

An investment budget

Alternatives to tax cuts for the wealthiest that average \$11,000 a year

By Wendy Patton

The Kasich administration once again proposes using the state budget to give thousands of dollars in tax cuts to many of Ohio's wealthiest. Modest and low-income families on average will pay more and get less. Those taxpayer resources could be used to create jobs and strengthen Ohio for all.

Ten ways to boost our game:

Ways Ohio could invest to create jobs and opportunity

Rehire 1,400 police and firefighters for safer streets and neighborhoods: *\$100 million to Local Government Fund.*

Weatherize 15,000 homes and put thousands to work: *\$100 million for energy efficiency and home rehabilitation.*

Help families earning up to \$40,000 pay for childcare: *\$140 million helps families of 25,000 children pay for care.*

Help low-income students graduate: *\$67 million over the 2-year state budget for need-based aid helps 27,000 complete college.*

Restore 2,000 teachers and 1,500 aides: *Instead of cutting \$410 million in school tax reimbursements, restore staff*

Ensure 100,000 reports of abused children are addressed promptly and appropriately everywhere in the state: *\$46.4 million for Child Protective Services in the 2-year state budget.*

Protect up to 115,000 of vulnerable: *\$40 million for Adult Protective Services over the 2-year state budget.*

Help 50,000 Ohioans get to work and back the low-cost way: *restore aid for public transit operations to \$40 million a year.*

Provide 112 million meals for hungry Ohioans: *\$40 million over the 2-year state budget for the Ohio Association of Foodbanks.*

Provide a refundable earned income tax credit: *Less than \$300 million a year helps working families escape poverty.*

Sources available online at www.policymattersohio.org/invest-datanotes.

A tax cut of \$246 million in fiscal year (FY) 2016 and \$277 million in FY 2017, together with other changes, will give the top 1 percent of earners more than \$11,000 in tax cuts each year on average,

while the bottom three-fifths as a group will see an increase in overall state and local taxes.¹ A decade of tax cuts has further shifted the weight of state and local taxes from the rich to middle and lower-income families, but it has not boosted the economy. Ohio still lags the nation in job creation and wage growth.² Ohio would get a better return on investment by improving communities, restoring property values, building opportunities for children and creating the needed infrastructure for businesses in our communities. Here are some investments – far from a comprehensive list – that could benefit *all* Ohioans. Notes on how the estimates were calculated are included in the Appendix.

Keep communities safe

We all want communities that are safe and provide a positive environment for raising a family. However, state revenue sharing has dropped by hundreds of millions since 2010. The number of local government employees has dropped sharply. By 2013, there were 1,072 fewer police and 336 fewer firefighters protecting Ohio communities than in 2008, when the recession hit.³ If the state budget restored \$100 million over the biennium to Local Government Funds, communities could restore safety forces.

\$100 million would restore some local government aid, boosting police and fire protection to neighborhoods

Help families stay warm, rehab neighborhoods, create jobs

Older homes in many neighborhoods need rehabilitation and energy upgrades. More than 300,000 Ohio households pay over 30 percent of their annual income on their home energy bills alone.⁴ Ohio's Home Weatherization Assistance Program (HWAP) reduces energy costs for low-income households and rehabilitates homes by weatherizing, but was only funded to fix 5,500 homes out of the 460,000 households that sought emergency utility bill assistance last year.⁵ A \$100 million investment in Ohio's HWAP program could weatherize 15,384 homes and create 5,200 direct jobs and 2,300 indirect jobs.

\$100 million weatherizes 15,384 homes, creates 7,500 jobs

Build opportunity and help parents work

Making sure that kids have affordable, quality childcare helps them and helps parents struggling to make ends meet. Only the very poor – families with income of less than 125 percent of the federal poverty level (less than

\$140 million restores initial eligibility for childcare to 200% of poverty, helps thousands of families with the high cost of childcare

¹ Zach Schiller, "Kasich tax proposal would skew tax system further in favor of Ohio's affluent," Policy Matters Ohio, Feb. 10, 2015 at <http://www.policymattersohio.org/kasich-tax-proposal-feb2015>

² Zach Schiller, "Testimony: Cutting Taxes Doesn't Help the Ohio Economy," Delivered to the Senate Finance Committee, February 18, 2014 at <http://www.policymattersohio.org/testimony-feb2014>

³ Fraternal Order of Police and Firefighters, Popular Annual Report for 2013, <https://www.op-f.org/Information/Reports.aspx>

