STATEHOUSE REPORT

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Funding recommendations begin to take shape

Workgroups charged to craft a proposal around adult protective services funding and children services funding have picked up their pace as the statutory deadline of September 30 draws near to issue a recommendation around how to prudently invest one-time amounts of $6.8M in the children services system and $10M in the adult protective services system. (For background on the workgroups' memberships and statutory charges, see the August 1, 2014, edition of Statehouse Report.)

While not yet finalized, draft recommendations discussed by the groups have included the following:

In Adult Protective Services:

Authority to extend the life of the dollars beyond June 30, 2015, and instead allow expenditures to run through the end of CY2015 is being examined. This would allow the $10M to be used for items such as:

- Implementing a statewide data/reporting system
- Providing one-time training to APS caseworkers
- Providing one-time planning funds for counties to meet minimum requirements
- Providing a one-time innovation fund to encourage multidisciplinary collaboration

It has been recognized that while minimum program requirements and county planning and innovation fund requests are being entertained, the biennial budget process will be underway, and both the state department and counties will have a sense of whether or not additional resources will be invested in the APS system or the $10M will indeed remain a one-time investment.

In Children Services:

The workgroup has been tasked to flesh out four proposals for the available $6.8M. The four are:

- An application-based innovation and efficiency fund, which could also address counties in 'hardship' situations

- Technology upgrades for caseworkers, providing for more efficient casework
- Investing in Alternative Response, designed to minimize trauma to children by keeping them in the home or with kin whenever safely possible instead of foster care – many counties are lacking the ability to provide tailored services to help meet this preferred outcome
- Funding ODJFS to conduct a foster home gap analysis and technical assistance, with the goal of identifying ways to potentially reduce placement costs in the future.

Both workgroups are meeting and working aggressively next week, with the ultimate hope to be to finalize a recommendation as soon as next Thursday. For additional information or to share your thoughts, please contact CCAO policy analyst Laura Abu-Absi at labu-absi@ccao.org.

Energy mandates study committee (SB310) Senate appointments

This week Senate President Keith Faber (R-Celina) made his appointments to the Energy Mandates Study Committee. The committee was created when SB 310 passed this summer. SB 310 puts a moratorium on Ohio's renewable and energy efficiency requirements that were enacted with the passage of the 2008 energy bill (SB 221, 127th General Assembly). The act freezes annual increases in renewable and energy efficiency standards for two years while the Energy Mandates Study Committee reviews the law.

Senate President Keith Faber

The committee is tasked with assessing the costs of the state's renewable and energy efficiency requirements. The Senate members named are SB310 Sponsor Sen. Troy Balderson (R-Zanesville) co-chair of the panel; Sen. Bill Seitz (R-Cincinnati), chairman of the Senate Public Utilities Committee; Sen. Bob Peterson (R-Sabina); Sen. Cliff Hite (R-Findlay); Sen. Capri Cafaro (D-Hubbard Twp.); and Sen. Shirley Smith (D-Cleveland).

Proponents of SB 310 argue the current requirements for utilities to sell 12.5% of their electricity from renewable source and to help customers reduce consumption 22% by 2025 are overly aggressive and will drive rates higher as the annual standards increase.

Opponents believe the current standards need to stay in place. They are pitching a compromise version that would impose a one-year freeze on renewable and energy efficiency benchmarks while a study is conducted.

