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# POLICY MATTERS OHIO

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**Read the Report:** [www.policymattersohio.org/LocalGovernmentCuts\\_2011.htm](http://www.policymattersohio.org/LocalGovernmentCuts_2011.htm)

**Interactive Map of Cuts by County:** [www.policymattersohio.org/localfund/ohiomaplocalfund.htm](http://www.policymattersohio.org/localfund/ohiomaplocalfund.htm)

## **State Budget Slashes Funding for a Wide Swath of Local Government Services: Billion-Dollar Cut Translates into Thousands of Cuts to Local Communities**

The state balanced its own budget with more than a billion dollars of revenue historically shared with local government, compounding fiscal woes in counties, municipalities, townships, special districts and health and human services supported by property tax levies. A new report by Policy Matters Ohio details the cuts and provides county-by-county information on affected services.

“As a result of cuts to tax reimbursements and revenue sharing, we will all feel the impact of thousands of funding cuts to Ohio’s counties and communities,” said report author Wendy Patton, Senior Associate with Policy Matters Ohio.

The cuts come from loss of Local Government Funds, a revenue sharing program established in the Depression to help counties assist the needy, and from recapture of tax reimbursements promised when tangible property taxes on business machinery and equipment were eliminated. The state gains \$411 million dollars from cutting the Local Government Fund in half and a combined \$622 million from seizing tax reimbursements promised when two types of local property taxes were eliminated.

Communities are scrambling to patch budget shortfalls that are in part the result. Cleveland laid off 466 employees, including police and fire department personnel. A \$50 annual property tax credit for elderly and disabled Dayton homeowners will be eliminated. Lancaster is discussing an income tax hike, a property tax hike, and 30 layoffs. Canton may raise its sales tax. Akron issued layoff notices to 21 employees. Cincinnati debated laying off 44 police officers as it grapples with a \$33.6 million budget shortfall. In Lima, street repairs will be eliminated for a year and one of two firehouses will be closed.

Impacts are not restricted to city services. County health and human service levies will see annual funding levels from tax reimbursements in CY2013 fall by \$152 million from CY 2010 levels, while continued high unemployment increases demand for many of these services. Across the state, CY 2010’s annual tax reimbursement level falls by \$92 million in CY 2013 for mental health, \$22 million for county health levies, \$29 million for children’s services levies and \$8 million for senior services.

“Cuts have been justified with claims of a bloated local government sector in Ohio, but those claims are not supported when you compare Ohio with the nation,” said Patton. “Ohio’s profile for local public payroll and employment is similar to the nation’s. In fact, Ohio has slightly lower local government



payroll per \$10,000 in personal income than is typical for the nation, and lower staffing per 1000 residents.”

This issue brief is accompanied by a set of appendices illustrating the effect of the cuts in local government funds and tax reimbursements on counties and municipalities. An interactive map illustrates funding loss by county.