

The Budget Control Act of 2011

Impact on public services in Ohio

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Last year's U.S. "Budget Control Act" reduced federal support for states, compounding fiscal woes here and across the nation. Unless Congress acts to change this provision, Ohio can expect to lose about 9 percent of the federal money we receive for many programs in 2013. Cuts will continue through 2021.

Ohio's Legislative Service Commission examined the anticipated cuts at the request of State Representative Mike Foley. Their analysis projects that the federal 'sequestration' (automatic, across-the-board reductions of funding) will take \$312.6 million from Ohio next calendar year. The memo acknowledges that the estimates rely on assumptions, with inexact predictions. Nonetheless, the findings are jarring. The biggest blow will be to Ohio's children. Elementary and secondary schools, cut by \$1.8 billion in the current state budget, face a \$126 million federal loss next year, with eight long years of cuts like this pending.

Key findings

- Federal sequestration to cut \$312.6 million from public services in Ohio next year
- K-12 schools to lose \$126 million
- Cuts to work-study may hurt 2,000 college students
- Cuts continue, year over year, through 2021

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Last summer, Congress refused to allow the Administration to boost the debt limit to pay its bills, and insisted on direct budget cuts and spending control mechanisms in exchange. The Budget Control Act defined the terms of the exchange. It raised the debt limit by an amount estimated to be sufficient through early 2013 and in exchange, it cut funding for public services by two trillion dollars over the next decade. Half of this will be imposed through automatic across-the-board cuts of about 9 percent in 2013 followed by additional reductions in each of the following 8 years. This process, known as 'sequestration', will start in January 2013.

Federal Funds and Ohio's Public Services

About a third of Ohio's state budget comes from the federal government. Some programs, particularly in health and human services, get most of their funding from the federal government. The sequestration will also hurt universities, local governments and municipal housing authorities. Some programs are exempted from the federal law, including Social Security, Medicaid and other help with infrastructure, energy, poverty relief and tuition. But an estimated \$3.6 billion in federal support for Ohio programs will be cut. The result will be larger class sizes for our children, reduced support for clean water, less job search assistance and workforce training, and weaker emergency management services. Some of the worst cuts from the sequestration include:

Ohio's K-12 schools to lose \$126 million in 2013 - Particular federal cuts include \$51 million that would have helped Ohio meet federal standards under 'No Child Left Behind', \$38 million from

special education block grant funding, \$11.7 million from rehabilitation services, \$7.9 million from teacher improvement. The cuts continue yearly, sometimes going up or down, through 2021. All Ohio schools already faced drastic cuts from the state budget, which provides \$1.8 billion less than the last state budget, before this further slashing from the federal sequestration.

Work-study and supplemental aid to poor students - The sequestration will take \$3.385 million from work-study, which could mean 2000 Ohio students won't get work-study aid. The additional loss of \$2.6 million in an Opportunity Grant will also hurt low-income students. Ohio is already the third most expensive state in share of income the poorest quartile of families must pay for tuition. The sequestration is ratcheting down opportunity for our young people.

Health and human services to be reduced by \$82 million. The Budget Control Act could reduce Ohio's health and human services - like child care, health clinics and substance abuse services - by nearly \$82 million dollars. Over twenty percent of this hurts children's services, including tough cuts to Head Start and child abuse prevention. The sequestration will take \$6 million out of drug treatment in 2013. Working parents have less access to child care help already; the federal law is expected to slash another \$7 million from Ohio's child care and development block grant next year. Programs for maternal and child health, mental health, rape prevention and preventative health will be cut by 8.8 percent. Home energy assistance will lose \$14 million in 2013, with eight long years of more cuts on the horizon.

Agriculture and food aid faces reduction of \$18.5 million. Some families with very young children are provided with a critical nutritional program known as Women, Infants and Children (WIC), which now faces a loss of \$16 million in federal funds under the sequestration in 2013.

Housing and Urban Development to lose \$39 million. The Act imposes reductions of about 9 percent across most discretionary programs. Housing faces a loss of more than \$25 million across several programs which help reduce homelessness, prevent foreclosure, and ease transitions. The community development block grant, long used as an important pillar in local neighborhood and economic development, faces a loss of \$11 million.

Summary

Ohio communities were clobbered in the current state budget, and face the loss of \$312.6 million more next year as automatic, across-the-board cuts in federal programs are implemented. These cuts fall especially heavily on Ohio's kids. We've dramatically cut taxes to the wealthy and corporations at both the state and federal level. It is time to restore reasonable taxes on those earning \$250,000 and above in Ohio, so that we can invest in our future and make up for these harmful federal cuts to our communities.