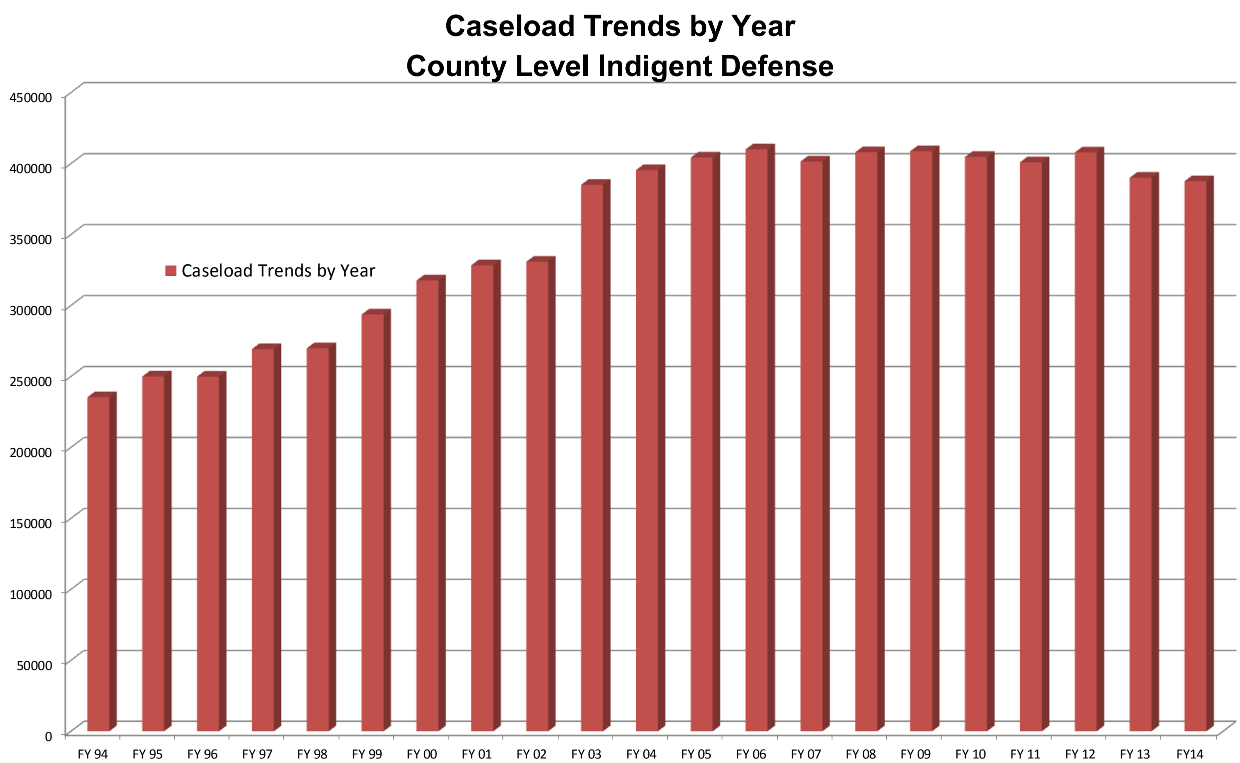
Ohio Speaker of the House Bill Batchelder (R-Medina) will appoint the other six member of the Energy Mandates Study Committee. Public Utilities Commission of Ohio (PUCO) Tom Johnson will also be a member of the committee. The PUCO Chairman will be a nonvoting member of the committee.

Indigent defense case load remains fairly constant

As we look toward the next biennial budget from the 131st General Assembly Indigent defense funding will be a major concern. The current biennial budget has set the reimbursement rate to counties at 40 percent for both years. The previous budget bill set the rate at 35 percent.

While the reimbursement rate is important to counties, equally important is the indigent defense case load. Indigent defense is a demand driven system and, as such, counties have very little control over their level of expenditures for this service. Case load determines what a county's expenditures will be.

Data from the State Public Defender's office indicates that for the last decade case load has remained fairly constant at around 400,000 cases in each fiscal year. During the 11-year per period from FY 04 through FY 14 the average fluctuation in annual case load was only 1.7 percent. Case load actually decreased more significantly from FY 12 to FY 14, falling 4.97 percent, resulting in the FY 14 case load being the lowest since FY 04. This data suggests that the probability of a significant increase in case loads is fairly low, and counties can be reasonably confident that they will not see a statistically significant spike in case loads and, consequently, their indigent defenses, in the foreseeable future.



Governor suggests ballot issue may set severance tax

If legislators don't approve his increased severance tax proposal, Gov. John Kasich said the oil and gas industry is likely to face even higher tax rates through a ballot initiative. The governor made these comments in an editorial board interview with the Gannett Ohio newspapers. Kasich said oil and gas CEOs have told him an increased severance tax would not keep businesses from drilling in Ohio. But he said they will get together and decide to fight the tax to keep from paying it as long as possible, a strategy Kasich said could backfire.

The Ohio House has passed and the Senate is considering HB 375. HB 375 contains a 2.5 percent tax on horizontal wells, which is less than the 5 percent the governor originally sought and well below other states in the region. Kasich said he wants to raise the tax to 4 or 4½ percent, which would still be the lowest severance tax in the country. He said the revenue from the tax would be used to help local communities and reduce the state income tax. If his increase is not approved, Kasich anticipates a severance tax will be placed on the ballot that is "a lot higher" than his proposal. “We're going to end up with a higher severance tax. It's a matter of when," Kasich said.

Under the bill, 17.5 percent of proceeds from the tax would go to local communities, however, as written, a significant portion of that would go to hold the Local Government Fund harmless from the reduction in the state income tax revenue due to the governor’s proposed cuts in the state income tax rates. Additionally the local governments’ share would be determined after $21 million in severance tax revenues first go to the Department of Natural Resources. CCAO, the Ohio Municipal League, and the Ohio Township Association are asking that 30 percent of all severance tax revenue come to those counties in the shale play area and that the LGF be “held harmless” independently from the local government’s share and before any revenue goes to ODNR.