⁴ 2012 American Community Survey, Selected Housing Characteristics

⁵ Amanda Woodrum and Elizabeth Jacob, "Weatherizing Homes of Ohio's Low-Income Families Reduces pollution, cuts energy bills, creates jobs," Policy Matters Ohio, October 2014 at <http://www.policymattersohio.org/wp-content/uploads/2014/10/Weatherization-Final-3.pdf>

\$20,000 a year for a parent and child) – are accepted into Ohio’s program for childcare aid.⁶ Six years ago, it was higher: families in the program were all low-income, but they could get help up to 200 percent of poverty (just under \$32,000 for a family of two). The co-pay is on a sliding scale, so the family share of the cost of childcare increases as income goes up. The cost of childcare is very high, so public childcare assistance is critically important to the family budget. When parents lose a job or move, they may have to take a new job close to the poverty level, at 125 percent of poverty, to regain such assistance. Restoring eligibility to 200 percent of the poverty level would prevent the need to move down the earnings ladder if a job ends and a new job is hard to find. A state investment of \$140 million in public childcare could allow families of 25,000 children to get help with childcare.

Increase need-based financial aid

The governor’s budget proposal, House Bill 64, would boost the state share of instruction and need-based aid, but it does not go far enough. Ohio dramatically reduced aid and college funding, and has a lot of ground to make up.

In 2012, Ohio ranked 36th in state support for higher education per \$1,000 of personal income and in 2014, we ranked 38th. Last year tuition and fees at Ohio’s two-year public institutions were the 12th highest in the nation. Ohio was the 16th most expensive state for four-year colleges and universities.⁷ Because tuition is high and financial aid low, Ohio’s university students have the 11th highest average debt in the nation.⁸

\$67 million restores need-based financial aid to 2008-09 levels over the biennium; could help 27,000

We used to do better. In the biennial budget for FY 2008-2009, the Ohio General Assembly provided \$250 million in need-based aid. The grant ceiling was \$2,496 dollars for a public, four-year school. In FY 2016-17, the administration proposes spending \$183 million and the grant level in the most current school year is \$1,048.⁹ If we want young people to move up and out of poverty, we should help more. Ohio should restore need-based college aid to the level of 2008-09, helping an additional 27,000 students in college at grant levels that help them succeed.

Rehire teachers, help kids learn.

When the state phased out local property taxes on utility and business personal property, both schools and local governments were promised reimbursements. School reimbursements are being phased out in this budget and the next. Instead of phasing that flexible revenue stream out, the funds could be used to restore reduction in school staff.

\$410 million in tax reimbursements are being phased out for schools, but those funds could restore 2,200 teachers and 1,200 teachers aides to the classroom

⁶ Levels of initial eligibility vary for clients participating in Ohio Works First (the state’s cash assistance program), for Head Start, and for the Early Learning program under the Ohio Department of Education.

⁷ The College Board, Trends College Pricing at <http://trends.collegeboard.org/college-pricing/figures-tables/2014-15-in-district-tuition-fees-public-two-year-state-five-year-percentage-change>

⁸ The Institute on College Access and Success, Student Debt and the Class of 2013, November 2014.

⁹ Memorandum from Chancellor John Carey to Governor Kasich, Speaker Batchelder and President Faber, “Financial Aid Workgroup Recommendations,” December 14, 2014 (Financial Aid program attachments) at https://www.ohiohighered.org/sites/ohiohighered.org/files/uploads/data/reports/Financial-Aid-Workgroup_Final-Report_Jan2015.pdf

The School Employee Retirement Fund reports almost 3,000 fewer active members in 2014 than in 2005.¹⁰ State teachers retirement fund reports 7,400 fewer active members over the same time period.¹¹ Instead of eliminating tax reimbursements to schools, 2,200 teachers and 1,200 teachers aids could be restored over the 2-year state budget period.

Protect our seniors

We need to better protect vulnerable seniors and children. Ohio's General Assembly appropriated just \$500,000 per year for 88 counties for the protection of vulnerable elderly or disabled adults in the current budget. The state took a positive step with a one-time investment of \$10 million last year for planning and an increased allotment in the executive budget. But more needs to be done. Between 14,000 and 15,000 cases are investigated annually in Ohio, but estimates suggest that up to 214,000 incidents may need attention. An investment of \$40 million over the biennium would provide allow counties to start to implement the kind of adult protective services other states have.

\$40 million over the biennium would adequately fund the protection of seniors from abuse, neglect and exploitation.

