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Read the report at: <http://www.policymattersohio.org/LJAA2010.htm>

Report finds steep revenue decline in Ohio's local governments Local Jobs for America Act would strengthen local government, stabilize economy

Cities, counties and school districts in Ohio have seen sharp revenue declines over the past two years, according to a new report released today by Policy Matters Ohio. The report finds that localities typically still have lower revenues 18 to 36 months after a recovery has stabilized. The Local Jobs for America Act, introduced by Representative George Miller (D-CA) in the House, with companion legislation under development by Senator Sherrod Brown (D-OH), would enable local governments to retain teachers, firefighters, law enforcement officers and other local employees, stabilizing the economy and helping to prevent a second downturn.

"Sales and income tax revenues are low, and foreclosure continues to erode the property tax base," said Wendy Patton, Policy Matters Senior Associate and author of the report. "Without federal help, local governments will have large deficits, forcing new rounds of layoffs and service cuts that threaten the nascent recovery."

The report reviews trends in local budgets in Ohio, finding:

- Small cities in northeast Ohio served by the Regional Income Tax Agency saw a decline of 7.5 percent in income tax collections between 2008 and 2009.
- Ohio's six largest cities project budget shortfalls ranging from 3 percent to more than 16 percent for the year 2010.
- County sales tax collections plunged more than ten percent between 2008 and 2009. At least 1,780 teachers around Ohio and 2,000 local public employees (more than four percent of AFSCME Council 8 members) have been laid off.
- 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.
- Overall employment levels in Ohio dropped by 255,400 jobs between December 2008 and December 2009 alone.
- Citizens have been warned to arm themselves in counties where sheriffs' departments have laid off most of their staff.

The recession that spanned the last two years decimated the American economy, eliminating eight million jobs. For Ohio, the hard blow followed a decade of loss. The downturn 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.

The Local Jobs for America Act invests \$75 billion over two years in localities to hire and retain staff. Among other items, it 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 retain 5,500 law enforcement officers and \$500 million to retain and hire firefighters. The Congressional Black Caucus, National Association of Counties, National League of Cities, and U.S. Conference of Mayors have endorsed the proposal.

“Maintaining services and employment in our communities is critical to prevent a second downward spiral,” Patton said. “The Local Jobs for America Act provides a necessary bridge to maintain our communities as our economy is stabilized.”