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For immediate release
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Use Medicaid savings to improve Ohio, not to give more tax cuts to the affluent, think tank says

Savings from the Medicaid expansion authorized this week – estimated at \$404 million – should not be used for a new income-tax cut, said Policy Matters Ohio in a report released today.

“Devoting savings to a tax cut mostly for affluent Ohioans is inappropriate when the state has so many unmet needs,” said Wendy Patton, fiscal project director at Policy Matters. “Savings should go to meet those needs and position Ohio for the future.”

The new analysis provides examples of where Medicaid savings could be invested, including:

- \$100 million a year to communities to hire 1,000 police officers and 675 firefighters;
- \$67.3 million over two years to add about 14,000 preschool seats across Ohio;
- \$160 million a year for a stronger, refundable Earned Income Tax Credit that will benefit 855,000 working families;
- \$11.5 million a year to fund caseworkers who can help protect vulnerable seniors;
- \$121 million a year to hire 1,570 teachers to strengthen schools around the state.

Insufficient investment over many years and more recent cuts in state funding for schools, local governments and public services make these investments critically important.

“This approach would do much more to help working families, strengthen communities, and position Ohio for the future than another round of tax cuts like those proposed in Senate Bill 210,” said Patton.

Medicaid expansion, completed through State Controlling Board action on Oct. 21, will bring federal dollars to Ohio, freeing up some resources for the state. The bill introduced this week in the Ohio Senate would use the savings expected from the adoption of Medicaid expansion to cut income-tax rates across the board. The policy brief provides a sampling of the possible uses for the savings.

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Services \$404 million could fund

Savings from Medicaid expansion should not be spent on income-tax cuts. Vital services we could provide include these and many more:

1,000 police and 675 firefighters
in communities for \$100 million a year

14,000-plus preschool seats
for \$67.3 million over two years

Stronger EITC for 855,000 families
\$160 million a year for working families

239 caseworkers for seniors
\$11.5 million a year to protect the vulnerable

1,570 teachers across Ohio
\$121 million a year would strengthen schools

Need-based college aid
\$85.7 million a year would get us back to pre-recession levels.