

LOCAL JOBS FOR AMERICA ACT WOULD BRING RELIEF TO OHIO COMMUNITIES

The recession that spanned the last two years decimated the American economy, eliminating eight million jobs. For Ohio, it was another hard blow following a decade of loss. Almost 11 percent of Ohio's employment base, 587,743 jobs, vanished between 2000 and 2009. Employment levels dropped by 255,400 jobs between December 2008 and December 2009 alone. This extraordinary blow to a weakened regional economy was cushioned by swift federal action. The American Recovery and Reinvestment Act, passed in February of 2009, added more than two million jobs nationally, according to the non-partisan Economic Policy Institute. As the private economy shows signs of recovery, however, local governments feel the whiplash. The budgets of local governments typically lag behind economic conditions by about a year-and-a-half to three years. Sales and income tax revenues lag in many places, and foreclosure continues to erode the property tax base. Local governments will be faced with budget deficits for a long time. New rounds of layoffs and cuts in public services threaten the nascent recovery.

In this issue brief, we review trends in public finance at the local level in Ohio. Cities in northeast Ohio served by the Regional Income Tax Agency (RITA), generally smaller jurisdictions, saw a decline of 7.5 percent in income tax collections between 2008 and 2009. County sales tax collections in January of 2010 held steady over the prior year following a plunge of more than ten percent between 2008 and 2009. By now, slightly more than four percent of AFSCME Council 8 members, 2,000 local public employees, have been pink slipped. At least 1,780 teachers have been laid off. Citizens have been warned to arm themselves in counties where sheriffs' departments have laid off most of their staff. Almost half of the cities and towns on the State Auditor's fiscal emergency or fiscal watch list landed there within the past two years.

The Local Jobs for America Act, proposed by U.S. Representative George Miller of California, with co-sponsor legislation under development by U.S. Senator Sherrod Brown of Ohio, is an important tool to address this new crisis in the economy. Specifically, the Local Jobs for America Act invests \$75 billion over two years in local communities to hire and retain staff. It provides funding for 50,000 on-the-job private sector training positions. It also includes provisions already approved by the House of Representatives: \$23 billion to help states support 300,000 education jobs, \$1.18 billion to improve police operations and put 5,500 law enforcement officers on the beat, and \$500 million to retain, rehire and hire firefighters. The Congressional Black Caucus, the National Association of Counties, the National League of Cities, and the U.S. Conference of Mayors have endorsed this proposal.

Maintaining services and employment in all of our communities is critical to prevent a downward spiral as laid off workers continue to seek jobs in the wake of the eight million jobs eradicated in the past two years. There are signs that the national and regional economies are stabilizing. Waves of layoffs at the local level could upset a precarious balance. The Local Jobs for America Act can provide a necessary bridge to maintain our communities as a new foundation for a more stable economy is pieced together at all levels.

*Read the full report and learn more about an economy that works for all:
www.policymattersohio.org*

POLICY MATTERS OHIO

3631 PERKINS AVENUE SUITE 4C-EAST, CLEVELAND, OH 44114 • 216/361-9801 • FAX: 216/361-9810
300 EAST BROAD STREET, SUITE 490, COLUMBUS, OH 43215 • 614/221-4505 • FAX: 614/224-8132