Protect vulnerable children

Ohio is 50th in the nation in state funding for protecting and serving children. According to the director of the Public Children's Services Association of Ohio, "The state share of funding at nine cents on the dollar puts us last in the nation and creates inequity across county lines in terms of available services for the most vulnerable population. The state and counties must work together to solve this inequity and achieve the best outcomes for all abused and neglected children." Here, too, one-time funding of \$10 million last year established an innovation fund, and a \$3.2 million state appropriation will draw down and additional \$9.6 million in federal dollars for children's services, which is a start. At the same time, however, elimination of remaining state tax replacements for local government drain a similar amount from children's services levies in those counties that provide local support.¹² However, more is needed to replace eroded state funding to protect children throughout Ohio.

\$46.4 million in the state child protection line item restores funds for child services lost in recent budgets.

¹⁰ State Teachers Retirement System, Comprehensive Annual Financial Report for 2014 (p.73) at <https://www.strsoh.org/publications/annualreports/cafrs.html>. This figure includes employees at the university system. Universities comprise 3 percent of participating employers in the STRS system in 2014.

¹¹ School Employees Retirement System, Comprehensive Annual Financial Report for 2014 (p.93) at <http://www.ohsers.org/financial-reports-1>

¹² Testimony of Suzanne Dulaney, Executive Director of the County Commissioners Association of Ohio, before the Ohio House Ways & Means Committee, March 10, 2015.

Better commutes for healthier communities

Ohio's public transit system provides 115 million rides a year, the 14th highest ridership among the states in 2013.¹³ The state contributed just 3 percent of operating expenses. On a per-capita basis, Ohio ranks 38th among the states in funding public transit - right between South Dakota and Mississippi.¹⁴

\$40 million a year for *public transit operations* to meet market demand for public transportation

Ohio is the 7th most populous state in the nation and should have the 7th largest ridership. Ohio invested \$40 million a year in public transit at the beginning of the last decade, but that has dropped. The executive budget proposes \$11.5 million a year through the General Revenue Fund in the proposed budget. More is needed. The Ohio Transit Needs Study, commissioned by the Ohio Department of Transportation (ODOT) and published in February 2015, found current market demand for an additional 35 million rides in 2015. To meet this demand, \$78.4 million is needed in operating funds.¹⁵ Ohio should restore funding for public transit operations, helping about 50,000 Ohioans get to work and home with a low-cost transit option - the bus - every day of the 2-year state budget for FY 2016 - 17.

No hunger games: Fully fund the food banks

House Bill 64 reauthorizes Medicaid without cuts to eligibility. This is critically important to helping Ohioans live productive lives. However, many live in or close to poverty. Hunger is a symptom of poverty, and the correlation between poverty and ill-health are well established. There is a high cost for hunger, associated with treating common, diet-related diseases like diabetes.¹⁶ Ohio must address the basic human needs of both health care and hunger.

Over 3.8 million Ohioans – more than a third of the state population - live in households earning below 200 percent of the federal poverty level (just under \$32,000 for a parent and child).¹⁷ When these families need help with the high cost of food, they turn to the state's network of food pantries. Today, Ohio's food pantries are overburdened due to changes in federal and state policies. The federal government ended special food aid associated with the recession. Ohio's administration toughened requirements for some men and women to get food stamps, although the federal government offered to waive such requirements. Altogether, 221 million meals have been lost to hungry Ohioans as a result (and \$310 million lost to the Ohio economy).¹⁸

\$40 million to meet local needs for *food and nutrition aid*.

¹³ Ohio Department of Transportation, Ohio Statewide Transit Needs Study: Final Report at <http://www.dot.state.oh.us/Divisions/Planning/Transit/TransitNeedsStudy/Documents/OhioStatewideTransitNeedsStudyFinalReport.pdf> (Accessed February 25, 2015). Note that this study calls for additional investment of \$181 million for current capital needs, as well as hundreds of millions to meet the future needs of an aging population.

¹⁴ American Association of State Highway and Transportation Officials (ASHTO), Survey of State Funding for Public Transportation: Final Report, 2014 (based on 2012 data), Table 1-8, p.I-14.

¹⁵ *Id.*

¹⁶ E-mailed communication from Lisa Hamler-Fugit, Executive Director of the Ohio Association of Foodbanks, January 23, 2015.

¹⁷ Don Larrick, "The Ohio Poverty Report," January 2015 at <http://www.development.ohio.gov/files/research/P7005.pdf>

¹⁸ Advocates for Ohio's Future, "Food for advocacy: State Budget Overview and Highlight on Hunger," Webinar slides at <http://www.advocatesforohio.org/post?s=2015-02-13-overview-of-the-state-budget-with-highlight-on-hunger>; see also

State funds are needed to make up for the loss of federal aid.

