

## Lorain County

### Impact of 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 Lorain County?

The state cut the Local Government Fund to the county, forcing Lorain 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:

- County operations - \$12.2 million
- Public Library Fund - \$454.0 thousand
- Schools - \$38.7 million
- Lorain - \$4.0 million
- Avon Lake - \$1.5 million
- Elyria - \$2.4 million
- South Lorain Ambulance District - \$96.0 thousand

#### Loss to health and human service levies

- County mental health  
And developmental disabilities - \$2.7 million
- County children's services - \$1.0 million
- Lorain health district - \$300.0 thousand

#### Notes and Quotes

"We have to cut our education system and sacrifice our students' education and their futures because we don't have enough money. Eventually, we have to pass a levy. That's really the only option. We are almost at bare minimum," said Tony Dimacchia, a Lorain School Board member. The Lorain schools laid off 182 employees, including 120 teachers, at the end of the 2011-2012 school year. Lorain is the 15<sup>th</sup> largest school district in Ohio, but has the third smallest tax base in Northeast Ohio and one of the higher poverty rates in the state. From "Lorain schools cutting 182 employees," *The Chronicle-Telegram*, March 30, 2012, <http://tinyurl.com/9zjmtaa>.

#### Key findings

- Lorain County lost \$65.5 million in the current state budget.
- Health and human services lost \$4.1 million.
- Lorain schools laid off 182 employees for the 2012-13 school year.
- County anticipated a budget shortfall of \$2 million for FY2013.
- Cleveland-area MSA, which includes Lorain County, saw 8,000 local government jobs eliminated between 2005 and 2011.

“We’re making cuts at a time when we’re still having growth in our enrollment of students here in the school district, so that makes it more challenging. Any cash reserve the district has is gone. There is no more. This is where we’re at. We’re going to make it through the end of this year with basically \$0 left in any accounts.” – Larry Brown, superintendent of North Ridgeville schools. From “North Ridgeville schools superintendent prepares to unveil staffing cuts, pay-to-play plan,” *Cleveland Plain Dealer*, March 15, 2012, <http://tinyurl.com/9c8yx8>.

“When you cut dollars, you are cutting people.” – Charlie Neff, Executive Director of Lorain County Mental Health Board. From phone interview, Summer 2012.

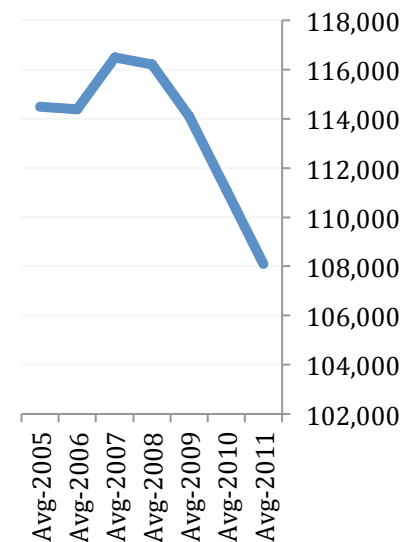
“For Lorain, we do have the luxury of having the support of the public through the levies. But in today’s times, passing the levies is becoming more and more difficult. Lorain is mostly worried about the sustainability of those levies. We can’t rely on them forever.” – Marissa Stefano, Director of Ohio Family and Children First. Phone interview, June 27, 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:

- **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.); the
- **Local Government "Municipal Direct" allocation** from the Local Government Fund that the state gives directly to localities. This is also shown in terms of funding provided in the calendar years 2012 and 2013 compared to 2010 and 2011;
- **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.

### Loss of local government jobs, 2005-2011 Cleveland area MSA



Source: Policy Matters based on calendar year data from Ohio Dept. of Taxation