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Budget changes needed to reverse Ohio's decline

Too many years of budget and tax cuts leave Ohio behind the curve in education, human services and support for local government, according to Policy Matters Ohio. The budget for 2016-17 gives policymakers a chance to catch up with investment needs and lay groundwork for a stronger future.

“There has been inadequate restoration since the recession, and Ohio is underinvesting in its people, institutions and infrastructure,” said Wendy Patton, Senior Project Director and one of the report authors. “As a result, Ohio is falling behind other states in important areas that drive opportunity and underpin quality of life.”

In “*A budget that works: 2016-17*,” Policy Matters Ohio makes a series of recommendations for investments and changes to tax policy to support new investment. Recommendations include:

- In 2014 Ohio ranked 47th among the states in the Health Policy Institute’s ranking of health value, which includes many measures of health outcomes and cost factors. Legislators must reauthorize Medicaid expansion, allowing hundreds of thousands to see a doctor, control chronic disease and prevent illness.
- Ohio ranks 48th in the nation for infant mortality and 50th in the nation for African-American infant mortality in 2011. Legislators can provide better funding for public health to solve the many tough problems outlined in Director Richard Hodges’s budget letter.
- Ohio’s scores fell from B to C in Education Week’s report card for 2014. We got a ‘B’ on the national Chamber of Commerce’s ‘Leaders and Laggards’ report card, but a D in implementing improvements since 2007. Legislators can restore public school funding levels, provide better oversight and regulation, and eliminate public support for poorly performing charter schools.
- In 2012 Ohio ranked 36th in state support for higher education per \$1,000 of personal income and in 2014, we ranked 38.th Legislators can restore funding for classroom instruction in colleges and universities.
- Between 2002 and 2012, Ohio’s need-based grant aid declined by 51.9 percent, the sixth largest decline in the nation. Legislators can restore funding for the Ohio College Opportunity Grant (OCOG) and allow community college and branch campus students to participate in this aid.
- Ohio is at the bottom among the states in providing state dollars for children’s services. Legislators can provide ongoing state funding for important protective service plans developed through one-time grant monies given in last year’s minibudget.
- Ohio’s low level of funding means our populous state ranks among the lowest in the nation (38th out of 51), just below South Dakota, in public transit funding. Legislators can fund an

initiative to develop strategies to meet the transportation department's projected transit needs – and start implementation in FY 2016-17.

- The nation has surpassed the level of employment before the recession, but Ohio still lags. We have fewer jobs now than we had before the recession, and less than before we started cutting the personal income tax in 2005. Legislators can reverse tax cuts for the wealthy. This would support the necessary investments in the education, health and communities of Ohioans that really drive economic improvement.
- The share of Ohioans living in poverty is at 16 percent, slightly higher than in 2010. Legislators can make sure program rules in programs like public child care, which help people get and keep jobs, work for those in the hyper-flexible, low-wage labor market with its ever-changing schedules, shifts and hours.
- Eleven of Ohio's dozen largest occupational groups have median wages so low they leave a family of three in or close to poverty. Legislators can raise wage rates in jobs that get public funding, like home health aides, boosting earning and enhancing care.
- State budget cuts, elimination of taxes and reduced property tax relief has eroded the ability of local government to provide services. Legislators should restore the property tax rollback for new levies and revenue sharing programs that Ohio's local governments have depended on to provide services, in particular, local health and human services.

Tax cuts over the past decade have slanted the tax system further against low- and middle-income Ohioans, while removing about \$3 billion a year from the resources available to invest in needed services. This policy must be reversed.

“A decade of cutting taxes and spending has left Ohio lagging,” said Amy Hanauer, Executive Director of Policy Matters Ohio. “With policies that create more equal and adequate taxation, Ohio can make the investments necessary for economic growth and expanded opportunities for all Ohioans.”

These and other recommendations are included in the report released today.

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*Policy Matters Ohio is a nonprofit, nonpartisan state policy research institute
with offices in Cleveland and Columbus.*