Make Ohio's tax structure more fair

The General Assembly took positive steps over the past two years in creating a state Earned Income Tax Credit (EITC) and raising it to 10 percent of the federal credit. The federal EITC alone helped 177,000 working Ohioans, including 93,000 children, stay out of poverty each year from 2011-2013, and it eased poverty for many more. Our state EITC could be a much more powerful tool for helping working families make ends meet and provide for their children. Because of limits imposed on its value, just 7 percent of the poorest workers - those earning \$19,000 or less - see any benefit from the credit, and the benefit is modest. For a taxpayer with income over \$20,000 it cannot exceed more than half of what he or she owes in income taxes. That means that it does nothing to reduce the substantial share of income these same taxpayers pay in sales taxes and property taxes.

A 16% refundable, non-capped EITC would return as much as \$357 million to working families, and help increase tax fairness.

We could significantly boost the impact of Ohio's credit and bring it in line with other states by making it refundable, eliminating the cap, and raising it to 16 percent of the federal credit. At that level, 33 percent of Ohio's lowest income taxpayers would receive some benefit and the average tax savings for that group of recipients would increase by \$310.¹⁹ These changes – net of the funds currently employed in the state's small EITC – are estimated to cost less than \$300 million in FY 2016 (see data notes in appendix).²⁰ But unlike the proposed tax cuts, a refundable, 16 percent, uncapped credit would be targeted to low- and moderate-income Ohioans, helping offset some of the growing disparity in Ohio's tax code.

Conclusion

This brief outlines a dozen investment needs of the state totaling 1.3 billion dollars. The return on investments like these are high: for example, studies show return of \$13 for each dollar spent on early childhood education.²¹ Meanwhile, ten years of tax cutting leaves Ohio still short of the employment base we had when the recession started.²²

Ohio Association of Foodbanks, "Losing Ground: 195 million meals lost – and counting," December 2014 at http://ohiofoodbanks.org/docs/publications/losing_ground.pdf

¹⁹ Hannah Halbert, *supra* note 18.

²⁰ Estimate from the Center on Budget and Policy Priorities based on methodology in the Center's report, "How much would a state Earned Income Tax Credit cost in fiscal year 2016," January 2015, available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=2992>, accessed February 14, 2015. This figure includes the amount the state is already paying for the existing credit. The *additional* cost of reforming the existing credit would therefore be less than these estimates. Commissioner Joe Testa, in testimony to the House Ways and Means Committee, stated: "During the previous four years, Governor Kasich and this legislature enacted and then doubled an earned income tax credit. That alone provides about \$60 million of tax relief a year to lower income households." See House Ways & Means committee website for February 17, 2015 at <http://www.ohiohouse.gov/committee/ways-and-means>

²¹ Early Childhood Education for All A Wise Investment, Recommendations arising from "The Economic Impacts of Child Care and Early Education: Financing Solutions for the Future" a conference sponsored by Legal Momentum's Family Initiative and the MIT Workplace Center <http://web.mit.edu/workplacecenter/docs/Full%20Report.pdf>

²² "Newly revised data moves Ohio closer to jobs recovery," Policy Matters Ohio, March 6, 2015 at <http://www.policymattersohio.org/jobwatch-feb2015>

This is just a partial list of investments needed to boost quality of life and opportunity in Ohio, a small share of what we should consider. There is much lawmakers could do to restore communities, enhance quality of life and boost family wealth for all Ohioans. The longer we wait to reinvest in Ohio, the larger the need grows.

Appendix: Data Notes

1) Restore police and fire protection: The Ohio Police and Fire Pension Fund saw a loss of 1,408 active members between 2009 and 2013: 336 firefighters and 1,072 police.²³ An investment of about \$100 million would replace this the loss to communities.

| Occupation | Loss in active members, 2009-2013 | Median earnings | With benefits | (Pay + benefits) Times # of rehires |
|------------|-----------------------------------|-----------------|---------------|-------------------------------------|
| Fire | 336 | \$41,701 | \$55,462 | \$18,635,343 |
| Police | 1072 | \$56,151 | \$74,681 | \$80,057,850 |
| TOTAL | 1408 | n/a | n/a | \$98,693,193 |

Source: Policy Matters Ohio, Policy Matters Ohio, based on Ohio Police & Fire Pension Fund - 2013 Popular Annual report. Active Member Valuation Date, p.33 (includes rehired retirees)based on Ohio LMI (Occupational Employment and Wages) Benefits estimated at 33% of base pay.

