the bureau’s budget to \$2.4 million. This would enable the bureau to add staff dedicated to pursuing enhanced investigation and bring down the incidence of wage theft in Ohio. Lawmakers need to make this a priority.

**Workers covered by unemployment compensation**

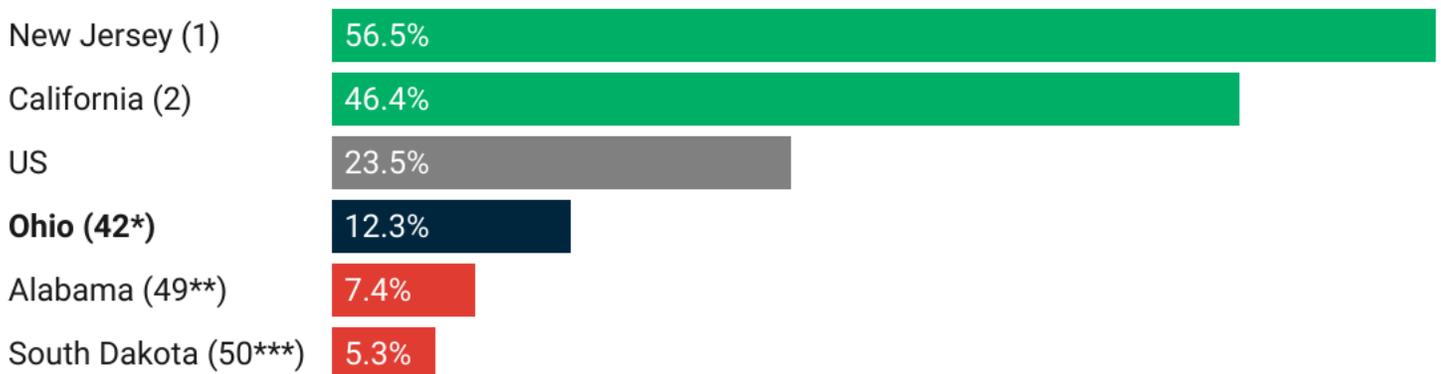
COVID-19 demonstrated how much we rely on some of Ohio’s lowest-paid workers. The pandemic also destroyed nearly 900,000 jobs in the first two months following Gov. DeWine’s vital stay-at-home public health order.<sup>161</sup> More than 100,000 of those jobs were still not restored by December 2022.<sup>162</sup>

Yet in Ohio, it is more difficult for people to qualify for unemployment compensation (UC) than in most other states. In the third quarter of 2022, just 12.3% of working Ohioans qualified for UC, making our state 42nd in the nation for workers covered.<sup>163</sup> That quarter, 23.5% of all unemployed U.S. residents were paid UC benefits, and New Jersey, the state with the best rate, paid benefits to 56.5% of unemployed residents.<sup>164</sup>

Figure 17

## Percentage of unemployed residents receiving unemployment compensation: Ohio ranks 42nd in the nation

Share of unemployed people receiving state unemployment benefits, by state (rank).



Source: U.S. Department of Labor, Unemployment Insurance Data, 2022 Q3, [https://bit.ly/Unemp\\_OH](https://bit.ly/Unemp_OH) | Reciprocity is a rate of all unemployed residents, not limited to those who were previously employed and lost jobs. \*The US has 53 distinct unemployment insurance programs, including D.C., Puerto Rico and the Virgin Islands. Ohio is ranked 43rd among all programs. \*\*Alabama is 51st among all programs. \*\*\*South Dakota is 52nd among all programs.

In 2020 and 2021, Ohio's UC system received nearly 3 million claims. The state was not equipped to process all of them. This left Ohioans to wait weeks or months for the crucial income they needed to support their families.<sup>165</sup> The share of claims paid within the federal benchmark of 21 days fell from 99.7% in March 2020 to a low of 27.4% and was still just 81.6% as recently as November 2022. That's below the federal benchmark of 87% and placed Ohio behind 24 other states.<sup>166</sup> Every day that a worker who has lost their job goes without UC benefits or a paycheck can be a crisis. Ohio processed claims in seven days or less just 35.4% of the time, behind 33 other states.

Slow claims processing is a critical reason Ohio's UC system needs more administrative funding. More funding can pay for modernizing the online system so it is easier to navigate and to ensure Ohioans who speak different languages can easily understand and complete the necessary forms to apply for assistance. Challenges due to language barriers and web access make it difficult for too many Ohioans to navigate the UC system. To ensure equitable access, administrators must track recipient demographic data. In January 2023, the state of Ohio fired Sagitec, the company contracted to overhaul the state's unemployment benefits information technology system, following the indictment of top Sagitec executives.<sup>167</sup> The delay in upgrading the outmoded IT system underlines that state support will be needed to ensure adequate access to benefits.

