



For immediate release
May 22, 2014

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Small solutions to Ohio's big problems in Senate budget bill

The Senate has added more than \$400 million in tax cuts for fiscal year 2015 to House Bill 483, the appropriations bill of the Ohio budget Mid-Biennium Review. The largest of these late additions is the expansion of a big tax break for business owners, the cost of which is uncertain and which is unlikely to generate new jobs. This becomes the centerpiece of a bill with mostly small solutions to big problems of many families and communities. The tax cuts include a modest expansion of the state's Earned Income Tax Credit, which helps low- and moderate-income families. The expansion as structured won't do much for Ohio's poorest earners and will do little to counteract the inequity of our tax code. Policy Matters Ohio will review the tax proposals in a more detailed report.

House Bill 483 as passed by the Senate includes some important investments. The \$52.5 million HB 483 invests in the prison system and community corrections is badly needed as inmate population is well beyond capacity. The \$10 million for Adult Protective Services and \$10 million for Child Protective Services are meaningful steps toward protecting the most vulnerable. Unlike in most states, funding for protective services is largely provided by Ohio's local governments, which have lost significant state aid over the past three years. State investment to support these critical services is timely and appropriate.

Families and communities need many public services that are chronically underfunded in Ohio. House Bill 483 provides just \$1.6 million for pilot programs to address Ohio's shockingly high infant mortality rate, instead of the \$26 million requested in a bipartisan proposal under separate consideration in the Senate. No additional funding is provided for food banks, which are feeding thousands of low-income adults who have been denied federal food stamps because they can't find work activity – although the federal government offered to waive work requirements because of Ohio's sluggish economy.

After years of tax cuts, Ohio's economy remains uncertain, with far too many struggling in low-wage jobs. Policy makers have repeatedly cut taxes, claiming that would boost the economy, but Ohio has performed poorly with this approach. Instead of more tax cuts like the expanded business-income tax break, we should restore and expand funding to local governments, public schools, health and human services and post-secondary education. This approach would improve communities, build opportunities for children and create the needed infrastructure for businesses.

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
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