



Schools or Tax Cut: How Should Ohio Spend an Expected \$400 Million Surplus from Medicaid Expansion?

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Ohio is expected to have a surplus of about \$400 million as a result of expanding Medicaid. There are disagreements about what should be done with that money. As Ohio Public Radio's Jo Ingles reports, some lawmakers want another income tax cut while others think that money should go to local communities and schools.

If you talk to Dale Butland at the liberal-leaning think tank Innovation Ohio, he'll tell you the state's schools could do a lot with the \$400 million projected revenue.

"\$400 million, for example, is more than six times what the state spends on K-3 literacy—that is to say the third grade reading guarantee," Butland said. "In fact, there are only four line items in the education budget on which we spend more than \$400 million."

So what could public schools do with \$400 million. Butland has a list.

"We could double what we are spending now on gifted education, career tech education, the third-grade reading guarantee," he said. "We could double funding for busing around the state. We could double the amount of economically disadvantaged aid that we give. We could pay for all-day kindergarten or universal preschool in our most economically distressed areas. We could triple the funding for the most profoundly challenged special needs kids that we have. And even if we didn't spend it on particular education programs, and just distributed to the 613 school districts we have, it would make an enormous difference."

Butland said it could be enough to keep schools from having to go back to local taxpayers for more money. He says local schools and communities are hurting. And he added that a plan that would give money to both has merit, especially in light of recent state funding cuts.

"This is all a giant shell game," he said. "We claim we're cutting the state income tax. In fact, for regular people, they get virtually nothing out of it. And whatever they get is more than wiped out by what they are paying for increased property taxes and local taxes. This is absurd."

But Republican State Senator Chris Widener, sponsor of the bill that would give the \$400 million back to taxpayers in an income tax cut, said it is not a shell game.

"Well, I would think, I looked at the election results from this November's election," Widener said. "I don't think the voters of Ohio immediately approve all of the levies that get put in front

of them, whether it be MRDD, schools or whatever local services they are asked to vote on. And that, in our opinion, is where the decisions ought to be made.”

Widener also takes issue with the claim that schools are not getting enough money from the legislature.

“That’s not true,” he said. “We gave an additional billion dollars to K-12 schools in the state of Ohio in this current budget. And often times, groups like this and others want people in Ohio to forget about that. Well, we’re not going to forget about that, because basically all of the dollars that the senate had to appropriate in this particular budget, by the time it came from the house, we put essentially in schools, K-12 schools in the state of Ohio.”

Widener says he thinks the priority should be to provide Ohioans with more tax relief. And by adding this \$400 million break to the 10 percent tax break they’re already getting, Widener says taxpayers will have more over their hard-earned tax money.

There’s another factor to consider here. The state is being sued over the Medicaid expansion itself. And if the Ohio Supreme Court puts that on hold, the debate over how to spend projected Medicaid savings will be a moot point.

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