Michele Evermore, former head of the U.S. Department of Labor's new Office of Unemployment Insurance Modernization, explained that federal and state unemployment administration has been underfunded for decades, making the system unprepared for the tide of claims early in the pandemic, which rose from 211,000 to 6.6 million nationwide in a few weeks, nearly 10 times the previous record of 695,000 in October of 1982.<sup>168</sup> Congress allocated one-time funding of \$2 billion to the Department of Labor to improve timeliness and equity, and to fight fraud. Some of that money is going to Ohio, but to make the long-term systematic fixes Ohioans need, lawmakers must commit ongoing resources through the state budget.

Benefits administration is just one hurdle to making sure Ohioans have the access to UC benefits they need in the event of a layoff. Ohio makes it harder than all but three states to qualify for unemployment benefits based on the pay a worker received before they were laid off.<sup>169</sup> An Ohioan must take home \$6,300 in 2023 to qualify for benefits, and at least \$16,380 if they work the entire year. This is one reason that the share of Ohio workers getting UC benefits has consistently been well below average.

State lawmakers should prioritize the following budget and policy priorities to make sure more workers get the support they need when they fall on tough times:

- **Stabilize workers who are paid low wages or work part time when they get laid off.** Lawmakers should modernize UC so it covers workers who work part time and are paid low wages. By reducing the minimum pay threshold to \$1,500 per year with \$1,000 in one quarter, lawmakers can bring more economic security to some 482,000 Ohio workers who lack protection now.<sup>170</sup>
- **Make sure Ohioans who get laid off get unemployment benefits on time.** State lawmakers should direct state resources to unemployment administration, so Ohioans receive benefits on time. Ohio has appropriated \$172 million in federal funds for UC administration in FY 2023, down from \$217 million for FY 2021.<sup>171</sup> ODJFS Director Damschroder noted recently that these funds fall short of the need, so to have a well-functioning UC system, Ohio lawmakers must allocate state resources.<sup>172</sup> State lawmakers allocated \$14.6 million in GRF revenue to UC benefits administration in state FY 2022 and \$27.7 million in state FY 2023 as part of general operations funding for the Ohio Department of Job and Family Services. ODJFS expects another \$43 million approved in December by the General Assembly also will be used for that purpose.<sup>173</sup>

## Rebuild our communities and fund our future

Ohio has enough to make sure all families are healthy and secure, and make sure every child has the opportunity for a bright future. But over the past two decades many state politicians have colluded with corporate lobbyists to give tax breaks to the rich, open loopholes for special interests, and provide handouts for wealthy corporations. The result is that Ohioans with the lowest incomes pay far more of their income in state and local taxes than the most affluent do. The wealthiest 1% of Ohio households are taking home on average over \$50,000 every year in tax cuts. Meanwhile, Ohio households making less than \$65,000 are, on average, paying more in taxes today compared to their state and local taxes in 2005. In addition, the tax cuts have drained \$8 billion a year from Ohio's budget.<sup>174</sup> As a result, the state cannot equitably meet the needs of Ohioans, nor can it begin to lay the foundation to become the best state for families.<sup>175</sup>

Instead of lining the pockets of the wealthiest Ohioans, these tax dollars could be making high-quality child care more affordable for families, improving infant and maternal health outcomes, supporting working people, or any of the other needs highlighted in this report. We have the resources we need to build a more prosperous Ohio. Policymakers have the power to build a fair tax system that can be the basis for economic vitality and social prosperity while counteracting the historical legacies of racialized oppression and geographic marginalization.

In the 2024-25 state budget, lawmakers can bring more balance to the tax code. They can do this by strengthening the personal income tax, closing wasteful tax breaks such as the LLC loophole that favors affluent business owners, and reestablishing a corporate income tax.<sup>176</sup>

- **Restore the Voinovich-era 7.5% tax rate on incomes above \$250,000 and add a new rate of 8.99% on incomes above \$1 million.** The personal income tax is the only state-level tax that is based on the ability to pay: Those who have more resources contribute more. An increase in the rate of taxation of the wealthiest households can fund significant social programs that benefit everyone. This reform would have no impact on 98% of Ohioans. This modest contribution by the wealthiest Ohioans by itself could raise about \$1.7 billion per year, which could fully fund the Fair School Funding Plan and have an enormous impact on families and children across the state.
- **Close the LLC loophole.** One of the biggest drains on Ohio's collective resources is the ever-growing list of tax exemptions, abatements and deductions, many of which only benefit corporations and wealthy individuals.<sup>177</sup> One of the worst offenders is the Business Income Deduction, more commonly known as the LLC loophole. The LLC loophole is a state tax provision that allows individuals who make money from a specific form of business ownership — such as through the ownership of a limited liability company — to avoid paying taxes on their first \$250,000 of income and to pay a low flat tax rate on income above that. This subsidy is a handout to those who can maneuver their income into a specific legal form. It is among Ohio's most expensive tax breaks; it disproportionately rewards a small number of high-income individuals; its benefits to small business owners are marginal at best; and it has negligible overall economic impact.<sup>178</sup> Eliminating the LLC loophole would affect less than 10% of tax filers. According to estimates by the Institute on Taxation and Economic Policy, a Washington, D.C., nonprofit with a sophisticated model of state and local tax systems, 82% of the revenue raised by eliminating this wasteful loophole would be paid by the richest 5% of Ohioans. If the loophole were closed in conjunction with the strengthened personal income tax proposed above, it could generate an additional \$1 billion in revenue.<sup>179</sup>