2) Weatherize homes and create jobs. According to data provided by the Ohio Development Services Agency, it costs an average of \$6,500 to weatherize a home.²⁴ With \$100 million, 15,384 Ohio homes could be weatherized – a small share of the 460,000 who seek aid paying utility bills, but almost three times the 5,500 homes currently weatherized.²⁵ Roughly one in three Ohio households, 1.4 million in all, are considered “cost burdened” by the U.S. Department of Housing and Urban Development standards, paying more than 30 percent of their annual income on housing and utilities combined.²⁶ After rent and utility bills, these families have difficulty covering the cost of other necessities such as food, clothing, transportation and medical care. According to the 2013 Home Energy Affordability Gap Report, more than 300,000 Ohio households pay over 30 percent of their annual income on their home energy bills alone.²⁷

Weatherization creates 52 direct jobs and 23 indirect jobs for every \$1 million invested.²⁸

²³ From Ohio Police & Fire Pension Fund - 2013 Popular Annual report, Active Member Valuation Date, p.33 (includes rehired retirees) <http://www.op-f.org/Files/AnnualReport2013.pdf>

²⁴ Development Services agency data provided to Policy Matters Ohio and cited in Amanda Woodrum and Elizabeth Jacobs, “Weatherizing Homes of Ohio’s Low-Income Families Reduces pollution, cuts energy bills, creates jobs,” Policy Matters Ohio, October 2014 at <http://www.policymattersohio.org/wp-content/uploads/2014/10/Weatherization-Final-3.pdf>

²⁵ Woodrum & Elizabeth Jacobs, *Op.Cit.*

²⁶ 2012 American Community Survey, Selected Housing Characteristics

²⁷ *The Home Energy Affordability Gap 2013*, May 2014.

²⁸ Ohio Partners for Affordable Energy, “Ohio Home Weatherization Assistance Program Paper,” cited in Woodrum & Jacobs, *Op.Cit.*

3) Restore initial childcare eligibility to 200 percent of poverty: At present, Ohio’s initial eligibility is set at 125 percent of poverty, among the lowest in the nation (\$25,113 for a family of three.) It was higher in 2009, when the initial eligibility was at 200 percent of poverty (\$37,060 for a family of three).²⁹ With an investment of \$140 million (annual figure), Ohio could restore eligibility to families earning less than a living wage and allow them to move up the career ladder to earnings beyond 200 percent of poverty, moving from the bottom of state rankings in providing this important work support to among the top.

| | |
|--|---------------|
| 1. Children under 12 in families earning less than 200% of poverty (a) | 777,817 |
| 2. Children already in public childcare, 2014 (b) | 114,910 |
| 3. National “take-up” or participation rate in childcare (18%) (c) | 140,007 |
| 4. Eligible children forecast to participate in care (Line 3 minus line 4) | 25,097 |
| 5. Cost per child, FY 2015 (d) | \$5,580 |
| 6. Total cost of increased eligibility (line 5 times line 6) | \$140,041,494 |
| Sources: Policy Matters Ohio, based on: | |
| a) National Center for Children in Poverty; http://www.nccp.org (American Community Survey data for 2010-12) | |
| b) ODJFS Public Assistance Monthly for FY 2014: http://jfs.ohio.gov/pams/index.stm | |
| c) US HHS/ASPE (Childcare eligibility 2009): http://1.usa.gov/1BqDchE | |
| d) ODJFS e-mailed communication on cost per child in public childcare in 2014. | |

The executive budget includes three improvements to public childcare assistance: it eliminates the co-pay for families under the federal poverty line, eases the childcare “cliff” by providing some assistance to families earning up to 300 percent of poverty and raises the level of initial eligibility to 130 percent of poverty (\$26,117 a year for a mom with two kids). Elimination of the co-pay for the poorest families is an important improvement; failure to provide co-pay is one of the largest categories for why people leave the program.³⁰ Tapering the assistance so it ends at 300 percent of poverty will help those whose earning rise above 200 percent of poverty, but program closure data indicates only between one and two percent of program participants reach that level.³¹ To really help struggling families, far more needs to be done for those earning between 125 percent of poverty (\$25,112 for a family of three) and 200 percent of poverty (\$40,180). Raising the level of initial eligibility to 200 percent of poverty could help many earn their way to the middle class.

4) Increase need-based financial aid: Ohio funded need-based aid at \$250 million in the 2008-09 biennium; the executive budget for FY 2016-17 recommends appropriation of \$183 million. The grant award under the Ohio College Opportunity Grant (OCOG) program for public institutions in school years 2006 through 2009 was \$2,496; it is \$1,048 in the current school year.³² If grant funding

²⁹ Ohio Legislative Service Commission, Redbook for Job & Family Services, 129th General Assembly, p.152 at <http://www.lsc.ohio.gov/fiscal/redbooks129/jfs.pdf>

³⁰ E-mailed data provided by the Ohio Department of Job and Family Services Office of Communications, “December 2014 Summary Closure Data,” (e-mailed February 12, 2015) and “Eligibility closures 2013_3” emailed April 10, 2014.

