



STRONGER COUNTIES. STRONGER PARTNERSHIP. STRONGER OHIO.

Ohio's 88 counties serve as branch administrative offices of the state by providing vital services. Counties are given this specific responsibility but limited authority by the Ohio Revised Code. These state mandated services include elections, justice and public safety, infrastructure and human services. County commissioners, executives and council members provide funding and establish a budget for their operations and all the other county elected officials, including the court system, making them the nexus of all of county government and the services it provides.

Counties find themselves in the extremely difficult position of balancing unprecedented revenue losses with escalating costs. Most of this is the result of state policies enacted over the last decade. The dramatic loss of the Medicaid managed care organization (MCO) sales tax, severe reductions in the Local Government Fund (LGF) and the phase out of the tangible personal property tax (TPP) has eliminated \$351 million per year in county revenue. Casino revenue has helped fill some of this gap, adding back about \$100 million per year.

Exploding costs associated with the opiate epidemic are crippling justice and public safety budgets, and indigent defense reimbursement from the state continues to go down while expenses continue to rise. According to the C. William Swank Program in Rural-Urban policy, total costs of the opiate crisis in Ohio in 2015 were between \$6.6 billion and \$8.8 billion.

The state's revenue policy decisions, coupled with our growing costs, have created an environment where many counties have had to deplete reserves, delay capital projects and struggle to provide the services that Ohioans need. In many instances, while the state was cutting taxes, counties were forced to raise taxes to continue their state mandated functions.

Counties, acting on behalf of the state, must have the state's financial commitment to ensure that county revenue streams correspond to the services they are mandated by the state to provide. County challenges have increased significantly, and a stronger partnership between state and county government is critical to the quality of life and prosperity of Ohio and its citizens.

What a stronger partnership should look like:

- Restore the \$166 million annual Medicaid MCO revenue loss to counties.
- Restore the LGF to its previous statutory level of 3.68 percent of the General Revenue Fund (GRF) taxes, creating an additional \$145 million annually for counties. Currently the LGF receives 1.66 percent of GRF taxes, as compared to 3.68 percent in 2008.
- Establish and fund a special state line item that would help counties pay for a portion of the increased costs related to the explosive growth of the opiate epidemic crisis.

- Assume total responsibility for indigent defense. In *Gideon v. Wainwright* (1963), the U.S. Supreme Court held that the fundamental right to counsel is made obligatory upon the states by the fourteenth amendment. The state should accept this responsibility and stop requiring its counties to bear 50 percent or more of the costs. The Ohio Public Defender's Office estimates that in fiscal year 2018, indigent defense services will cost counties \$79.5 million.

Priority policy solutions to strengthen the partnership between state and county government:

• County Government Reform

Counties stand ready and willing to launch a total reform of county government; however, attempts for large scale change have proven difficult in the past. If Ohio is not ready to take on a comprehensive reform effort, it should consider the items below as a starting point.

- » Provide commissioners with greater budgetary control and management to better manage growing costs.
- » Regionalize county coroner offices.
- » Restructure veterans service commissions to enhance accountability and delivery of services to our veterans.

• Sales Tax Base

The sales tax has become the most important revenue source for both the state and for counties, yet the General Assembly continually carves out new exemptions from the sales tax. Ohio must protect the existing sales tax base from further erosion and carve outs.

• Economic Development

Modern, well maintained public infrastructure, coupled with a dependable, skilled workforce are vital when it comes to attracting businesses to Ohio's communities. The state can partner with counties to create a job friendly environment by focusing on these top policy priorities.

- » Modernize road and bridge funding to address local transportation needs.
- » Address the needs of modern water and sewer infrastructure.
- » Expand access to broadband technology to unserved areas.
- » Uphold local best practices and flexibility in county workforce programs and provide adequate funding for early childhood education initiatives in a way that does not compromise county funding or access to child care.
- » Protect Ohio's valuable water resources from harmful nutrients by providing additional funding for Soil and Water Conservation Districts and wastewater treatment plants.