- Reinstate an 8.5% state-level corporate income tax that works in concert with the existing CAT tax.**<sup>180</sup> Ohio corporations that report substantial and growing profits are not contributing commensurately to public services that make their profits possible. In 2005, the General Assembly phased out two major business taxes, including the franchise tax that covered corporate profits, and replaced them with the new Commercial Activity Tax (CAT) on gross receipts. Ohio became an exception: It is one of just six states with no state-level corporate income tax.<sup>181</sup> Business could contribute according to the higher of the two tax liabilities, as they did under the old franchise tax.<sup>182</sup> The revenue raised by this new corporate income tax would depend on how it was structured. The Legislative Service Commission (LSC) examined a similar proposal at the request of Rep. Michael Skindell two years ago. Updating the LSC's analysis using its methodology, a new corporate franchise tax covering C corporations levied at an 8.5% rate might increase state revenue by up to \$1 billion before credits in addition to existing CAT revenue.<sup>183</sup> Only more profitable companies would wind up paying more under this structure. And, since stock ownership is concentrated among white, upper-income households, a corporate profits tax would go part of the way toward turning Ohio's tax system right side up and reversing its discriminatory racial effects.<sup>184</sup>

## Ohio can become the best state for families

Last year, Gov. DeWine, U.S. Senators Sherrod Brown and Rob Portman, and President Biden celebrated a historic \$2 billion economic development deal with Intel Corp.<sup>185</sup> Quickly thereafter Gov. DeWine announced a \$700 million deal with Honda.<sup>186</sup> Political leaders from both parties point to these massive incentive packages as signs of a bright future for our state. These could be positive changes for Ohio, creating new economic opportunities and help more families put down roots here. Yet deals like that alone won't make Ohio the best state for all families.

In nearly every metric we examined, Ohio ranked in the middle or near the bottom of all 50 states. Compared to the nation, children in our state are more likely to go without food and less likely to live in financially secure households. Ohio parents have a harder time securing affordable high-quality preschool and child care. In Ohio, the race and the income level of a child's family is more likely to determine how well resourced their schools are. Babies are less likely to survive to their first birthday in our state and people are more likely to die of a drug overdose.

However, the metrics also show what we can achieve together. Ohioans and our elected officials decided to prioritize and protect funding for our public libraries. Today, each Ohioan has more access to library resources than Americans in all but two states. In almost every community, Ohio's libraries are well used, not only for their books, but also for movies, children's programming, internet services, educational talks and other enrichment activities. Whether they're an ornate monument to a bygone era like Cleveland's main library, or a humbler branch location, Ohio's libraries are used nearly twice as much as libraries across the nation. When lawmakers proposed gutting the library fund during the Great Recession, Ohioans fought back,<sup>187</sup> and lawmakers spared libraries from what could have been much deeper cuts.<sup>188</sup>

Thanks in large part to everyday Ohioans demanding change, we also overperform the nation in people covered by health insurance. In 2013, most of Ohio's congressional representatives and our state lawmakers opposed President Obama's Affordable Care Act to increase health care coverage across the nation. Many states led by Republicans refused to expand Medicaid coverage to people with incomes just above the poverty line. In Ohio, Republican lawmakers removed Gov. Kasich's proposal to include the expansion of Medicaid in the state budget. But people from across the state showed up in droves: 2,000 descended on

the statehouse to demand health care for people with low incomes.<sup>189</sup> While state lawmakers refused to heed their calls, Gov. Kasich realized how important expanding health care was for Ohioans and pushed Medicaid expansion through the Controlling Board instead.<sup>190</sup> As a result, nearly 723,000 people gained health care coverage between 2014 and 2017.<sup>191</sup> A national study showed that between 2014 and 2018, more than 1,400 lives were saved as a direct result of Ohio's Medicaid expansion.<sup>192</sup>

In the 2024-25 state budget, Ohioans have a chance to build a brighter future for our families, just like we did when we succeeded in expanding health care and defending our public libraries. We can push lawmakers to rewrite the rules, so the richest Ohioans and wealthy corporations pay closer to their fair share in taxes. We can harness our collective resources to lay the foundation of prosperity and opportunity for all our residents, no matter their race, income, gender or ability. When we do, our state will truly become the best place in the nation for families. Then, Ohio will be the example others to strive for — across all metrics. That will do far more for our future than corporate economic development ever can.

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