³¹ *Id.*

³² Memorandum from Chancellor John Carey to the Governor, Op.Cit.

and state support for OCOG were restored, 27,000 low-income college students could be funded at the higher grant level, which would help assure successful completion.

| Table 3 | | | | |
|---|-----------------------------------|-------------------------------|---------------------------------|--------------|
| Estimated cost of restoring reduction in force (not adjusted for inflation) | | | | |
| Year | FY2008 | FY2009 | FY2016 | FY2017 |
| GRF funds for OCOG (1) | \$102 million | \$148 million | \$91 million | \$92 million |
| Year | 2008 | 2009 | 2014 | 2015 |
| OCOG Grant (2) | \$2,496 | \$2,496 | \$920 | \$1,048 |
| Biennial funding: | for 2008-09: \$250 million | 2016-17: \$183 million | Difference: \$67 million | |
| Number of students that could be funded at \$2496 for biennium with \$67 million: 27,000 (rounded) or 13,500 a year. | | | | |
| Source: Policy Matters Ohio, based on (1) Ohio Legislative Service Commission Budget in Detail, (2) Ohio Board of Regents, Financial Aid Workgroup Recommendations, December 30 2014. (http://bit.ly/185PZdt) | | | | |

Ohio once was a leader among states in helping low-income students with higher education. In school year 1978-79, Ohio's need-based grant aid was almost the same size as the Pell grant (Pell is the primary source of federal student aid). Between state aid and the Pell grant, students could pay for tuition, fees, housing and books. State aid dwindled to a little less than two-thirds of the Pell grant by school year 2006-07. With the recession, it tumbled to half of the value of the Pell, then to less than 20 percent. In school year 2011-12, the most recent year for which comparative data is available, need-based financial aid averaged about a quarter of the value of the Pell grant.

Between school years 2002 and 2012, the number of students who received state need-based grants also fell, declining from 123,145 to 98,760. This was not because fewer low-income students were interested in going to college: the number of federal Pell grants to Ohio students during this time period rose from 159,920 to 393,074.³³

5) Keep the promise, don't cut tax replacements to schools: When local property taxes on business and utility equipment and machinery were reduced in 2005, replacements were promised to school districts and local governments. The economy never boomed, and the replacements were to be made permanent for schools. In this budget, they begin to be phased out.

Ohio's local education sector has at least 10,433 fewer staff than they did in 2005. According to the State Teachers Retirement System Comprehensive Report for 2014, there were 7,397 fewer active members in 201 than in 2005.³⁴ The School Employees Retirement Fund, which funds the pensions of non-teaching school staff, had 2,984 fewer active members in 2014 among the largest school districts alone than in 2005.³⁵

³³ The data in this paragraph is taken from Post Secondary Education Opportunity, "Need Based Grant Aid, 1979 to 2012," August 2013 at http://www.postsecondary.org/last12/254_813pg1_16.pdf

³⁴ State Teachers Retirement System, Comprehensive Annual Financial Report for 2014 (p.73) at <https://www.strsoh.org/publications/annualreports/cafrs.html>. This figure includes employees at the university system. Universities comprise 3 percent of participating employers in the STRS system in 2014.

³⁵ School Employees Retirement System, Comprehensive Annual Financial Report for 2014 (p.93) at <http://www.ohsers.org/financial-reports-1>

Instead of breaking the promise to stabilize the funding base for Ohio's schools, the \$410 million cut to tax replacements over the biennium could be used to restore 2,200 teachers to the classroom and 1,200 aides to the classroom, lunchroom and playground.

6) Protect our seniors: Ohio's funding for adult protective services is very low, at \$500,000 a year in the current budget (this was an increase over prior years). The executive budget proposes restoring funding to \$3.5 million, just a shade higher than it was at its peak in 1996. Twenty years have passed, and Ohio's population is poorer and older. Even an inflation-adjusted level of \$4.5 million is inadequate to address the likely needs of the 'silent epidemic' of elder abuse.

