

Intensifying Impact

State budget cuts deepen pain for Ohio communities

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The current state budget for 2012 and 2013 cut local government aid by a billion dollars. The economy is improving, but cuts to local governments are deepening: A 25 percent cut to Local Government Funds deepened to 50 percent in July, at the start of the second year of this budget period. The loss of hundreds of millions more looms as the estate tax, levied on just 8 percent of the wealthiest Ohio estates, is eliminated next year.

The largest cuts in state aid to local government in the current state budget stems from two sources:

- The Local Government Fund (LGF), a revenue sharing program dating back to 1934;
- Tax reimbursements provided to compensate for several local property taxes eliminated as part of tax reductions during the past decade.

Key findings

- Local cuts have hit seniors, children, recreation, yard and litter waste, mental health and substance abuse treatment, streetlights, road repair.
- Reductions in force to police and fire, started in the recession, continue in many places.
- The estate tax, which affected just 8 percent of Ohio estates, will be eliminated in 2013, further eroding local public services.

Using data from the Ohio Department of Taxation, this report compares distributions of these two sources of state aid under the current budget to distributions under the prior budget. Losses in calendar years 2012 and 2013 total just over a billion dollars, a reduction of nearly half of what was distributed in 2010 and 2011. All local entities – county, city, village, township or special district – have been affected. The figure on the next page shows how cuts were phased in, starting in July 2011.

The cut takes \$210 million out of health and human service levies. Employers worry about untreated alcohol and drug problems in the workforce, yet a mental health and substance abuse treatment agency in Guernsey County sold raffle tickets and sought donations in the wake of public funding cuts. *The Cincinnati Enquirer* investigated harm to children, staffing cuts and budget woes in the fiscally strained children's services agency of Hamilton County. In a news story, Randy Heath, the mayor of Jackson, asked: "When someone talks about cutting costs, are we talking about making our community as cost efficient and cost effective as possible, or just making it as cheap and trashy as we can, as long as it doesn't cost anything?" The cost of the cuts to communities is steep and rising.

The \$472 million cut to counties and \$419 million cut to municipalities has delayed infrastructure repairs and in some communities, eroded public safety. In our interviews, local officials voiced concerns about emergency response time. Streetlights have been dimmed to cut energy bills. At the same time, budget cuts prevent local governments from building and maintaining the kind of

community residents want, with excellent schools offering cutting-edge curriculum; safe bike routes; well-lit, well-patrolled streets; and amenities that will attract newcomers and invest in neighborhoods.

Where appropriate, communities are combining services, but local officials often recognize that this approach can be a distraction. A study of earlier efforts in Ohio found that only a third realized actual savings, with another quarter hoping to see savings in time. “They’ve spoken about merging, about us combining services,” says Cindy Owings of Vinton County. “I have constituencies that don’t have running water, that don’t have vehicles. How are they supposed to get to Athens?”

Accompanying the report on our website at policymattersohio.org/county-budgets-nov2012 are links to fact sheets for each county that detail cuts to county services, schools, public libraries, health and human services, municipalities and townships. The county fact sheets include quotes from interviews with local officials or from local press accounts. Counties have had to eliminate deputy sheriffs, cut police staffing nearly in half, slash fire department staffing, eliminate recreation services, charge students to do sports or music, and get rid of teachers. They’ve had to slash pay, reduce hours, and leave vacant positions unfilled. They’ve deferred building maintenance and hung on to out-of-date vehicles and equipment, and they’ve cut funding to local non-profits that provide services. The results are predictable – slower emergency response times, leaky roofs, reduced hours of services, fewer course offerings, more fees.

The portrait, with details from each of Ohio’s 88 counties, tells a story of struggle and decline in too many Ohio communities. Tough choices are being made: whether to weaken our schools or our safety forces, whether to reduce pool hours or cut library offerings, whether to let addicts go untreated or potholes go unfilled. This is not how we built an Ohio with good jobs and strong communities.

As legislators prepare to make new decisions about the next biennial state budget, they should look closely at conditions in the communities they represent. It’s time to repair the damage and invest in a better future.

