

## Knox County

### Impact of Ohio's 2012-13 state budget (HB 153)

Ohio's budget for 2012 and 2013 cut local government aid by a billion dollars. This means cuts in services we depend on, from road repair and emergency services to crossing guards, senior transportation and child protective services. What are the implications for Knox County?

The state cut the Local Government Fund to the county, forcing Knox County to make cuts to jurisdictions within the county. The state also cut direct funding to municipalities, and slashed reimbursements for taxes it had eliminated, taxes that businesses and utilities had paid to local governments. School districts and the public library fund were also cut. Losses in calendar years 2012 and 2013, compared to 2010 and 2011, include, among others:

- Public Library Fund -\$74 thousand
- Schools -\$5.3 million
- County operations -\$2.3 million (includes LFG for parks and townships)
- Clinton Township -\$45 thousand
- Fredrick town -\$82 thousand
- Mt. Vernon -\$557 thousand
- Eastern Knox County Fire District -\$25 thousand

#### Losses to health and human service levies

- County mental health/developmental disabilities -\$456 thousand
- County children services -\$104 thousand
- County health services -\$41 thousand
- County senior services -\$91 thousand

#### Notes and quotes

“Due to our reaction to the fiscal crisis....we have managed to make some cuts and should end up the year just about breaking even. It's not going to continue that way. We're still in deficit spending, but we do have a balance at this time.” – Ellen Scott, Centerburg school board treasurer. From Schehl, Pamela, “Centerburg to cut two teaching positions,” *Mount Vernon News*, May 16, 2012.

<http://tinyurl.com/9zb25bt>.

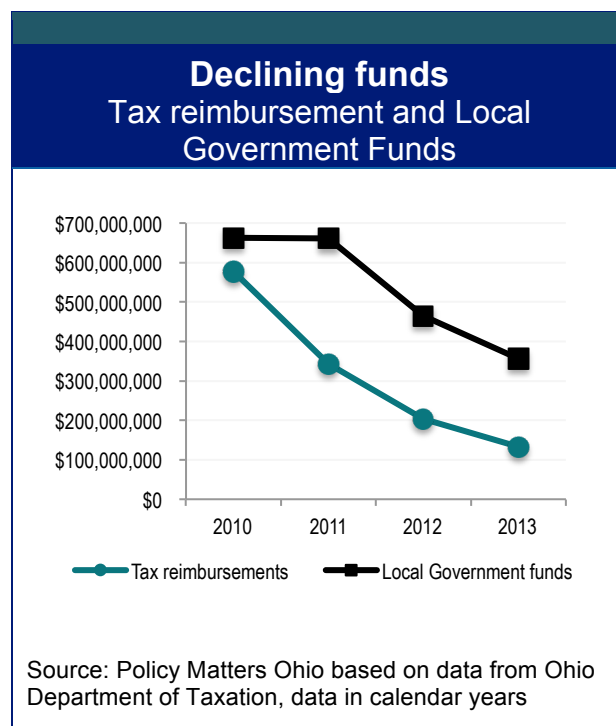
#### Key findings

- Knox County, its jurisdictions, schools, services and levies lost \$8.8 million in the current state budget.
- Health and human services will be reduced by \$694,000.
- Public transportation hours were reduced.
- The Centerburg school board eliminated teachers.

County Auditor Jonette Curry said that the county was not as badly affected as it could have been because they planned for this in 2009, and that the loss of the estate tax will hurt townships more than anyone else. She also said that the county sheriff's department had to put in place furlough days because of budget shortfalls. Interview. June 26, 2012.

The Centerburg school board eliminated a math and a physical education position in an attempt to balance budgets. From Curry, Jonette, interview, June 26, 2012.

Mount Vernon city auditor Terry Scott said the city had to tighten its budget when cuts started. They have cut health benefits and made concession agreements with unions. They have not had any improvement projects and are struggling to maintain roads. While they have not had to cut any jobs yet, they have not filled positions. They were expecting to lose about \$1.7 million from reduction of the income tax. A reduction in fuel consumption may cut revenue as well. From Scott, Terry, phone interview, June 28, 2012.



NOTES: The current state budget cuts the **Local Government Fund** to counties, municipalities and townships by 25 percent in the first year and by 50 percent in the second year. This 77-year old state revenue sharing program has, for generations, been essential to helping Ohio communities fund schools, provide services, and lift people out of poverty. The current state budget also phases out most of the **tangible personal property tax** and **public utility property tax reimbursements**, which were promised to local governments when the state cut taxes in recent years. These are not the only losses to local governments because of this budget. There are others in specific programs. Here we detail some of the bigger shifts. Change in revenues shown here include: 1) **Local Government Fund "County Undivided Fund,"** which counties share with their cities, townships and villages. We show how much less money the counties are receiving under the current 2-year state budget (for 2012 and 2013) compared to the two years under the prior state budget (which was for 2010 and 2011). Here the funds are shown on a calendar year basis because that is how the tax department forecasts and records their distribution to local governments, and it is how local governments budget. (The state budget is based on the fiscal year, July 1 through June 30.); 2) **Local Government "Municipal Direct" allocation** from the Local Government Fund that the state gives directly to municipalities with an income tax. This is also shown in terms of funding provided in the calendar years 2012 and 2013 compared to 2010 and 2011, and 3) **Property tax reimbursements** promised to local governments during tax reductions enacted earlier in the decade. The loss of funding in calendar years 2012 and 2013 is compared to the level of funding provided in 2010 and 2011. The figures for changes in funding levels are based on data provided by and spreadsheets online at the Ohio Department of Taxation for local government funds and tax reimbursement distributions.