Around 15,000 cases of elder abuse are reported in Ohio every year but the actual number of cases is estimated to be much higher, ranging from 75,000 incidents to 214,000 on an annual basis.³⁶ There is wide variation between reported incidents and estimates because of the nature of the threat. In 2003, the Ohio Commission on the Prevention of Injury speculated that victims' lack of capacity (e.g., dementia), reluctance to seek treatment, and dependence on perpetrators, may impair reporting.³⁷

Based on the range of estimates of actual incidents and industry standards for provision of adult protective services, an estimated 272 to 714 caseworkers are needed in Ohio, based on the nationally recommended caseload of 25 per month for the field of Adult Protective Services.³⁸ To calculate staff cost, we used the 2013 statewide median salary (\$33,809) for 'Child, Family and School Social Worker' (Occupational code 21-1021) plus 25 percent for benefits, resulting in a total of \$42,261. We multiplied this compensation cost by the number of caseworkers needed according to the different estimates. Statewide, between \$11.7 million and \$30.2 million a year is needed to protect seniors.³⁹ These figures do not include facility, equipment, administration, supervision, travel and the other elements necessary for service provision. To meet the needs of staffing and services, the Ohio Coalition for Adult Protective Services has requested \$20 million a year over the course of the two-year state budget.

7) Restoring funding to Child Protective Services: Ohio ranks last in the nation in overall state investment for child welfare. Just eight percent of Ohio child welfare services are financed by the state. The remainder is split between local and federal funds, but financing is not equal across Ohio's 88 counties, because just 46 counties support a local children services property tax levy.⁴⁰

Between Fiscal Years 2010 and 2014, state dollars for Children Services were reduced by close to 20 percent,⁴¹ and cuts to local levies from the state's FY 2012-13 cuts of tax reimbursements reduced

³⁶ Wendy Patton, "Protecting elderly Ohioans from abuse and neglect," Policy Matters Ohio, May 2014 at http://www.policymattersohio.org/wp-content/uploads/2014/05/Adult_May2014.pdf

³⁷ Ibid.

³⁸ Marilyn Whalen, Caroline Lieske and Joanne Marlatt, "APS Compilation of workload studies and caseload data," National Association of Adult Protective Services Administrators, 1997, cited in Patton, *Op.Cit.*

³⁹ Patton, *Op.Cit.*

⁴⁰ In counties that have such a levy, the average funding is \$368 per child under 18 in the county. In counties without a local levy, the average funding is \$108. Public Children's Services Association of Ohio, "PCSAO Fact Book for 2013-14" at <http://www.pcsao.org/PCSAOFactbook/11thEdition.html>

⁴¹ LSC Budget in detail for line items 600533, 600321, 600423, 600528, 600541

local levy funding for children's services by another \$39 million.⁴² New phase-out of tax replacements will drain another \$10 million from children's services levies statewide by 2017, as compared with 2014.⁴³ These cuts occur as the opiate crisis has grown in the state, affecting the need for child protective and welfare services. A \$10 million innovation fund was established for Child Protective Services in the 2014 budget bill: \$3.2 million was allocated to all 88 counties as a match to federal funds. Another \$6.8 million was allocated through a competitive grant process: Not all counties will get funded. Public Children's Services Association of Ohio is requesting \$46.4 million in the \$2016-17 budget to restore funding for children's protective services across the state.

8) Better funding for public transportation: The Ohio Transit Needs Study, commissioned by ODOT and published in February of 2015, finds market demand for an additional 35 million rides in 2015. That is 95,890 rides a day over the course of a year. Considering that someone who takes the bus to work needs a ride home, we calculate 47,945 people need a ride to work and home every day of the year, and would like to use public transportation, but can't because there is not service.

9) Fund the food pantries: 221 million meals have been lost to Ohio because of state and federal policies. Hungry Ohioans hurt by these changes come to the food banks. 56 million meals can be provided over the biennium with funding of \$20 million a year to Ohio's food banks and pantries. The Ohio Association of Foodbanks estimates each meal that is delivered through Ohio's food banks costs about 35 cents. \$20 million divided by 35 cents is 56 million. Over the course of two years, a \$40 million appropriation provides 112 million meals.⁴⁴

10) EITC: In 2013, its debut tax year, Ohio's EITC was 5 percent of the federal credit. But not everyone eligible for the federal credit got the state EITC, and many of those who got it didn't receive the full 5 percent of their federal credit. Unlike the federal credit, Ohio's EITC cannot exceed what a taxpayer owes in income taxes, and for a taxpayer with income over \$20,000, it cannot exceed more than half of what he or she owes in income taxes. Because of limits lawmakers imposed on the credit, we estimate that just 7 percent of workers earning \$19,000 or less, see any benefit from the Ohio EITC, and the benefit is modest.⁴⁵ All told, 574,516 Ohioans claimed \$68,140,497 in reduced state tax liability, according to the Ohio Department of Taxation.⁴⁶ Lawmakers recently increased the state EITC to 10 percent of the federal credit, but that increase will benefit relatively few of the lowest-income working Ohioans because the credit remains non-refundable and capped for some earners.⁴⁷

⁴² Wendy Patton and Tim Kruger, "Intensifying Impact: State Budget Cuts Deepen Pain for Ohio Communities," Table A-2, November 2012 at <http://www.policymattersohio.org/wp-content/uploads/2012/11/StateCuts-Nov2012.pdf>

⁴³ Testimony of Suzanne Dulaney, Executive Director of the County Commissioner's Association of Ohio, to the Ohio House Ways & Means Committee, March 10, 2015.

