

## Testimony to the Senate Finance Committee House Bill 483

Wendy Patton

Good afternoon, Chairman Oelslager, Vice Chair Coley, Ranking Member Sawyer and members of the committee. I am Wendy Patton of Policy Matters Ohio, a nonprofit, nonpartisan organization with the mission of creating a more prosperous, equitable, sustainable and inclusive Ohio. Thank you for the opportunity to testify today regarding House Bill 483.

In the context of many pressing needs for investment, we are glad the House removed the income tax cuts proposed as part of the Mid Biennium Review. Amendments made in the House to HB 483 turn attention to neglected needs in Ohio, including services for Ohio's most vulnerable citizens: children and the elderly. I will briefly mention these amendments, the ongoing and unaddressed need for foreclosure prevention and local government aid, and two provisions of Ohio's venture capital program, which is slated for expansion in House Bill 483

Neglect and abuse of the elderly is so pervasive it is called a silent epidemic. Elderly people dependent on others may be unable or afraid to report abuse, mistreatment or neglect. Studies of under-reporting range from five incidents for each report to 24 incidents for the most vulnerable. This is a growing problem in Ohio because the population of seniors is growing. Ohio's population of residents 60 and older will grow by almost 14 percent between 2010 and 2015, with the highest growth in suburbs and rural areas.

At present, state funding for Adult Protective Services is half million a year for our 88 counties, one-sixth of what it was in the 1990s. Thirty-nine counties lack even one full-time APS caseworker. An amendment to House Bill 483 added \$10 million for Adult Protective Services. The proposal is both timely and modest. We estimate that the cost of adequate caseworkers alone, without including the costs of facility, administrative and supervisory staff and other operating costs, ranges from \$11.7 million to \$30.2 million. We thank the House for including this amendment, and we ask you to support it and increase it to \$20 million to provide the services needed to protect Ohio's seniors.

We are also glad the Ohio House included an amendment to increase funding for child protective services by \$11 million. The state of Ohio provides a low level of support for this important service compared to other states, and local governments provide a high level of support. An appropriation of \$20 million dollars by the state for child protective services could improve the lives of 13,000 children and 80,000 families in Ohio. We ask you to support this provision and increase the funding to \$20 million in the State Child Protection Allocation line item.

We are grateful to the House for adding provisions improving eligibility in the state's largest childcare work support program and aligning them with other early learning programs. Children in the public childcare assistance program should be accepted in a classroom for a full year, regardless of changing circumstances of parental employment ("continuous eligibility"), as in other Ohio early learning programs. Some of Ohio's largest occupational categories – fast food worker, cashier, home health care worker – are characterized by low wages, changing hours, varying shifts, and churning employment associated with market conditions. Changes can bounce a family out of eligibility and yank a child who is learning important behavioral and academic skills out of the classroom. Once out of the system, families are often unable to regain childcare support unless they drop back to the level of initial eligibility, 125 percent of poverty. It is hard on the family, hard on employers who need a flexible workforce, and very hard on the child. Continuous eligibility helps everyone. We ask you to support the House amendment for continuous eligibility in Ohio's public child care assistance program, and expand it from 13 weeks to 12 months, in alignment with other Ohio early learning programs.

We also ask you to support a provision for "presumptive eligibility" that would allow childcare centers to accept a child while the application is under review by the county. This allows the child to receive proper care as the parent works and the parent to accept a job during the 30 days it may take for review and approval.

Many other important investments are badly needed, but remain unaddressed. For example, many homeowners are still threatened with foreclosure. The Save the Dream program, the state's primary source of funding for foreclosure counseling, has helped thousands of Ohioans stay in their homes. On April 30 this program cut off new applications because federal funding was running out. Foreclosure filings are still running at double or more the levels of most of the 1990s. The state should ensure the counseling effort continues. Keeping people in their homes is the best outcome for everyone involved, including lenders.

Restoration of state support to local governments is also badly needed. We estimate the cumulative loss to local governments since the budget of 2010-11 to be \$1.5 billion as a result of the elimination of the estate tax and cuts to the local government fund, public library fund, tax reimbursements. As a result, some jurisdictions have reduced safety and emergency forces; many have cut or eliminated their capital and equipment funds; most struggle to repair roads after a terrible winter. State investment in local communities needs to be restored.

We have two observations on the venture capital provision of HB 483. There are provisions that would increase from \$20 million to \$26.5 million the annual tax credits that potentially could be issued to support Ohio's venture capital program, the Ohio Capital Fund. Two years ago, an identical expansion was approved by the House (it did not advance in the Senate). However, that bill also included an increase in the overall potential liability of the state to \$550 million from \$380 million. No such language is included in HB 483 so far. We hope, of course, that the state will never have to issue these tax credits. However, if the total potential liability of the state will increase, it is important that Ohioans have a chance to learn what it will be and discuss that fully.

The Ohio Capital Fund provides funds to venture-capital funds, which are then supposed to invest in Ohio. According to the Fund's December 2013 report to the Ohio Venture Capital Authority, in the aggregate the venture funds have invested 3.5 times the amount they committed to invest in the state. However, it also noted that four of the 12 venture funds that have received OCF backing and are at least five years old have not met the law's requirement to invest half of the funds in Ohio-based early-stage companies. Every firm that receives funds should invest in Ohio. We urge that legislation on this issue include a provision making clear how this requirement will be enforced.

Thank you for allowing me to testify on this legislation. I am happy to answer any questions that you or any other members of the committee may have.

*Policy Matters Ohio is a nonprofit, non-partisan research institute  
with offices in Cleveland and Columbus.*