



News Release

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Ohio Policymakers Urged to 'Think the Unthinkable' to Fix Next State Budget

(Cleveland, OH) Ohio's elected officials are faced with the prospect of having to **both increase taxes and cut spending on public services** in order to repair the state budget's structural deficit and create a sustainable budget for the future, according to a new report by **The Center for Community Solutions**. This new report, *Thinking the Unthinkable—Finding Common Ground for Resolving Ohio's Fiscal Crisis*, defines the scale and complexity of Ohio's budget problem, and rests upon the premise that the unprecedented economic crisis requires an unprecedented response.

The report suggests using a "balanced approach" of tax revenue, reduced tax expenditures, and reduced programmatic expenditures to sort through a laundry list of options for addressing it. In its analysis of tax options, it notes that those with higher incomes have fared far better over the last several decades while the income levels of the majority of the population has stagnated. Further, business taxes have declined as a proportion of state tax revenue, while local taxes are both regressive and relatively high compared to other states. In light of these trends, numerous combinations of tax options that could contribute a one-third share of deficit reduction are explored.

State government loses over \$7 billion per year to deductions, credits, and exemptions for a variety of special purposes. Considering the state's dire financial condition, the report states that it is reasonable to target this category of spending for an equal one-third share of the amount needed to close the structural deficit. Long-term, the state would benefit by developing tools to evaluate and monitor these expenditures and establishing a regular schedule for sunseting these provisions.

On the spending side of the budget, the report discusses a wide variety of options, including means-testing property tax rollbacks, restructuring the state's Local Government Fund, controlling costs in Medicaid, and gradually reducing the state's prison population in favor of community corrections alternatives for nonviolent offenders. Even with these reforms, the budget gap cannot be closed without additional cuts to state spending, according to the report. While it might be possible to exempt cuts for early childhood programs, mental health, formula support for primary and secondary education, and instructional subsidies for higher education, the report concludes that consideration must be given to reducing spending for other human service, education, and general government expenditures.

Author **John A. Begala**, Community Solutions' executive director, notes that the report "seeks an analytical tone, and unapologetically strays into a call for moderation in addressing a fiscal crisis of the first order." Begala urges "the spirit of collaboration in common cause critical to overcoming the customarily contentious interest group politics in Columbus...to both pursue new ideas and make concessions from cherished programs and special benefits provided under current tax law."

Thinking the Unthinkable is a new report in the ongoing series of research and policy analysis provided by Community Solutions. Other recent publications include *Financing Human Services in Tough Times* and the online newsletter, *State Budgeting Matters*.

Thinking the Unthinkable is available at http://www.communitysolutions.com/assets/1/AssetManager/Thinking_the_Unthinkable_Begala_WEB.pdf; an executive summary is also available at http://www.communitysolutions.com/assets/1/AssetManager/TTU_ExecSummary_withCover.pdf. Reader comments are encouraged on a special online board created for ongoing discussion of opportunities and challenges related to the state budget at <http://boards.communitysolutions.com/forumdisplay.php?f=14>. Begala may be reached at jbegala@CommunitySolutions.com or 216-781-2944.

The Center for Community Solutions is a nonpartisan, nonprofit organization focused on policy and system reform. It provides strategic leadership to improve health, social, and economic conditions. Established in 1913, it is a United Way agency.