⁴⁴ Data in this paragraph is taken from Advocates for Ohio's Future webinar on the 2016-17 budget (with a focus on hunger), *Op. Cit.*

⁴⁵ Hannah Halbert, "Out-of-step," Policy Matters Ohio, August 2014, available at <http://www.policymattersohio.org/out-of-step-aug-2014>. Estimates based on modeling by the Institute on Taxation and Economic Policy. EITC impact measured from baseline of no credit, 7 percent of the lowest income workers see a tax cut from the existing credit, with an average tax savings among those receiving the credit of only \$60.

⁴⁶ Ohio Department of Taxation, Gary Gundmundson, Communications Director, email to Policy Matters Ohio, December 5, 2014. Total of those claiming the Ohio EITC on their Ohio return for Tax Year 2013, returns filed in 2014.

⁴⁷ See, Hannah Halbert, *supra* at note 18. Many low-income workers do not earn enough to incur income tax liability. Since the state EITC only reduces income tax liability many low-income workers, the very people the EITC was designed to reach, see no benefit from the credit. This greatly limits the EITC's ability to support low-wage workers and encourage

Ohio's EITC could reach more working families and do more to offset the growing unfairness in Ohio's tax code, if lawmakers made the credit refundable and eliminated the cap. These changes would mean that those qualifying for the federal EITC could also see some benefit from the state credit, substantially increasing the number benefiting from the credit. Last year, 963,000 Ohioans claimed the federal EITC.⁴⁸ These changes make the credit work harder for those earning the least. An additional 30 percent of Ohio's poorest workers would receive some benefit from the state EITC.⁴⁹

Bringing Ohio's credit fully in line with the average state refundable EITC by making it refundable, eliminating the cap, and raising it to 16 percent of the federal credit, would significantly boost the credit's impact. At that level, 33 percent of Ohio's lowest income taxpayers would receive some benefit and the average tax savings for that group of recipients would increase by \$310.⁵⁰ These changes would cost an estimated \$357 million in FY 2016.⁵¹

This is an estimated total cost of a refundable, non capped, 16 percent EITC. It includes the amount the state is already paying for the existing credit. The additional cost to reform the EITC would be somewhat less. Tax Commissioner Joe Testa said to the House Ways & Means Committee on Feb. 17 in his written testimony: "During the previous four years, Governor Kasich and this legislature enacted and then doubled an earned income tax credit. That alone provides about \$60 million of tax relief a year to lower income households."⁵²

Unlike the proposed tax cuts, a refundable, 16 percent, uncapped credit would put money back into the pockets of the lowest earning workers and help offset some of the growing disparity in Ohio's tax code.

work, but it also limits the credit's ability to offset the many other state and local taxes that working Ohioans pay, like sales and property taxes. These other taxes actually eat up a much larger share of income for working families than the income tax.

⁴⁸ Internal Revenue Service, EITC Statistics, available at <http://www.eitc.irs.gov/EITC-Central/eitcstats>, Total federal EITC claimed and returned to Ohio for tax year 2013, on returns filed in 2014.

⁴⁹ The estimated total cost of a 10 percent refundable EITC is \$223 million. The cost estimates reflect the total cost of the credit and includes the amount the state is already spending on the existing EITC. The *additional* cost of reforming the existing credit would therefore be less than these estimates. See, Center on Budget and Policy Priorities, "How much would a state Earned Income Tax Credit cost in fiscal year 2016?," January 2015, available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=2992>.

⁵⁰ Hannah Halbert, *supra* note 18.

⁵¹ Estimate from the Center on Budget and Policy Priorities based on methodology in the Center's report, "How much would a state Earned Income Tax Credit cost in fiscal year 2016," January 2015, available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=2992>, accessed February 14, 2015. This figure includes the amount the state is already paying for the existing credit. The *additional* cost of reforming the existing credit would therefore be less than these estimates.

⁵² Testimony of Tax Commissioner Joe Testa to the House Ways and Means Committee, February 17, 2015 at <http://www.ohiohouse.gov/committee/ways-and-means>